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Application Proof of

Ugreen Group Limited
深圳市綠聯科技股份有限公司

(the "**Company**")

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

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UGREEN 绿联

Ugreen Group Limited

深圳市綠聯科技股份有限公司

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

[REDACTED]

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

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EXPECTED TIMETABLE[1]

[**REDACTED**]

EXPECTED TIMETABLE[1]

[REDACTED]

EXPECTED TIMETABLE[1]

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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 investing 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

Who We Are

We are a global consumer technology company with a diversified portfolio spanning four product categories, namely charging products and accessories, office products, audio and visual products, and storage products. Marketed under the "UGREEN" brand, our products reach consumers in Chinese mainland and overseas through a comprehensive network mostly comprising self-operated online stores, online retailers, direct-to-consumer websites and offline distributors. Our offerings are designed to support a wide range of everyday scenarios, including home, travel, work, and entertainment.

Since our establishment in 2012, we have developed a global presence under our renowned "UGREEN" brand. Our business is rooted in Chinese mainland market and extends to more than 180 countries and regions worldwide as of June 30, 2026. During the Track Record Period, we experienced rapid growth both in Chinese mainland and overseas, demonstrating strong growth momentum. For the six months ended June 30, 2026, our revenue generated from the Chinese mainland market and overseas markets accounted for 33.1% and 66.9% of our total revenue, respectively.

Leveraging our strong research and development ("**R&D**") capabilities, robust supply chain, and global distribution network, we have established a leading position in the global consumer technology market. According to Frost & Sullivan, we ranked first both in Chinese mainland and the global consumer technology extension products market in terms of shipment volume in 2025[1]. In terms of revenue, we ranked first in Chinese mainland and second globally in the consumer technology extension products market in 2025, with a market share of 2.6% and 1.5%, respectively. We have also made notable progress in the storage segment with our consumer-grade network-attached storage ("**NAS**") products. By substantially enhancing product functionality and user experience, we have successfully transformed professional-grade storage devices into mass-market consumer products.

Our Product Portfolio

Leveraging our foundational R&D capabilities, together with our in-house manufacturing capacity and a coordinated supply chain, we have, over the years, continuously refined and upgraded our product categories, including charging products and accessories, office products, audio and visual products, and storage products.

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1 The consumer technology market can be categorized by product type into consumer technology extension products and end devices. Consumer technology extension products, as an important component of the consumer technology market, refer to products that provide functional expansion and enhancement for consumer technology end devices. According to Frost & Sullivan, in 2025, consumer technology extension products accounted for 7.4% and 5.9% of Chinese mainland and the global consumer technology market, respectively, and consumer technology end devices accounted for 92.6% and 94.1% of Chinese mainland and the global consumer technology market, respectively. Our charging products and accessories, office products, and audio and visual products largely fall within the consumer technology extension products category, while our NAS products are classified as consumer technology end devices. For details, please see "Industry Overview."

Our current product portfolio comprises the following four product categories:



Charging Products and Accessories

Our charging products and accessories primarily comprise chargers and power banks. This category has demonstrated strong scale and growth momentum and serves as a core component of our product portfolio. For the six months ended June 30, 2026, our charging products and accessories recorded revenue of RMB2,666.7 million, representing a growth of 50.0% compared with the six months ended June 30, 2025 and contributing significantly to our total revenue growth.

Office Products

We offer a comprehensive portfolio of office products, including docking stations, multi-display connectivity products, and office keyboards and mice, designed to meet user needs in work and home environments. Our docking stations and hubs have achieved strong sales performance on major e-commerce platforms such as Amazon and Tmall, and are widely adopted by a broad user base.

Audio and Visual Products

We offer a range of high-definition audio and video capture, connectivity and transmission devices, as well as various headphone products. Our video products support protocols such as HDMI 2.1 and DP 2.1, enabling lossless transmission for 8K and 16K content. We are also actively exploring the application of AI in the acoustic domain, integrating AI algorithms into audio products such as true wireless stereo headphones.

Storage Products

Our storage product category primarily comprises our NAS product line. Since entering the NAS-based private cloud industry, we have continued to increase our system-level R&D investment. Revenue from our storage products has maintained strong growth and represented one of our fastest-growing product lines during the Track Record Period. Our revenue from NAS products amounted to RMB640.0 million for the six months ended June 30, 2026, representing a growth of 115.9% compared with the six months ended June 30, 2025.

Powered by our self-developed UGOS Pro operating system, our NAS products enable users to access and manage files across multiple platforms and devices. We integrate high-performance graphics processing units and neural processing units, equipping our NAS products with on-device AI inference capabilities. By supporting third-party applications, providing local storage and computing capabilities based on user's local data, our NAS products deliver enhanced functionalities and user experiences. Moreover, NAS empowers AI agents to perform autonomous task orchestration across multiple platforms, which elevates the NAS functional profile from a passive storage container to an intelligent data management and automation platform. Therefore, our NAS products are expected to further connect with more UGREEN products, unlocking functionality and user experiences.

Financial Performance

Driven by continuous innovation across our product portfolio and a well-diversified global sales and distribution network, we delivered strong financial results across business cycles. We recorded revenue of RMB4,801.4 million, RMB6,166.3 million and RMB9,485.6 million in 2023, 2024 and 2025, representing a CAGR of 40.6% from 2023 to 2025. Our revenue increased by 50.8% from RMB3,854.8 million for the six months ended June 30, 2025 to RMB5,813.9 million during the same period in 2026. This growth rate substantially outpaced the industry average, demonstrating our strong organic growth momentum.

We recorded net profit of RMB393.7 million, RMB460.5 million, and RMB703.5 million in 2023, 2024, and 2025, representing a CAGR of 33.7% from 2023 to 2025. Our net profit increased by 58.0% from RMB273.6 million for the six months ended June 30, 2025 to RMB432.2 million during the same period in 2026. Our gross profit margin remained overall stable at 36.9%, 36.8%, 36.5%, in 2023, 2024, 2025, respectively. Our gross profit margin increased from 36.1% for the six months ended June 30, 2025 to 38.4% during the same period in 2026. This highlights our ability to maintain strong operating efficiency and high earnings quality while pursuing rapid expansion, and to create long-term, sustainable value for shareholders.

OUR COMPETITIVE STRENGTHS

We believe the following core strengths have enabled us to establish our market competitiveness and will drive our future growth: (i) strong capabilities in building a consumer technology product portfolio; (ii) a global sales and distribution network; (iii) deep integration of manufacturing capabilities and supply chain management; and (iv) a cohesive organization and an experienced, insightful management team.

OUR STRATEGIES

We intend to further solidify our leading position by pursuing the following strategies: (i) expanding our consumer technology product portfolio to better meet user needs; (ii) deepening an integrated footprint to expand global influence; (iii) strengthening talent development and organizational competitiveness on a global scale; and (iv) pursuing strategic investment opportunities to enhance growth.

OUR GLOBAL PRESENCE

During the Track Record Period, we have achieved rapid development both in Chinese mainland and the overseas markets, demonstrating our strong growth capabilities. Our revenue distribution is geographically balanced. In 2023, 2024, 2025, and for the six months ended June 30, 2026, overseas markets contributed 50.4%, 57.5%, 61.4%, and 66.9% of our revenue, respectively.

We actively deploy offline sales channels, with a domestic distribution network covering major provincial-level administrative regions nationwide. As of June 30, 2026, our domestic offline sales network has covered more than 180 key cities across all provinces, autonomous regions and municipalities, continuously strengthening our brand's offline presence. We also actively expand our online presence, with products available on major domestic e-commerce platforms such as Tmall and JD.com, further extending our reach to consumers. Thanks to the popularity of our products, we have been recognized with honors including Alibaba King Store and JD.com Annual High-Quality Store.

Simultaneously, we are committed to promoting the "UGREEN" brand to the global market, adopting a model combining online and offline channels to achieve sales in multiple countries and regions globally. As of June 30, 2026, our products were available in over 180 countries and regions, and on major international e-commerce platforms such as Amazon and Shopee. The Company's major products are consistently selected as Amazon's Choice on Amazon. To deepen our reach in international markets, we have established localized service subsidiaries in key markets including Hong Kong, the United States, Germany, Japan, South Korea, Singapore, Vietnam, Malaysia, and the United Arab Emirates, building a multi-dimensional service matrix of "global headquarters + regional centers" to accurately capture localized consumption characteristics.

PRODUCTION

During the Track Record Period, we utilized a flexible hybrid production model that combines in-house production with third-party manufacturing partners. Our in-house production is primarily conducted through our subsidiaries, which serve as our hubs for new product introduction, process verification, and component manufacturing. As of the Latest Practicable Date, our self-operated production facilities were located in Shenzhen and Huizhou, Guangdong Province, and Ji'an, Jiangxi Province, with a total gross floor area of approximately 41,547 sq.m. We also collaborate with third-party manufacturing partners to expand and strengthen our overall manufacturing capabilities.

MAJOR CUSTOMERS AND SUPPLIERS

During the Track Record Period, our customers primarily consist of online retailers, offline distributors and end users who purchase our products. The aggregate revenue generated from our five largest customers in each year/period during the Track Record Period was RMB1,006.2 million, RMB1,098.4 million, RMB1,587.8 million, and RMB790.6 million, accounting for 21.0%, 17.8%, 16.7%, and 13.6% of our total revenue for the respective year/period.

Our major suppliers primarily consist of third-party manufacturing partners and distributors of electronic components. The aggregate purchases from our five largest suppliers in each year/period during the Track Record Period was RMB652.3 million, RMB772.9 million, RMB1,451.4 million, and RMB876.7 million, representing 24.2%, 23.0%, 26.4%, and 26.3% of our total purchase amount for the respective year/period.

COMPETITION

The global consumer technology industry is entering a new phase of development characterized by "intelligence" and "full-scenario integration," with the overall market continuing to expand. According to Frost & Sullivan, the global consumer technology market reached USD1,075.3 billion in 2025 and is expected to grow steadily. The consumer technology market is highly fragmented, with over 2,500 industry participants in Chinese mainland and over 10,000 globally. We believe our competitive strengths lie in our established market competitiveness and our ability to consistently outperform industry peers through strong organic growth, underpinned by a user-centric and diversified product portfolio spanning multiple consumer technology scenarios. Specifically, (i) we have demonstrated a strong track record of translating continuous R&D investment into commercially successful and award-winning products; (ii) our globally integrated, multichannel sales and distribution network, together with our localized overseas operations, enables us to effectively penetrate diverse markets and respond to evolving customer needs; (iii) our coordinated supply chain, combining in-house manufacturing with high-quality third-party partners, enhances our flexibility, cost efficiency and operational resilience; and (iv) coupled with our experienced management team and cohesive organizational structure, we are able to swiftly capture market opportunities, sustain high-quality growth and maintain a leading position in the global consumer technology extension products market.

According to Frost & Sullivan, we ranked first both in Chinese mainland and the global consumer technology extension products market in terms of shipment volume in 2025. In terms of revenue, we ranked first in Chinese mainland and second globally in the consumer technology extension products market in 2025. Consumer technology extension products accounted for 7.4% and 5.9% of Chinese mainland and the global consumer technology market in 2025, respectively. For more details, please see "Industry Overview."

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables present our summary of consolidated financial information during the Track Record Period, extracted from the Accountants' Report in Appendix I to this Document. Our consolidated financial information has been prepared in accordance with IFRS Accounting Standards. The summary financial data set forth below should be read together with, and is qualified in its entirety by reference to, our consolidated financial statements and the related notes, as well as the section headed "Financial Information."

Summary of Consolidated Statements of Comprehensive Income

The following table sets forth our consolidated statements of comprehensive income with line items in absolute amounts and as a percentage of our revenue for the years/periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Revenue	**4,801,410**	**100.0**	**6,166,334**	**100.0**	**9,485,595**	**100.0**	**3,854,814**	**100.0**	**5,813,890**	**100.0**
Cost of sales	(3,031,297)	(63.1)	(3,899,738)	(63.2)	(6,019,549)	(63.5)	(2,464,711)	(63.9)	(3,580,864)	(61.6)
Gross profit	**1,770,113**	**36.9**	**2,266,596**	**36.8**	**3,466,046**	**36.5**	**1,390,103**	**36.1**	**2,233,026**	**38.4**
Other income	28,605	0.6	26,060	0.4	29,038	0.3	13,574	0.3	13,178	0.2
Other gains/(losses), net	16,150	0.3	26,937	0.4	27,598	0.3	29,958	0.8	(35,186)	(0.6)
Research and development expenses	(215,891)	(4.5)	(304,116)	(4.9)	(437,808)	(4.6)	(173,515)	(4.5)	(349,130)	(6.0)
General and administrative expenses	(230,825)	(4.8)	(281,394)	(4.6)	(347,920)	(3.6)	(154,135)	(4.0)	(223,038)	(3.8)
Selling expenses	(911,823)	(19.0)	(1,204,832)	(19.5)	(1,894,923)	(20.0)	(790,839)	(20.5)	(1,151,785)	(19.8)
Net impairment losses (recognized)/reversed on financial assets	(3,829)	(0.1)	1,641	0.0	(16,644)	(0.2)	(5,623)	(0.2)	(9,497)	(0.2)
Finance costs	(6,915)	(0.1)	(5,909)	(0.1)	(6,359)	(0.1)	(3,136)	(0.1)	(3,258)	(0.1)
Profit before income tax	**445,585**	**9.3**	**524,983**	**8.5**	**819,028**	**8.6**	**306,387**	**7.9**	**474,310**	**8.1**
Income tax expense	(51,901)	(1.1)	(64,499)	(1.0)	(115,572)	(1.2)	(32,827)	(0.8)	(42,106)	(0.7)
Profit for the year/period	**393,684**	**8.2**	**460,484**	**7.5**	**703,456**	**7.4**	**273,560**	**7.1**	**432,204**	**7.4**
Attributable to:										
Owners of the Company	387,518	8.1	462,280	7.5	704,594	7.4	274,678	7.1	430,981	7.4
Non-controlling interests	6,166	0.1	(1,796)	(0.0)	(1,138)	(0.0)	(1,118)	(0.0)	1,223	0.0

Revenue

We derived our revenues from sales of our consumer technology products, including (i) charging products and accessories; (ii) office products; (iii) audio and visual products, and (iv) storage products.

Revenue by Product Type

The following table sets forth a breakdown of our revenue by product type both in absolute amount and as a percentage of our total revenue for the years/periods presented.

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Charging products and accessories	2,076,044	43.3	2,957,626	48.0	4,355,886	45.9	1,777,633	46.1	2,666,726	45.9
Office products	1,446,986	30.1	1,756,799	28.5	2,431,563	25.7	1,032,210	26.8	1,500,369	25.8
Audio and visual products	950,255	19.8	1,060,493	17.2	1,472,320	15.5	630,187	16.3	877,236	15.1
Storage products	328,125	6.8	391,416	6.3	1,225,826	12.9	414,784	10.8	769,559	13.2
Total	**4,801,410**	**100.0**	**6,166,334**	**100.0**	**9,485,595**	**100.0**	**3,854,814**	**100.0**	**5,813,890**	**100.0**

Revenue by Geographical Market

The following table sets forth a breakdown of our revenue by geographical market both in absolute amount and as a percentage of our total revenue for the years/periods presented.

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Chinese mainland	2,381,861	49.6	2,622,656	42.5	3,664,224	38.6	1,560,179	40.5	1,926,243	33.1
Asia (excluding Chinese mainland)	849,664	17.7	1,275,129	20.6	2,049,236	21.6	916,344	23.8	1,281,081	22.0
Europe	810,289	16.9	1,181,429	19.2	2,075,340	21.9	740,962	19.2	1,402,422	24.1
– *Germany*	224,208	4.7	313,933	5.1	616,167	6.5	217,616	5.6	403,976	6.9
The Americas	692,092	14.4	968,361	15.7	1,502,142	15.8	559,364	14.5	1,068,349	18.4
– *The U.S.*	362,507	7.6	480,726	7.8	838,446	8.8	305,669	7.9	607,794	10.5
Oceania	48,056	1.0	96,804	1.6	152,266	1.6	63,322	1.6	108,230	1.9
Other countries/regions	19,448	0.4	21,955	0.4	42,387	0.5	14,643	0.4	27,565	0.5
Total	**4,801,410**	**100.0**	**6,166,334**	**100.0**	**9,485,595**	**100.0**	**3,854,814**	**100.0**	**5,813,890**	**100.0**

Note:
Other countries/regions primarily include the markets in African countries, such as South Africa and Egypt.

Our revenue increased by 28.4% from RMB4,801.4 million in 2023 to RMB6,166.3 million in 2024, primarily attributable to (i) the steady sales growth of our charging products and accessories of RMB881.6 million, representing a year-on-year growth of 42.5%, and (ii) our proactive expansion in overseas markets, which achieved a revenue growth of RMB1,124.1 million, representing a year-on-year growth of 46.5%.

Our revenue increased by 53.8% from RMB6,166.3 million in 2024 to RMB9,485.6 million in 2025, primarily driven by (i) steady sales growth of our charging products and accessories of RMB1,398.3 million, representing a year-on-year growth of 47.3%; (ii) robust sales growth of our storage products of RMB834.4 million, representing a year-on-year growth of 213.2%, which is primarily attributable to the growth of our NAS products of RMB779.4 million, representing a year-on-year growth of 419.9%; and (iii) our proactive expansion in overseas markets, which achieved a revenue growth of RMB2,277.7 million, representing a year-on-year growth of 64.3%.

Our revenue increased by 50.8% from RMB3,854.8 million for the six months ended June 30, 2025 to RMB5,813.9 million during the same period in 2026, primarily driven by (i) the robust growth in our revenue generated from overseas markets, supported by the expansion of our offline distribution channels and the increased recognition of our UGREEN brand; (ii) the stable sales growth of our charging products and accessories; and (iii) the growing demand for our NAS products, supported by the emerging local data storage needs of households and small and medium-sized enterprises.

See "Financial Information — Key Components of Our Consolidated Statements of Comprehensive Income — Revenue."

Cost of Sales

Our cost of sales consisted of (i) cost of purchased goods, reflecting our procurement costs of finished goods from third-party manufacturing partners; (ii) logistics fees; (iii) raw materials consumed for production, relating to our in-house production; (iv) employee benefit expenses; (v) change in finished goods and work in progress; (vi) processing fee for manufacturing, and (vii) others.

The following table sets forth a breakdown of our cost of sales by nature in absolute amounts and as percentages of total cost of sales, for the years/periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Cost of purchased goods	2,090,412	69.0	2,608,713	66.9	4,425,935	73.5	1,774,838	72.0	2,504,747	70.0
Logistics fees	511,602	16.9	680,070	17.4	1,036,090	17.2	413,187	16.8	642,537	17.9
Raw materials consumed for production	461,583	15.2	563,617	14.5	760,831	12.6	337,145	13.7	452,813	12.6
Employee benefit expenses	66,301	2.2	75,109	1.9	123,535	2.1	54,127	2.2	68,812	1.9
Change in finished goods and work in progress	(244,793)	(8.1)	(216,411)	(5.5)	(627,156)	(10.4)	(246,239)	(10.0)	(227,661)	(6.4)
Processing fee for manufacturing	60,860	2.0	81,829	2.1	115,840	1.9	51,839	2.1	61,202	1.7
Others	85,332	2.8	106,811	2.7	184,474	3.1	79,814	3.2	78,414	2.3
	3,031,297	**100.0**	**3,899,738**	**100.0**	**6,019,549**	**100.0**	**2,464,711**	**100.0**	**3,580,864**	**100.0**

See "Financial Information — Key Components of Our Consolidated Statements of Comprehensive Income — Cost of Sales."

Gross Profit and Gross Profit Margin

Our gross profit was RMB1,770.1 million, RMB2,266.6 million, RMB3,466.0 million, RMB1,390.1 million and RMB2,233.0 million in 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026, respectively, and our gross profit margin was 36.9%, 36.8%, 36.5%, 36.1% and 38.4% for the same years/periods, respectively.

The following table sets forth a breakdown of our gross profit and gross profit margin by product type for the years/periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Charging products and accessories	730,908	35.2	1,045,696	35.4	1,551,455	35.6	620,604	34.9	1,003,619	37.6
Office products	564,903	39.0	694,921	39.6	970,467	39.9	406,371	39.4	627,581	41.8
Audio and visual products	387,412	40.8	437,222	41.2	594,677	40.4	252,585	40.1	366,584	41.8
Storage products	86,890	26.5	88,757	22.7	349,447	28.5	110,543	26.7	235,242	30.6
Total	**1,770,113**	**36.9**	**2,266,596**	**36.8**	**3,466,046**	**36.5**	**1,390,103**	**36.1**	**2,233,026**	**38.4**

The following table sets forth a breakdown of our gross profit and gross profit margin by geographical market for the years/periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Chinese mainland	664,748	27.9	717,952	27.4	977,605	26.7	402,594	25.8	544,125	28.2
Asia (excluding Chinese mainland)	368,868	43.4	557,021	43.7	905,581	44.2	398,574	43.5	556,499	43.4
Europe	395,789	48.8	521,158	44.1	915,226	44.1	326,644	44.1	606,526	43.2
The Americas	310,968	44.9	418,236	43.2	586,510	39.0	231,113	41.3	466,806	43.7
Oceania	23,657	49.2	44,039	45.5	65,710	43.2	25,871	40.9	49,632	45.9
Other countries/regions	6,083	31.3	8,190	37.3	15,414	36.4	5,307	36.2	9,438	34.2
Total	**1,770,113**	**36.9**	**2,266,596**	**36.8**	**3,466,046**	**36.5**	**1,390,103**	**36.1**	**2,233,026**	**38.4**

Our gross profit margin slightly decreased from 36.9% in 2023 to 36.8% in 2024, primarily attributable to (i) a shift in product mix in the Chinese mainland market, with increased sales contribution from high-volume products at relatively lower margins such as power banks, the revenue we generated from which in Chinese mainland increased from RMB55.9 million in 2023 to RMB203.8 million in 2024, accounting for 2.4% and 7.8% of our total revenue from Chinese mainland in the corresponding year, and (ii) an increase of revenue contribution by NAS products as we conducted a pilot market testing initiative among overseas customers in 2024. As part of this initiative, we adopted a more competitive pricing strategy to attract early adopters and encourage customer participation.

Our gross profit margin decreased slightly from 36.8% in 2024 to 36.5% in 2025, primarily attributable to the official launch of NAS products to overseas markets in 2025 and their growing contribution to our revenue. During the initial stage of market entry, these products were priced more competitively to capture market share, which while driving a significant increase in revenue from NAS products, resulted in a slight dilution of overall gross profit margin.

Our gross profit margin increased from 36.1% for the six months ended June 30, 2025 to 38.4% during the same period in 2026, primarily attributable to our stable profitability, which was further raised by (i) the receipt of U.S. tariffs refund of RMB63.9 million in 2026, which deducted our cost of sales; and (ii) an increase in the selling prices of our products.

See "Financial Information — Key Components of Our Consolidated Statements of Comprehensive Income — Gross Profit and Gross Profit Margin."

Summary of Consolidated Statements of Financial Position

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

	As of December 31,			As of June 30,
	2023	**2024**	**2025**	**2026**
	(RMB in thousands)			
Total non-current assets	202,062	541,331	284,998	445,101
Total current assets	2,251,097	3,353,611	4,643,918	4,667,212
Total assets	**2,453,159**	**3,894,942**	**4,928,916**	**5,112,313**
Total non-current liabilities	104,562	108,157	131,492	147,548
Total current liabilities	572,281	861,949	1,389,716	1,369,234
Total liabilities	**676,843**	**970,106**	**1,521,208**	**1,516,782**
Net current assets	1,678,816	2,491,662	3,254,202	3,297,978
Net assets	**1,776,316**	**2,924,836**	**3,407,708**	**3,595,531**

Net Current Assets

Our net current assets increased by 48.4% from RMB1,678.8 million as of December 31, 2023 to RMB2,491.7 million as of December 31, 2024, primarily due to an increase of RMB741.5 million in financial assets at fair value through profit or loss ("**FVTPL**") and an increase of RMB238.8 million in inventories, partially offset by an increase of RMB198.3 million in trade payables.

Our net current assets increased by 30.6% from RMB2,491.7 million as of December 31, 2024 to RMB3,254.2 million as of December 31, 2025, primarily due to an increase of RMB765.9 million in inventories and an increase of RMB336.7 million in prepayments, other receivables and other assets, partially offset by a decrease of RMB310.2 million in financial assets at FVTPL.

Our net current assets increased by 1.3% from RMB3,254.2 million as of December 31, 2025 to RMB3,298.0 million as of June 30, 2026, primarily due to an increase of RMB457.2 million in inventories and an increase of RMB136.5 million in trade and bills receivables, partially offset by a decrease of RMB321.2 million in financial assets at FVTPL and a decrease of RMB212.8 million in cash and cash equivalents.

Net Assets

Our net assets increased from RMB1,776.3 million as of December 31, 2023 to RMB2,924.8 million as of December 31, 2024, primarily attributable to (i) profit for the year of RMB460.5 million; and (ii) net proceeds from issue of shares of RMB772.2 million, partially offset by dividends declared to the shareholders of the Company of RMB124.5 million.

Our net assets increased from RMB2,924.8 million as of December 31, 2024 to RMB3,407.7 million as of December 31, 2025, primarily due to profit for the year of RMB703.5 million, partially offset by dividends declared to the shareholders of the Company of RMB248.9 million.

Our net assets increased from RMB3,407.7 million as of December 31, 2025 to RMB3,595.5 million as of June 30, 2026, primarily due to profit for the period of RMB432.2 million, partially offset by dividends declared to the shareholders of the Company of RMB248.9 million.

See "Financial Information — Discussion of Certain Key Items of Consolidated Statements of Financial Position" and "Appendix I — Consolidated Statements of Changes In Equity."

Summary of Consolidated Statements of Cash Flows

The following table sets forth our cash flows for the years/periods indicated.

	Year ended December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			
Net cash flows generated from/(used in) operating activities	173,401	623,882	(35,329)	(70,009)
Net cash flows (used in)/generated from investing activities	(16,464)	(1,090,916)	571,884	184,598
Net cash flows (used in)/generated from financing activities	(45,052)	605,766	(299,191)	(291,577)
Net increase/(decrease) in cash and cash equivalents	111,885	138,732	237,364	(176,988)
Cash and cash equivalents at the beginning of the year/period	876,177	992,314	1,142,738	1,386,529
Effect of foreign exchange rate changes, net	4,252	11,692	6,427	(35,803)
Cash and cash equivalents at the end of the year/period	**992,314**	**1,142,738**	**1,386,529**	**1,173,738**

We recorded operating cash outflow of RMB35.3 million in 2025, primarily attributable to (i) our business expansion and sales growth, leading to proactive inventory stocking to support new product launches and surging sales across key categories, causing increases in inventories as well as trade receivables; (ii) our strategic shift from requiring prepayment to granting credit terms to selected overseas offline distributors to capture market share and attract long-term collaboration, leading to an increase in trade receivables, as reflected by the 79.4% increase in revenue generated from overseas offline distribution from 2024 to 2025; and (iii) receipts of certain trade receivables from a major e-commerce platform customer in January 2026, which were within ordinary collection time frame and did not indicate any heightened credit or collection risk, together with export tax rebates, amounting to RMB263.4 million.

We recorded operating cash outflow of RMB70.0 million for the six months ended June 30, 2026, primarily attributable to (i) our proactive inventory stocking in line with our business expansion and sales growth, causing increases in inventories as well as trade receivables; (ii) increased receivables from overseas offline distributors as their sales continued to grow under the credit terms, as reflected by the 68.6% increase in revenue generated from overseas offline distribution from the six months ended June 30, 2025 to the six months ended June 30, 2026; and (iii) an increase in trade receivables from Amazon, as most of our major promotional campaigns in 2026 took place in June, compared with July in 2025.

To improve our net operating cash outflow position, we have continued to implement liquidity management measures, including prudent cash flow operations and budgeting, and active follow-up on customer payments. In particular, given that our operating cash outflows were mainly attributable to working capital requirements in relation to inventories and trade receivables, we have taken targeted measures to improve our cash conversion cycle. With respect to inventories, as NAS and power bank products accounted for a substantial portion of our inventories, we have strengthened inventory planning and procurement control by prudent procurement planning and close collaboration with our sales team to monitor inventory levels, customer demand and sales performance on a rolling basis. In addition, as we continue to upgrade our products and enhance their competitiveness, we expect to drive sales growth, accelerate inventory turnover and improve cash collection, thereby facilitating faster cash conversion and improving our operating cash flow position. With respect to trade receivables, as the relatively long trade receivables turnover period was mainly attributable to certain overseas offline customers, we have enhanced our collection management by maintaining regular communication with such customers on payment schedules and actively following up on outstanding balances.

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

Key Financial Ratios

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

	As of/For the year ended December 31,			As of/For the six months ended June 30,
	2023	2024	2025	2026
Gross profit margin[(1)]	36.9%	36.8%	36.5%	38.4%
Net profit margin[(2)]	8.2%	7.5%	7.4%	7.4%
Current ratio[(3)]	3.9	3.9	3.3	3.4
Quick ratio[(4)]	2.2	2.5	1.9	1.6
Gearing ratio[(5)]	7.2%	4.0%	4.3%	4.3%

Notes:

(1) Gross profit margin represents gross profit for the year/period as a percentage of total revenue in 2023, 2024, and 2025, and the six months ended June 30, 2026.

(2) Net profit margin represents profit for the year/period as a percentage of total revenue in 2023, 2024, and 2025, and the six months ended June 30, 2026.

(3) Current ratio is calculated as total current assets divided by total current liabilities, as of December 31, 2023, 2024, and 2025, and June 30, 2026.

(4) Quick ratio is calculated as total current assets less inventories divided by total current liabilities, as of December 31, 2023, 2024, and 2025, and June 30, 2026.

(5) Gearing ratio is calculated as total debts divided by total equity, as of December 31, 2023, 2024 and 2025, and June 30, 2026 and multiplied by 100%. Total debts of the Group are defined to include lease liabilities.

Net Profit Margin

Our net profit margin decreased from 8.2% in 2023 to 7.5% in 2024, primarily attributable to an increase in our selling expenses and research and development expenses, due to (i) higher platform service fees incurred by our revenue growth in online sales channels, and (ii) increased remuneration for relevant personnel driven by the expansion of our selling and R&D team to keep pace with business growth and rapid technological developments.

Our net profit margin remained relatively stable at 7.5%, 7.4% and 7.4% in 2024, 2025 and for the six months ended June 30, 2026, respectively.

[**REDACTED**]

OUR CONTROLLING SHAREHOLDER

As of the Latest Practicable Date, Mr. Zhang directly held approximately 45.27% of the total issued share capital of our Company and hence was our Controlling Shareholder. Mr. Zhang is a limited partner of both of our employee shareholding platforms, Ugreen Consulting and Ugreen Heshun, holding approximately 10.08% and 1.57% of the partnership interests in Ugreen Consulting and Ugreen Heshun, respectively. Mr. Zhang is also a general partner of Heshun V, Heshun VI, Heshun VII and Heshun VIII and holds approximately 34.37%, 44.58%, 18.28% and 20.85% of the partnership interests in these employee shareholding platforms, respectively. In turn, Heshun V, Heshun VI, Heshun VII and Heshun VIII hold approximately 1.46%, 1.69%, 1.66% and 1.17% of the partnership interests in Ugreen Consulting, respectively. Pursuant to the partnership agreements of Ugreen Consulting and Ugreen Heshun, the general partner has the exclusive right to represent the partnership in exercising its rights as a shareholder and to participate in shareholders' meetings of the invested entities, including exercising voting rights on behalf of the partnership. As none of Mr. Zhang, Heshun V, Heshun VI, Heshun VII or Heshun VIII is or has ever been a general partner of, or has contributed more than one-third of the capital contributions to, either Ugreen Consulting or Ugreen Heshun, Mr. Zhang is neither entitled nor deemed to be able to control either Ugreen Consulting or Ugreen Heshun. Accordingly, Ugreen Consulting and Ugreen Heshun do not constitute a group of controlling shareholders of our Company.

Immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), our Controlling Shareholder will hold approximately [**REDACTED**]% of the total issued share capital of our Company and will remain as our Controlling Shareholder upon [**REDACTED**].

None of our Controlling Shareholder nor any of our Directors was, as of the Latest Practicable Date, interested in or engaged in any business, which, compete or is likely to compete, either directly or indirectly, with our Group's business and which requires disclosure pursuant to Rule 8.10 of the Listing Rules.

DIVIDENDS AND DIVIDEND POLICY

Our Company has paid dividends to our Shareholders of nil, RMB124.5 million, RMB248.9 million and RMB248.9 million in 2023, 2024 and 2025 and the six months ended June 30, 2026, respectively. See Note 12 to the Accountants' Report in Appendix I to this Document.

After completion of the [**REDACTED**], our Shareholders will be entitled to receive any dividends we declare. We may distribute dividends by way of shares or cash, or a combination of both shares and cash. Pursuant to applicable laws in the PRC, our Articles of Association and a shareholder return plan for the three years after the listing of our Company on Shenzhen Stock Exchange in July 2024 approved by our Shareholders in April 2022, which serves as our formal dividend policy, our Board 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. We will, in principle, distribute cash dividends to our Shareholders at least on an annual basis unless the profit distribution conditions are not met in accordance with our Articles of Association and the applicable laws and regulations in the PRC and Hong Kong. We shall distribute cash dividends in an aggregate amount of not less than 30% of the average annual distributable profits over each consecutive three-year period. Furthermore, provided that the specific conditions for cash dividends are met, we shall distribute annual cash dividends of not less than 10% of the distributable profits generated in the relevant fiscal year. We currently do not have any fixed dividend payout ratio. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents, applicable PRC laws and approval by the Shareholders' meeting. There is no assurance that dividends will be declared or paid in any particular amount for any financial year.

Our future declarations of dividends may not be in line with our historical declaration of dividends and will be subject to the approval by the Shareholders' meeting. See "Risk Factors — Risks Related to the [**REDACTED**] — Our historical dividends may not be indicative of our future dividend policy, and there can be no assurance that we will declare and distribute any amount of dividends in the future" in this Document.

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: (i) the industry in which we operate is highly competitive. If we fail to compete against other market participants, our business, results of operations and financial condition may be materially and adversely affected; (ii) failure to identify or respond to changes in consumer preferences and market demand, design new products aligned with evolving consumer demand, or effectively compete with our competitors may adversely affect our business operations and financial performance; (iii) we may fail to keep up with rapid technological changes and evolving industry standards and regulatory requirements, which may adversely affect our market position and render our products in production or under R&D and our production facilities uncompetitive or obsolete; (iv) any failure to maintain our brand image could have a material adverse effect on our business, financial condition and results of operations; (v) a significant portion of our online sales depends on certain e-commerce platforms, and any disruption in these partnerships, adverse policy modifications, or unfavorable contract changes could materially harm our operations and financial results; (vi) we rely on third-party manufacturing partners for the production of a substantial portion of our products. Any disruption in our supply chain, failure by suppliers to meet our requirements, or deterioration in our relationships with them could materially and adversely affect our business, financial condition, and results of operations; (vii) disruptions to our production facilities could limit or halt our sales and materially and adversely affect our business, financial condition and results of operations; (viii) any defects or quality issues in our products could lead to product liability or warranty claims, trigger product recalls, damage our reputation and result in reduced sales and market share; (ix) we may incur significant costs in connection with warranty obligations, and our existing provisions may prove insufficient to cover future potential claims; and (x) any deterioration of our offline and online distribution channels could have a material adverse effect on our business and results of operations and we may not be able to effectively manage any overlap or potential competition among our different sales channels.

[**REDACTED**] EXPENSES

Assuming an [**REDACTED**] of HK$[**REDACTED**] per Share (being the [**REDACTED**] of the indicative [**REDACTED**] range stated in this Document) and that the [**REDACTED**] is not exercised, the [**REDACTED**], together with the Stock Exchange [**REDACTED**] fee, SFC transaction levy, AFRC transaction levy and Stock Exchange [**REDACTED**] fee, legal and other professional fees, printing and other expenses relating to the [**REDACTED**], which are payable by us are estimated to be approximately HK$[**REDACTED**] million, of which HK$[**REDACTED**] million are expected to be charged to our consolidated statements of comprehensive income for the year ending December 31, 2026, and HK$[**REDACTED**] million are expected to be deducted from equity following the [**REDACTED**]. The [**REDACTED**] expenses consist of HK$[**REDACTED**] million [**REDACTED**]-related expenses and HK$[**REDACTED**] million non-[**REDACTED**]-related expenses (including fees and expenses of legal advisors and the reporting accountant of HK$[**REDACTED**] million and other fees and expenses of HK$[**REDACTED**] million), representing approximately [**REDACTED**]% of our [**REDACTED**] from the [**REDACTED**]. The [**REDACTED**] expenses above are the latest practicable estimate and are provided for reference only, and actual amounts may differ.

[**REDACTED**]

We estimate that we will receive [**REDACTED**] from the [**REDACTED**] of approximately HK$[**REDACTED**] million, after deducting the [**REDACTED**], fees and estimated expenses payable by us in connection with the [**REDACTED**], assuming no [**REDACTED**] is exercised and an [**REDACTED**] of HK$[**REDACTED**] per H Share, being the [**REDACTED**] of the indicative [**REDACTED**] range between HK$[**REDACTED**] and HK$[**REDACTED**] per H Share.

In line with our strategies, we intend to use the [**REDACTED**] from the [**REDACTED**] for the purposes and in the amounts as follows: (i) approximately [**REDACTED**]% or HK$[**REDACTED**] million of the [**REDACTED**] will be allocated to increasing our investment in technology innovation and product development; (ii) approximately [**REDACTED**]% of the [**REDACTED**] or HK$[**REDACTED**] million will be allocated to our brand building; (iii) approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**] million will be allocated to enhancing our sales channel development and market penetration; (iv) approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**] million, will be allocated to the intelligent evolution of our business processes; and (v) approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**] million, will be allocated to working capital and other general corporate purposes.

OUR LISTING ON THE SHENZHEN STOCK EXCHANGE

Since July 26, 2024, our Company has been listed on the Shenzhen Stock Exchange. For further details, see "History, Development and Corporate Structure — Our Listing on The Shenzhen Stock Exchange and Reasons for the [**REDACTED**] on [**REDACTED**]".

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, since June 30, 2026 (being the end date of the years reported on in the Accountants' Report in Appendix I to this Document) and up to the date of this Document, there has been no material adverse change in our financial or trading position and there is no event which would materially affect the information shown in our consolidated financial information included in the Accountants' Report in Appendix I to this Document.

In this Document, unless the context otherwise requires, the following terms and expressions shall have the meanings set out below.

"A Share(s)"	ordinary shares issued by our Company, with a nominal value of RMB1.00 each, which are listed on the SZSE and traded in Renminbi
"Accountants' Report"	the report from the Reporting Accountants prepared by Rongcheng (Hong Kong) CPA Limited, the text of which is set out in Appendix I to this Document
"affiliate(s)"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AFRC" or "Accounting and Financial Reporting Council"	Accounting and Financial Reporting Council of Hong Kong
"Articles" or "Articles of Association"	the articles of association of our Company adopted on January 12, 2026 with effect upon [**REDACTED**] (as amended from time to time), a summary of which is set out in Appendix III to this Document
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Board" or "Board of Directors"	the board of Directors of the Company
"Business Day"	a day on which banks in Hong Kong are generally open for normal business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
	[**REDACTED**]
"Chinese mainland" or "the PRC"	the People's Republic of China, unless the context requires otherwise, excluding, for the purposes of this Document only, the regions of Hong Kong, Macau and Taiwan of the People's Republic of China
"close associate(s)"	has the meaning ascribed thereto under the Listing Rules

"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company" or "our Company"	Ugreen Group Limited* (深圳市綠聯科技股份有限公司), a limited liability company established in the PRC in 2012, and subsequently converted into a joint stock limited company in 2021, the A Shares of which have been listed on the SZSE (stock code: 301606)
"Company Law"	the Company Law of the PRC (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"connected transaction(s)"	has the meaning ascribed thereto under the Listing Rules
"Controlling Shareholder"	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Mr. Zhang. For further details, see "Relationship with Controlling Shareholder"
"CSDC"	China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司)
"CSDC (Hong Kong)"	China Securities Depository and Clearing (Hong Kong) Company Limited (中國證券登記結算(香港)有限公司)
"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"	the PRC Enterprise Income Tax Law (《中華人民共和國企業所得税法》)
"Extreme Conditions"	the occurrence of "extreme conditions" as announced by any government authority of Hong Kong due to serious disruption of public transport services, extensive flooding, major landslides, large-scale power outage or any other adverse conditions before Typhoon Signal No. 8 or above is replaced with Typhoon Signal No. 3 or below

"FIL"	Foreign Investment Law (《中華人民共和國外商投資法》) adopted by National People's Congress in March 2019 and took effect in January 2020
	[**REDACTED**]
"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., the independent industry consultant commissioned by our Company to prepare the Frost & Sullivan Report
"Frost & Sullivan Report"	an independent market research report commissioned and prepared by Frost & Sullivan for the purpose of this Document
"GDP"	gross domestic product
"General Rules of HKSCC"	General Rules of HKSCC published by the Stock Exchange and as amended from time to time
	[**REDACTED**]
"GP(s)" or "general partner(s)"	general partner of a limited partnership established under the laws of the PRC
"Group", "our Group", "our", "we", or "us"	our Company and our subsidiaries (or our Company and any one or more of our subsidiaries, as the context may require)
"Guide"	the Guide for New Listing Applicants published by the Stock Exchange in August 2025 which took effect on August 4, 2025 (as amended or supplemented or otherwise modified from time to time)
"Haiying Zhilian"	Shenzhen Haiying Zhilian Industrial Co., Ltd.* (深圳市海盈智聯實業有限公司), a limited liability company established on June 2, 2010 under the laws of the PRC, and a direct non-wholly owned subsidiary of our Company
"H Share(s)"	overseas [**REDACTED**] foreign ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which are to be [**REDACTED**] for and [**REDACTED**] in Hong Kong dollars and to be [**REDACTED**] on the [**REDACTED**]
	[**REDACTED**]

"Heshun II"	Shenzhen Heshun II Management Consulting Partnership Enterprise (Limited Partnership)* (深圳市和順二號管理諮詢合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on February 22, 2021, historically a Shareholder and an employee shareholding platform
"Heshun III"	Shenzhen Heshun III Management Consulting Partnership Enterprise (Limited Partnership)* (深圳市和順三號管理諮詢合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on February 23, 2021, historically a Shareholder and an employee shareholding platform
"Heshun IV"	Shenzhen Heshun IV Management Consulting Partnership Enterprise (Limited Partnership)* (深圳市和順四號管理諮詢合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on February 24, 2021, a Shareholder and an employee shareholding platform
"Heshun V"	Shenzhen Heshun V Management Consulting Partnership Enterprise (Limited Partnership)* (深圳市和順五號管理諮詢合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on March 1, 2022, a limited partner of Ugreen Consulting and an employee shareholding platform
"Heshun VI"	Shenzhen Heshun VI Management Consulting Partnership Enterprise (Limited Partnership)* (深圳市和順六號管理諮詢合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on March 8, 2022, a limited partner of Ugreen Consulting and an employee shareholding platform
"Heshun VII"	Shenzhen Heshun VII Management Consulting Partnership Enterprise (Limited Partnership)* (深圳市和順七號管理諮詢合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on February 25, 2022, a limited partner of Ugreen Consulting and an employee shareholding platform
"Heshun VIII"	Shenzhen Heshun VIII Management Consulting Partnership Enterprise (Limited Partnership)* (深圳市和順八號管理諮詢合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on February 25, 2022, a limited partner of Ugreen Consulting and an employee shareholding platform
"Hillhouse Xiheng"	Zhuhai Xiheng Investment Partnership (Limited Partnership)* (珠海錫恒投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on January 12, 2021, a Shareholder

[**REDACTED**]

"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HK$"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong

[**REDACTED**]

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

[**REDACTED**]

"Huizhou Zhize"	Huizhou Zhize Technology Co., Ltd.* (惠州市志澤科技有限公司), a limited liability company established on September 11, 2023 under the laws of the PRC, and an indirect non-wholly owned subsidiary of our Company
"IASB"	International Accounting Standards Board
"IFRS"	the International Financial Reporting Standards, which as collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards and Interpretations issued by the IASB
"IIT Law"	the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法》)
"Independent Third Party(ies)"	any person(s) or entity(ies) who is not a connected person of the Company within the meaning of the Listing Rules

[**REDACTED**]

[**REDACTED**]

"Ji'an Haiying"	Ji'an Haiying Technology Co., Ltd.* (吉安市海盈科技有限公司), a limited liability company established on November 8, 2024 under the laws of the PRC, and an indirect non-wholly owned subsidiary of our Company
"Jianguo Heli"	Xiamen Nuts Core Power Venture Capital Partnership (Limited Partnership* (廈門堅果核力創業投資合夥企業(有限合夥)), a limited partnership established on February 22, 2019 under the laws of the PRC, and a Shareholder
"Latest Practicable Date"	August 16, 2026 being the latest practicable date for the purpose of ascertaining certain information contained in this Document prior to its publication

[**REDACTED**]

"Listing Committee"	the listing committee of the Hong Kong Stock Exchange

[**REDACTED**]

"Listing Rules" or "Hong Kong 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)
"LP(s)" or "limited partner(s)"	limited partner of a limited partnership established under the laws of the PRC
"Main Board"	the stock exchange (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operates in parallel with the GEM of the Hong Kong Stock Exchange
"MOF"	Ministry of Finance of the PRC (中華人民共和國財政部)
"Mr. Chen"	Mr. Chen Junling (陳俊靈先生), an executive Director
"Mr. Zhang"	Mr. Zhang Qingsen (張清森先生), an executive Director and our Controlling Shareholder
"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**]

"Overseas Listing Trial Measures"	The Trial Measures for the Administration on Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) promulgated by the CSRC on February 17, 2023 and became effective on March 31, 2023
"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"PRC Company Law"	the Company Law of the People's Republic of China (《中華人民共和國公司法》)
"PRC Government"	the central government of the PRC and all governmental subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof or, where the context requires, any of them
"PRC Legal Advisor"	Sundial Law Firm, legal advisor as to PRC laws and PRC data compliance laws

[**REDACTED**]

[**REDACTED**]

"Primary Sanctioned Activity"	any activity in a Sanctioned Country or (i) with; or (ii) directly or indirectly benefiting, or involving the property or interests in property of, a Sanctioned Target by an applicant incorporated or located in a Relevant Jurisdiction or which otherwise has a nexus with such jurisdiction with respect to the relevant activity, such that it is subject to the relevant sanctions law or regulation.
	[**REDACTED**]
"Regulation S"	Regulation S under the U.S. Securities Act
"Relevant Jurisdiction"	any jurisdiction that is relevant to the listing applicant and has sanctions related law or regulation restricting, among other things, its nationals and/or entities which are incorporated or located in that jurisdiction from directly or indirectly making assets or services available to or otherwise dealing in assets of certain countries, governments, persons or entities targeted by such law or regulation
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"SAFE"	State Administration of Foreign Exchange of the PRC (中國國家外匯管理局)
"SAT"	the State Administration of Taxation of the PRC (中華人民共和國國家税務總局)
"Sanctioned Country"	any country or territory subject to a general and comprehensive export, import, financial or investment embargo under sanctions related law or regulation of the Relevant Jurisdiction (currently Cuba, Iran, North Korea, the Crimea Region of Russia/Ukraine, the self-proclaimed Luhansk People's Republic and Donetsk People's Republic regions and Zaporizhzhia and Kherson regions)
"Securities and Futures Commission" or "SFC"	the Securities and Futures Commission of Hong Kong
"Securities Law"	the Securities Law of the PRC (《中華人民共和國證券法》), as amended, supplemented or otherwise modified from time to time

"Sanctioned Target"	any person or entity (i) designated on any list of targeted persons or entities issued under the sanctions-related law or regulation of a Relevant Jurisdiction; (ii) that is, or is owned or controlled by, a government of a Sanctioned Country; or (iii) that is the target of sanctions under the law or regulation of a Relevant Jurisdiction because of a relationship of ownership, control, or agency with a person or entity described in (i) or (ii)
"SFO" or "Securities and Futures Ordinance"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) in the capital of our Company with a nominal value of RMB1.00 each, including both A Shares and H Shares
"Shareholder(s)"	holder(s) of the Share(s)
"Shenzhen Shiheng"	Shenzhen Shiheng Investment Co., Ltd.* (深圳世橫投資有限公司) a limited liability company established on August 12, 2019 under the laws of the PRC, a Shareholder of our Company
"Shenzhen Stock Exchange" or "SZSE"	the Shenzhen Stock Exchange (深圳證券交易所)
"Shenzhen Stock Exchange ChiNext Listing Rules"	the Rules Governing the Listing of Stock on ChiNext of the Shenzhen Stock Exchange (《深圳證券交易所創業板股票上市規則》), as amended from time to time

[**REDACTED**]

"Sole Sponsor"	Huatai Financial Holdings (Hong Kong) Limited

[**REDACTED**]

"State Council"	the State Council of the PRC (中華人民共和國國務院)
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed thereto under the Listing Rules

"Takeovers Code" or "Hong Kong Takeovers Code"	the Codes on Takeovers and Mergers and Share Buybacks issued by the SFC, as amended, supplemented or otherwise modified from time to time
"THB"	the lawful currency of Thailand
"Track Record Period"	the period comprising the financial years ended December 31, 2023, 2024, 2025, and the six months ended June 30, 2026
"Transfer Pricing Advisor"	Deloitte Consulting (Shanghai) Co., Ltd. Shenzhen Branch* (德勤管理諮詢(上海)有限公司深圳分公司)
"Ugreen Consulting"	Shenzhen Ugreen Management Consulting Partnership (Limited Partnership)* (深圳市綠聯管理諮詢合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on December 12, 2018, a substantial shareholder and an employee shareholding platform
"Ugreen Germany"	Ugreen Group GmbH, a limited company incorporated on June 12, 2020 under the laws of Germany, and an indirect wholly-owned subsidiary of our Company
"Ugreen Heshun"	Shenzhen Ugreen Heshun Management Consulting Partnership (Limited Partnership)* (深圳市綠聯和順管理諮詢合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on July 20, 2020, a Shareholder and an employee shareholding platform
"Ugreen Hong Kong"	HONG KONG UGREEN LIMITED, a limited company incorporated on November 8, 2018 in Hong Kong, and a direct wholly-owned subsidiary of our Company
"Ugreen Japan"	Ugreen Japan Co., Ltd. (株式会社ユーグリーン・ジャパン), a limited company incorporated on April 4, 2023 in Japan, and an indirect wholly-owned subsidiary of our Company
"UGREEN Limited"	UGREEN Technology Co., Ltd.* (深圳市綠聯科技有限公司), a limited liability company established on March 16, 2012 under the laws of the PRC, the predecessor of our Company
"Ugreen USA"	America Ugreen Limited, a limited company incorporated on November 2, 2018 in the United States, and a direct wholly-owned subsidiary of our Company

[REDACTED]

"United States" or "U.S."	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
"U.S. dollars", "US$" or "USD"	United States dollars, the lawful currency of the United States
"U.S. Securities Act"	the U.S. Securities Act of 1933, as amended, supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder
"VAT"	value-added tax
"Yuanda Fanglue"	Yuanda Fanglue Management Consulting Co., Ltd* (廣東遠大方略管理諮詢有限公司), a limited liability Company established under the laws of the PRC on August 20, 2010, a Shareholder
"Zhize Technology"	Shenzhen Zhize Technology Co., Ltd.* (深圳市志澤科技有限公司), a limited liability company established on July 13, 2010 under the laws of the PRC, and a direct non-wholly-owned subsidiary of our Company
"%"	per cent

Unless otherwise specified or the context otherwise requires:

1. statements contained in this Document assume no exercise of the [**REDACTED**];

2. all times refer to Hong Kong time;

3. references to years, months and days in this Document are to calendar years, calendar months and calendar days, respectively; and

4. all data in this Document is as of the date of this Document.

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.

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

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 explanations of certain technical terms used in this Document. As such, these terms and their meanings may not correspond to standard industry meanings or usage of these terms.

"8K"/"16K"	display resolution standards with a horizontal resolution of approximately 8,000 pixels and 16,000 pixels, respectively
"5th generation mobile networks" or "5G"	a global standard and technology for wireless and telecommunications networks
"AAA games"	a classification used within the video gaming industry to signify high-budget, high-profile games produced and distributed by major publishers, typically requiring high-performance hardware
"AI"	artificial intelligence
"Amazon"	Amazon.com, Inc. and its subsidiaries
"application programming interface" or "API"	a set of rules and protocols that allows different software systems, applications, or services to communicate and interact with each other
"Artificial Intelligence of Things" or "AIoT"	the combination of AI technologies and the internet of things infrastructure
"CarPlay® in-vehicle system" or "CarPlay®"	a proprietary standard developed by Apple Inc. that enables an iPhone® to be connected to a car's infotainment system
"digital visual interface" or "DVI"	a video display interface standard used to connect a video source to a display device, such as a computer monitor. It is designed to transmit uncompressed digital video data and can support both digital and analog signals
"DisplayPort" or "DP"	a digital display interface developed by a consortium of PC and chip manufacturers and standardized by the Video Electronics Standards Association
"external graphics processing unit" or "eGPU"	a graphics card mounted outside of the computer system, typically used to boost the graphical performance of laptops
"gallium nitride" or "GaN"	a wide-bandgap semiconductor material that allows for devices to operate at higher voltages, frequencies and temperatures than silicon, enabling smaller and higher efficiency chargers

"graphics processing unit" or "GPU"	a specialized electronic circuit designed to manipulate and alter memory to accelerate the creation of images in a frame buffer intended for output to a display device
"Great Bay Area" or "GBA"	a city cluster consisting of Hong Kong, Macao and nine cities in Guangdong Province
"high-definition multimedia interface" or "HDMI"	a proprietary audio/video interface for transmitting uncompressed video data and compressed or uncompressed digital audio data
"international organization for standardization" or "ISO"	a non-governmental organization based in Geneva, Switzerland, for assessing the quality systems of business organizations
"Internet of Things" or "IoT"	a network of interconnected devices capable of communication and data exchange, enabling integrated smart home and wearable applications
"internet protocol camera" or "IPC"	a type of digital video camera that receives control data and sends image data via an IP network (such as a LAN or the internet)
"MFi program"	Apple Inc.'s licensing programme that certifies third party accessories for compatibility with Apple devices and associated communication protocols
"milliampere-hour" or "mAh"	a unit of electrical charge commonly used to measure the capacity of a battery
"network attached storage" or "NAS"	a file-level computer data storage server connected to a computer network providing data access to a heterogeneous group of clients
"neural processing unit" or "NPU"	a specialized circuit designed to accelerate the processing of artificial intelligence and machine learning applications
"optical copper link" or "OCuLink"	a high-speed interface standard used primarily to connect eGPUs to computers
"PD"	a fast charging specification handling higher power and allowing a range of devices to charge quickly over a USB connection
"Qi2"	the latest open wireless charging standard developed by the Wireless Power Consortium
"RAID"	redundant array of independent disks, a data storage technology that combines multiple physical drives into a single system to improve data redundancy and performance
"solid-state drive" or "SSD"	a storage device containing non-volatile flash memory

"stock keeping unit" or "SKU"	a unique identifier for each distinct product or service that can be offered for sale
"UGOS" and "UGOS Pro"	both are our self-developed operating systems for NAS products
"universal serial bus" or "USB"	an industry standard that establishes specifications for cables, connectors and protocols for connection, communication and power supply
"video graphics array" or "VGA"	an analog computer display standard used to transmit video signals from a source device (such as a computer) to a display device (such as a monitor or projector)
"watt" or "W"	a unit of power
"watt-hour" or "Wh"	a unit of energy equivalent to one watt of power expended for one hour

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

This Document contains certain forward-looking statements relating to our Company, our subsidiaries and consolidated affiliated entities that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this Document, the words "aim", "anticipate", "believe", "could", "expect", "going forward", "intend", "may", "ought to", "plan", "project", "seek", "should", "will", "would" and the negative of these words and other similar expressions, as they relate to our Group or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this Document. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks, uncertainties and other factors facing our Group which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- changes in the macro environment, regional and global economy, as well as industry trends related to our operations;
- our ability to successfully implement our business plans, strategies, objectives and goals;
- our ability to obtain adequate capital resources to fund future development plans;
- our ability to control costs, as well as to achieve and maintain operational efficiency;
- changes in our customers' demands and expectations;
- changes in the competitive landscape of the industries where we operate;
- our ability to protect our reputation and brand image, as well as trademarks, technologies, knowhow, patents and other intellectual property rights;
- changes in local economic and political conditions and changes in compliance with international laws and regulations in the countries and regions where we operate;
- developments in technology and our ability to successfully keep up with technological advancement;
- our ability to attract and retain experienced professionals and other qualified employees and key personnel;
- changes in currency exchange rates; and
- the other risk factors discussed in this Document as well as other factors beyond our control.

The forward-looking statements are based on our current plans and estimates and speak only as of the date they were made. Nonetheless, due to the risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this Document might not occur in the way we expect, or at all. Further, subject to the requirements of applicable laws, rules and regulations, we do not have any and undertake no obligation to update or otherwise revise the forward-looking statements in this Document, whether as a result of new information, future events or otherwise.

Accordingly, you should not place undue reliance on any forward-looking statements in this Document. All forward-looking statements contained in this Document are qualified by reference to this cautionary statement.

An [**REDACTED**] *in our H Shares involves various risks, some of which could be significant. You should carefully consider all of the information in this Document, including the risks and uncertainties described in this "Risk Factors" section, before making an* [**REDACTED**] *in our H Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material and adverse effect on our business, financial condition and results of operations. In any such case, the* [**REDACTED**] *of our H Shares could decline, and you may lose all or part of your* [**REDACTED**]. *These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in the section titled "Forward-Looking Statements" of this Document.*

RISKS RELATED TO OUR BUSINESS AND INDUSTRY

The industry in which we operate is highly competitive. If we fail to compete against other market participants, our business, results of operations and financial condition may be materially and adversely affected.

Our products operate in intensely competitive markets characterized by aggressive pricing pressures, regular launches of new items, swift integration of technological innovations and varied consumer tastes. The consumer technology market is highly fragmented, with over 2,500 industry participants in Chinese mainland and over 10,000 globally. In 2025, the combined revenue of consumer technology extension products of the top five brands reached approximately RMB9.0 billion in Chinese mainland, representing an aggregate market share of approximately 8.1%. For details, please see "Industry Overview — Competitive Landscape of the Consumer Technology Extension Products Market." We also encounter rivalry from entities that employ lower pricing strategies or alternative approaches to offer more compelling options to buyers. Existing rivals and emerging players may introduce innovative products, technologies or features that could make our offerings outdated or less appealing. Competitors could lure away our existing and prospective customers by promoting their alternatives, thereby diminishing our sales volumes. Should any of these situations arise, it could impede our expansion, weaken our competitive stance, shrink our market presence and, consequently, have a material adverse impact on our business, operating results, financial position and future prospects.

Failure to identify or respond to changes in consumer preferences and market demand, design new products aligned with evolving consumer demand, or effectively compete with our competitors may adversely affect our business operations and financial performance.

Our continued success therefore depends on our ability to innovate and create new products while enhancing existing ones to meet market expectations. The process of developing new products and technologies is inherently complex, requiring substantial innovation, skilled research and development ("**R&D**") personnel, and accurate forecasting of technological advancements and market trends. We may not be able to identify, develop, or launch new products or technologies successfully, or on a timely basis. Furthermore, such products may not be well-received by customers or achieve meaningful market acceptance.

The market for consumer technology products is dynamic and heavily influenced by fluctuating consumer preferences, which are often difficult to predict with precision. However, the ultimate success of our R&D investments depends on a variety of factors, many of which are outside our control. If we fail to accurately assess or promptly respond to changing consumer preferences or market demands, or if we misjudge product demand, we could miss emerging growth opportunities, accumulate excess inventory, all of which could erode our brand image, diminish the consumer experience, and lead to substantial declines in sales. Additionally, the introduction of our new products could inadvertently reduce the demand and revenue of our older products or affect their pricing.

In particular, failure to continuously enhance our product portfolio, maintain manufacturing standards, ensure distribution efficiency, or retain R&D personnel could materially and adversely impact our business and results of operations. Any failure to respond to shifting consumer preferences may further lead to loss of market share and diminished profitability.

We may fail to keep up with rapid technological changes and evolving industry standards and regulatory requirements, which may adversely affect our market position and render our products in production or under R&D and our production facilities uncompetitive or obsolete.

The market for our products is characterized by rapid technological changes and evolving industry standards and regulatory requirements, which are difficult to predict. This, together with the frequent introduction of new products and models, has shortened product life cycles and may render our products obsolete or unmarketable. We may not be able to adjust our R&D direction, product line and capacity in a timely manner in the face of these rapid technological changes, evolving industry standards or new regulatory requirements. If we fail to adapt, or if competitors move faster than us, our business, financial condition and results of operations may be materially and adversely affected.

Our sales cover numerous countries and regions globally, and the product certification standards for consumer technology products in these jurisdictions vary significantly. To meet these standards, we are required to invest in specialized personnel, funds and enhanced R&D management capabilities. If these product certification standards undergo material adjustments or changes, and we are unable to adapt and obtain the relevant product certification qualifications in a timely manner, it may lead to a decline in our revenue or expose us to the risk of penalties.

Our ability to adapt to evolving industry standards and regulatory requirements and anticipate future changes is crucial for our success. A portion of our R&D expenses may be used to develop general technology infrastructure rather than specific products; while important for long-term capabilities, this may not immediately enhance the competitiveness of our current products or produce immediate returns. Any failure to effectively keep up with rapid technological changes and evolving industry standards and regulatory requirements by introducing new and enhanced products or adjusting our product line and capacity may cause us to lose our market share and to suffer a decrease in our revenue.

Any failure to maintain our brand image could have a material adverse effect on our business, financial condition and results of operations.

Our business depends significantly on the value and reputation of our brand, which in turn relies on factors such as the quality of our products, marketing initiatives, product innovation and customer satisfaction. We intend to continue investing substantially in these areas to develop, sustain and strengthen our brand image. The costs associated with upholding our brand image can be substantial, and we may incur further significant expenses to build our brand presence in new markets we enter or plan to enter. Our strategic efforts in maintaining our brand image may not be consistently effective, and we may not be able to manage related expenditures in a cost-efficient manner. If our selling and marketing strategies fail to generate sufficient revenue to offset their costs, or if we are unable to maintain the efficiency of our spending, it could materially and adversely affect our business, financial condition, and results of operations.

Our brand, reputation and product sales could be harmed if, for example, our products fail to meet customer expectations or contain defects or malfunctions. In addition, adverse publicity arising from regulatory or legal actions against us could undermine our reputation and brand image, erode customer confidence and diminish long-term demand for our products.

Negative posts or comments about us on social networking sites and other online forums, including inaccurate posts or comments, can spread quickly and could severely damage our reputation and brand image. To attract and retain customers, we may need to significantly increase our spending on building and maintaining brand loyalty. If we are unable to sustain our

reputation, boost brand recognition or foster positive awareness of our products, it may be challenging to maintain and expand our customer base, and our business and growth prospects may be materially and adversely affected.

A significant portion of our online sales depends on certain e-commerce platforms, and any disruption in these partnerships, adverse policy modifications, or unfavorable contract changes could materially harm our operations and financial results.

During the Track Record Period, our revenue generated from e-commerce platforms was RMB3,564.3 million, RMB4,581.5 million, RMB6,903.7 million, and RMB4,046.8 million, respectively, accounting for 74.2%, 74.3%, 72.8%, and 69.6% of our total revenue in each year/period. Our profitability and business performance rely on, among other things, the continued stable cooperation between these third-party e-commerce platforms and us.

We have entered into standard agreements with third-party e-commerce platforms. If a platform experiences a decline in market share and we fail to promptly adjust our sales channel strategies, it may adversely affect our revenue. We may not be able to maintain and renew our agreements on favorable terms, or at all. In the case that third-party e-commerce platforms amend the terms of agreements or render such terms unfavorable to us, our business performance, results of operations and profitability may be adversely affected. Moreover, any failure to comply with e-commerce platforms' evolving rules could potentially result in adverse consequences. In addition, if stricter laws and regulation on e-commerce activities are established and impose additional compliance obligations on us, we may incur significant compliance costs.

Our sales of products depend on the proper operation of third-party e-commerce platforms. However, we do not have control over such third-party e-commerce platforms, and they may be vulnerable to damage or interruptions. Any material interruption or damage to the third-party e-commerce platforms may have an adverse effect on our business, financial condition and results of operations. Should any of these key platforms terminate their business relationships with us or experience significant operational issues, we may not be able to find alternative e-commerce platforms to compensate for the resulting reduction in sales demand or loss of business.

We are subject to risks associated with our global presence and will continue to face such risks as we expand our business overseas, which may adversely affect our business, results of operations and financial condition.

We derive a portion of our revenue from overseas markets. In 2023, 2024, 2025, and for the six months ended June 30, 2026, we generated 50.4%, 57.5%, 61.4%, and 66.9% of our revenue from overseas sales. During the Track Record Period, we have established subsidiaries in overseas markets. As a result, we are subject to a broad range of risks associated with conducting business across multiple jurisdictions.

In particular, some of our business units can be affected by the economic and market conditions in each of the geographic areas in which we operate. There is considerable uncertainty as to how the trade tensions may evolve or whether there will be any changes to the scope and extent of goods that are or will be subject to such export controls, tariffs, new trade policies or investment restrictions.

Given our international footprint, we may face a range of jurisdiction-specific risks, including potential disputes and litigation, and geopolitical developments, as well as local market risks such as trade restrictions or prohibitions, foreign exchange fluctuations, competitive pressures, and tax regimes. Changes in international political relationships among the jurisdictions in which we conduct business may affect our cost structure, product demand, and collaboration with business partners. Any escalation of geopolitical tensions or political uncertainties could materially and adversely affect our business, results of operations, and future prospects.

Our business is exposed to various risks relating to our operations in overseas markets, and our reputation, business, results of operations and financial condition could be adversely affected.

The international trade environment may also affect our overseas sales. In recent years, trade frictions in the international market have intensified. If any new legislation and/or regulations are implemented, or if existing trade agreements are renegotiated or, in particular, if any government takes retaliatory trade actions due to recent global trade tensions, such changes could have an adverse effect on our business, financial condition and results of operations. Likewise, potential national security and foreign policy concerns may prompt governments to impose trade or other restrictions, which could make it more difficult to sell our products in, or restrict our access to, certain markets, or affect our supply chain. In this regard, various trade, export controls, and economic sanctions laws and regulations may affect our businesses.

However, these policies are rapidly evolving and subject to factors beyond our control. Such changes and uncertainties could lead to actions, investigations or challenges raised by relevant regulatory authorities, resulting in increased operational costs and affecting our market access. Additionally, alterations in trade protection measures may lead to higher costs or restrictions on our exports. Our operations are also subject to economic sanctions, export control and trade restriction regulations administered by various government authorities, including the U.S. Department of the Treasury's Office of Foreign Assets Control and the U.S. Department of Commerce's Bureau of Industry and Security ("**BIS**"). These restrictions may affect our ability to acquire or sell technologies, systems, devices or components that may be critical to our business operations. In particular, recent years have seen increased export control restrictions on Chinese mainland, Hong Kong and Macau through measures such as the U.S. Export Administration Regulations (the "**EAR**"). During the Track Record Period, we procured certain U.S-origin chips products through Chinese suppliers that are subject to the EAR and are incorporated into our NAS. For more details, please see "Business — Recent Regulations in Relation to Tariffs, Export Controls, Sanctions, and U.S. Outbound Investment Rule."

Furthermore, geopolitical and trade conflicts may lead to broader economic consequences, including volatility in financial markets, fluctuations in currency exchange rates and increased procurement costs. In extreme cases, such conflicts could result in economic downturns that adversely impact our operations.

We rely on third-party manufacturing partners for the production of a substantial portion of our products. Any disruption in our supply chain, failure by suppliers to meet our requirements, or deterioration in our relationships with them could materially and adversely affect our business, financial condition, and results of operations.

We have historically outsourced the production of a substantial portion of our products to third-party manufacturing partners. In 2023, 2024, 2025, and for the six months ended June 30, 2026, we engaged 165, 203, 229, and 209 third-party manufacturing partners, respectively. In 2023, 2024, 2025, and for the six months ended June 30, 2026, our cost of purchased goods and changes in finished goods and work-in-progress, which represents payments made to our third-party manufacturing partners, amounted to RMB1,845.6 million, RMB2,392.3 million, RMB3,798.8 million, and RMB2,277.1 million, respectively, representing 60.9%, 61.4%, 63.1%, and 63.6% of our total cost of sales for the respective year/period. However, we generally do not have direct control over the daily operations of these third-party manufacturing partners, they may not always meet our delivery timelines or adhere strictly to our quality specifications. Any failure by our manufacturing partners to allocate sufficient capacity to us, particularly during peak seasons, could lead to inventory shortages and delayed deliveries to our customers.

Furthermore, our reliance on external manufacturing exposes us to a variety of operational risks inherent to our suppliers' operations. These manufacturing partners are subject to risks including equipment failures, power outages and raw material shortages. If our manufacturing partners experience operational difficulties or financial distress, their ability to fulfill our orders may be severely compromised.

Additionally, if a manufacturing partner fails to maintain consistent quality, makes unauthorized changes to raw materials or manufacturing processes, or uses sub-standard raw materials, our products may suffer from defects. This could lead to product recalls, reverse logistics costs, product replacements, warranty claims, increased costs, and significant damage to our brand reputation and customer trust. We are also susceptible to cost fluctuations; if our manufacturing partners face rising costs for labor, raw materials, or compliance, they may pass these increases on to us. If we are unable to manage these increased costs, our profit margins may be adversely affected.

Friction with key manufacturing partners, or any failure to renew or maintain these relationships on favorable terms, could cause significant operational challenges. If we are unable to secure timely and commercially reasonable alternatives following a disruption, we may experience supply delays and potential contract liabilities. Consequently, any significant disruption in our outsourcing arrangements could have a material adverse effect on our business, financial condition, and results of operations.

Disruptions to our production facilities could limit or halt our sales and materially and adversely affect our business, financial condition and results of operations.

As at the Latest Practicable Date, we operated three production facilities in Chinese mainland. Our manufacturing operations are vulnerable to a range of potential disruptions, including natural disasters, catastrophic events and labor disputes. These events could severely impair our capacity to produce and deliver products, leading to operational downtime, supply chain interruptions and delays in fulfilling customer orders. If unforeseen circumstances compel us to suspend or shut down our production facilities, our output could be significantly reduced, resulting in lost revenue and potential breaches of contracts. Such events may also destroy raw materials or inventory stored on-site, further exacerbating financial losses. In the event of extended facility closures, we may need to seek alternative production arrangements, which could involve substantial additional costs, regulatory approvals and time delays. Any inability to swiftly resume normal operations could have a material adverse effect on our business, financial condition and results of operations.

Disruptions in our supply chain, particularly shortages, delays in delivery, or increases in the prices of key electronic components, could materially and adversely affect our business, financial condition and results of operations.

In 2023, 2024, 2025, and for the six months ended June 30, 2026, our raw materials consumed for production were RMB461.6 million, RMB563.6 million, RMB760.8 million, and RMB452.8 million, respectively, representing 15.2%, 14.5%, 12.6%, and 12.6% of our total cost of sales. In the event of a shortage or supply interruption from suppliers of raw materials and electronic components, we may not be able to develop alternate sources quickly, cost-effectively or at all. An extended period of global supply chain and economic disruption could have a material negative impact on our business, results of operations, access to sources of liquidity and financial condition, though the full extent and duration are uncertain.

The fluctuation in prices of raw materials and electronic components, and shortage in supply may disrupt our supply chain, delay deliveries of our products to customers and affect our market price, which would further affect our business, financial condition and results of operations. The current or expected supply of our key raw materials may fluctuate depending on a number of factors beyond our control, including the availability of resources, market demand and other factors.

Any shortages or delay in the supply of our raw materials could result in occasional price adjustments or cause delays in our delivery to customers. We may experience price fluctuations and supply shortages of raw materials. We may not be able to find alternate sources of supply in a timely manner and at a reasonable price. If we are unable to keep up with demand for our products due to the failure to supply the raw materials we need, our customers may reduce, delay or cancel their orders and our business could be adversely affected.

Specifically, our NAS products are used in conjunction with memory hardware. Therefore, any prolonged shortage or significant price increase in such hardware may affect our customers' preference, which could materially and adversely affect our business, prospects, financial condition, and results of operations.

Any disruptions to our warehousing operations could materially and adversely affect our business, financial condition and results of operations.

Our warehousing operations are vulnerable to a range of potential disruptions. If we are unable to promptly restore the affected warehouse or relocate to a suitable alternative, our business operations could be severely interrupted, leading to delays in product distribution, inventory shortages and failure to fulfill customer orders, which could in turn materially and adversely affect our business, financial condition and results of operations.

If a major incident occurs at any of our warehouses and our preventive measures prove inadequate, we may suffer loss or damage to stored inventory, incur substantial costs for restoration or relocation, or face regulatory violations resulting in administrative penalties, fines or operational suspensions from relevant authorities. If such an incident causes harm to third parties and we are found partially or wholly liable, we may be required to pay compensation for damages. Under these circumstances, our business, financial condition and results of operations may be materially and adversely affected.

Furthermore, as our warehouses used for logistics solutions are leased, we are exposed to risks related to unpredictable and rising rental costs, as well as relocation expenses. Renegotiating lease renewals with landlords may lead to higher rental rates or more onerous terms, and we may be unable to extend or renew our leases upon expiration, on commercially acceptable terms or at all, potentially requiring us to relocate our warehouse operations. Such relocations may incur significant costs. If we are unable to secure suitable alternative premises in a timely manner, our business, financial condition and results of operations may be materially and adversely affected.

We are subject to the risks relating to third-party logistics and storage solutions and service providers.

We rely on multiple delivery methods to fulfill customer orders. Our overall logistics fees were RMB511.6 million, RMB680.0 million, RMB1,036.1 million, and RMB642.5 million, representing 16.9%, 17.4%, 17.2%, and 17.9% of our total cost of sales in 2023, 2024, 2025, and for the six months ended June 30, 2026, respectively, which is in line with the industry average, according to Frost & Sullivan. Our collaboration with third-party logistics solutions providers could expose us to potential service disruptions, inefficiencies or non-compliance risks. If such third-party logistics solutions providers fail to meet their service obligations, we may not be able to deliver products to customers in a timely and cost-effective manner, which could cause a decline in product sales, loss of revenue, or we may be subject to penalties. Additionally, such logistics solutions providers may mishandle our products resulting in product damage, which could lead to product liabilities or claims and damage our brand reputation. Furthermore, fluctuations in the prices of logistics solutions affect our ability to provide cost-effective products to our customers, potentially harming our profitability and operational performance. Any of these events could materially and adversely affect our business, financial condition and results of operations.

Any defects or quality issues in our products could lead to product liability or warranty claims, trigger product recalls, damage our reputation and result in reduced sales and market share.

Our products may not be entirely free from flaws or always meet elevated standards of quality and reliability. We could face product liability claims, potentially including collective lawsuits, from those end users in applicable jurisdictions if our products cause any safety concerns or harm. Additionally, we lack control over end users' handling of our products, and improper usage could endanger their well-being, potentially leading to complaints and liability claims against us. Defending these claims could be expensive and resource-intensive, generate unfavorable media attention that tarnishes our image, and invite increased governmental oversight or more stringent rules, all of which could materially and adversely affect our business, financial condition and results of operations. In addition, should the quality or functionality of our products decline for any reason, we might encounter order returns or cancellations, customer grievances or mandatory recalls. This could impose significant expenses for handling returns, substitutions or recalls, undermine our trustworthiness and market standing, and negatively impact our revenue and competitive position. Moreover, defective products could raise further regulatory concerns, exposing us to administrative actions and adverse outcomes like operational corrections.

We may incur significant costs in connection with warranty obligations, and our existing provisions may prove insufficient to cover future potential claims.

We provide standard product warranties to end-users of our products. Given the high volume of products we sell and the complexity of the electronic components and software integrated into our devices, there is an inherent risk that defects may occur or manifest after sale. Our products may not remain free from defects and our existing provisions may not be sufficient to cover actual warranty claims. We could be subject to significant and unexpected warranty claims, resulting in significant expenses, which would in turn materially and adversely affect our business, prospects, financial condition, and results of operation. If we fail to fulfill our obligations under these standard warranty arrangements, or if we are unable to resolve defects related to hardware or electronic components in a timely manner, we may face increased return rates, incur substantial costs related to product recalls, repairs, or replacements that exceed our financial provisions, and suffer severe reputational damage. Such damage to our brand image could erode consumer confidence and result in a material adverse impact on our business operations and profitability.

We are subject to risks associated with the Third-Party Payment Arrangements.

During the Track Record Period, we accepted payments from third parties (the "**Third-Party Payers**") to settle amounts owed by certain customers (the "**Relevant Customers**") for purchases of our products (the "**Third-Party Payment Arrangements**"). In 2023, 2024, 2025, and the six months ended June 30, 2026, the number of the Relevant Customers was 57, 79, 77, and nil, respectively; and the aggregate amount settled through such Third-Party Payment Arrangements was RMB16.8 million, RMB70.0 million, RMB103.0 million, and nil, respectively, representing 0.4%, 1.1%, 1.1%, and nil of our total revenue for the same year/period, respectively. For further details, please refer to "Business — Third-Party Payment Arrangements." We face various risks in connection with these Third-Party Payment Arrangements, including potential claims from third-party payers seeking repayment of funds, as some of them were not contractually obligated to us, and potential claims from liquidators of such Third-Party Payers, such claims or related legal proceedings could require us to allocate substantial financial and management resources, which could adversely affect our financial condition and results of operations.

Our transfer pricing arrangements may be subject to review by relevant tax authorities in the countries and regions in which we operate.

During the Track Record Period, our Group's intra-group transactions, which involved subsidiaries in the Chinese mainland and multiple overseas jurisdictions, primarily include tangible goods buy-sell, supporting services, warehouse service and business process management service. In 2023, 2024, 2025, and for the six months ended June 30, 2026, the amount of intra-group transactions was RMB3,390.9 million, RMB4,985.5 million, RMB8,590.3 million, and RMB5,766.4 million, respectively.

Under the applicable laws and regulations in the jurisdictions in which we operate, arrangements and transactions among related parties may be subject to review or challenge by the relevant tax authorities. Our intra-group transactions may be scrutinized by the competent authorities going forward, and the applicable regulations or guidelines may not stay the same. If our transfer pricing arrangements are subsequently deemed not to align with arm's length principles by the relevant authorities, or if they differ from our evaluations and conclude that our intra-group dealings do not adhere to the pertinent transfer pricing laws and regulations, we may need to revisit the transfer prices, re-allocate revenues or adjust our taxable income. Furthermore, we may encounter unfavorable tax outcomes, including the settlement of unpaid taxes, accrued interest or fines. In addition, if we do not address any issues within the deadlines set by the authorities, we could incur late payment charges, additional fees or other penalties on any outstanding taxes. Such scenarios could result in an elevated overall tax burden for our Group and may materially and adversely affect our business, financial condition and results of operations. Moreover, should the authorities question the intra-group transactions, it might result in tax refunds in some jurisdictions owing to taxable income adjustments. However, we may not be able to successfully reclaim such taxes from the relevant authorities, which could materially and adversely affect our business, results of operations and financial condition.

Any deterioration of our offline and online distribution channels could have a material adverse effect on our business and results of operations and we may not be able to effectively manage any overlap or potential competition among our different sales channels.

We sell our consumer technology products through a global distribution network comprising offline and online channels. In 2023, 2024, 2025, and for the six months ended June 30, 2026, our revenue generated from sales to online retailers amounted to RMB815.8 million, RMB818.9 million, RMB1,159.9 million, and RMB473.8 million, respectively, accounting for 17.1%, 13.3%, 12.2%, and 8.2% of our total revenue in each year/period; our revenue generated from offline distributors amounted to RMB1,008.3 million, RMB1,343.7 million, RMB2,168.6 million, and RMB1,529.8 million, respectively, accounting for 21.0%, 21.8%, 22.8%, and 26.3% of our total revenue in the respective year/period. If our distribution partners fail to sell our products effectively, our revenue may decline. In addition, our current agreements with distribution partners generally do not restrict them from collaborating with our competitors or offering competing products. Our competitors may be more successful in providing incentives to our distribution partners to prioritize their products and boost their sales. Building, establishing and maintaining relationships with our distribution partners requires considerable time and resources. We may not be able to renew our agreements with our distribution partners upon expiry or on favorable terms. If, for any reason, our relationships with our distribution partners deteriorate, our business and results of operations may be materially and adversely affected. Moreover, measures we take to manage overlap or potential competition within our sales network may not be effective. As a result, the expansion of our sales network may not result in a proportionate increase in our net revenues. Furthermore, adverse competition or cannibalization among the various channels may negatively impact our relationships with distribution partners, which could have a material adverse effect on our business and results of operations.

If we are unable to manage our growth or execute our strategies effectively, our business and prospects may be materially and adversely affected.

Our business has experienced ongoing growth in recent years, along with expansions in our business network and workforce.

Our ongoing expansion requires us to efficiently collaborate with business partners and continuously upgrade our infrastructure, internal controls and workforce management. These initiatives will demand substantial resources and may not achieve the anticipated outcomes. We may not be able to effectively manage our growth, and our strategies and new business initiatives may not be implemented successfully. If we fail to execute our business plans and strategies in a timely and efficient manner, or if other unanticipated events or factors hinder our progress, our business, financial position, and results of operations could be materially and adversely affected.

Ineffective inventory management could materially and adversely affect our results of operations, financial condition, and liquidity.

Our inventory primarily consists of raw materials, work in progress and finished goods. As of December 31, 2023, 2024, 2025, and June 30, 2026, our total net carrying amount of inventories amounted to RMB995.9 million, RMB1,234.6 million, RMB2,000.5 million, and RMB2,457.7 million, respectively. In 2023, 2024, 2025, and for the six months ended June 30, 2026, our inventory turnover days were 104.5 days, 104.4 days, 98.1 days, and 112.1 days, respectively. If we fail to accurately forecast demand, we face risks related to both inventory obsolescence and potential shortages. Excessive inventory levels relative to actual demand, or a substantial decline in the market price of our products, could necessitate inventory write-downs or write-offs. Furthermore, we may be forced to liquidate excess stock at discounted prices, which would have a detrimental impact on our profitability and overall financial performance.

Failure to recover trade receivables in a timely manner may adversely impact our financial condition and results of operations.

We face inherent credit risks associated with delayed payments from our customers. As of December 31, 2023, 2024, 2025, and June 30, 2026, our gross carrying amount of trade receivables totaled RMB144.6 million, RMB103.7 million, RMB365.4 million, and RMB509.8 million, respectively. Furthermore, our trade receivables turnover days were 7.6 days, 7.0 days, 8.6 days, and 12.8 days in 2023, 2024, 2025, and for the six months ended June 30, 2026.

If the creditworthiness of our customers declines, or if a significant portion of our customer base fails to settle their obligations in full for any reason, we may incur additional impairment losses in the future. Additionally, customers may delay payments even within their agreed credit periods, which could necessitate further impairment loss provisions. We may not be able to fully recover outstanding amounts and our customers may not be able to settle their debts on time. If settlements are delayed or not made at all, our business, financial position, and results of operations could be materially and adversely affected.

If our suppliers cease offering us favorable credit terms or shorten the existing credit period, or otherwise impose more stringent commercial terms, our liquidity condition may be materially and adversely affected.

We experienced fluctuations in our trade payables and turnover days during the Track Record Period. As of December 31, 2023, 2024, 2025, and June 30, 2026, our trade payables amounted to RMB355.8 million, RMB554.1 million, RMB805.6 million, and RMB775.0 million, respectively, representing 62.2%, 64.3%, 58.0%, and 56.6% of our current liabilities as of the corresponding date. Our trade payables turnover days amounted to 39.4 days, 42.6 days, 41.2 days, and 39.7 days in 2023, 2024, 2025, and for the six months ended June 30, 2026, respectively. For more details, please see "Financial Information — Discussion of Certain Key Items of Consolidated Statements of Financial Position — Liabilities — Trade Payables." We may not be able to successfully negotiate and obtain favorable credit terms from our suppliers, as the credit terms granted by suppliers may be influenced by several factors that are beyond our control, such as the financial performance of our suppliers, the raw material prices and macro-economic conditions. If our suppliers shorten the credit period granted to us, our liquidity condition may be materially and adversely affected. In addition, if our suppliers impose less favorable commercial terms or increase procurement prices, our operations and financial performance could be adversely affected.

We may be exposed to liquidity risks as a result of a long cash conversion cycle.

During the Track Record Period, we recorded relatively prolonged cash conversion cycle, calculated by adding inventory turnover days and trade receivables turnover days minus trade payable turnover days, of 72.7 days, 68.8 days, 65.5 days, and 85.2 days in 2023, 2024, 2025, and for the six months ended June 30, 2026. This was primarily attributable to the relatively prolonged inventory turnover days. For more details, please see "Financial Information — Discussion of Certain Key Items of Consolidated Statements of Financial Position — Assets — Inventories." A long cash conversion cycle may increase our reliance on working capital and/or external financing to support our operations and future growth. If we are unable to manage our inventory levels efficiently, actively collect from customers or maintain favorable payment terms with suppliers, our liquidity position may be negatively impacted, which could increase working capital requirements, reduce financial flexibility and adversely affect our operations and financial condition.

We historically experienced fluctuations in our cash flow from operating activities.

Our ability to generate sufficient operating cash flow depends on factors including operational efficiency, accounts receivable collection, customer inspection processes, market conditions, and competition, many of which are outside our control. Adverse changes may lead to liquidity shortfalls and negatively affect our operations. Continued negative operating cash flows may require additional financing for working capital or expansion, which may not be available on acceptable terms or at all, and could increase credit risk. Persistent net operating cash outflows may materially and adversely affect our business, financial condition, and results of operations.

Uncertainty in the valuation of financial assets at fair value may affect our financial position.

As of December 31, 2023, 2024, 2025, and June 30, 2026, we had financial assets at fair value through profit or loss of nil, RMB1,075.0 million, RMB431.3 million, and RMB110.2 million, respectively. As of December 31, 2023, 2024, 2025, and June 30, 2026, we had financial assets at fair value through other comprehensive income of nil, nil, RMB16.0 million, and RMB18.4 million, respectively. See Note 36 to the Accountants' Report included in Appendix I to this Document for details. The fair value of certain of these financial assets is determined using valuation techniques involving unobservable inputs. Such inputs and assumptions may be subject to a high degree of uncertainty and may not reflect prevailing market conditions, particularly in the absence of active markets for these assets, rendering such valuation inaccurate.

Our sales and results of operations are subject to seasonal variations.

There are certain seasonal patterns for purchases of our products due to holiday-driven promotions. We generally recognize a higher portion of our revenue in the fourth quarter of our fiscal year than other quarters, primarily because certain of our customers tend to schedule their procurement during holidays and shopping festivals held by e-commerce platforms. For instance, revenue from the fourth quarter of 2025 accounted for approximately 32.9% of our total revenue in 2025. We expect the impact of seasonality on our business to remain in the future. Because of such seasonality, we believe that comparisons of our operational results between different quarters within a single fiscal year or across different fiscal years are not necessarily meaningful and that these comparisons cannot be relied upon as indicators of our future performance. Furthermore, fluctuations between peak and off-peak sales seasons may affect our ability to accurately forecast market demand and to plan and coordinate our warehousing activities. Any failure to anticipate or respond to such fluctuations in a timely manner may have a material adverse impact on our operating results.

Our business success and ability to innovate depend significantly on our ability to attract, retain, and motivate executive officers, senior management, and highly skilled technical personnel.

Much of our success depends on the continued contributions of our executive officers, senior management, and other key employees. Our ability to maintain our competitive position and execute our product roadmap is directly linked to our R&D capabilities. If we lose key members of our R&D team, we may experience delays in product development, an inability to solve complex technical challenges, or a slowdown in the enhancement of existing products. Furthermore, the specific technical skills required for our R&D efforts are in high demand and short supply. We also rely on experienced sales personnel to maintain and expand our sales and distribution network. Replacing these highly skilled individuals often requires a significant investment of time and resources, during which our development cycles could be stalled. Competition for qualified talent is intense. Our future success depends on our ability to attract qualified employees and retain existing key employees through competitive compensation and career development opportunities. If we are unable to do so, our business and growth may be materially and adversely affected.

Our future success therefore depends on our ability to recruit, train, or retain qualified personnel, particularly technical, marketing, and other operational personnel with relevant experience. If we experience a loss of professional talent or fail to recruit suitable replacements in a timely manner, our R&D capabilities and sustainable development may be hindered. We may not be able to attract or retain our executive officers, senior management, qualified R&D staff, or other highly skilled employees that we will need to achieve our strategic objectives.

Negative publicity or rumors about us, our products, management, directors, employees, shareholders, customers, business partners or their affiliates or our industry in general may adversely affect our reputation and business.

Our business and growth prospects depend significantly on maintaining a strong reputation and brand image in the consumer technology industry. Negative publicity or rumors arising from various channels, whether accurate or not, could spread rapidly through social media, online reviews on e-commerce platforms, consumer forums, news reports or other digital channels, amplifying its impact and potentially leading to viral misinformation. We may not be able to respond effectively or in a timely manner to counter false rumors or mitigate reputational damage. In addition, adverse events involving our customers, suppliers or industry peers could indirectly tarnish our brand by association.

If our reputation is harmed, it could result in decreased customer confidence, reduced demand for our products, loss of market share, difficulties in attracting new customers or business partners, or challenges in retaining existing ones. This could lead to lower sales volumes, increased marketing costs to rebuild trust, potential regulatory investigations or legal proceedings, and fluctuations in our [**REDACTED**] following the [**REDACTED**]. We may not be able to prevent or adequately address all instances of negative publicity. Any such occurrences could materially and adversely affect our business, financial condition, results of operations and prospects.

We may face risks relating to workplace safety, production safety, labor disputes, labor shortages and increases in labor costs.

Our success depends on our ability to hire, train, retain and motivate our employees. Any deterioration in labor relations with our employees could lead to labor disputes, which may disrupt our production and operations, adversely affecting our business and financial performance. Our production activities may be associated with risks of accidents and we may face liability claims, negative publicity and government investigations or interventions related to workplace safety or production safety. Such incidents could result in a deterioration of our labor relations with

employees and damage our reputation. Additionally, with the growth of the economy, average wages of our employees are expected to increase. Any significant increase in labor costs could adversely affect our profitability, business and financial performance.

Companies operating in Chinese mainland have to participate in various employee benefit plans required by the government, including certain social insurance, housing provident funds and other welfare-oriented payment obligations. The requirement and implementation of employee benefit plans may vary considering the different levels of economic development in different locations in Chinese mainland, and the relevant government authorities may examine whether an employer has made adequate payments of the requisite employee benefit payments, employers who fail to make adequate payments as required may be subject to late payment fees, fines or other penalties. During the Track Record Period and up to the Latest Practicable Date, we did not make full contributions to the social insurance and housing provident funds as required by the relevant PRC laws and regulations for our employees in certain PRC entities of our Group. The shortfall amount of social insurance and housing provident fund contributions is estimated to be approximately RMB13.7 million, RMB20.1 million, RMB26.5 million, and RMB14.7 million in 2023, 2024, 2025, and for the six months ended June 30, 2026, respectively. Our PRC Legal Advisor has advised us that, pursuant to relevant PRC laws and regulations, we may be ordered by the relevant PRC authorities to pay the outstanding social insurance contributions within a prescribed time limit and may be subject to an overdue charge of 0.05% of the delayed payment per day. Only if such payment is not made within the stipulated period, the competent authority may further impose a fine from one to three times the amount of any overdue payment. Our PRC Legal Advisor has further advised us that, pursuant to relevant PRC laws and regulations, if we fail to pay the full amount of housing provident fund contributions as required, the housing provident fund management center may order us to make the outstanding payment within a prescribed time limit. For details, see "Business — Employees." During the Track Record Period and up to the Latest Practicable Date, we have not received any notice requiring us to make full payment of all outstanding social insurance and housing provident fund contributions, nor have we been subject to any administrative action or penalty by the relevant regulatory authorities with respect to our social insurance and housing provident fund contributions. However, new laws and regulations or any changes in the implementation of the existing laws and regulations may require us to settle any outstanding amount within a specified time limit, which may adversely affect our results of operations and financial condition.

We face certain risks relating to our leased properties, which may cause operational disruptions or additional costs.

There might be defects in the leasehold interest of certain of our leased properties. For instance, certain lessors fail to provide the valid ownership certificates for our leased properties, hence they may have no rights or authorizations to lease such properties to us. Our use of the leased properties with title defects may be affected by third parties' claims or challenges against the lease. If we have to find alternative properties, additional costs will be incurred, and our business operations may be disrupted, any of which may have an adverse effect on our business, financial condition and results of operations. Furthermore, under PRC law, certain leases are required to be registered with the PRC government. We have several leases that have not been registered with the relevant PRC governmental authorities. Non-registration of lease agreements will not affect the validity of such lease agreements; however, we may be subject to penalties, which may result in adverse effects on our results of operations, financial position or prospects. As of the Latest Practicable Date, the aggregate amount of maximum fine was approximately RMB0.2 million. For details, see "Business — Our Properties."

We have limited insurance coverage, which could expose us to significant costs and business disruptions.

We maintain insurance policies covering our properties which we believe are subject to key business risks. We also hold third-party insurance for certain potential risks and liabilities. However, we do not obtain insurance for risks that are not typically covered under standard industry practices in Chinese mainland, or that are uninsurable on commercially reasonable terms, if at all. As a result, there may be situations where we are not compensated, either partially or fully, for particular losses, damages or liabilities. Our existing insurance coverage may not be adequate to address all potential losses. Nonetheless, we would still be responsible for any bank loans or other financial commitments related to the affected property.

We may become involved in legal or other disputes arising from our operations, including product liability claims, from time to time, and could face substantial liabilities as a result.

We may encounter disputes with parties connected to our business activities. These disputes could escalate into legal or other proceedings, potentially damaging our reputation, incurring significant expenses and diverting management resources and focus. We may face additional compliance challenges during our operations, leading to administrative actions and adverse outcomes that could result in liabilities, operational delays or interruptions to our production or product rollout timelines. Irrespective of the final resolution of any such proceedings, we could incur considerable costs and redirect resources, including management's time and efforts, to address them. Results of these proceedings are uncertain, and any unfavorable outcomes may materially and adversely affect our business, financial condition and results of operations.

We are also subject to potential product liability claims if defects in our products cause any harm or damage. A successful claim of this nature against us could obligate us to pay significant compensation. Defending product liability claims, regardless of their merit, is expensive and resource-intensive, and could harm our brand reputation. If our products are found to be defective, we may need to redesign or recall them. There may be product liability claims will be filed against us in the future. Any such claim, whether valid or not, could generate substantial negative publicity, impair the marketability of our products and damage our reputation, which could in turn materially and adversely affect our business, financial condition and results of operations.

Environmental, social and governance ("ESG") matters may impact our business and reputation.

We may incur costs and expenses to identify, manage and mitigate ESG risks. We monitor environmental and climate-related risks that may affect our business, strategy and financial performance, assessing their potential impact over short-, medium- and long-term horizons. We track various indicators, such as power consumption, greenhouse gas emissions, water usage and waste production, to address environmental and climate-related risks from our operations. We are also committed to providing sufficient support to our employees to foster a supportive and motivating corporate culture. This commitment may involve substantial additional expenses, which could potentially reduce our profitability. See "Business — Environmental, Social and Governance." Furthermore, the growing ESG-related regulatory requirements, including various ESG disclosure obligations in the jurisdictions where we operate, may increase compliance costs and elevate our cost of sales. If we fail to adapt to new regulations or meet evolving industry expectations and standards, consumers may opt for products from other companies, which could materially and adversely affect our results of operations and financial condition.

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

We operate in countries and regions overseas and are subject to various taxes. See "Financial Information — Key Components of Our Consolidated Statements of Comprehensive Income —

Income Tax Expense." Due to the fact that the tax environment can be different in different jurisdictions and that the regulations regarding various taxes, including but not limited to corporate income tax, are complex, our overseas operations may expose us to risks associated with the overseas tax policy changes. Due to economic and political conditions, tax rates in various jurisdictions may be subject to significant change. Our financial condition, operating results and cash flows could be adversely affected. In addition, dealing with such regulatory complexities and changes may require us to divert more managerial and financial resources, which in turn could affect our results of operations.

We are also subject to the examination of our tax returns and other tax matters by local and overseas tax authorities and governmental bodies. The tax treatments of our transaction arrangements may be subject to interpretation by the respective tax authorities, and there is uncertainty as to the outcome of these examinations. If our weighted average effective tax rate was to increase, or if the ultimate determination of our taxes owed is for an amount in excess of amounts previously accrued, our financial condition, operating results and cash flows could be adversely affected.

We may not continue to receive preferential tax treatment currently available to us, and any increase in enterprise income tax could reduce our net income and materially and adversely affect our financial condition and results of operations.

The policies on preferential tax treatment may change and certain preferential tax treatment we enjoy or are entitled to enjoy may be terminated. We and certain of our subsidiaries enjoy a preferential income tax treatment during the Track Record Period. For details, see Note 11 to the Accountants' Report in Appendix I. If the PRC governments decides to withdraw or scale back such preferential treatment in the future, or if our Company is unable to renew its accreditation, the effective tax rate for us will be higher. Consequently, our financial condition and results of operations could be materially and adversely affected.

We are exposed to foreign exchange risks.

Fluctuations in currency exchange rates can impact our consolidated financial results. As we operate a portion of our business in overseas jurisdictions, exchange rate movements between foreign currencies and the RMB could influence our pricing competitiveness and negatively affect our business operations and financial results. In 2023, 2024, and 2025, net foreign exchange gains included in our consolidated statements of comprehensive income amounted to RMB5.7 million, RMB9.7 million, and RMB4.9 million, respectively. For the six months ended June 30, 2026, we recorded net foreign exchange losses of RMB43.9 million. Such exchange rate variations may stem from various uncontrollable factors. We may not be able to realize comparable or any net foreign exchange gains going forward, which could in turn influence our financial performance. Should the RMB's exchange rates against foreign currencies experience substantial swings in the future, and if we are unable to implement adequate strategies to mitigate these exchange risks, we may encounter volatility in our operating results.

RISKS RELATED TO OUR INTELLECTUAL PROPERTY

Our failure to secure or enforce our intellectual property rights effectively, including patents and trade secrets in various global jurisdictions, could lead to substantial costs and damage our competitive standing.

We seek to protect the technologies that we consider commercially important by filing patent applications in the PRC and other jurisdictions, relying on patent or trade secrets, or employing a combination of these methods. However, the patent prosecution process is expensive, time-consuming, and complex. Furthermore, approvals of our intellectual property applications

may not fully shield us from competitive pressures, and both the duration of patent protection and the scope of coverage are limited. In addition, the laws of some countries do not protect our intellectual property rights as fully as do the laws of other countries. As a result, we may not be able to prevent competitors or other third parties from developing and commercializing competitive products and technologies in all such fields and jurisdictions.

Furthermore, monitoring unauthorized use and disclosures of our proprietary technology and confidential information can be difficult and expensive. Any litigation initiated by us concerning the infringement by third parties of our intellectual property rights is likely to be expensive and time-consuming and could lead to the invalidation of, or render unenforceable, our intellectual property rights. Even when we sue other parties for such infringement, that suit may have adverse consequences for our business, including diverting our management's time and attention.

If we are unable to adequately protect, establish, maintain, or enforce our intellectual property or other proprietary rights, our business, financial condition, and results of operations may be adversely affected.

We may face claims by third parties alleging infringement of their intellectual property rights, which could result in significant legal costs, liability for damages, and disruption to our business operations.

We may be involved in legal proceedings and claims in which third parties allege that our devices, technologies, or services infringe upon their intellectual property rights and we may not prevail in such legal proceedings. An adverse outcome in current or future litigation could subject us to significant monetary liability, including the issuance of preliminary or permanent injunctions. Additionally, adverse judgments may cause reputational harm and necessitate costly remediation measures, such as the redesign of our products.

In February 2025, one of our competitors, Anker Innovations Technology Co., Ltd. (the "**Plaintiff**"), filed a civil action against us in the United States. The Plaintiff alleges that certain of our products marketed, imported, offered for sale, and sold in the U.S. market, for which we hold an authorized design patent, infringe a design patent owned by the Plaintiff (the "**Asserted Patent**"). The relief sought by the Plaintiff includes permanent injunctive relief, monetary damages, and recovery of attorneys' fees and costs. In March 2026, we filed a request for ex parte reexamination of the Asserted Patent with the United States Patent and Trademark Office ("**USPTO**") to review the validity of the Asserted Patent. In 2026, the USPTO granted our request and instituted the ex parte reexamination proceeding with respect to the Asserted Patent. Subsequently, we and the Plaintiff filed a joint motion to stay the court proceedings pending the outcome of the re-examination, which was granted by the court in June 2026. Accordingly, the litigation is expected to be delayed, with the duration of such delay depending on the progress of the USPTO reexamination proceedings. As of the Latest Practicable Date, the litigation remained stayed. After consulting with our PRC Legal Advisor, our Directors are of the view that the proceeding is unlikely to have any material impact on our operations or financial performance.

Furthermore, because patent applications are typically maintained in confidence for a period after filing, there may be pending applications unknown to us that could result in issued patents which our products are alleged to infringe. If our products are found to infringe a valid patent, or if we seek to avoid litigation, we may be required to obtain a license. Such licenses may not be available on commercially reasonable terms, or at all. Alternatively, we may be compelled to pay substantial royalties, redesign our products to ensure non-infringement, or indemnify our customers and partners against claims arising from their use of our products.

Our reputation, brand value, and profitability could be materially and adversely affected if our products are counterfeited, imitated, or otherwise subject to unauthorized replication or infringement in the market.

Our products, including their designs, features, and associated branding, may be vulnerable to counterfeiting, imitation, or unauthorized replication by third parties. We have adopted a multidimensional IP protection system to protect our intellectual property rights. For details, see "Business — Intellectual Properties." However, enforcement of anti-counterfeiting measures can be challenging. We may not be able to promptly detect, prevent, or effectively address such activities if they arise. If counterfeit or imitative products proliferate, they could dilute our brand equity, erode consumer trust and confidence in the authenticity and quality of our genuine offerings, divert sales from us to unauthorized sellers, and lead to potential liability claims if consumers mistake inferior counterfeits for our products, which may materially and adversely affect our business, prospects, financial condition, and results of operations. Moreover, pursuing legal remedies against counterfeiters often involves significant expenses, time-consuming proceedings, and uncertain outcomes, particularly in international markets with differing legal standards. We may choose not to litigate in certain instances due to cost-benefit considerations or jurisdictional hurdles.

If our trademarks, trade names, copyrights, patents, and other intellectual property rights fail to adequately safeguard our product designs, trade secrets, or proprietary technologies, we may experience loss of market share to competitors, diminished competitive advantages, and an inability to operate our business profitably.

We depend on a combination of intellectual property and competition laws, including those governing trademarks, copyrights, patents, and trade secrets, as well as confidentiality agreements and other contractual protections, to secure our proprietary rights. However, these measures may not provide sufficient protection against unauthorized use, imitation, counterfeiting, or misappropriation by third parties, which could erode our market position and lead to revenue losses.

Monitoring and policing unauthorized use of our proprietary technologies and intellectual property is inherently challenging, time-consuming, and expensive. We may be required to initiate litigation or other legal proceedings to enforce our rights. Such proceedings could involve substantial financial costs, divert management attention and resources, and result in prolonged disputes, regardless of the merits. An unfavorable outcome in any such litigation or administrative challenge could materially and adversely affect our business, financial condition, results of operations, prospects, and reputation.

Furthermore, we may inadvertently infringe upon the intellectual property rights of third parties, exposing us to claims, injunctions, or settlement demands. In the technology sector, intellectual property positions are often uncertain, with frequent overlaps, disputes, and evolving judicial interpretations. Changes in intellectual property laws or their enforcement in key jurisdictions could further heighten these risks, reduce the value of our protections, or increase the likelihood of successful challenges against us. Given these uncertainties, we may elect not to pursue aggressive enforcement actions or allocate significant resources to litigation, which could allow competitors to exploit similar technologies and harm our competitive standing.

We may be unable to adequately protect our unpatented proprietary technologies, trade secrets, processes, and know-how from disclosure, misappropriation, or independent development by third parties, which could erode our competitive advantages and materially adversely affect our business, financial condition, and results of operations.

In addition to our patented technologies, we rely significantly on unpatented proprietary technologies, trade secrets, processes, and know-how to maintain our market position and

differentiate our products and services. To protect these assets, we implement various measures. However, we may not be able to successfully prevent unauthorized disclosure, use, or misappropriation of our proprietary information. If we fail to maintain the confidentiality or exclusivity of our unpatented proprietary assets, we could lose key competitive edges, face increased competition, suffer revenue declines, or incur additional costs to develop alternatives, all of which could have a material adverse effect on our business, prospects, financial condition, and results of operations.

Furthermore, there is a risk that our products or technologies incorporating these unpatented assets may inadvertently infringe upon the intellectual property rights of third parties. If such infringement claims are asserted against us, we may be required to defend against litigation or administrative proceedings, which could involve substantial legal fees, management distraction, and potential outcomes including injunctions, damages, royalties, or forced redesigns of our offerings. Moreover, the costs and uncertainties associated with such disputes could harm our reputation and operational performance. Given the uncertainties in trade secret laws and their enforcement across relevant jurisdictions, we may choose not to pursue certain enforcement actions due to prohibitive expenses or low prospects of success, further exposing us to these risks.

Our patent applications may not result in issued patents, which could materially and adversely affect our ability to prevent third parties from commercially exploiting technologies or products similar to ours.

We may not be the first inventor of the subject matter covered by our patent applications or that we were the first to file such applications. Chinese mainland and other major jurisdictions operate under a "first-to-file" system, and applications are typically not published for 18 months. Consequently, if a third party filed a prior application, we may be denied patent protection, allowing competitors to commercialize similar technologies without infringement. Also, we cannot be certain that our filed patent applications will lead to issued patents, or that any issued patents will have sufficient breadth to safeguard our proprietary technology or provide meaningful competitive advantages against similar offerings from others.

The technology sector is characterized by high uncertainty in patent positions, with frequent litigation and administrative challenges that can result in patents being narrowed, invalidated, or held unenforceable. Moreover, enforcing patents, confidentiality agreements, or other intellectual property rights often involves substantial costs, time-consuming proceedings, and diversion of management resources, which may render aggressive enforcement economically or practically unfeasible. Changes in patent laws or their interpretation in relevant jurisdictions could further diminish the value of our patent rights or expose us to additional risks of invalidation or non-protection.

RISKS RELATED TO THE JURISDICTIONS IN WHICH WE OPERATE OUR BUSINESS

Changes in economic, political or social conditions or government policies in the markets in which we operate may materially and adversely affect our business, financial condition and results of operations.

Our business operations, assets are primarily located in Chinese mainland, and we also conduct business in overseas markets. Accordingly, our business, financial condition and results of operations are significantly influenced by economic, political and social conditions in these markets. Government policies, regulatory developments and industry guidelines in Chinese mainland continue to evolve, and compliance with such changes may increase our operating costs. In addition, the consumer technology market would generally be affected by macroeconomic and market conditions, if we fail to respond to or comply with in a timely manner, our business, financial condition and results of operations may be materially and adversely affected.

It may be difficult for [REDACTED] to effect service of process upon us or our Directors or senior management, or to enforce judgments obtained from courts outside Chinese mainland.

A substantial portion of our operations and assets are situated in Chinese mainland, and the majority of our Directors and senior management members reside in Chinese mainland. Consequently, [**REDACTED**] may find it difficult to effect service of process upon us or such individuals outside Chinese mainland or to enforce against us or them any judgments obtained from courts outside Chinese mainland. The PRC does not generally maintain treaties or arrangements for the reciprocal recognition and enforcement of judgments with many foreign jurisdictions. As a result, civil, commercial or securities-related judgments issued by courts of such jurisdictions may not be recognized or enforced in Chinese mainland, and the enforcement of such judgments may be difficult or even impossible.

On January 18, 2019, the Supreme People's Court of the PRC and the Government of the Hong Kong Special Administrative Region signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters Between 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 "**2019 Arrangement**"), which became effective on January 29, 2024 and substantially expanded the categories of civil and commercial judgments that may be mutually recognized and enforced between the Chinese mainland and Hong Kong.

Judgment obtained by an [**REDACTED**] from a Hong Kong court or other non-PRC court may not be recognized or enforced by PRC courts. As a result, [**REDACTED**] may experience significant obstacles in effecting service of process upon us or our Directors or senior management members, or in seeking recognition and enforcement of foreign judgments against us or them in Chinese mainland.

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

The legal systems in the geographic markets where we operate differ substantially across jurisdictions and the legal systems in certain markets where we operate continue to evolve. Newly enacted laws and regulations may not fully address all aspects of commercial activities in these markets, and their interpretation and enforcement remain subject to future implementation. The application of certain laws and regulations to our business operations also remains unsettled. Regulatory ambiguity may provide opportunities for frivolous or opportunistic claims, including claims relating to the conduct of third parties or threats intended to pressure us into monetary or other concessions.

Moreover, many of the legal systems in the markets where we operate are influenced, to varying degrees, by government policies and internal regulatory interpretations, some of which may not be published in a timely manner, or at all, and may have retroactive effect. There are also circumstances where key regulatory definitions are vague, incomplete or absent, or where regulatory interpretations adopted by administrative authorities diverge from those applied by courts in comparable matters. As a result, we may not become aware of inadvertent violations of certain rules or policies until after such violations have occurred. In certain jurisdictions, administrative or judicial proceedings may also take prolonged periods to conclude, resulting in significant costs and diversion of management attention and other resources.

It is possible that additional laws and regulations may be enacted, or that existing laws may be interpreted in ways that become applicable to our operations in the markets where we operate or elsewhere, which could affect our business and activities. Heightened scrutiny and tightening of regulatory oversight in the industries in which we operate may require us to devote additional legal and compliance resources. Amendments to existing laws or regulations, or the introduction of new legal requirements in the markets where we operate, may slow the development of our industries and adversely affect our business, financial condition and results of operations.

We are subject to the regulations of the CSRC and the listing rules of the Shenzhen Stock Exchange.

As a company listed on the Shenzhen Stock Exchange, we and our Directors, senior management, employees and shareholders are subject to securities regulations promulgated by the CSRC and the listing rules of the Shenzhen Stock Exchange. These regulations and rules, as well as their interpretation or enforcement, may be amended or supplemented from time to time. Moreover, the CSRC and the Shenzhen Stock Exchange may conduct periodic or ad hoc inspections, examinations or inquiries regarding our compliance with the applicable regulatory requirements. We are required to fully comply with these regulations and rules, which may require us to incur additional expenses and devote considerable time and resources. Accordingly, our business reputation, financial condition and results of operations may be adversely affected.

We may be subject to additional regulatory requirements under newly issued PRC laws and regulations governing overseas securities [REDACTED] and [REDACTED] for any of our future [REDACTED].

On February 17, 2023, the CSRC promulgated the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the "**Overseas Listing Trial Measures**"), together with five supporting guidelines, which became effective on March 31, 2023. As the Overseas Listing Trial Measures are relatively new, their interpretation, implementation and enforcement remain subject to further development. Any failure or delay in completing the necessary filing or reporting procedures in connection with our future capital raising activities may subject us to regulatory sanctions imposed by the CSRC or other PRC government authorities. Such authorities may impose fines or penalties, restrict our ability to distribute dividends outside Chinese mainland, limit our business operations within Chinese mainland, delay or restrict the remittance of [**REDACTED**] from the [**REDACTED**] or future [**REDACTED**] into Chinese mainland, or take other actions that could materially and adversely affect our business, financial condition, results of operations and prospects, as well as the [**REDACTED**] of our H Shares.

Laws and regulations governing foreign currency conversion and the remittance of funds into and out of the Chinese mainland may affect our ability to utilize our revenue and to distribute dividends.

The PRC government maintains controls on the convertibility of Renminbi into foreign currencies and, in certain circumstances, on the inbound and outbound remittance of funds, see "Regulatory Overview — Laws, Regulations and Policies of the PRC — Laws and Regulations on Foreign Investment, Overseas Investment, and Foreign Exchange Regulation — Laws and Regulations on Foreign Exchange Regulation" for details. Moreover revenue, assets and liabilities are primarily denominated in Renminbi, whereas our Shares are traded in Hong Kong dollars. As a result, changes in the Renminbi–Hong Kong dollar exchange rate may affect the value of any dividends payable to our Shareholders when expressed in foreign currency terms. If there are unfavorable changes in exchange rates, or if the PRC government implements regulatory policies that limit our ability to convert RMB into foreign currency, we may not have sufficient foreign exchange to meet our foreign exchange needs, and we may not be able to distribute dividends in foreign currencies to holders of our H Shares.

We are a PRC enterprise and are subject to PRC tax on our global income, and any gains on the sales of our H shares by holders and dividends paid to such holders may be subject to PRC tax obligations.

Under the current PRC tax law, any dividends paid by us to non-PRC enterprise shareholders may be subject to PRC withholding tax at a rate of 10% in the case of non-PRC enterprise shareholders or 20% in the case of non-PRC individual shareholders if such dividends are deemed to be from PRC sources. Additionally, gains realized on the sale or other disposition of our Shares may be subject to PRC tax at a rate of 10% in the case of non-PRC enterprise shareholders or 20% in the case of non-PRC individual shareholders if such gains are deemed to be from PRC sources. Any PRC tax liability may be reduced under applicable tax laws and regulations.

The interpretation and implementation of PRC tax laws and regulations may change over time. It is uncertain, for example, whether future changes in policies or regulations may result in the revocation of existing preferential tax treatment, such that all non-PRC resident individual holders may become subject to PRC individual income tax at a flat rate of 20%. Any change in the applicable tax laws, regulations, or their interpretation or enforcement could materially affect the value of your [**REDACTED**] in our H Shares.

Any reduction or discontinuation of PRC tax rebate policies for our exported products may adversely affect our profitability.

We are currently entitled to value-added tax ("**VAT**") rebates in connection with our export sales pursuant to the applicable PRC tax laws, including the Notice of the MOF and the SAT on the Value-Added Tax and Consumption Tax Policy for Labor Services of Exported Goods (《財政部、國家税務總局關於出口貨物勞務增值税和消費税政策的通知》) as amended from time to time. However, the PRC government may adjust, reduce, suspend or cancel the existing tax rebate policies in the future, and we may not be eligible for such rebates. Any reduction, suspension, discontinuation or cancellation of the applicable tax rebate policies may adversely affect the recoverability of our VAT receivables and, as a result, our business, financial condition and profitability may be materially and adversely affected.

RISKS RELATED TO THE [REDACTED]

We will be concurrently subject to [REDACTED] and regulatory requirements of Chinese mainland and Hong Kong.

As we are listed on the Shenzhen Stock Exchange and will be [**REDACTED**] on the Main Board of the [**REDACTED**], we will be required to comply with the applicable listing rules and regulatory regimes in both jurisdictions, unless exemptions are available. As a result, we may be required to devote additional costs and resources on an ongoing basis to ensure compliance with the relevant requirements of the Shenzhen Stock Exchange, the China Securities Regulatory Commission and the [**REDACTED**].

Our A Shares are listed on the Shenzhen Stock Exchange. The characteristics of the A Share and H Share markets may differ.

Our A Shares are currently listed and traded on the Shenzhen Stock Exchange. Following the [**REDACTED**], our A Shares will continue to be traded on the Shenzhen Stock Exchange while our H Shares will be [**REDACTED**] on the [**REDACTED**]. Under current PRC laws and regulations, our A Shares and H Shares are not interchangeable or fungible, and there is no trading or settlement mechanism between the A Share market and the H Share market. The A Share and H Share markets differ in various respects, including trading characteristics, liquidity levels, trading volumes, and the composition of their respective [**REDACTED**] bases, as well as the relative

participation of retail and institutional [**REDACTED**]. As a result, the [**REDACTED**] performance of our A Shares and H Shares may not be directly comparable, and the historical trading prices of our A Shares may not be indicative of the [**REDACTED**] of our H Shares. Nevertheless, fluctuations in the price of our A Shares may have an adverse impact on the [**REDACTED**] of our H Shares, and vice versa. Accordingly, you should not place undue reliance on the historical trading performance of our A Shares when assessing an [**REDACTED**] in our H Shares.

There has been no established public market for our H Shares, and we cannot guarantee that an active or liquid market will develop or remain stable.

Prior to the [**REDACTED**], no public market has existed for our H Shares. As a result, a robust trading market with adequate liquidity or trading activity may not develop or continue following the [**REDACTED**]. The initial [**REDACTED**] of our H Shares will be determined through negotiations between our Company and the [**REDACTED**] (for itself and on behalf of the [**REDACTED**]), and such price may not reflect the eventual [**REDACTED**] of our H Shares after [**REDACTED**]. We have submitted an application to the [**REDACTED**] for the [**REDACTED**] of, and permission to [**REDACTED**], our H Shares. However, the granting of such approval does not ensure that an active or liquid market for our H Shares will form or, if established, will be sustained. If no active market develops or if it subsequently weakens following the [**REDACTED**], the [**REDACTED**] and [**REDACTED**] of our H Shares may be materially and adversely affected, and [**REDACTED**] may find it difficult to dispose of their H Shares at or above the [**REDACTED**] at which they [**REDACTED**] them in the [**REDACTED**].

Future sales or perceived sales of substantial amounts of our Shares in the [REDACTED] could have a material adverse effect on the prevailing [REDACTED] of our H Shares and our ability to [REDACTED] additional [REDACTED] in the future.

Substantial sales, or the expectation of substantial sales, of our Shares in the [**REDACTED**] after the [**REDACTED**] may materially and adversely affect the [**REDACTED**] of our H Shares. If our Controlling Shareholder or any of our existing shareholders were to dispose of a significant number of Shares following the [**REDACTED**] — or if the market anticipates that such disposals may occur — the [**REDACTED**] of our H Shares could decline, and our ability to secure additional [**REDACTED**] through future [**REDACTED**] could be negatively impacted. Our Controlling Shareholder may sell any of the Shares it holds, and we may [**REDACTED**] additional Shares pursuant to the general mandate granted to our Directors or through other means. It is uncertain how any such sale or potential sale of Shares by our Controlling Shareholder, or any future [**REDACTED**] of Shares by us, may affect the [**REDACTED**] of our H Shares. Any actual or perceived substantial [**REDACTED**] or [**REDACTED**] could materially and adversely impact the prevailing [**REDACTED**] of our H Shares.

A future or perceived significant increase in the supply of our Shares in the [REDACTED] could adversely affect the [REDACTED] of our H Shares and dilute the shareholdings of holders of H Shares.

The [**REDACTED**] of our H Shares could decline as a result of future [**REDACTED**] of a substantial number of our H Shares or other [**REDACTED**] relating to our H Shares in the [**REDACTED**], the [**REDACTED**] of new shares, or the market perception that any such [**REDACTED**] or [**REDACTED**] may occur. Future [**REDACTED**], or anticipated [**REDACTED**], of a significant amount of our [**REDACTED**], including in any future [**REDACTED**], could materially and adversely affect the [**REDACTED**] of our H Shares and our ability to [**REDACTED**] at a specific time or on terms favorable to us. In addition, our Shareholders may experience dilution in their shareholdings if we [**REDACTED**] additional [**REDACTED**] in the future. Any new shares or share-linked securities [**REDACTED**] by us may also carry rights and privileges that are senior to, or otherwise differ from, those conferred by our H Shares.

As the [REDACTED] of our H Shares exceeds our consolidated net tangible asset value per Share, purchasers of our H Shares in the [REDACTED] may experience immediate dilution upon completion of their investment.

Because the [**REDACTED**] of our H Shares is higher than the consolidated net tangible asset value per Share immediately prior to the [**REDACTED**], [**REDACTED**] for H Shares in the [**REDACTED**] may incur immediate dilution in the [**REDACTED**] adjusted consolidated net tangible asset value per Share of the H Shares they purchase. Conversely, our existing Shareholders will benefit from an increase in the [**REDACTED**] adjusted consolidated net tangible asset value per Share of their respective holdings. Moreover, holders of our H Shares may experience further dilution of their shareholding interests if we [**REDACTED**] additional H Shares in the future for [**REDACTED**] or other purposes.

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

The [**REDACTED**] of our H Shares may be volatile and subject to significant fluctuations in response to factors that are outside our control. In addition, volatility in the Hong Kong Stock Exchange and other securities markets, whether or not related to our performance, may materially and adversely affect the [**REDACTED**] of our [**REDACTED**].

Our historical dividends may not be indicative of our future dividend policy, and there can be no assurance that we will declare and distribute any amount of dividends in the future.

We have declared dividends in the past. We protect our Shareholders' interest by ensuring a consistent dividend policy. However, dividends of any amount may not 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 IFRS accounting standard. 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 — Dividends and 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.

Whether, when, or in what amount we will pay dividends in the future remains uncertain.

Any declaration, payment or determination of dividends in the future is subject to the discretion of our Board and the approval at the Shareholders' meeting, both of which will take into account various factors, including our profitability, cash flow generation, financial condition, operating and capital expenditure requirements, the amount of distributable profits available under IFRS Accounting Standards, the provisions of our Articles of Association, the PRC Company Law and other applicable PRC laws and regulations, prevailing market conditions, our long-term business and development strategies, as well as any contractual or regulatory constraints.

Therefore, it remains uncertain whether we will declare or pay dividends at any particular time or in any particular amount. We may also be unable to distribute dividends in accordance with any stated dividend policy. As a result, [**REDACTED**] may not receive any return on their [**REDACTED**] through dividend distributions.

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

We have established share incentive plans to grant shares to certain of our employees and we may grant share-based awards in the future. Our financial performance and ownership interests of our Shareholders may be affected by the share-based compensation, as the expenses associated with compensation will decrease our net profit. We recorded share-based payment expenses of RMB18.9 million, RMB40.3 million, RMB27.5 million and RMB2.5 million in 2023, 2024, 2025, and for the six months ended June 30, 2026, respectively. Any additional grant of share awards by us will further increase our share-based payment, which may adversely affect our results of operations and financial condition, and potentially dilute existing Shareholders' ownership.

Our Controlling Shareholder may exercise significant influence over our Company, and their interests may not align with those of our other Shareholders.

Our Controlling Shareholder may be able to exert significant influence over our operations. Immediately following the completion of the [**REDACTED**], our Controlling Shareholder will beneficially own approximately [**REDACTED**]% of our issued share capital enabling the Controlling Shareholder to influence or determine the outcome of Shareholders' resolutions that require a simple majority vote. Such concentration of ownership may discourage, delay or prevent a change in control of our Company, potentially depriving other Shareholders of an opportunity to receive a premium for their H Shares in connection with a sale of the Company, and could negatively impact the [**REDACTED**] of our H Shares. These consequences may occur even where other Shareholders oppose the decisions or actions supported by our Controlling Shareholder. Furthermore, the interests of our Controlling Shareholder may not always be aligned with those of our other Shareholders. Our Controlling Shareholder may influence our Company to enter into transactions, pursue strategies, or take—or refrain from taking—actions that may not be in the best interests of our other Shareholders.

Certain facts, forecasts and statistical data contained in this Document are derived from official government sources.

Certain facts, forecasts and statistical information presented in this Document are derived from official government sources.

We believe that the sources of this information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information from official government sources has not been independently verified by us, the sponsor, [**REDACTED**] or any other party involved in the [**REDACTED**] and no representation is given as to its accuracy.

Accordingly, [**REDACTED**] should exercise caution when interpreting or relying on any such facts, forecasts or statistical data and should consider carefully the extent to which reliance should be placed on such information.

Forward-looking statements included in this Document involve inherent risks and uncertainties.

This Document contains forward-looking statements identified by terms such as "aim," "anticipate," "believe," and "expect," and other similar expressions. These statements involve inherent risks and uncertainties; therefore, the inclusion of such statements should not be regarded as a representation that our future plans or objectives will be achieved. Subject to compliance with the requirements of the Listing Rules, we do not undertake to publicly update or revise any forward-looking statements contained in this Document, whether as a result of new information, future developments or otherwise. Accordingly, you should exercise caution in placing reliance on any forward-looking statements in this Document. All such statements are qualified in their entirety by this cautionary statement.

You should rely solely on the information contained in this Document, and not place reliance on press articles or other media reports concerning us or the [REDACTED].

There may have been, prior to the publication of this document, and there may be, subsequent to the date of this Document but prior to the completion of the [**REDACTED**], press and media coverage regarding us and the [**REDACTED**]. We do not accept any responsibility for the accuracy or completeness of any information reported by the press or other media or otherwise publicly available, nor the fairness or appropriateness of any estimates, forecasts, views or opinions expressed by the press or other media or otherwise publicly available regarding our H Shares or the [**REDACTED**] or us.

When considering whether to [**REDACTED**] for our H Shares, prospective [**REDACTED**] should rely solely on the financial, operational and other information set out in this Document, the [**REDACTED**] and our formal announcements in Hong Kong. By applying for H Shares under the [**REDACTED**], you will be deemed to have acknowledged and agreed that you have not relied on any information other than that contained in this Document, the [**REDACTED**] and our formal announcements made in Hong Kong.

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

MANAGEMENT PRESENCE IN HONG KONG

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

Since most of the business operations of our Group are managed and conducted outside of Hong Kong, and all of the executive Directors ordinarily reside outside Hong Kong, 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. Therefore, our Company does not, and does not contemplate in the foreseeable future that we will, have sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rule 8.12 of the Listing Rules.

Accordingly, pursuant to Rule 19A.15 of the Listing Rules, we have applied for, and the Stock Exchange [has granted], a waiver from strict compliance with 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:

(a) **Authorized representatives**: we have appointed Mr. He Mengxin (何夢新) and Ms. Wang Lizhen (王立珍) ("**Ms. Wang**") as the authorized representatives (the "**Authorized Representatives**") for the purpose of Rule 3.05 of the Listing Rules. The Authorized Representatives will act as our principal channel of communication with the Stock Exchange and would be readily contactable by phone, facsimile and email to deal promptly with enquiries from the Stock Exchange. Accordingly, the Authorized Representatives will be able to meet with the relevant members of the Stock Exchange to discuss any matters in relation to our Company within a reasonable period of time. We will also inform the Stock Exchange promptly in respect of any change in the Authorized Representatives. For more information about our Authorized Representatives, see "Directors, and Senior Management" in this Document;

(b) **Directors**: each of our Authorized Representatives has means to contact all members of our Board (including our independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact the members of our Board for any matters. In the event that any Director expects to travel or otherwise be out of office, he/she will provide a contactable phone number of him/her to the Authorized Representatives. Pursuant to Rule 3.20 of the Listing Rules, each of our Directors shall provide their telephone number, mobile phone number, facsimile number (if available), email address (if available), residential address and correspondence address to the Stock Exchange. To the best of our knowledge and information, each Director who does not ordinarily reside in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period upon request of the Stock Exchange;

(c) **Compliance advisor**: we have appointed Somerley Capital Limited as our compliance advisor (the "**Compliance Advisor**") upon [**REDACTED**] pursuant to Rules 3A.19 of the Listing Rules for a period commencing on the [**REDACTED**] 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**]. The Compliance Advisor will have access at all times to our Authorized Representatives, the Directors and other senior management and can act as the additional channel of communication with the Stock Exchange and answer enquiries from the Stock Exchange. 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

(d) **Hong Kong legal advisor**: we will retain a Hong Kong legal advisor to advise us on the on-going compliance requirements, any amendment or supplement to and other issues arising under the Listing Rules and other applicable laws and regulations in Hong Kong after the [**REDACTED**].

APPOINTMENT 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 as our company secretary 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:

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

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

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

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

(a) length of employment with the issuer and other issuers and the roles he or she played;

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

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

(d) professional qualifications in other jurisdictions.

We have appointed Ms. Wang as our joint company secretary. As she has extensive experience in investment, corporate finance and corporate governance but presently does not possess any of the qualification required under Rules 3.28 and 8.17 of the Listing Rules, we have appointed Mr. So Wing Chun (蘇永俊) ("**Mr. So**") of Tricor Services Limited to provide assistance to Ms. Wang Lizhen. Mr. So is a member of the Hong Kong Chartered Governance Institute, and therefore meets the qualification requirements under Note 1 to Rule 3.28 of the Listing Rules and is in compliance with Rule 8.17 of the Listing Rules.

Ms. Wang and Mr. So will be jointly discharging the duties and responsibilities of a company secretary. Mr. So will be assisting Ms. Wang in gaining the relevant experience required under Rules 3.28 and 8.17 of the Listing Rules. Also, Ms. Wang will be assisted by (1) the compliance advisor of our Company for the first full financial year starting from the [**REDACTED**], particularly in relation to Hong Kong corporate governance practice and compliance matters; and (2) 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. Wang will endeavor to attend relevant trainings and familiarize herself with the Listing Rules and duties required of a company secretary of an [**REDACTED**].

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. Wang may be appointed as a joint company secretary of our Company.

Pursuant to Chapter 3.10 of the Guide, the waiver will be for a fixed period of time (the "**Waiver Period**") and on the following conditions: (1) the proposed company secretary must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 and is appointed as a joint company secretary throughout the Waiver Period; and (2) the waiver can be revoked if there are material breaches of the Listing Rules by the issuer. The waiver is valid for an initial period of three years on the condition that Mr. So will work closely with, and provide assistance to, Ms. Wang in the discharge of his duties as a company secretary and in gaining the relevant experience as required under Rule 3.28 of the Listing Rules and to become familiar with the requirements of the Listing Rules and other applicable Hong Kong laws and regulations. The waiver will be revoked immediately if Mr. So ceases to provide assistance to Ms. Wang during the three-year period after [**REDACTED**].

Our Company will further ensure that Ms. Wang has access to the relevant training and support that would enhance her understanding of the Listing Rules and the duties of a company secretary of an [**REDACTED**], and to receive updates on the latest changes to the applicable Hong Kong laws and regulations and the Listing Rules. Before the end of the three-year period, the Company must demonstrate and seek the Stock Exchange's confirmation that Ms. Wang, having had the benefits of Mr. So'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 further waiver would not be necessary.

For further information regarding the qualifications of Ms. Wang and Mr. So, see "Directors and Senior Management" in this Document.

[REDACTED] OF H SHARES TO EXISTING MINORITY SHAREHOLDERS AND THEIR CLOSE ASSOCIATES

Rule 10.04 of the Listing Rules requires that a person who is an existing shareholder of a listing applicant may only subscribe for or purchase any securities for which listing is sought that are being marketed by or on behalf of a listing applicant either in his/her/its own name or through nominees if the conditions in Rule 10.03 of the Listing Rules are fulfilled, namely that (i) no

securities are to be offered to the existing shareholders on a preferential basis and no preferential treatment is given to them in the allocation of the securities; and (ii) the minimum prescribed percentage of public shareholders required by Rule 8.08(1) of the Listing Rules is achieved.

Paragraph 1C(2) of Appendix F1 to the Listing Rules states that, without the prior written consent of the Stock Exchange, no allocations will be permitted to be made to directors or existing shareholders of a listing applicant or their close associates, unless the conditions set out in Rules 10.03 and 10.04 are fulfilled.

Chapter 4.15 of the Guide provides that the Stock Exchange will consider granting a waiver from Rule 10.04 of the Listing Rules and a consent, pursuant to paragraph 1C(2) of Appendix F1 to the Listing Rules, to allow a listing applicant's existing shareholders or their close associates to participate in its initial public offering if any actual or perceived preferential treatment arising from their ability to influence the listing applicant during the allocation process can be addressed.

Prior to the [**REDACTED**], our Company's share capital comprises entirely of A Shares listed on the Shenzhen Stock Exchange. As a company listed on the Shenzhen Stock Exchange with its A Shares publicly traded thereon and with a large public A Shares shareholder base, it would be unduly burdensome for us to seek the prior consent of the Stock Exchange for each of our minority existing Shareholders or their close associates who [**REDACTED**] for the H Shares in the [**REDACTED**].

We have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with Rule 10.04 of, and a consent under paragraph 1C(2) of Appendix F1 to the Listing Rules to permit H Shares in the [**REDACTED**] to be [**REDACTED**] to certain existing minority Shareholders who (i) hold less than 5% of the total voting rights of our Company prior to the completion of the [**REDACTED**] and (ii) are not and will not become (upon the completion of the [**REDACTED**]) core connected persons of our Company or the close associates of any such core connected person (together, the "**Permitted Existing Shareholder**"), on the following conditions:

(a) each Permitted Existing Shareholder to whom our Company may [**REDACTED**] the H Shares under the [**REDACTED**] holds less than 5% of the total voting rights of our Company immediately prior to the completion of the [**REDACTED**];

(b) each Permitted Existing Shareholder is not, and will not be, a core connected person of our Company or any close associate of any such core connected persons as cornerstone [**REDACTED**] or [**REDACTED**] immediately prior to or following the [**REDACTED**];

(c) none of the Permitted Existing Shareholders has the power to appoint any Directors nor have any other special rights in our Company;

(d) [**REDACTED**] to the Permitted Existing Shareholders and their close associates will not affect our Company's ability to satisfy the [**REDACTED**] requirement under Rule 19A.13A(2)(b) of the Listing Rules;

(e) to the best knowledge and belief of our Company and the Sole Sponsor, and based on discussions between our Company and the [**REDACTED**] and confirmations required to be submitted to the Stock Exchange by the Sole Sponsor, we will confirm to the Stock Exchange that:

    a. in case of participation as cornerstone [**REDACTED**], no preferential treatment has been, nor will be, given to the Permitted Existing Shareholders and/or their close associates by virtue of their relationship with our Company,

other than the preferential treatment of assured entitlement under a cornerstone [**REDACTED**] following the principles set out in Chapter 4.15 of the Guide, and the Permitted Existing Shareholders' cornerstone [**REDACTED**] agreements do not contain any material terms which are more favorable to the Permitted Existing Shareholders than those in other cornerstone [**REDACTED**] agreements; or

b. in case of participation as [**REDACTED**], no preferential treatment will be given to the Permitted Existing Shareholders and/or their close associates in the [**REDACTED**] process by virtue of their relationship with our Company;

(f) in the case of participation as [**REDACTED**], the [**REDACTED**] will confirm to the Stock Exchange that, to the best of its knowledge and belief, no preferential treatment has been, nor will be, given to any of the Permitted Existing Shareholders or their close associates by virtue of their relationship with our Company in any [**REDACTED**] in the [**REDACTED**];

(g) in the case of participation as cornerstone [**REDACTED**], the [**REDACTED**] will confirm to the Stock Exchange that, to the best knowledge and belief, no preferential treatment has been, nor will be, given to any of the Permitted Existing Shareholders or their close associates, other than the assured entitlement for a cornerstone [**REDACTED**];

(h) the Sole Sponsor will confirm to the Stock Exchange that, to the best of its knowledge and belief, each Permitted Existing Shareholder (i) is interested in less than 5% of the total voting rights of the Company before the completion of the [**REDACTED**], (ii) is not and will not be a core connected person of the Company or a close associate of any such core connected person prior to or following the [**REDACTED**], and (iii) does not have the power to appoint Directors or any other special rights; and

(i) the Sole Sponsor will confirm to the Stock Exchange that based on (i) its discussions with our Company and the [**REDACTED**]; and (ii) the confirmations provided to the Stock Exchange by our Company and the [**REDACTED**], and to the best of their knowledge and belief, they have no reason to believe that the Permitted Existing Shareholders and/or their close associates received any preferential treatment in the [**REDACTED**] process either as cornerstone [**REDACTED**] or as [**REDACTED**] by virtue of their relationship with our Company, other than, in the case of participation as cornerstone [**REDACTED**], the preferential treatment of assured entitlement under a cornerstone [**REDACTED**] following the principles set out in Chapter 4.15 of the Guide, and details of allocation to the Permitted Existing Shareholders holding more than 1% of the issued share capital of our Company immediately prior to the completion of the [**REDACTED**] and/or their close associates will be disclosed in this Document (for cornerstone [**REDACTED**]) and/or allotment results announcement (for both cornerstone [**REDACTED**] and [**REDACTED**]) of our Company.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Zhang Qingsen (張清森)	Room 12C, Unit 2, Block B, Building 1, Gongguan 1866 Garden, Minzhi Subdistrict, Longhua District, Shenzhen, Guangdong Province, PRC	Chinese
Mr. Chen Junling (陳俊靈)	Room 28D, Building 3C, China Overseas Jincheng Garden, Minzhi Subdistrict Office, Longhua District, Shenzhen, Guangdong Province, PRC	Chinese
Mr. He Mengxin (何夢新)	Apartment 6B-3713, Shenye Zhongcheng Apartments, Futian District, Shenzhen, Guangdong Province, PRC	Chinese
Mr. Tang Jian (唐堅)	Room 1304, Block 13, Jincheng Jiuyue Garden, Fucheng Subdistrict Office, Longhua District, Shenzhen, Guangdong Province, PRC	Chinese
Ms. Chen Yan (陳艷)	Room 17C, Unit 1, Block 9, Jinxiu Yuyuan (Phase I), No. 28 Gaoxiang Road, Longhua District, Shenzhen, Guangdong Province, PRC	Chinese
Ms. Nie Xingxing (聶星星)	Room 19A, Block 1, South Zone, Manhaining Garden, No. 1002 Xinqu Avenue, Longhua District, Shenzhen, Guangdong Province, PRC	Chinese
Independent non-executive Directors		
Mr. Lai Xiaofan (賴曉凡)	Room 4001, Unit 4, Zone A, Hanyuan Mingyuan, Changling No. 1 Road, East of Liuxian Avenue, Taoyuan Subdistrict, Nanshan District, Shenzhen, Guangdong Province, PRC	Chinese

Name	Address	Nationality
Mr. WEN Guang (文廣) .	Room 502, Block 4, Kangle Garden, No. 66 Nanguang Road, Nanshan District, Shenzhen, Guangdong Province, PRC	Chinese
Mr. Leung Wai Fung Joseph (梁偉峰)	Flat E, 9/F, Tower 8, South Horizons, Ap Lei Chau, Hong Kong	Chinese

For further information on the profile and background of our Directors please refer to the section headed "Directors and Senior Management" in this Document.

PARTIES INVOLVED IN THE [REDACTED]

Sole Sponsor

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

[REDACTED]

Legal Advisors to our Company

As to Hong Kong and United States laws:
Jia Yuan Law Office
Suites 3502-03, 35/F, One Exchange Square
8 Connaught Place
Central
Hong Kong

As to Hong Kong laws in relation to certain business operations in Hong Kong
Li & Partners
22/F, World-Wide House
19 Des Voeux Road Central
Hong Kong

As to PRC laws and PRC data compliance laws:
Sundial Law Firm
11/F-12/F, Taiping Finance Tower
6001 Yitian Road, Futian District
Shenzhen
China

As to Japan laws

Nishimura & Asahi (Gaikokuho Kyodo Jigyo)
Otemon Tower
1-1-2 Otemachi
Chiyoda-ku
Tokyo 100-8124
Japan

As to United States laws in relation to certain business operations in the United States
Cross-Border Counselor LLP
149 Commonwealth Dr
Suite 1042, Menlo Park
CA 94025
United States

As to German laws
PELTZER SUHREN Rechtsanwälte GbR
An der Börse 2
30159 Hannover
Germany

As to International Sanctions Compliance
King & Wood
18th Floor, East Tower
World Financial Center
1 Dongsanhuan Zhonglu
Chaoyang District
Beijing, PRC

Legal Advisors to the Sole Sponsor and the [REDACTED]

As to Hong Kong laws:
Morgan, Lewis & Bockius
19/F, Edinburgh Tower
The Landmark, 15 Queen's Road
Central
Hong Kong

As to PRC laws:
King & Wood
28th Floor, China Resources
Tower 2666
Keyuan South Road
Nanshan District
Shenzhen
PRC

Auditor and Reporting Accountants
Rongcheng (Hong Kong) CPA Limited

Certified public Accountants
Registered Public Interest Entity Auditor
Unit 4301-07, 43/F
Cosco Tower Queen's Road Central
Sheung Wan
Hong Kong

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

Suite 2504
Wheelock Square
No. 1717 West Nanjing Road
Jing'an District
Shanghai
PRC

Internal Control Consultant
RSM Consultants (Beijing) Co., Ltd

Room 1301-2, 13th Floor
Building 1 No. 22
Fuchengmenwai Street
Xicheng District
Beijing
China

Receiving Bank(s)

[●]

CORPORATE INFORMATION

Registered Office, Headquarters and Principal Place of Business in the PRC	1st to 6th Floors, Building 7, 4th Floor, Building 6, Longcheng Industry & Trade Yu'an Plant Gaofeng Community Dalang Subdistrict, Longhua District Shenzhen, Guangdong Province, PRC
Principal Place of Business in Hong Kong	Room 1919, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong
Company's Website	**www.lulian.cn** *(The information contained in this website does not form part of this Document)*
Joint Company Secretaries	Ms. Wang Lizhen (王立珍) 4th Floors, Building 7, Longcheng Industry & Trade Yu'an Plant Gaofeng Community Dalang Subdistrict, Longhua District Shenzhen, Guangdong Province, PRC Mr. So Wing Chun (蘇永俊) *(Associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom)* Room 1919, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong
Authorized Representatives	Ms. Wang Lizhen (王立珍) Mr. He Mengxin (何夢新)
Audit Committee	Mr. Leung Wai Fung Joseph (梁偉峰) *(Chairperson)* Mr. Lai Xiaofan (賴曉凡) Mr. Wen Guang (文廣)
Nomination Committee	Mr. Wen Guang (文廣) *(Chairperson)* Ms. Chen Yan (陳艷) Mr. Leung Wai Fung Joseph (梁偉峰)
Remuneration and Appraisal Committee	Mr. Lai Xiaofan (賴曉凡) *(Chairperson)* Mr. Zhang Qingsen (張清森) Mr. Leung Wai Fung Joseph (梁偉峰)
Strategy and ESG Committee	Mr. Zhang Qingsen (張清森) *(Chairperson)* Mr. He Mengxin (何夢新) Mr. Wen Guang (文廣)

[**REDACTED**]

Principal Banks

Bank of China Limited Shenzhen Dalang Sub-branch
Room A101, Building 1, Tongfuyu Industrial Park,
Huawang Road, Tongsheng Community,
Dalang Subdistrict, Longhua District,
Shenzhen, Guangdong Province,
PRC

China Construction Bank Corporation Shenzhen Minzhi Sub-branch
1/F, North Side of Hengqin Building,
Intersection of Minzhi Avenue and Minfeng Road,
Minzhi Subdistrict, Longhua District,
Shenzhen, Guangdong Province,
PRC

China Merchants Bank Co., Ltd. Shenzhen Tairan Sub-branch
Ground Floor, Dushi Yangguang Mingyuan,
No. 6017 Shennan Avenue, Futian District,
Shenzhen, Guangdong Province,
PRC

Information and statistics contained in this section and other sections of this Document are extracted from the Frost & Sullivan Report prepared by Frost & Sullivan, which was commissioned by us. We engaged Frost & Sullivan to prepare an independent industry report, namely the Frost & Sullivan Report, for the [**REDACTED**]. *None of us, the Sole Sponsor, the* [**REDACTED**]*, any of their respective directors and advisors, or any other persons or parties involved in the* [**REDACTED**] *has independently verified the information from official government sources, nor have they given any representation as to its accuracy.*

SOURCES OF INFORMATION

We engaged Frost & Sullivan, an independent market research and consulting firm, to conduct an analysis of and prepare a report on the global and Chinese mainland consumer technology markets. The report prepared by Frost & Sullivan for us is referred to herein as the Frost & Sullivan Report. We paid Frost & Sullivan a total fee of RMB700,000 for the preparation of the report, and we believe that such fee reflects the market rates for reports of this type.

Frost & Sullivan is a global consulting firm founded in New York in 1961. It has over 40 offices worldwide and employs more than 2,000 industry consultants, market research analysts, technical analysts, and economists.

Our Directors confirmed that, after taking reasonable care, as of the Latest Practicable Date, there had been no adverse change in the market information set forth herein since the date on which the Frost & Sullivan Report was issued.

RESEARCH METHODOLOGY

The Frost & Sullivan Report was prepared using intelligence gathering methods based on primary and secondary research from various sources. Primary research involves discussions on the current status of the industry with certain leading industry participants across the industry value chain, as well as conducting interviews with relevant parties to obtain objective factual data and forward-looking forecasts. Secondary research involves the integration of data and publications obtained from public sources, including official data and announcements from government departments, company reports, independent research reports, and data from Frost & Sullivan's proprietary database.

BASIS AND ASSUMPTIONS

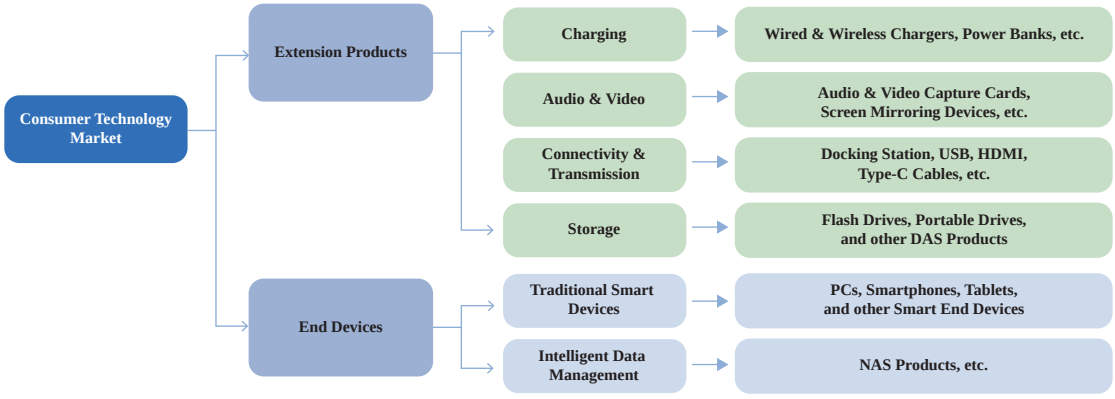
In compiling and preparing the Frost & Sullivan Report, Frost & Sullivan has adopted the following assumptions: (i) the social, economic, and political environments in the world and Chinese mainland are likely to remain stable during the forecast period; and (ii) key industry drivers are likely to fuel the growth of the global consumer technology industry during the forecast period. All statistics are based on information available as of the date of the Frost & Sullivan Report.

Analysis of the Global and Chinese Mainland Consumer Technology Market

Definition and Classification of the Consumer Technology Market

Consumer technology refers to an industrial field that reshapes traditional consumer electronic products and services in an intelligent and ecological way, driven by technologies such as artificial intelligence, 5G communication, and advanced manufacturing. The core of this industry lies in the deep integration of hardware, software, and services to build a human-centric smart ecosystem, ultimately providing consumers with a more convenient, personalized, and seamlessly connected experience. Based on product forms, the consumer technology market can be divided into end devices and extension products. Among them, end devices market centers around personal and smart home devices, with representative products including smartphones, computers, and more. These products provide professional, in-depth, and powerful core functions to meet users' digital needs.

Product Classification of the Consumer Technology Market



Source: *Frost & Sullivan, Annual Report and Prospectus of Industry Peers*

Note: The Company's charging products and accessories, office products, and audio and visual products are primarily extension products. The Company's NAS products within its storage products are end devices.

Analysis of Key Success Factors for Industry Providers amid the Development Waves of the Global and Chinese Mainland Consumer Technology Markets

Brand recognition reflects a company's competitive positioning and the extent to which its brand occupies users' mindshare. As industrial competition shifts toward ecosystem synergy, the connotation of brand recognition has evolved from simple product trust to an endorsement of the values of an entire technology ecosystem and lifestyle, effectively enhancing user loyalty and consolidating mindshare and serving as an important safeguard for industry providers to mitigate risks and achieve long-term healthy development.

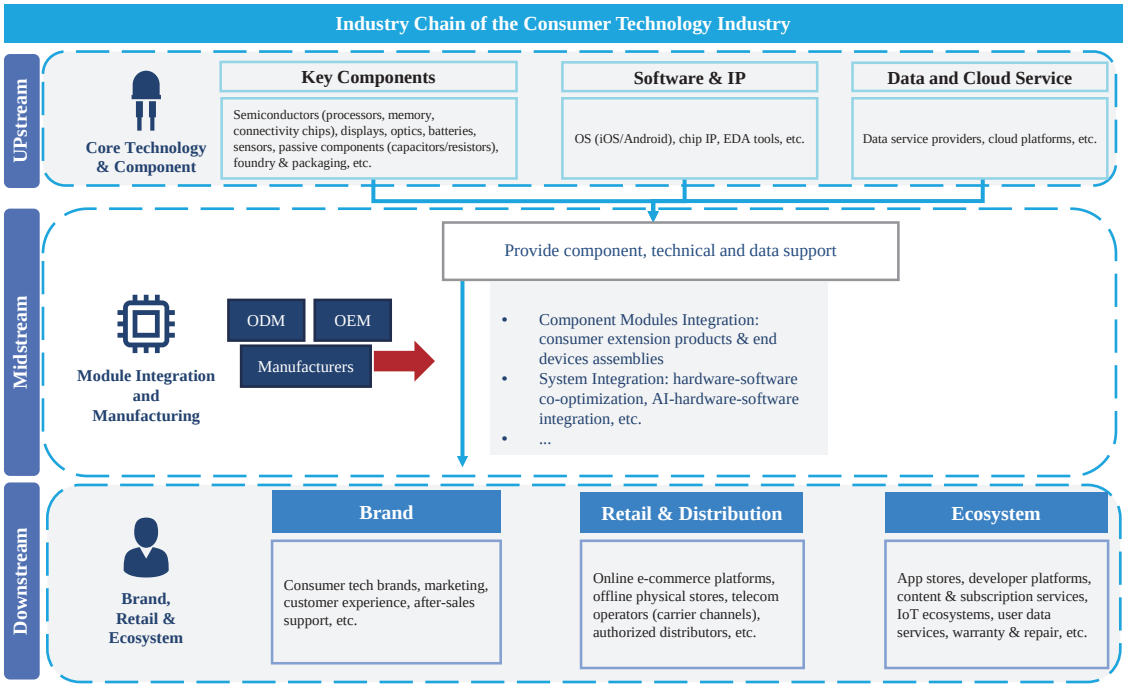
Product design capability emphasizes the transformation of users' needs into more accessible and resonant user experiences. This constitutes the starting point for achieving product differentiation and core competitiveness, directly influencing initial market acceptance, user satisfaction, and long-term brand perception.

Product SKU lifecycle management capability is the foundation for industry providers to achieve sustained product success. Through rigorous review of new product introductions and performance evaluation to achieve the dynamic optimization of the product portfolio, these two capabilities collaborate closely to ensure that the product lines possess solid competitiveness and market adaptability.

Resilience of supply chain capability focuses on stable supply and rapid response within a complex and volatile external environment. This requires industry providers to construct an end-to-end collaborative network and risk mitigation buffers, ensuring delivery, optimizing operating costs, and enhancing customer satisfaction. It has also become a core competitive advantage for enterprises in dealing with uncertainties.

A positive flywheel of consumers, investors and talents' recognition emphasizes winning market trust with excellent products and services, which translates into solid financial performance and growth prospects, thereby gaining investor recognition and capital injection. Sufficient capital enables enterprises to continuously invest in innovation and attract the recognition from top-tier talent. This drives the continuous iterative upgrade of products and services, ultimately forming a virtuous closed loop that integrates accelerated growth with the construction of competitive barriers.

Analysis of the Value Chain in the Consumer Technology Market



Source: Frost & Sullivan, Annual Report of Listed Companies

Analysis of the Market Size in the Global Consumer Technology Market

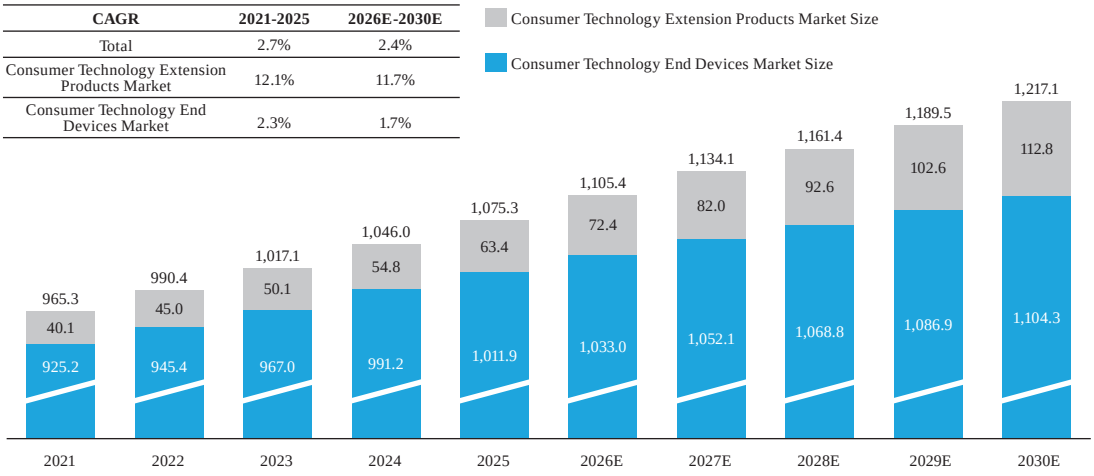
The global consumer technology market grew from USD965.3 billion in 2021 to USD1,075.3 billion in 2025, representing a CAGR of 2.7%. End devices remained dominant, reaching USD1,011.9 billion in 2025 with a CAGR of 2.3% from 2021 to 2025 and accounting for 94.1% of the total market in 2025. In contrast, extension products demonstrated faster growth with a CAGR of 12.1%. Looking ahead, the market is expected to reach USD1,217.1 billion by 2030 with a CAGR of 2.4%. Driven by AI adoption and device upgrades, extension products are projected to grow at a CAGR of 11.7% to USD112.8 billion, while end devices are expected to grow steadily to USD1,104.3 billion with a CAGR of 1.7%.

Global Consumer Technology Market Size

Global Consumer Technology Market Size, by Revenue

USD Billion, 2021-2030E

CAGR	2021-2025	2026E-2030E
Total	2.7%	2.4%
Consumer Technology Extension Products Market	12.1%	11.7%
Consumer Technology End Devices Market	2.3%	1.7%



Source: Frost & Sullivan, IDC

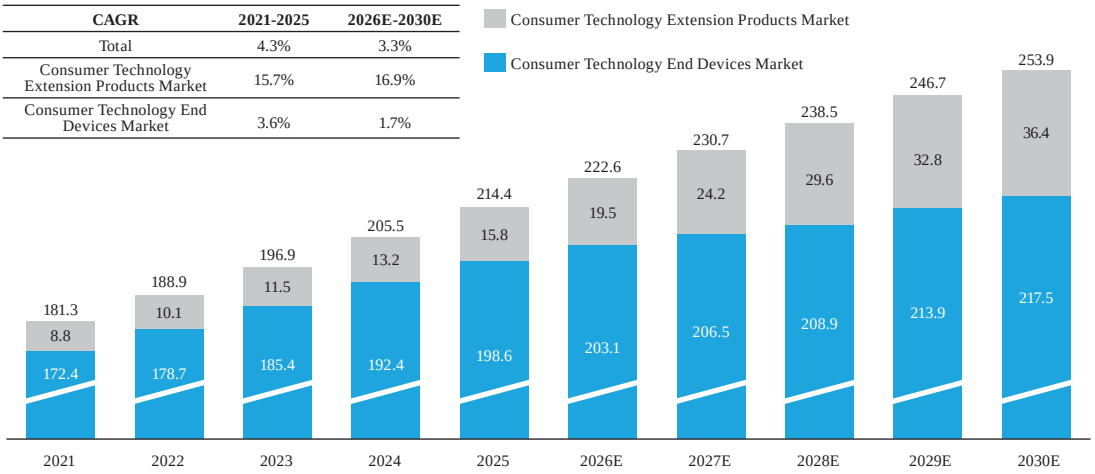
Chinese mainland consumer technology market expands at a faster pace than the global average, driven by strong domestic demand, rapid digital adoption, and a complete industrial ecosystem. Its large and increasingly affluent consumer base, coupled with high penetration of smartphones, AI devices, and smart home products, creates sustained volume growth. Meanwhile, continuous technological iteration and frequent product upgrades further accelerate market expansion. In particular, the consumer technology extension products segment in Chinese mainland grows significantly faster than the global level. This is fueled by the rapid popularization of AI terminals, high-speed charging, portable energy storage, and connected devices, which generate strong incremental demand for supporting accessories. Vertically integrated supply chain in Chinese mainland enables quick product iteration and cost efficiency, while leading local brands strengthen global and domestic market penetration. Additionally, rising consumer willingness to upgrade peripherals and the rapid development of online and offline retail channels jointly drive the high growth of extension products.

Chinese Mainland Consumer Technology Market Size

Chinese mainland Consumer Technology Market Size, by Revenue

USD Billion, 2021-2030E

CAGR	2021-2025	2026E-2030E
Total	4.3%	3.3%
Consumer Technology Extension Products Market	15.7%	16.9%
Consumer Technology End Devices Market	3.6%	1.7%



Source: Frost & Sullivan, IDC

Analysis of Core Development Drivers and Trends in the Global Consumer Technology Market

The demand for interconnectivity and functional extension among multiple devices and products remains a vital force driving business growth in the consumer technology industry: Supported by a large installed base and continuous product iteration, extension products enable enhanced functionality and multi-scenario applications, facilitating data flow and device synergy. At the same time, AI is accelerating product innovation and experience upgrades, driving increased intelligence and personalization. As interconnectivity becomes essential across scenarios such as smart homes and mobile offices, the industry is evolving from single-device solutions toward integrated ecosystems, supporting consumption upgrades and further market expansion.

Consumer technology products are rapidly expanding from traditional 3C digital categories to all-scenario products, adapting to scenarios such as home, office, and travel, with a significant incremental effect in the commercial market: Consumer technology product functions are no longer limited to single-functional support but achieve cross-scenario coverage through protocol interconnection, which not only promotes upgrade in experience but also creates significant market premium space through ecosystem integration. Such dynamic shift continues to inject growth vitality into the market, serving as the core momentum for the large-scale expansion of the industry and driving the industry toward higher levels of the value chain.

Chinese enterprises, leveraging technology innovation and mature supply chains, are accelerating the process of global commercialization and consolidating market share: They deepen their research and development in fields such as AI, IoT and 5G, converting the technological advantages into added value of brand through scenario-based, intelligent products. Relying on the domestic supply chains, they have constructed an efficient industrial ecosystem. This model enables Chinese brands to increase penetration in both developed and emerging markets by virtue of their advantages in product performance and iteration. By deeply integrating into and reshaping the global value chain, they are breaking the monopoly of traditional international brands. The transformation from the export of production capacity to the export of technical standards and brand value establishes the influence and core competitiveness of technology brands.

Comprehensive service capabilities and reliability based on brand endorsement will be the key to competition in the future global consumer technology market: The focus of future consumers' decision-making is shifting from hardware specifications toward the full-lifecycle services, continuous functional empowerment, and deep experiential value that a brand can provide. Brands must build their reputation through product quality, stringent privacy protection, and reliable service fulfillment, which directly determines brand premium, core credibility, and market competitiveness. In the data-driven intelligent era, the sustained stability of services, the security of data links, and the reliability of brand promises have become essential requirements for gaining long-term consumer trust. Brand endorsement is being transformed into a comprehensive service premium that encompasses after-sales guarantees and continuous systemic optimization.

Analysis of the Global and Chinese Mainland Consumer Technology Extension Products Market

Definition and Classification

As an important component of consumer technology, consumer technology extension products refers to products and supporting application services that provide function expansion and extension for consumer technology end devices. It aims to meet consumers' needs for device performance improvement, function expansion, convenient interaction, and personalization in various scenarios through diversified peripheral products and value-added services. In terms of product form, consumer technology extension products mainly cover the following areas:

Charging products mainly address the battery life and power supply issues of consumer technology devices, including power banks, wired chargers, wireless chargers, etc. With the development of fast charging and wireless charging technologies, and users' demand to alleviate device battery life anxiety, this category of products is constantly innovating in terms of charging power, charging efficiency, compatibility, etc., for example, gallium nitride (GaN) chargers have become popular among consumers in the market. **Audio & video products** are core tools for breaking the audio and video barriers of devices and realizing content circulation and creation, mainly including audio and video casting and collection categories. Collection function is achieved through core components such as video capture cards, which accurately captures and processes video and audio signals; while for casting function, it is represented by screen mirroring devices, which realizes the wireless display of content across mobile devices, meeting the sharing and collaborative needs in multiple scenarios. **Connection & transmission products** serve as the key link for data interaction and signal transmission between consumer technology devices, including docking stations, data cables, and other categories. Their technology updates closely follow the changes in interface standards of devices, evolving from traditional USB2.0 to the current USB4.0 and Thunderbolt4, and continuously pursuing higher data transmission rates, better compatibility, and more stable signal transmission effects. This is to meet users' growing demand for video transmission, high-speed file backup, and other applications. **Storage products** focus on providing data storage solutions for individual and home users, including portable or extension products such as external hard drives, USB flash drives, SSD enclosure and disk array cabinets. In addition to continuously increasing storage capacity, these products are also optimized in terms of data read/write speed, data security protection, portability and usability. This is to address the storage challenges brought by the explosive growth of users' digital content.

Analysis of the Current Development Status of the Consumer Technology Extension Products Market

The Consumer Technology Extension Products Market Enters a Phase of Full Release of Business Opportunities

The consumer technology extension products market is entering a golden development period, mainly driven by the maturity of two key market conditions: first, the general improvement of user awareness, with existing users forming a substantial consumer base; second, driven by the wave of AI technology, the continuous extension of terminal functions and the growing demand for scenario-based extension.

In the past 10 years, smart end devices have evolved as the infrastructure of digital life. By the end of 2025, the global smartphone penetration rate has exceeded 60%, and user market education in major countries and regions has basically been completed. Users' acceptance of digital and intelligent products and services has significantly improved. The demand for accessories consumption around smart end devices continues to grow. With the integration of consumer technology extension products into the end devices ecosystem, exploration of value per user, and improvements in the smart end devices ecosystem, relevant demand has entered a new stage of development.

With the improvement of large language model capabilities, the enhancement of on-device computing power, and the continuous reduction of algorithm costs, the commercialization of consumer-grade artificial intelligence applications have triggered a replacement wave of consumer technology and hence, a new round of replacement cycle of consumer electronics. Under this trend, product functions have continuous iteration and extension. As an extension carrier of AI capabilities, consumer technology extension products are expected to undertake the demand release, becoming a key growth driver in the smart end devices upgrade cycle.

In a Fully Competitive Market Environment, Leading Players Fully Benefit from Market Growth and Market Dividends Brought by the Exit of Niche Players

The key success factors of consumer technology extension products focus on the functional design of innovative product categories, the ability to implement scenario-based experiences, and control of cost-effectiveness across the entire product range. These products aim to meet consumers' scenario-based needs through diversified peripherals and value-added services, and are important supplements to consumer technology end devices. Currently, products of different brands have significant differences in underlying technology, design, quality craftsmanship, etc, which directly determine the market competitiveness of products. Leading brands, relying on advantages including established supply chain systems and technology, can quickly respond to market demands and achieve a balance between cost and quality. In contrast, niche white-label players often lack brand accumulation, stable customer groups, and R&D capabilities, making it difficult to form effective competition in product quality upgrades and innovation, and ultimately being integrated by the market. Leading players can gain a larger commercial share by virtue of their existing business share and brand advantages, intensifying the winner-takes-all phenomenon.

Analysis of the Market Size of the Consumer Technology Extension Products Market

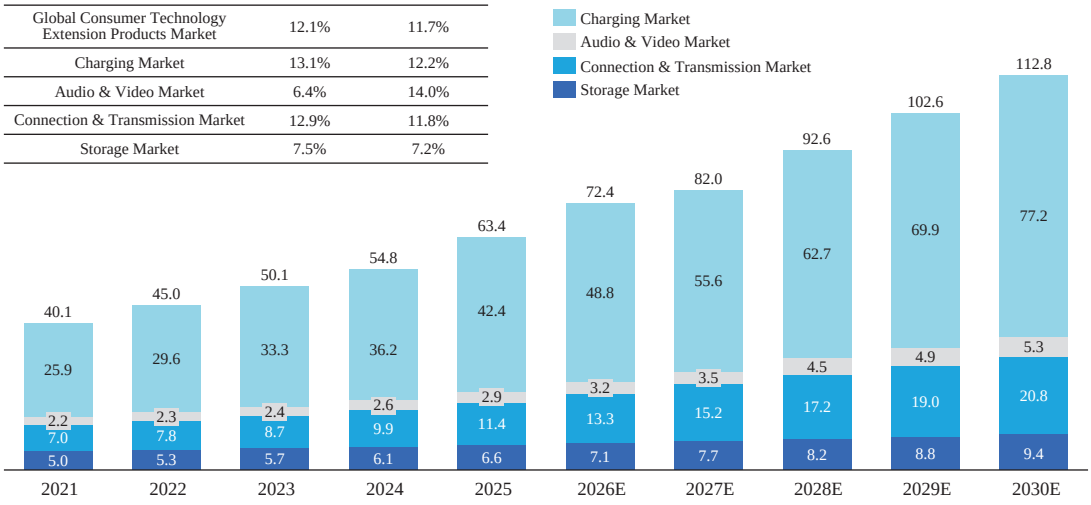
By segment, charging products grew from USD25.9 billion to USD42.4 billion (CAGR 13.1%) and are expected to reach USD77.2 billion by 2030 (CAGR 12.2%). Audio & video products are expected to grow at a CAGR of 14.0% to USD5.3 billion by 2030. Connection & transmission products are expected to grow at a CAGR of 11.8% to USD20.8 billion by 2030. Storage products are expected to grow at a CAGR of 7.2% to USD9.4 billion by 2030.

Global Consumer Technology Extension Products Market Size, by Product Category

Global Consumer Technology Extension Products Market Size, by Revenue

USD Billion, 2021-2030E

CAGR	2021-2025	2026E-2030E
Global Consumer Technology Extension Products Market	12.1%	11.7%
Charging Market	13.1%	12.2%
Audio & Video Market	6.4%	14.0%
Connection & Transmission Market	12.9%	11.8%
Storage Market	7.5%	7.2%



Source: Frost & Sullivan, Annual Report of Listed Companies

Analysis of the Development Trends of the Global Consumer Technology Extension Products Market

In the future, market share will increasingly concentrate among industry leaders: Leading brands with mature supply chains and R&D strengths are leveraging scale effects and brand moats to continuously squeeze the survival space of long-tail white-label manufacturers and capture their market shares. The long-tail manufacturers, constrained by weak brand strength, low customer loyalty and insufficient R&D investment, will struggle to establish a foothold in core segments that emphasize innovation and quality.

Chinese players will drive the integration and innovation of global extension products and services: Chinese mainland has a world-leading complete industrial chain system, and is capable of rapidly responding to market demands and achieving efficient mass production. It also demonstrates significant advantages in cost control and quality management, supported by a mature and efficient logistics network for global fulfillment. In the wave of consumer technology innovation powered by artificial intelligence, supply chain in Chinese mainland has positioned itself as a global hub of innovation and lead functional innovation and ecosystem development in extension products.

Connection and transmission technology upgrades towards high-speed, integration, and scenario-based, becoming the core foundation for device collaboration and experience optimization: In terms of wired transmission, interfaces such as Type-C and Thunderbolt have become mainstream, realizing the one-line integration, simplifying connection experience. In the field of wireless transmission, it adapts to multi-device collaboration scenarios with low latency and strong anti-interference capabilities. At the same time, connection and transmission products pay more attention to in-depth adaptation to specific usage scenarios, and continuously optimize in terms of stability, compatibility, and convenient interaction to meet the demand for high performance, supporting the seamless connection in daily life and becoming an indispensable core link in the consumer technology extension products ecosystem.

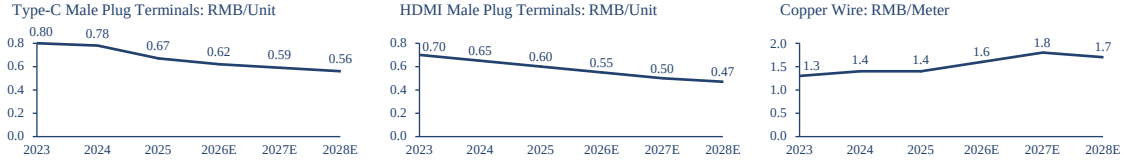
The demand for charging products continues to rise: On one hand, the growing popularity of portable devices, wearable products and new energy vehicles has turned the battery life into a key consideration when purchasing, stimulating the demand for efficient charging products. On the other hand, AI and rich-media content have significantly increased computing power consumption, posing challenges to charging management. To balance device battery life and performance, the market's reliance on advanced charging technologies is deepening, directly driving demand growth for such products.

Continuous innovation in the functions of storage products, breaking the boundary between traditional consumer technology extension products and consumer technology end devices, and innovative data management consumer technology products will lead the new wave of the industry: As data volumes grow exponentially in the digital economy era, massive office and home data are challenging traditional management models, driving demand for efficient and intelligent data management solutions. Against this backdrop, storage products have evolved beyond simple capacity extension, giving rise to new hardware forms such as hard drive array cabinets and SSD enclosures. These products achieve functional integration through technological innovation, blurring the boundaries between traditional categories.

Analysis of the Price of Major Cost Components

For Consumer Technology Extension Products, the primary raw materials consist of various plug terminals, with Type-C and HDMI male plug terminals serving as typical examples. Driven by technological maturity and continuous advancements in manufacturing processes, the unit prices of these components have exhibited a steady year-on-year decline. Copper wire is another core raw material for extension products. In recent years, the proliferation of AI applications has significantly expanded the demand scenarios for copper, spanning data center infrastructure, high-performance computing, power transmission for AI clusters, and advanced electronic connectivity. This surge in demand has created a supply-demand imbalance, and copper prices are projected to maintain an upward trajectory through 2027 before moderating in 2028 as supply chains adjust and new production capacity comes online.

Price Chart of Major Components for Consumer Technology Extension Products



Source: Frost & Sullivan, Shanghai Metals Market

Competitive Landscape of the Consumer Technology Extension Products Market

Shipment and Revenue Ranking of Global Consumer Technology Extension Product Brands for the Year Ended December 31, 2025

Company Name	Shipment Volume (Hundred Million Units)	Shipment Ranking	Revenue (RMB Billion)	Market Share (%, by Revenue)	Revenue Ranking
The Company	1.5	1	6.9	1.5%	2
Company A	1.35	2	14.0	3.1%	1
Company B	1.0	3	~3.5	0.8%	5
Company C	0.8-1.0	4	~4.5	1.0%	3
Company D	<0.8	5	~4.0	0.9%	4
Top 5 Total	**~5.12**		**~32.9**	**7.3%**	

Source: Frost & Sullivan, Annual Report of Listed Companies

Note: This ranking only reflects the independent performance of individual brands and does not include the sales contribution of brand matrices or sister brands under the same enterprise. Company A, established in Changsha, is a globally leading brand in consumer electronics and smart charging listed on the Shenzhen Stock Exchange. Its total asset was RMB20.07 billion as of December 2025; total revenue was RMB30.51 billion for 2025. The company is primarily engaged in the R&D, design, and sales of smart charging, power banks, data connectivity, and related consumer electronic products. Company B, established in California, USA, is an international provider of consumer electronic accessories and connectivity solutions and is not publicly listed. The company focuses on the R&D and sales of charging devices, connectivity and transmission products, networking and smart home products, offering stable, reliable, and highly compatible electronic accessories and digital connectivity. Company C, established in Beijing, is a globally leading enterprise in consumer electronics and smart hardware listed on the Hong Kong Stock Exchange. With smartphones, smart hardware, and IoT platforms at its core, the company's business covers mobile terminals, smart home devices, and related ecosystem products. Its total asset was RMB508.1 billion as of December 2025; total revenue was RMB457.3 billion for 2025. Company D, established in Shenzhen, is a leading domestic provider of consumer electronic accessories and smart digital peripheral solutions and is not publicly listed. The company is mainly engaged in the R&D, design, and sales of smart charging products, data cables, docking stations, audio and video accessories, and in-vehicle electronic products.

As of December 31, 2025, the total annual shipments of consumer technology extension products of the top five global brands reached approximately 512 million units, and the total annual revenue of consumer technology extension products of the top five global brands reached approximately RMB32.9 billion. In terms of annual shipments, the Company ranked first globally. In terms of annual revenue, the Company ranked second globally.

Revenue Ranking of Consumer Technology Extension Product Brands for the Year Ended December 31, 2025 in Chinese Mainland

Rankings	Company Name	Revenue (RMB Billion)	Market Share (%)
1	The Company	2.9	2.6%
2	Company D	~2.4	2.2%
3	Company E	1.6	1.4%
4	Company A	~1.2	1.1%
5	Company C	~0.9	0.8%
	CR5 Total	**9.0**	**8.1%**

Note: Company E, established in Shenzhen, is a leading global provider of consumer technology extension products and is not publicly listed. The company is primarily engaged in the R&D, design, and sale of telecommunications equipment, consumer electronics, and related digital and connectivity solutions. Its total asset was RMB1.33 trillion as of December 2025; total revenue was RMB880.9 billion for 2025.

As of December 31, 2025, the total revenue of consumer technology extension products of the top five brands reached approximately RMB9.0 billion in Chinese mainland. In terms of revenue, the Company ranked first in Chinese mainland.

Entry Barriers: Entry barriers include mature and scaled supply chain management capabilities, consistent product quality control, compliance with multiple international safety and certification standards, and the ability to follow fast-evolving interface and transmission protocols such as Type-C, Thunderbolt and fast-charging specifications. Established brands also benefit from customer recognition and economies of scale, raising thresholds for new entrants.

Challenges & Threats: The market faces challenges including homogeneous competition, pressure on gross margins from price-based competition, and dependency on upstream chip and component supply. Rapid changes in end-device design and connectivity standards also require continuous product adaptation. In addition, the market includes a large number of small and unbranded manufacturers, leading to market fragmentation and increased competitive pressure.

Analysis of the Global and Chinese Consumer Technology End Devices Market

Definition and Current Status of the Consumer Technology End Devices Market

The consumer technology end devices market centered on smart end devices used by individuals and households, with representative products including smartphones and computers, which directly deliver powerful vertical functionalities to fulfil users' digital needs and serve as the pivotal conduit within the consumer technology sphere, bridging technology innovation with user experience. As the traditional mobile phone and tablet market reaches a state of saturated competition, the growth engines within the sector are accelerating their shift toward the intelligent data management and smart home segments, which represent the key sources of incremental growth as well as the primary new competitive arenas for the future development of the market.

Intelligent Data Management Products: The maturity of intelligent data management products is driven by AI-fueled data growth and rising data security and regulatory compliance demands. Traditional approaches fail to meet AI-amplified data needs, as AI lifts security and management costs. These products evolve from basic tools into AI-integrated, security-cost balanced solutions toward large-scale adoption.

Smart Home Products: The maturity of smart home products reflects AI-driven transformation of traditional home furnishing, upgrading appliances, creating new forms, lowering barriers to drive consumption upgrades. Its core is a data closed loop enabling continuous optimization, personalized experiences, ecosystem maturity and value realization via full-cycle data collection, storage, analysis and intelligent decision-making.

Chinese Mainland and Global Intelligent Data Management Market Analysis

Major Forms of Intelligent Data Management Products

Intelligent data management products are mainly divided into two categories: Network-Attached Storage (NAS) and cloud storage.

NAS is a dedicated data storage server connected to user devices via TCP/IP protocols over local or wide area networks. Equipped with an independent proprietary operating system, it delivers centralized, reliable data storage, cross-platform file sharing and access services for household and enterprise users, with customizable storage capacity and an application ecosystem. It is ideal for scenarios with strict requirements for data privacy, security and access speed, and will further integrate AI capabilities to evolve toward intelligent data centers in the future.

In contrast, cloud storage is an online data storage service based on cloud computing, provided by third-party service providers via the internet. Users do not need to build or maintain on-premise storage hardware, and can upload data to remote servers operated by providers through the internet, enjoying flexible storage scaling, multi-device synchronization, and robust disaster recovery and backup capabilities.

Future Outlook for Intelligent Data Management Products: Increase of NAS Products Market Share Expected to Continue

Although cloud storage dominates the consumer and small- to medium-sized enterprise (SME) markets, NAS products will continue to enhance their strategic position in intelligent data management. The core advantages of NAS products are reflected in the following aspects:

Data Sovereignty and Privacy Protection Advantages: NAS grants users full control over local/private network data, mitigates cloud risks, meets regulatory compliance, enables local AI inference to eliminate privacy leaks, enhances security via flexible backup, and will strengthen its privacy-compliant storage position amid rising data sovereignty awareness.

Customizable Intelligence and Closed-Loop Ecosystem Advantages: Traditional cloud storage AI functionalities rely on standardized interfaces, making it difficult for users to achieve deep customization. In contrast, as the foundation for AI Agents, NAS is equipped with open systems that support users in independently deploying and fine-tuning proprietary AI models, as well as integrating with IoT devices. This enables AI Agents to learn from users' local data, forming a fully localized intelligent closed-loop ecosystem that delivers personalized services tailored to individual needs, rather than passively accepting generic algorithms from the cloud.

The Collaborative Advantages of Edge Intelligence in Hybrid Architectures: NAS is becoming a core node in the cloud-edge collaborative ecosystem. Future data management will evolve toward cloud elasticity + edge real-time. As an edge node, NAS addresses the issues of cloud storage of network lag and disconnection through low-latency, high-speed local area networks, while undertaking local high-frequency data storage to ensure instant response. Simultaneously, by integrating AI, NAS enables intelligent data tiering, archiving low-frequency data to the cloud. This architecture fully leverages NAS advantages in privacy protection and performance, establishing it as a critical hub connecting the physical and digital worlds.

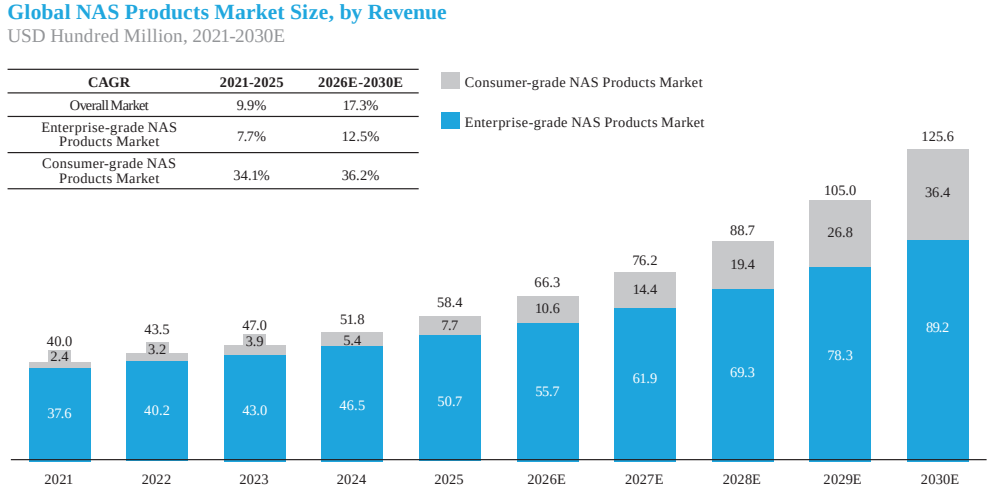
Cost Controllability and Long-term Economic Efficiency Advantages: Compared with the pay-as-you-go pricing model of cloud storage, NAS demonstrates stronger long-term economic efficiency. While cloud service offers lower initial costs, cumulative expenses increase significantly as data volume grows. NAS requires a one-time hardware investment with relatively low ongoing costs and supports flexible capacity expansion, making it suitable for long-term data accumulation scenarios.

Global NAS Market Size Analysis

The global NAS market grew from USD4.0 billion in 2021 to USD5.8 billion in 2025, representing a CAGR of 9.9%, and is expected to reach USD12.56 billion by 2030, driven by increasing data storage demand and improving product accessibility.

By segment, the consumer-grade NAS market expanded from USD0.24 billion to USD0.77 billion in 2025 (21-25 CAGR 34.1%) and is projected to reach USD3.6 billion by 2030 (26-30E CAGR 36.2%), supported by growing demand for data security and home data management. The enterprise-grade NAS market grew from USD3.76 billion to USD5.07 billion (21-25 CAGR 7.7%) and is expected to reach USD8.92 billion by 2030 (26-30E CAGR 12.5%).

Global NAS Products Market Size, by Sales Revenue



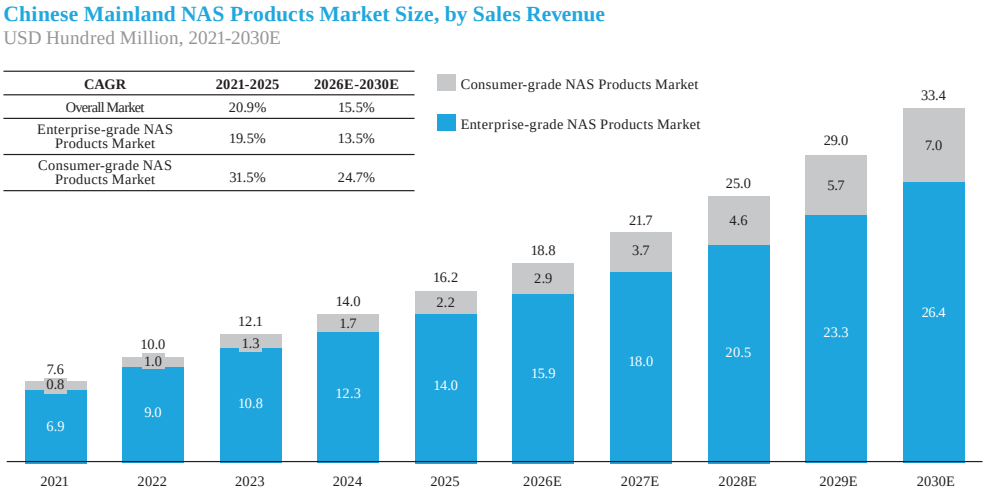
Source: Frost & Sullivan, Expert Interview

Note:* Enterprise-grade NAS products mainly refer to rack-mounted NAS systems, which serve large-scale data storage systems for medium to large enterprises, government bodies, financial institutions, healthcare organisations, research facilities, or data centers. These systems emphasize high reliability and data security. Consumer NAS products, including desktop NAS units, cater to individual users, households, or light business storage needs as data storage and sharing devices. They emphasize ease of use, value for money, and multimedia capabilities.

In the future, consumer-grade NAS devices, serving as home data centers, will become the foundational infrastructure for entire smart home ecosystems. With explosive growth in domestic demand for 8K/16K video content, live streaming creation, and home security storage, an increasing number of households are adopting NAS systems to establish personal data management hubs. These enable centralized storage and multi-device access for photos, videos, and files. Simultaneously, consumer-grade NAS vendors targeting household users have introduced simplified interfaces and intelligent features, including automatic backups, multi-user permission management, and cross-platform file synchronization. These enhancements lower the usage threshold and propel the home data center concept toward widespread adoption.

Overall, the Chinese mainland NAS market has demonstrated a favorable growth trajectory; nevertheless, its aggregate expansion pace remains comparatively modest relative to global markets. From an enterprise perspective, demand for comparable on premise storage infrastructure and data governance solutions is likewise less pronounced in Chinese mainland relative to overseas markets. Within the consumer segment, the widespread availability of cost-efficient domestic public cloud services has significantly dampened the imperative for local NAS adoption.

Chinese Mainland NAS Product Market Size, by Sales Revenue



Source: Frost & Sullivan, IDC

Smart Home Market Growth Further Stimulates the Commercial Development of Home Data Management Products

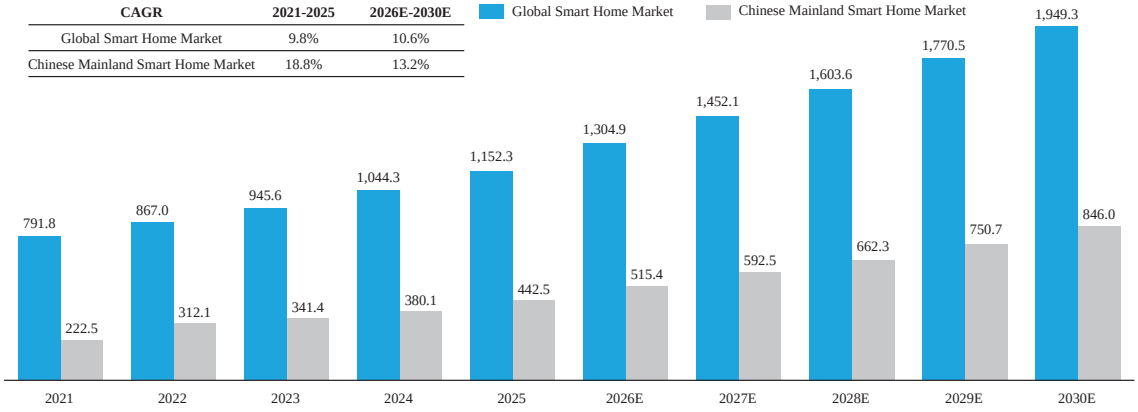
From 2021 to 2025, the global smart home market expanded at a CAGR of 9.8%. This growth was primarily driven by both demand and supply-side factors. On the demand side, rising awareness of home security accelerated the adoption of smart security devices. On the supply side, increasingly mature cross-platform interconnection protocols significantly lowered integration barriers while enhancing system compatibility and ecosystem openness. Looking ahead, the global smart home market is projected to grow at a CAGR of 10.6% between 2026 and 2030. This growth is mainly driven by steadily declining hardware costs and the deep integration of AI with scenario-based user experiences. Meanwhile, Chinese mainland market will enter a new phase of structural optimization and robust growth, projected to grow at a CAGR of 13.2%, with the share of Chinese mainland in the global market increasing to 43.4% in 2030. Within this trajectory, consumer-grade NAS products are evolving from single-purpose centralized storage towards platforms supporting data aggregation, intelligent management, and edge computing capabilities. This evolution thereby provides critical underlying support for coordinated operations and real-time responsiveness within whole-home smart systems.

Global Smart Home Market Size

Global Smart Home Market Size, by Revenue

USD billion, 2021-2030E

CAGR	2021-2025	2026E-2030E
Global Smart Home Market	9.8%	10.6%
Chinese Mainland Smart Home Market	18.8%	13.2%



Source: Frost & Sullivan, Statista, Annual Report of Listed Companies

Analysis of the Market Drivers of Global and Chinese Mainland NAS Products

Sustained Rapid Data Growth and Rising Demand for Distributed Storage: With the accelerated development of the digital economy and informatization, the global data volume is experiencing explosive growth. By 2025, the total global data volume reaches approximately 181 zettabytes (ZB), encompassing both enterprise-level data and multimedia content generated by individual users. Compared to traditional Direct-Attached Storage (DAS), NAS offers superior data manageability and sharing capabilities, making it a core choice for storage upgrade among both enterprise and household users. It simultaneously provides reliable data support for data centers and smart home ecosystems.

Emergence of the Home Data Center Concept in the Consumer Market: Users leverage NAS to centrally manage data, enabling seamless cross-device access. Its core value lies in local AI decision-making and analytics. It serves not only as the cornerstone for smart security and home integration, but also deeply mines various lifestyle data to proactively deliver personalized content recommendations, optimize storage strategies and coordinate devices to provide services aligned with user habits. Combined with streamlined interaction design, NAS is becoming the pivotal entrance to enhancing the quality of digital home life.

Enhanced Awareness of Data Security and Privacy Protection: In response to frequent data breaches and increasingly stringent regulations, both enterprises and individuals are placing greater emphasis on data sovereignty. As a localized storage device, NAS allows core data to be stored in a self-controlled environment, avoiding privacy risks associated with the cloud.

Global and Chinese Mainland NAS Market Development Trends Analysis

Deep Integration with AI Agent and Edge Computing: With the accelerated penetration of generative AI technologies, NAS is transforming from a traditional data storage center into the operational and decision-making foundation for local AI Agents. The next generation of NAS integrates dedicated NPU and powerful computing capabilities, enabling not only centralized management of massive data but also empowering AI Agents to perform model inference, real-time analysis, and automated decision-making directly at the edge. This allows them to proactively deliver low-latency, high-privacy, and continuously evolving personalized intelligent services without relying on the cloud. Looking ahead, as model lightweighting breakthroughs occur, NAS will become the core platform for deploying multimodal large models and supporting complex AI applications, deeply embedded into personal and enterprise intelligent ecosystems, evolving from a simple storage device into an intelligent data hub with true autonomous awareness.

Product Form Factors Showing Polarization toward Lightweight + High Performance: In the consumer market, NAS products are showing a distinct polarization trend. At one end lies the lightweight, low-power mini NAS, while at the other end stands the professional NAS targeting enterprise and high-end users. In the household and individual user segment, mini NAS products have gained broad acceptance due to their compact size, ease of deployment, and simplified maintenance. These devices support home entertainment and light office use, enabling the storage, management, and sharing of multimedia files and supporting the storage of office documents and sharing of files.

Software-Defined Storage (SDS) Emerging as a Core Competitive Advantage: Leading manufacturers are accelerating the transition from hardware sales to integrated hardware-software services to align with digitalization trends. By utilizing open APIs and containerized deployment (Docker/Kubernetes), these solutions achieve efficient and flexible system scalability, lowering the barrier for third-party integration. This strategy aims to build an open ecosystem platform, attracting partners to jointly develop the SDS technology ecosystem and enhance the adaptability and competitiveness of holistic solutions.

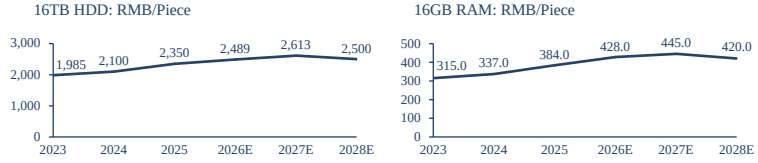
Business Models Shifting towards "Hardware + Software Subscriptions": Faced with hardware homogenization and price competition, the profit margin from hardware alone is shrinking. Manufacturers are shifting focus toward monetization through software and services. By adopting models where basic features are free while value-added functions like cloud synchronization require payment, manufacturers can establish a stable recurring revenue stream, supporting ecosystem development and long-term R&D investment.

Overseas Expansion and Intensified International Competition: Chinese Domestic NAS brands are actively entering Southeast Asia, Europe, America and other markets through cross-border e-commerce platforms like Amazon and Shopee. They are competing with established international brands leveraging competitive system performance, multi-language support, and comprehensive after-sales service. As the competitive focus shifts towards software ecosystems, cloud collaboration, and localized services, the ability to operate globally and cross-cultural service capabilities will determine the winners in overseas markets.

Analysis of the Price of Major Cost Components

For NAS products, the primary raw materials consist of storage components, including 16TB HDDs and 16GB RAM modules. The substantial growth in data demand driven by AI has stimulated robust expansion in the storage sector. Supply-side constraints at upstream wafer fabrication facilities have resulted in a persistent supply shortage in the storage market, impeding the timely shipment of various midstream modules. Affected by both supply-side limitations and surging demand, storage prices are expected to maintain an upward trend. Using 16TB HDDs and 16GB RAM as benchmarks, their prices will continue to rise through 2027 and begin a gradual decline as production capacity at upstream wafer fabs gradually recovers.

Price Chart of Major Components for Consumer-Grade NAS Products



Source: Frost & Sullivan, Expert Interview

Analysis of Competitive Landscape of the Global NAS Product Industry

Shipment Volume and Revenue Ranking of Global Consumer-Grade NAS Providers for the Year Ended December 31, 2025

Ranking	Company Name	Shipment Volume (Units)	Market Share by Shipment Volume (%)	Revenue (RMB Hundred Million)	Market Share by Revenue (%)
1	The Company	401,135	20.6%	9.7	17.5%
2	Company F	247,500	12.7%	9.2	16.7%
3	Company G	215,800	11.1%	6.5	11.8%
4	Company H	79,500	4.1%	2.2	4.0%
5	Company I	64,000	3.3%	1.4	2.6%
	Top 5 Total	**1,007,935**	**51.7%**	**28.9**	**52.6%**

Source: Frost & Sullivan, Annual Report of Listed Companies

Company F, established in Taipei, is a globally leading provider of NAS products and is not publicly listed. The company focuses on the R&D, production, and sales of network storage devices and related software and hardware. Its core products encompass consumer-grade and enterprise-grade NAS systems and network video surveillance systems. Company G, established in Taipei, is a globally leading provider of NAS products listed on the Taipei Exchange. The company specializes in the R&D and sales of network storage devices and intelligent solutions. Its core business covers enterprise-grade storage, high-speed networking equipment, and AI edge computing. Its total asset was RMB20.7 billion as of December 2025; total revenue was RMB13.1 billion for 2025. Company H, established in Nagoya, Japan, is a globally renowned provider of computer peripherals and network solutions. The company is listed on the Tokyo Stock Exchange and Nagoya Stock Exchanges. It is primarily engaged in the R&D, manufacturing, and sales of computer peripherals such as wireless network products, storage devices, and memory modules. Its total asset was RMB3.0 billion as of March 2026; total revenue was RMB4.9 billion for the fiscal year of 2026. Company I, established in Beijing, is a technology company dedicated to private cloud and NAS products and is not publicly listed. The company primarily provides integrated NAS products and intelligent data management services combining hardware and software for individual, household, and enterprise users.

As of December 31, 2025, top five global consumer-grade NAS companies recorded total annual shipments of approximately 1,007,935 units and total annual revenue of approximately RMB2.89 billion. The Company ranked first globally in terms of both shipment volume and revenue.

Entry Barriers: NAS products present relatively high technical barriers due to requirements in data storage stability, system security, multi-device compatibility, and data processing efficiency. Product development involves integrated hardware and software design, intelligent algorithm capabilities, and reliable data protection mechanisms. As consumer-grade NAS increasingly evolves toward edge AI and smart home integration, entrants must also possess cross-disciplinary capabilities in hardware, software, cloud interaction and local intelligence, further increasing entry barriers.

Challenges & Threats: The NAS market is still at a relatively early adoption stage among general consumers, leading to relatively limited market scale and user awareness. It faces competition from public cloud storage services with different usage scenarios and cost structures. Meanwhile, as AI and smart home ecosystems develop rapidly, NAS products require continuous functional innovation to avoid obsolescence. Upstream component costs and the need for long-term software iteration and after-sales support also present operational challenges.

LAWS, REGULATIONS AND POLICIES OF THE PRC

This section summarizes certain aspects of the laws, regulations and policies of the PRC relating to the Company's business operations.

Laws and Regulations on E-commerce

According to the E-commerce Law of the People's Republic of China (《中華人民共和國電子商務法》), which was promulgated by the Standing Committee of the National People's Congress (the "**NPCSC**") on August 31, 2018, came into effect on January 1, 2019, and set out fundamental regulations for e-commerce operators' business activities. Under this Law, an e-commerce operator shall follow the principles of willingness, equality, fairness, and good faith in their business operations, abide by the laws and business ethics, participate fairly in market competition, fulfill their obligations in aspects such as protection of consumer rights and interests, protection of environment, protection of intellectual property rights, cybersecurity, and protection of personal data, and assume responsibility for the quality of its products and services.

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》), which was latest amended by the NPCSC on December 29, 2018, and came into effect on the same day, the market regulatory authority of the State Council is responsible for the supervision of product quality nationwide. Production and sales of products that do not meet relevant standards and requirements for safeguarding human health and property safety are prohibited. Products must be free from unreasonable risks that endanger personal and property safety. For any personal injury or property damage caused by a defective product, the injured party may claim damages from the producer or the seller. Any enterprise and any seller that produces or sells sub-standard products may be ordered to cease the production and selling activities, and may have their products confiscated and/or be fined; if there is illegal income, such illegal income is subject to confiscation; in serious cases, their business license may be revoked.

According to the Provisions on the Administration of Compulsory Product Certification (《強制性產品認證管理規定》), which was latest amended by the State Administration for Market Regulation on September 29, 2022, and came into effect on November 1, 2022, with respect to the products subject to compulsory product certification, the state has catalog of products (the "**Catalog**"), a uniform compulsory technical requirements, standards and compliance review procedures, a uniform certification marks and a uniform fee-charging standards. The producers, the distributors and the importers of the products listed in the Catalog shall entrust the certification bodies designated by State Administration for Market Regulation to certify the products produced, sold or imported by them.

Pursuant to the Compulsory Product Certification Implementation Rules for Power Banks, Lithium-Ion Batteries, and Battery Packs (Trial) (《強制性產品認證實施規則移動電源、鋰離子電池和電池組(試行)》) promulgated by the National Certification and Accreditation Administration on July 28, 2025, and came into effect on August 15, 2025, the relevant designated certification bodies shall, in accordance with the New Rules and the general implementation rules for compulsory product certification, formulate corresponding detailed implementation documents for certification, and may implement certification and issue certificates pursuant to the New Rules only after filing such documents with the National Certification and Accreditation Administration. Valid compulsory product certificates issued prior may continue to be used, and the conversion of certificates shall be completed through natural transitions such as renewal upon expiration, product changes, and revisions to standards.

According to the Interim Provisions on the Administration of Consumer Product Recalls (《消費品召回管理暫行規定》) promulgated by the State Administration for Market Regulation on November 21, 2019, and came into effect on January 1, 2020, manufacturers shall be responsible for the safety of the consumer products they produce. If a consumer product is defective, the manufacturer shall initiate a recall.

Laws and Regulations on Import and Export

According to the Regulation of the People's Republic of China on Administration of Import and Export of Goods (《中華人民共和國貨物進出口管理條例》), which was latest amended by the State Council on March 10, 2024, and came into effect on May 1, 2024, the state allows free import and export of goods and maintains the fairness and orderliness of import and export trading in accordance with the laws. Unless it is expressly prohibited or restricted by laws and administrative regulations, no entity or individual may establish or maintain prohibitive or restrictive measures on import and export of goods.

According to the Customs Law of the People's Republic of China (《中華人民共和國海關法》), which was latest amended by the NPCSC on April 29, 2021, and came into effect on the same day, the Customs is the government agency that supervises and controls over the goods entering and leaving the customs territory. It has the power to supervise and control the means of transport, goods, travelers' luggage, postal items, and any other items entering and leaving the customs territory, collect customs duties and any other taxes and fees, suppress smuggling, compile customs statistics, and handle any other customs operations. Declaration entities refer to the consignees of imported goods, the consignors of exported goods, and the customs declaration entities registered with the customs. The consignees of imported goods and the consignors of exported goods may handle customs declaration procedures by themselves or entrust an agent to handle such procedures.

According to the Law of the People's Republic of China on Import and Export Commodity Inspection (《中華人民共和國進出口商品檢驗法》), which was latest amended by the NPCSC on April 29, 2021, and came into effect on the same day, and the Regulations for the Implementation of the Law of the People's Republic of China on Import and Export Commodity Inspection (《中華人民共和國進出口商品檢驗法實施條例》), which was latest amended by the State Council on March 29, 2022, and came into effect on May 1, 2022, the General Administration of Customs of the People's Republic of China (the "**GAC**") is in charge of the import and export commodity inspection of the whole country. The entry-exit inspection and quarantine agency under it conducts inspection on import and export of the commodities listed in the Catalog and import and export of any other commodities that are subject to the inspection by the entry-exit inspection and quarantine agencies as stipulated by laws and administrative regulations. For import and export of commodities not subject to the aforementioned inspections, the entry-exit inspection and quarantine agency conducts random inspections in accordance with the state's regulations. Imported commodities that are subject to inspection but have not been inspected are not allowed to be sold or used. Exported commodities that are subject to inspection but have not been inspected or have failed the inspection are not allowed to be exported. The consignees or the consignors of imported and exported commodities may handle inspection declaration procedures by themselves or entrust inspection and customs declaration entities to handle such procedures.

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》), which was promulgated by the GAC on November 19, 2021, and came into effect on January 1, 2022, the consignees and the consignors of imported and exported goods and the customs declaration entities are required to apply for recordation with the customs. The recordation information will be published through the Credit Publicity Platform of Import and Export Business of Customs of the People's Republic of China (中國海關企業進出口信用信息公示平台).

Laws and Regulations on Consumer Protection

According to the Law of the People's Republic of China on the Protection of Consumer Rights and Interests (《中華人民共和國消費者權益保護法》), which was latest amended by the NPCSC on October 25, 2013, and came into effect on March 15, 2014, business operators shall, in provision of the goods they produce or sell or provision of services, to the consumers, abide by the Law of the People's Republic of China on the Protection of Consumer Rights and Interests. If a business operator fails to fulfill its obligation of consumer safety and causes damage to the consumers, it is subject to liability under tort law. If a business operator provides goods or services in violation of relevant provisions of the Law of the People's Republic of China on the Protection of Consumer Rights and Interests, which infringes on the legitimate rights and interests of consumers and constitutes a crime, such business operator is rendered liable for criminal investigation in accordance with the law.

According to the Measures for the Supervision and Administration of Online Transactions (《網絡交易監督管理辦法》), which was amended by the State Administration for Market Regulation on March 18, 2025, and came into effect on May 1, 2025, the commercial activities of selling goods or providing services through the Internet or any other information networks are regulated. Operators engaged in online transactions shall complete the registration of market entities in accordance with the law unless any law provides otherwise, truthfully disclose their business licenses and information on their products/services, adhere to the principles of willingness, fairness, and good faith, protect the rights and interests of consumers, and are not allowed to operate without licenses, make false misrepresentation, or sell counterfeit or sub-standard goods. Operators must accept the supervision and inspection of market regulatory authorities.

Laws and Regulations on Anti-unfair Competition

According 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》) (the "**Anti-Unfair Competition Law**"), which was latest amended by the NPCSC on June 27, 2025, and came into effect on October 15, 2025, business operators shall follow the principles of willingness, equality, fairness, and good faith in their production and business activities, and abide by laws and business ethics. The act of unfair competition under the Anti-Unfair Competition Law means any act of a business operator in its production or business activities that violates the provisions of the Anti-Unfair Competition Law, disrupts the order of market competition, and causes damage to the legitimate rights and interests of other business operators or consumers. Business operators who violate the provisions of the Anti-Unfair Competition Law are subject to civil, administrative, or criminal liability depending on the specific circumstances.

According to the Anti-Monopoly Law of the People's Republic of China (《中華人民共和國反壟斷法》) (the "**Anti-Monopoly Law**"), which was latest amended by the NPCSC on June 24, 2022, and came into effect on August 1, 2022, the Anti-Monopoly Law applies to the monopolistic conducts in economic activities within the territory of the PRC, and the monopolistic conducts outside the territory of the PRC that have eliminating or restricting the domestic market competition. The term "monopolistic conducts" stipulated in the Anti-Monopoly Law include monopoly agreements reached between business operators, abusing by a business operator of its dominant market position, and the concentration of operators that has or may have the effect of eliminating or restricting market competition. The agency responsible for anti-monopoly law enforcement designated by the State Council is responsible for anti-monopoly law enforcement in accordance with the provisions of the Anti-Monopoly Law. The anti-monopoly law enforcement agency under the State Council may, as required to cope with the workload, delegate the corresponding agencies of the people's governments of provinces, autonomous regions, and municipalities directly under the Central Government to be responsible for relevant anti-monopoly

law enforcement. If an operator violates the provisions of the Anti-Monopoly Law, it may be liable for a fine imposed, have its illegal income confiscated, or be ordered to cease the illegal acts, by the anti-monopoly law enforcement agency.

Laws and Regulations on Advertising

According to the Advertising Law of the People's Republic of China (《中華人民共和國廣告法》), which was latest amended by the NPCSC on April 29, 2021, and came into effect on the same day, advertisements are not allowed to contain false or misleading content, and to deceive or mislead consumers. Advertising endorsers who make recommendations or provide proof for products or services in advertisements shall do so based on facts and comply with this Law and relevant laws and administrative regulations, and is not allowed to make recommendations or provide proof for any products they have not used or services they have not received.

According to the Measures for the Administration of Internet Advertising (《互聯網廣告管理辦法》), which was promulgated by the State Administration for Market Regulation on February 25, 2023, and came into effect on May 1, 2023, Internet advertisements should be identifiable so that consumers can recognize them as advertisements. Advertisers are responsible for the authenticity of the content of Internet advertisements.

Laws and Regulations on Foreign Investment, Overseas Investment, and Foreign Exchange Regulation

Foreign investment

According to the Company Law of the People's Republic of China (《中華人民共和國公司法》), which was amended by the NPCSC on December 29, 2023, and came into effect on July 1, 2024, companies established within the territory of the PRC may take the form of limited liability companies or joint-stock limited companies. A company has the status of a legal person and has separate property. The Company Law of the People's Republic of China also applies to foreign-invested enterprises.

According to the Foreign Investment Law of the People's Republic of China (《中華人民共和國外商投資法》), which was promulgated by the National People's Congress on March 15, 2019, and came into effect on January 1, 2020, and the Regulation for Implementation of 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》), which was promulgated by the State Council on December 26, 2019, and came into effect on January 1, 2020, the state implements the management systems of pre-establishment national treatment and negative list for foreign investment. Foreign investors are not allowed to invest in any field forbidden by the negative list for foreign investment; for any field restricted by the negative list, foreign investors shall conform to the investment conditions as required; fields not included in the negative list are managed under the principle that domestic investment and foreign investment shall be treated uniformly. Meanwhile, the competent government authorities may, based on the needs of national economy and social development, formulate a catalogue of encouraged industries for foreign investment, stipulating the specific industries, fields and areas in which foreign investors are encouraged and guided to invest.

Laws and regulations on overseas investment

According to the Administrative Measures for Overseas Investment (《境外投資管理辦法》), which was promulgated by the Ministry of Commerce on September 6, 2014, and came into effect on October 6, 2014, the Ministry of Commerce and provincial competent commerce authorities carry out administration either by record-filing or approval, depending on different circumstances

of overseas investment by enterprises. Overseas investment by an enterprise that involves sensitive countries and regions or sensitive industries is subject to administration by approval. Overseas investment by an enterprise that falls in any other circumstances is subject to administration by record-filing.

According to the Measures for Administration of Overseas Investment by Enterprises (《企業境外投資管理辦法》), which was promulgated by the NDRC on December 26, 2017, and came into effect on March 1, 2018, for a domestic enterprise of the PRC (the "**Investment Entity**") to make an overseas investment, it shall obtain approval or complete record-filing for overseas investment projects (the "**Projects**"), report relevant information, and cooperate with supervision and inspection. The scope of approval covers sensitive Projects carried out by investors directly or through overseas enterprises controlled by them. The scope of record-filing covers non-sensitive Projects directly carried out by investors, which are non-sensitive Projects involving the direct contribution of assets or interests, or provision of financing or guarantee by the Investment Entity. The Catalogue of Sensitive Industries for Overseas Investment (2018 Edition) (《境外投資敏感行業目錄(2018年版)》), which was promulgated by the NDRC on January 31, 2018, and came into effect on March 1, 2018, sets out specific sensitive industries in detail.

Laws and regulations on foreign exchange regulation

According to the Regulation of the People's Republic of China on Foreign Exchange Administration (《中華人民共和國外匯管理條例》), which was promulgated by the State Council on August 5, 2008, and came into effect on the same day, international balance of payments for transaction items, including those related to goods, services, income and current transfers, are regarded as current accounts, under which the foreign exchange payments may, in accordance with the regulations on foreign exchange payment and purchase of the foreign exchange administration department of the State Council, be paid with self-owned foreign exchange or by purchasing foreign exchange with valid invoices and documents from financial institutions engaged in foreign exchange settlement and sales business. Domestic entities and individuals shall go through registration procedures in accordance with the regulations of the foreign exchange administration department of the State Council when making direct overseas investments or offering and trading of marketable securities and derivatives overseas.

According to the Circular on Relevant Issues Concerning the Administration of Foreign Exchange for Overseas Listings (《關於境外上市外匯管理有關問題的通知》), which was promulgated by the State Administration of Foreign Exchange on December 26, 2014, and came into effect on the same date, a domestic company shall, within 15 business days from the date of the end of its overseas listing and issuance, register the overseas listing with the local foreign exchange administration at the place of its incorporation. The proceeds raised by the domestic companies through overseas listing may be remitted to the domestic account or deposited in an overseas account, provided that the use of the proceeds is consistent with that listed in the document and any other public disclosure documents.

According to the Circular of the State Administration of Foreign Exchange on Further Simplifying and Improving the Policies for Foreign Exchange Administration of Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》), which was promulgated by the State Administration of Foreign Exchange in February 13, 2015 and came into effect on June 1, 2015 (which was partially abolished in December 2019), the approval of the foreign exchange registration for overseas direct investment has been abolished. Banks shall directly examine and handle the foreign exchange registration for overseas direct investment. The State Administration of Foreign Exchange and its branches implement indirect supervision over the foreign exchange registration for overseas direct investment through banks.

Laws and Regulations on Intellectual Property Right

Patents

According to the Patent Law of the People's Republic of China (《中華人民共和國專利法》) (the "**Patent Law**"), which was latest amended by the NPCSC on October 17, 2020, and came into effect on June 1, 2021, and the Rules for the Implementation 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》), which was latest amended by the State Council on December 11, 2023, and came into effect on January 20, 2024, patents are classified into three categories: invention, utility model, and design. The period for an invention patent right is twenty years, the period for a utility model patent right is ten years, and the period for a design patent right is fifteen years, all commencing from the date of application. After an invention or utility model patent is granted, unless otherwise provided in the Patent Law, no entity or individual may exploit the patent without the permission of the patentee, that is, to make, use, promise the sale of, sell, or import the patented product, or use the patented process, or use, promise the sale of, sell, or import the product directly obtained from the patented process for production and business purposes. After a patent is granted for a design, no entity or individual may exploit the patent without the permission of the patentee, that is, to make, promise the sale of, sell, or import the product incorporating the patented design for production and business purposes.

Trademarks

According to the Trademark Law of the People's Republic of China (《中華人民共和國商標法》), which was latest amended by the NPCSC on April 23, 2019 and came into effect on November 1, 2019, and the Regulation on the Implementation 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》), which was latest amended by the State Council on April 29, 2014 and came into effect on May 1, 2014, trademarks registered upon approval by the Trademark Office are registered trademarks. Trademark registrants enjoy the exclusive right to use the trademarks, which are protected by law. The period of validity of a registered trademark is ten years, commencing from the date of approval of the registration. For continuous using the registered trademark after the expiration of the period of validity, the trademark registrant has to go through the renewal formalities as required within twelve months before the expiration. If the renewal formalities are not completed within this period, a grace period of six months may be granted. The period of validity for each renewal registration is ten years, commencing from the date after the expiration of the previous period of validity of the trademark. If the renewal formalities are not completed upon expiration, the registered trademark will be cancelled.

Copyright

According to the Copyright Law of the People's Republic of China (《中華人民共和國著作權法》), which was latest amended by the NPCSC on November 11, 2020 and came into effect on June 1, 2021, and the Regulations for the Implementation of the Copyright Law of the People's Republic of China (《中華人民共和國著作權法實施條例》), which was latest amended by the State Council on January 30, 2013 and came into effect on March 1, 2013, citizens, legal persons or any unincorporated bodies of the PRC enjoy copyrights in their works, regardless of whether published or not, in accordance with the law. Works refer to intellectual creations in the fields of literature, art and science, which possesses originality and are capable of being expressed in a certain form. Copyright owners enjoy a number of personality rights and property rights, including the right of publication, the right of authorship, the right of alteration, the right of integrity, the right of reproduction, the right of distribution, the right of rental, the right of exhibition, the right of performance, the right of projection, the right of broadcasting, the right of information network dissemination, the right of cinematography, the right of adaptation, the right of translation, the right of compilation, and any other rights that are vested to the copyright owner.

According to the Regulation on the Protection of Computer Software (《計算機軟件保護條例》), which was latest amended by the State Council on January 30, 2013 and came into effect on March 1, 2013, and the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》), which was latest amended by the National Copyright Administration on June 18, 2004 and came into effect on July 1, 2004, computer software (the "**Software**") refers to computer programs and their related files. Citizens, legal persons, or any other entities of the PRC enjoy copyright in accordance with the Regulation on the Protection of Computer Software for the software they develop, whether published or not. Software copyright arises from the date of completion of development of such software. The period for which the software copyright of a legal person or any other entity is protected is 50 years, ending on December 31 of the 50th year after the first publication of the software. However, if a software remains unpublished within 50 years from the date of completion of its development, it will no longer be protected.

Domain names

According to the Measures for the Administration of Internet Domain Names (《互聯網域名管理辦法》), which was promulgated by the Ministry of Industry and Information Technology on August 24, 2017 and came into effect on November 1, 2017, the Ministry of Industry and Information Technology is responsible for supervision and administration of domain name services nationwide. Domain name registration is handled by domain name registration service agencies established in accordance with relevant regulations. An applicant, once the registration having been successfully completed, becomes the domain name holder.

Laws and Regulations on Transfer Pricing

Pursuant to the EIT Law and its implementation rules and the Law of the People's Republic of China on the Administration of Tax Collection (《中華人民共和國稅收徵收管理法》), which was first promulgated on September 4, 1992 by the NPCSC and amended on February 28, 1995, April 28, 2001, June 29, 2013 and April 24, 2015, related party transactions should comply with the arm's length principle. In the event that the related party transactions fail to comply with the arm's length principle resulting in the reduction of the enterprise's taxable income, the tax authority has power to make adjustments with reasonable methods within ten years from the tax paying year that the non-compliant related party transaction had occurred. Pursuant to such laws and regulations, any company entering into related party transactions with another company shall submit an annual related party transactions reporting form (年度關聯業務往來報告表) to the tax authority.

Based on the Announcement of the State Administration of Taxation on Matters Relating to the Improvement of Affiliated Declaration and Contemporaneous Document Management (《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 and became effective on June 29, 2016, enterprises which have related-party transactions shall prepare their contemporaneous documentation of related-party transactions (同期資料) per tax year and submit to the tax authority if required by the same. Contemporaneous documentation includes the master file (主體文檔), local file (本地文檔) and special issue file (特殊事項文檔), each of which is applied to different circumstances in relation to the related-party transactions of the PRC company.

According to the Announcement of the State Administration of Taxation on Promulgating the Administrative Measures for Special Tax Investigation Adjustments and Mutual Agreement Procedures (《國家稅務總局關於發佈特別納稅調查調整及相互協商程序管理辦法的公告》) which partially repealed the Implementation Regulations for Special Tax Adjustments (Trial) (《特別納稅調整實施辦法(試行)》), and was issued on March 17, 2017 and became effective on May 1, 2017 and was amended on June 15, 2018, if an enterprise receives a special tax adjustment risk warning from tax authorities or detects in itself any special tax adjustment risk, the enterprise may carry out voluntary adjustments regarding tax payment matters and the relevant tax authority may still proceed with special tax investigation adjustment procedures according to the relevant provisions.

Laws and Regulations on Cybersecurity and Data Security

According to the Cybersecurity Law of the People's Republic of China (《中華人民共和國網絡安全法》), which was latest amended by the NPCSC on October 28, 2025, and came into effect on January 1, 2026, network operators are defined as the owners, administrators, and providers of network services. When conducting business activities and providing services, network operators shall abide by laws and regulations and fulfill their obligations for network security protection. For construction or operation of the networks or provision of services through the networks, operators shall, in accordance with the provisions of laws and regulations and the mandatory requirements of national standards, adopt technical measures and any other necessary measures to ensure the safe and stable operation of the networks, effectively respond to cybersecurity incidents, prevent illegal and criminal activities committed on the network, maintain the integrity, confidentiality, and availability of network data. In addition, network operators are not allowed to collect personal data unrelated to the services they provide, or collect or use any personal data in violation of laws, regulations and the agreement between the two parties.

According to the Data Security Law of the People's Republic of China (《中華人民共和國數據安全法》), which was promulgated by the NPCSC on June 10, 2021, and came into effect on September 1, 2021, the state has established a classification and hierarchical system for data protection to classify, and provide hierarchical protection to, the data. Entities that carry out data processing activities are required to establish and improve their full-process data security management systems, organize data education and training, and take corresponding technical measures and any other necessary measures to ensure data security in accordance with the provisions of laws and regulations.

According to the Personal Information Protection Law of the People's Republic of China (《中華人民共和國個人信息保護法》), which was promulgated by the NPCSC on August 20, 2021, and came into effect on November 1, 2021, personal information shall be processed under the principles of lawfulness, legitimacy, necessity and good faith, and shall not be processed in a way that is misleading, fraudulent or coercive. Personal information processing shall be carried out for a clear and reasonable purpose, directly related to the processing purpose and in a manner that has the minimum impact on the rights and interests of individuals. Collection of personal information should be limited to the minimum scope necessary for achieving the processing purpose and should not be excessive. Personal information processors shall be responsible for their personal information processing activities, and take necessary measures to ensure the security of the personal information they process.

Pursuant to the Regulations on the Management of Online Data Security promulgated by the State Council on September 24, 2024, and came into effect on January 1, 2025, an online data processor refers to an individual or organization that independently determines the purpose and methods of processing in the course of online data processing activities. Where the online data processing activities of an online data processor affect or may affect national security, such activities shall undergo a national security review in accordance with relevant regulations.

Pursuant to the Measures on Security Assessment of Cross-border Data Transfer (《數據出境安全評估辦法》) promulgated by the Cyberspace Administration of China on July 7, 2022, and came into effect on September 1, 2022, data processors transferring data abroad must, under certain circumstances, apply for a security assessment of cross-border data transfer through the provincial-level cyberspace administration department in their locality to the national cyberspace administration department.

Laws and Regulations on Housing Leasing

According to the Urban Real Estate Administration Law of the People's Republic of China (《中華人民共和國城市房地產管理法》), which was latest amended by the NPCSC on August 26,

2019, and came into effect on January 1, 2020, and the Measures for the Administration of Commodity Housing Leasing (《商品房屋租賃管理辦法》), which was promulgated by the Ministry of Housing and Urban-Rural Development on December 1, 2010, and came into effect on February 1, 2011, a lessor and a lessee are required to enter into a written lease contract which sets out the clauses on the term of the lease, the purposes of the lease, the rental, responsibility for repair and maintenance, and any other rights and obligations of both parties, and file the lease contract with the competent construction (real estate) administration authorities of the people's government of the municipality directly under the Central Government, city, or county where the leased property is located for registration within 30 days upon such contract is entered into.

Laws and Regulations on Environmental Protection and Work Safety

Environmental protection

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》), which was latest amended by the NPCSC on April 24, 2014, and came into effect on January 1, 2015, the competent environmental protection department of the State Council formulates national environmental quality standards and national pollutant discharge standards, and generally supervises and administers the national environmental protection work. The pollution prevention facilities in a construction project are required to be designed, constructed, and put into use simultaneously with the main project. The pollution prevention facilities are required to meet the requirements of the approved environmental impact assessment documents and is not allowed to be dismantled or left idle without permission.

Work safety

According to the Work Safety Law of the People's Republic of China (《中華人民共和國安全生產法》), which was latest amended by the NPCSC on June 10, 2021, and came into effect on September 1, 2021, production and business entities shall meet the work safety conditions stipulated in this Law, relevant laws, administrative regulations, national standards, or industrial standards. Entities that do not meet the work safety conditions are not allowed to carry out production and business activities. The all-staff work safety responsibility system of production and business entities should clearly list the responsible persons, scope of responsibilities, and appraisal standards for each post. Production and business entities shall establish corresponding mechanisms to strengthen the supervision and assessment of the implementation of the all-staff work safety responsibility system and ensure its implementation.

Laws and Regulations on Labor and Social Security

Labor Law and Labor Contract Law

According to the Labor Law of the People's Republic of China (《中華人民共和國勞動法》), which was latest amended by the NPCSC on December 29, 2018, and came into effect on the same day, and the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》), which was latest amended by the NPCSC on December 28, 2012, and came into effect on July 1, 2013, labor contracts are required for the establishment of employment relations. The wage of an employee to whom an employer pay must not be lower than the local minimum wage standard. An employer shall establish and improve its labor rules and regulations in accordance with the law to ensure that the employees enjoy their labor rights and perform the employment obligations. When an employer recruits an employee, it shall faithfully inform the candidate of the duties, conditions and location of the job, occupational hazards, work safety conditions, remuneration, and any other information that the candidate requests to know.

Social insurance and housing provident fund

According to the Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》), which was latest amended by the NPCSC on December 29, 2018 and came into effect on the same day, the Interim Regulation on the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》), which was latest amended by the State Council on March 24, 2019 and came into effect on the same day, and the Regulations on the Administration of Housing Provident Funds (《住房公積金管理條例》) which was latest amended by the State Council on March 24, 2019 and came into effect on the same day, employers shall pay basic endowment insurance, basic medical insurance, unemployment insurance, maternity insurance, work-related injury insurance and housing provident fund for their employees. If an employer fails to pay social insurance premiums in full and on time, the social insurance premium collection agency has the power to order it to pay or make up the premiums within a time limit and to charge a late-payment fine of 0.05% of the unpaid amount per day commencing from the date of default. If the employer still defaults on payment upon the expiry of the time limit, the relevant administrative authority shall impose a fine of not less than one time but not more than three times the amount of the unpaid premiums. If an employer fails to pay or underpays the housing provident fund upon the expiry of the time limit, the housing provident fund administration center has the power to order it to make the payment within a time limit. If it still defaults on payment upon the expiry of the time limit, the center may apply to the people's court for enforcement.

According to The Interpretation of the Supreme People's Court on the Application of Law in the Trial of Labor Dispute Cases (II) (《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 issued by the Supreme People's Court on July 31, 2025 and came into effect on September 1, 2025, if an employer enters into an agreement with an employee or the employee accepts that the employer does not have to pay the social insurance premiums, the people's court should determine that such agreement or acceptance is invalid. If an employer fails to pay social insurance premiums in accordance with the law, and the employee requests to discharge the labor contract in accordance with Paragraph 3, Article 38 of the Labor Contract Law and the employer shall pay economic compensation, the people's court shall support such request in accordance with the law. Under the aforesaid circumstances, if the employer requests the employee to repay the paid social insurance premium compensation after paying the social insurance premium in accordance with the law, the people's court shall support such request in accordance with the law.

Laws and Regulations on Taxation

Enterprise income tax

According to 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》), which was latest amended by the NPCSC on December 29, 2018 and came into effect on the same day, and the Regulation on the Implementation 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》), which was amended by the State Council on December 6, 2024 and came into effect on January 20, 2025, a unified enterprise income tax rate of 25% is applicable to both foreign-invested enterprises and domestic-funded enterprises, and preferential tax treatments are granted to special industries and projects. Eligible small and low-profit enterprises are subject to a reduced enterprise income tax rate of 20%. For key high-tech enterprises that need to be supported by the PRC government, the enterprise income tax is levied at a reduced rate of 15%.

Value-added tax

According to the Value-added Tax Law of the People's Republic of China (《中華人民共和國增值税法》), which was promulgated by the NPCSC on December 25, 2024, and came into effect on January 1, 2026, the tax rate for taxpayers who are engaged in the sale of goods, provision of tangible movable property leasing services, and import of goods is 13%; the tax rate for taxpayers who are engaged in the sale of services and intangible assets is 6%; the tax rate for taxpayers who are engaged in export of goods is zero (except as otherwise stipulated by the State Council). The tax rate for domestic entities and individuals who are engaged in cross-border sale of services and intangible assets within the scope stipulated by the State Council is zero.

Laws and Regulations on Overseas Securities Offering and Listing by Domestic Enterprises

According to the Securities Law of the People's Republic of China (《中華人民共和國證券法》) (the "**Securities Law**"), which was latest amended by the NPCSC on December 28, 2019 and came into effect on March 1, 2020, this Law applies to the issuance and transaction of stocks, corporate bonds, depositary receipts and any other securities legally recognized by the State Council within the territory of the People's Republic of China. If there are no provisions in this Law, the provisions of the Company Law of the People's Republic of China and any other laws and administrative regulations apply. A domestic enterprise that directly or indirectly issues its securities abroad or have its securities listed and traded abroad shall comply with the relevant regulations of the State Council. Specific measures for the subscription and trading of shares of domestic companies in foreign currencies have been separately promulgated by the State Council. The China Securities Regulatory Commission (the "**CSRC**") is the securities regulatory body established by the State Council to implement centralized and unified supervision and administration of the national securities market in accordance with the law. Currently, the issuance and trading of H Shares are mainly governed by regulations and departmental rules promulgated by the State Council and the CSRC.

According to the Trial Measures on the Administration of Overseas Securities Offerings and Listing by Domestic Enterprises (《境內企業境外發行證券和上市管理試行辦法》) (the "**Overseas Listing Measures**"), which was promulgated by the CSRC on February 17, 2023 and came into effect on March 31, 2023, domestic enterprises offering their shares and having them listed overseas shall undergo the recordation formalities with the CSRC in accordance with these Measures, submit the recordation report, legal opinion and any other relevant materials, and truthfully, accurately and completely explain the information on shareholders. If an issuer conducts an initial public offering or listing overseas, it shall undergo the recordation formalities with the CSRC within 3 working days upon the submission of the application documents for issuance and listing overseas.

According to the Provisions on Strengthening the Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》), which was jointly promulgated by the CSRC and other relevant authorities on February 24, 2023 and came into effect on March 31, 2023, in the overseas offering and listing activities of domestic enterprises, domestic enterprises and securities companies and securities service providers that provide corresponding services shall strictly abide by relevant laws and regulations of the People's Republic of China and the requirements of these Provisions, enhance legal awareness of safeguarding state secrets and strengthening their archives administration, establish and improve their confidentiality and archives work system, and take necessary measures to fulfill their confidentiality and archives administration obligations, and shall not divulge state secrets and the work secrets of state organs, and harm national interests and public interests. A domestic enterprise that, either directly or through its overseas listed entity, provides or publicly discloses to relevant securities companies,

securities service providers, overseas regulators, and any other entities and individuals any documents or materials that involve state secrets or work secrets of state organs shall obtain approval from the competent department with examination and approval authority for approval in accordance with the law, and report to the confidentiality administrative department at the same level for record. Domestic enterprises, or through their overseas listed entities, provide and publicly disclose any other documents and materials that will adversely affect national security or public interests after leakage to relevant securities companies, securities service providers, overseas regulatory agencies and any other entities and individuals shall strictly implement corresponding procedures in accordance with relevant state regulations.

LAWS, REGULATIONS AND POLICIES OF HONG KONG

Laws and Regulations on Business Registration

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

Every person, (a company or individual), who carries on a business in Hong Kong is required under the BRO to apply for a business registration certificate from the Hong Kong Inland Revenue Department ("**HKIRD**") 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 HKIRD 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.

Laws and Regulations on Sale of Goods and Consumer Protection

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

The Sale of Goods Ordinance (SOGO) governs contracts for the sale of goods in Hong Kong, including formation, performance, transfer of title, and remedies, and implies key terms into sale contracts to ensure product quality and suitability. These include requirements that goods sold by description must match that description, that goods sold in the course of business must be of merchantable quality (including being fit, safe, durable, and free from defects to a reasonable standard), and that goods must be reasonably fit for any expressly or impliedly stated purpose made known to the seller. Where there is a breach of warranty, the buyer is not entitled to reject the goods solely on that basis but may instead claim damages or reduce or extinguish the price, preserving contractual performance while allowing monetary remedies.

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: (i) misleading omission; (ii) aggressive commercial practices; (iii) bait advertising; (iv) bait and switch; and (v) 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 Control of Exemption Clauses Ordinance (CECO) restricts the extent to which contractual terms or notices can exclude or limit liability for breach of contract, negligence, or other duty. Liability for death or personal injury caused by negligence cannot be excluded, and exclusions for other loss or damage are only valid if they satisfy a statutory reasonableness test. In consumer contracts or where standard terms are used, clauses that exclude liability for breach, allow substantially different or no performance, or impose indemnities for another party's negligence or breach are also subject to the same reasonableness requirement. A term is reasonable only if it is fair in light of circumstances known or reasonably foreseeable at the time of contracting, as determined by a court or arbitrator.

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.

Laws and Regulations on Importation and Exportation of Goods

Import and Export Ordinance (Chapter 60 of the Laws of Hong Kong) (the "Import and Export Ordinance")

The Import and Export Ordinance regulates the import, export, and intra-Hong Kong handling of goods, requiring licenses for certain prohibited or reserved articles issued by the Director-General of Trade and Industry. Where applicable, transport operators must submit licenses and manifests within 14 days, and importers and exporters must file accurate declarations with the Commissioner of Customs and Excise within the same time frame under the Import and Export (Registration) Regulations. While Hong Kong is a free port with no customs tariffs, compliance obligations still apply to controlled goods, including licensing, reporting, and declaration requirements enforced through customs and trade authorities.

Laws and Regulations on Data Protection

Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) ("PDPO")

The PDPO imposes legally binding obligations on data users to comply with six Data Protection Principles, which require personal data to be collected fairly and lawfully for a specific purpose, with proper notice to individuals, including the purpose of collection and their rights of access and correction. It also requires data to be accurate, retained only as long as necessary, used only for agreed or lawful purposes, and protected by reasonable security measures against unauthorized or accidental access, loss, or misuse, while ensuring transparency about data practices and enabling individuals to understand and access their personal data.

Individuals are entitled to access and request correction of their personal data, and data users must respond with reasons if access is refused. The Privacy Commissioner may issue enforcement notices requiring compliance and remediation, and failure to comply constitutes an offence punishable by fines and imprisonment, with higher penalties for repeat offences and continuing violations, subject to a due diligence defence.

Laws and Regulations on Intellectual Property

Trade Marks Ordinance (Chapter 559 of the Laws of Hong Kong) ("TMO")

The TMO governs the registration and protection of trademarks in Hong Kong and provides that infringement occurs where a sign is used in the course of trade that is identical or similar to a registered trademark in relation to identical or similar goods or services, where such use is likely to cause public confusion. It also covers use of identical or similar marks on dissimilar goods or services where the trademark is well-known under the Paris Convention and such use unfairly exploits or harms its distinctiveness or reputation. Trademark owners may bring legal action for remedies including damages, injunctions, accounts, or other relief.

Copyright Ordinance (Chapter 528 of the Laws of Hong Kong) ("Copyright Ordinance")

The Copyright Ordinance grants copyright owners exclusive rights to copy, distribute, rent, and make works available to the public, with unauthorised exercise of these rights constituting primary infringement. It also prohibits secondary infringement, including importing or exporting infringing copies (other than for private use) where the person knows or should reasonably know they are infringing. Secondary infringement further covers commercial activities involving infringing copies, such as possessing, selling, hiring, offering for sale or hire, exhibiting, or distributing them in trade or otherwise in a manner that prejudices the copyright owner, where the infringing nature is known or reasonably suspected.

Laws and Regulations on Transfer Pricing

The Hong Kong Inland Revenue (Amendment) (No. 6) Ordinance 2018 (the "**IRO**") codifies how the transfer pricing for the supply of goods and services between associated parties should be determined. The Departmental Interpretation and Practice Notes No. 58, 59 and 60 further, issued by the Inland Revenue Department in July 2019, set out interpretations to the IRO. The codified Hong Kong transfer pricing principles include, amongst others, the arm's length principle for provision between associated persons, the separate enterprises principle for attributing income or loss of non-Hong Kong resident person, and the three-tier transfer pricing documentation relating to the master file, local file and country-by-country reports. Based on the IRO, a person who has a Hong Kong tax advantage if taxed on the basis of a non-arm's length provision (the "**Advantaged Person**") will have income adjusted upwards or loss adjusted downwards. The advantaged person's

income or loss is to be computed as if arm's length provision had been made or imposed instead of the actual provision (the amount of income or loss computed is referred to as the arm's length amount). If the Advantaged Person fails to prove to the satisfaction of the assessor of the IRD that the amount of the person's income or loss as stated in the person's tax return in an arm's length amount, the assessor of the IRD must estimate an amount as the arm's length amount and, taking into account the estimated amount (a) make an assessment or additional assessment on the person; or (b) issue a computation of loss, or revise a computation of loss resulting in a smaller amount of computed loss, in respect of that person pursuant to section 50AAF of the IRO.

LAWS, REGULATIONS AND POLICIES OF THE UNITED STATES

Laws and Regulations on Business Registration

United States — Federal Law

The United States does not have a unified federal business registration regime that generally requires a non-United States company to register or qualify at the federal level solely by reason of engaging in cross-border e-commerce activities, including selling goods or services to United States customers through online platforms or digital channels. Business registration and qualification requirements are primarily governed by state law, and whether a non-United States company is required to register is determined on a state-by-state basis. A non-United States company may nonetheless become subject to federal regulatory, tax, customs or reporting requirements in connection with its United States-facing activities, even if it is not required to register as a business entity under federal law.

State of Delaware, United States ("Delaware")

Delaware law does not generally require a corporation incorporated in Delaware to obtain any additional business registration or qualification solely by virtue of its incorporation in the state. A Delaware corporation is required to comply with ongoing corporate compliance obligations under Delaware law, including maintaining its good standing with the Delaware Secretary of State.

State of California, United States ("California")

Under California law, a foreign business entity is required to qualify or register with the California Secretary of State if it is deemed to be "transacting intrastate business" in California. A foreign entity that is required to qualify in California but fails to do so may be subject to penalties, taxes and fees, and may be restricted from maintaining legal actions in California courts with respect to intrastate business conducted in the state until proper qualification has been obtained.

State of Washington, United States ("Washington")

Washington law generally requires a foreign business entity to register with the Washington Secretary of State if it is considered to be doing business in the state. For foreign business entities, activities such as maintaining offices, employing personnel, operating fulfillment or distribution facilities, or holding inventory in Washington may trigger registration requirements. A foreign entity that is required to register in Washington but fails to do so may be subject to monetary penalties and limitations on its ability to maintain legal proceedings in Washington courts until proper registration is completed.

Laws and Regulations on Sales of Goods and Consumer Protection

The sale of consumer electronics to U.S. consumers is governed by federal and state consumer protection laws designed to prevent unsafe products and unfair or misleading practices, and these rules may apply to foreign sellers engaging in cross-border e-commerce. Key enforcement is carried out by the Federal Trade Commission (the "**FTC**"), which prohibits deceptive or misleading advertising and requires accurate disclosures on product features, performance, safety, compatibility, pricing, and warranties in online listings and marketing materials. Certain products may also fall under the oversight of the Consumer Product Safety Commission (the "**CPSC**"), which regulates product safety standards and can require testing, labeling, incident reporting, corrective actions, or recalls where products pose safety risks such as electrical hazards or overheating. In addition, sellers may face product liability exposure under U.S. law for defects in design or manufacturing, inadequate warnings, or breach of warranty, with potential liability extending across the supply chain. Warranty and labeling requirements also apply, and non-compliance may result in regulatory action or consumer claims.

State consumer protection statutes may provide remedies for unfair or deceptive practices, including statutory damages, injunctive relief, and class actions. For cross-border e-commerce companies, U.S. consumer protection laws may apply to consumer electronics sold or marketed to U.S. consumers via digital channels, giving rise to compliance obligations relating to product descriptions, advertising, labeling, warranties, and handling of complaints, defects, and recalls. The scope of these requirements depends on the products involved, their intended use, and how they are marketed and distributed.

Laws and Regulations on Import and Export

The importation of goods into the United States is regulated by U.S. Customs and Border Protection (CBP) and applies to all imports, including cross-border e-commerce, regardless of the importer's location. Non-compliance may result in delays, penalties, seizure, or exclusion of goods. Importers must exercise reasonable care to provide accurate declarations on classification, value, origin, quantity, and required documentation, and remain ultimately responsible even if customs brokers are used.

Imports may be subject to customs duties, additional trade remedies, and preferential tariff rules that require strict compliance with origin and documentation requirements, with improper claims leading to retroactive liability. U.S. law also prohibits or restricts certain imports, including goods made with forced labor and items infringing intellectual property rights, which CBP may detain or seize. In addition, export control and sanctions laws may restrict certain outbound or related transactions, and CBP has audit authority to review importer records and compliance practices.

Recent Regulations in Relation to Tariffs

In 2025, the United States implemented a series of executive actions that materially increased, and were subsequently adjusted, tariffs applicable to goods originating from Chinese mainland. On February 1, 2025, Executive Order 14195, titled "*Imposing Duties to Address the Synthetic Opioid Supply Chain in the People's Republic of China,*" was issued, under which an additional 10% tariff was imposed on substantially all imports from Chinese mainland, effective February 4, 2025. This additional tariff was subsequently increased to 20% on March 3, 2025. Further developments followed on April 2, 2025, when the United States issued Executive Order 14257, titled "*Regulating Imports with a Reciprocal Tariff to Rectify Trade Practices that Contribute to Large and Persistent Annual United States Goods Trade Deficits.*" Under this framework, (i) a general baseline tariff of 10% was applied to imports from all countries, and (ii) a

supplementary country-specific tariff regime was introduced targeting jurisdictions with significant trade imbalances, including Chinese mainland. Shortly thereafter, the additional tariffs imposed on certain goods originating from the Chinese mainland were escalated in phases to 84% and then to 125%. When combined with the then-prevailing 20% tariff imposed under Executive Order 14195, the overall tariff burden on certain imports originating from the Chinese mainland reached as high as 145%, depending on product classification and subject to applicable exclusions and other duties.

On May 12, 2025, following bilateral negotiations between the United States and China, a temporary 90-day arrangement was announced under which the elevated country-specific tariffs were reduced to a baseline level of 10%. This arrangement was subsequently extended on August 11, 2025 for an additional 90-day period through November 10, 2025. On November 4, 2025, the United States issued Executive Order 14357, titled "*Modifying Duties Addressing the Synthetic Opioid Supply Chain in the People's Republic of China,*" pursuant to which the additional tariff imposed under Executive Order 14195 was reduced from 20% to 10%, effective November 10, 2025. On the same date, the United States further issued Executive Order 14358, titled *"Modifying Reciprocal Tariff Rates Consistent with the Economic and Trade Arrangement Between the United States and the People's Republic of China,"* which extended the suspension of the elevated China-specific reciprocal tariffs through November 10, 2026. During this suspension period, a 10% reciprocal tariff continues to apply to goods originating from Chinese mainland.

Following judicial developments in the U.S. on February 20, 2026 and subsequent actions by the U.S. government, the collection of the aforesaid tariffs imposed under the International Emergency Economic Powers Act ("**IEEPA**"), i.e. (i) the 10% reciprocal tariff and (ii) the 10% tariff imposed under Executive Order 14195, ceased on February 24, 2026. Certain importers of record may seek refunds, together with interest, of IEEPA duties paid during the relevant periods. Refunds are not automatic and are subject to the applicable CBP process. The availability and timing of any refund depend on the status of the relevant entries and remain subject to pending litigation. Concurrently with the termination of the IEEPA-based tariff measures, the U.S. government implemented a temporary global import surcharge of 10% on certain imported products under Section 122 of the Trade Act of 1974, effective from February 24, 2026 for a period not exceeding 150 days. No extension were enacted and the surcharge expired on July 24, 2026. Concurrently, the U.S. government imposed additional duties under Section 301 of the Trade Act of 1974 at rates of 10% or 12.5% on certain goods imported from specified economies, including the Chinese mainland (at rate of 12.5%), effective from July 24, 2026. Such duties are in addition to other applicable customs duties, subject to specified exemptions.

These tariff measures have been subject to frequent revisions. There can be no assurance that additional tariff increases, the reinstatement of previously suspended measures or further trade restrictions will not be introduced in the future.

Small Parcel Tariff Policy

In the United States, the "small parcel tariff" framework is commonly understood to refer to the de minimis exemption under Section 321 of the U.S. Tariff Act. This exemption generally permits shipments with a declared value of US$800 or less, when sent directly to individual consumers in the United States, to enter without the imposition of customs duties. In recent years, the de minimis exemption has been subject to heightened scrutiny by U.S. lawmakers and regulatory authorities. In response, the U.S. government has proposed and, in certain instances, adopted measures aimed at strengthening customs enforcement and restricting the availability of the exemption for certain categories of goods or importers. Notwithstanding the foregoing, the de minimis exemption under Section 321 has not been repealed and continues to remain in effect.

Laws and Regulations on Transfer Pricing

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

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

Section 482 also provides an additional test for transfers of intangible property (IP). Income with respect to the transfer (or license) of IP must be "commensurate with the income" attributable to the IP. Under the commensurate-with-income standard, actual profit realized from the exploitation of an intangible must be considered in determining an arm's length price for the transfer of the intangible. The amount of the compensation should therefore reflect changes in the income attributable to that intangible over time. In the U.S., individual states enact their own corporate income tax rules, which include the power and authority to regulate transfer pricing. The state rules focus on the shifting of income and deductions from a high-tax state to lower-tax states. Although the focus of most multinational businesses is on the relationship with the IRS, the state-by-state approach to transfer pricing methodologies must not be ignored. Each state is a sovereign taxing jurisdiction with the authority to disregard the conclusions reached by the IRS with respect to the appropriateness of a particular transfer pricing method. Each of the 50 U.S. states has its own internal statutes, regulations, case law and other authority governing transfer pricing issues.

Laws and Regulations on Outbound Investment

On October 28, 2024, the Department of the Treasury issued the Final Rule to implement an outbound investment program that restricts investments by U.S. persons and U.S.-controlled entities imposed by Executive Order 14105, "Addressing United States Investments in Certain National Security Technologies and Products in Countries of Concern." The Final Rule became effective on January 2, 2025.

Application Scope of the Final Rule

The Final Rule applies to investments by U.S. persons as to "covered transactions" involving "covered foreign person" associated with a "country of concern" in "covered activities." "Covered activities" include activities in (1) semiconductors and microelectronics sectors, (2) quantum information technologies sectors and (3) artificial intelligence sectors that pertain to national security technologies and products. "Covered transactions" under the Final Rule include (1) acquisition of equity (including purchases of shares in an initial public offering) or contingent equity, (2) debt financing, (3) conversion of contingent equity interest, (4) greenfield and brownfield investments, (5) joint ventures, and (6) investments made as a limited partner. "Covered foreign person" means (1) a person of a country of concern who or who is engaged in activities involving one or more of the three sectors of semiconductors and microelectronics, quantum information technologies, and artificial intelligence, and (2) a person that directly or indirectly holds a board seat on, a voting or equity interest in, or any contractual power to direct the management or policies of a person of a country of concern. "Country of concern" for now is the People's Republic of China, including Hong Kong and Macau.

Major Components of the Final Rule

Under the Final Rule, a "covered transaction" may be a "prohibited transaction", which is outright prohibited, or a "notifiable transaction", which are subject to notification requirements. In addition, certain transactions that would have been considered prohibited or notifiable transactions may be exempted from the prohibition or notification requirements and may be considered an "excepted transaction" under the Final Rule if certain conditions are met. Details of the prohibited transactions, notifiable transactions and excepted transactions are set forth below.

Prohibited Transactions

Prohibited transactions refer to the prohibition on certain U.S. investments in a covered foreign person engaged in covered activities pertaining to specified categories of advanced technologies and products. A U.S. person may not engage in such transaction unless an exemption for that transaction has been granted. For instance, investments by U.S. persons in covered foreign persons engaged in the following activities in the artificial intelligence industry reach the threshold for "prohibited transactions" under the Final Rule: (i) military end use; (ii) government intelligence or mass-surveillance end use; or (iii)develops any AI system that is trained using a quantity of computing power greater than 10^24 computational operations.

Notifiable Transactions

Notifiable transactions refer to the transactions where the business activities conducted by a covered foreign person do not reach the threshold for prohibited transactions but still require notification by a U.S. person of their transactions to the Department of Treasury. For instance, transactions are notifiable if the covered foreign person in the artificial intelligence sector is engaged in the development of AI systems (i) designed or intended to be used for certain restricted end use; or (ii) trained using a quantity of computing power greater than 10^23 computational operations. A U.S. person shall file a notification of their covered transactions with the Department of Treasury.

Excepted Transactions

The Final Rule provided certain categories of excepted transactions from coverage, provided that such transactions did not afford the U.S. person certain rights beyond standard minority shareholder protection. Excepted transactions include (1) investments in publicly traded securities, (2) securities issued by investment companies, (3) certain limited partner or equivalent investments, (4) derivatives, (5) full buyouts from a person of a country of concern, (6) intracompany transactions, (7) certain syndicated debt financings, (8) equity-based compensation, and (9) certain transactions involving a person of a country or territory outside of the U.S. based on a determination by the U.S. Secretary of the Treasury. Notably, under the Final Rule, the "publicly traded security" exception exempts the investments in publicly traded securities of covered foreign persons. However, any acquisition of an equity interest in a covered foreign person that is not yet publicly traded for the purpose of facilitating an initial public offering would not be an excepted transaction of the Final Rule.

COINS Act

On December 18, 2025, the U.S. Congress enacted the Comprehensive Outbound Investment National Security Act of 2025 ("**COINS Act**") as part of the FY 2026 National Defense Authorization Act. The COINS Act proposes to expand the Final Rule's sectoral coverage and geographic coverage, and will supersede the Final Rule following the adoption of implementing regulations, while the content of which is uncertain. The Treasury has 450 days to amend the Final Rule to conform with the provisions set forth therein, and the existing Final Rule remains in effect until then.

Laws and Regulations on Employment-Related Matters

Employment relationships in the United States are governed by federal, state, and local laws covering wages and hours, workplace safety, benefits, anti-discrimination protections, worker classification, and termination. These laws may apply to non-U.S. companies employing staff or contractors in the United States, and requirements vary depending on the nature of the relationship, employee location, and activities conducted.

Federal law sets baseline standards on minimum wage, overtime, workplace safety, equal employment opportunity, and certain leave and benefit requirements, while also regulating employee versus independent contractor classification. State and local laws may impose additional or stricter obligations, such as higher wage standards, leave entitlements, and procedural requirements, creating jurisdiction-specific compliance needs.

Most U.S. employment is "at-will," allowing termination by either party subject to legal and contractual limits, though employers may still face claims for discrimination, contractual breaches, or statutory violations. U.S. employment issues may also arise when engaging contractors or remote workers in the United States, as worker classification is subject to legal tests and misclassification may lead to liability for wages, taxes, and penalties. Remote work may also trigger additional compliance obligations in the worker's jurisdiction.

Laws and Regulations on Data Protection and Privacy

The United States does not have a single comprehensive federal data protection law; instead, privacy and data security are governed by a combination of federal and state laws, industry rules, and regulatory guidance. These regimes may apply to non-U.S. companies that collect or process personal information of U.S. consumers, including through cross-border e-commerce platforms, even without a physical U.S. presence.

At the federal level, the FTC Act prohibits unfair or deceptive practices and is used to enforce privacy and cybersecurity obligations, including misleading privacy statements and inadequate data security. State laws often impose broader requirements, including consumer rights over personal data, mandatory security measures, and data breach notification obligations, with varying rules across jurisdictions such as California.

Companies are generally required to implement reasonable safeguards for personal data and remain responsible for information processed by affiliates or service providers, including overseas. For cross-border e-commerce, these obligations typically apply to data collected through online sales, websites, apps, customer service, and payment processing involving U.S. consumers.

Laws and Regulations on Intellectual Property Rights

Intellectual property rights in the United States are protected under federal, state, and common law frameworks, covering patents, trademarks, copyrights, and trade secrets. These protections apply to both U.S. and non-U.S. companies, including those in consumer electronics, and are territorial in nature, requiring compliance with statutory and procedural rules.

Patents are governed by the U.S. Patent Act and administered by the United States Patent and Trademark Office, covering technologies such as hardware, components, processes, and certain software inventions, with utility patents granting exclusive rights for 20 years and design patents protecting ornamental features. Copyright protection arises automatically for original works such as software and documentation, though registration is typically required for enforcement and statutory remedies, and it protects expression rather than ideas or functionality.

Trademarks are protected under the Lanham Act and state law, covering brand names, logos, and product identifiers, with federal registration providing stronger enforcement rights against confusing or dilutive uses. Trade secrets are protected under federal and state law and cover confidential business and technical information that derives value from secrecy, with protection lasting as long as secrecy is maintained.

IP rights are enforceable through courts, administrative proceedings, and trade-related actions, with remedies including injunctions, damages, and import exclusions. Companies may also face third-party infringement claims, which can lead to litigation, licensing costs, or restrictions on product sales in the United States.

LAWS, REGULATIONS AND POLICIES OF GERMANY

Laws and Regulations on Business Registration

A German GmbH ("**GmbH**") is a corporation with separate legal personality. Its formation and registration are governed primarily by the German Limited Liability Companies Act ("**GmbHG**"). A GmbH only comes into legal existence upon registration with the Commercial Register (Handelsregister; "**Commercial Register**") pursuant to section 7 of the GmbHG. Independently of the Commercial Register entry, a GmbH must register its business activity with the local trade office pursuant to German trade law. Such registration is mandatory before or immediately upon commencement of business activities and applies irrespective of the legal form, in accordance with section 14 paragraph 1 of the German Trade Regulation Act.

Laws and Regulations on Sale of Goods and Consumer Protection

Sale of goods and consumer protection in Germany are governed by a multi-layered legal framework consisting of European Union law (directly applicable regulations and harmonising directives), German national law, primarily the German Civil Code (Bürgerliches Gesetzbuch; "**BGB**"), as amended to implement European Union directives and supplementary legislation, including competition and enforcement laws, and the German Commercial Code (Handelsgesetzbuch; "**HGB**"). The key statutory provisions include section 433 of BGB governing contract of sale, sections 434 to 435 BGB governing conformity of goods, sections 437 to 441 BGB governing consumer remedies, section 477 BGB on the burden of proof, sections 312 et seq. BGB relating to consumer contracts, sections 312g and 355 BGB concerning statutory withdrawal rights, Article 246a of the Introductory Act to the BGB on pre-contractual information obligations, sections 3, 5 and 5a of the Act Against Unfair Competition addressing unfair commercial practices, Directive (EU) 2019/771 on the sale of goods, Directive 2011/83/EU on consumer rights, sections 373 et seq. of the HGB governing commercial sales, and section 377 HGB concerning inspection and notice obligations in commercial transactions.

Laws and Regulations on Import and Export and Customs Matters

Customs law in Germany is primarily governed by directly applicable EU law, particularly the Union Customs Code and its implementing regulations, supplemented by German national customs legislation, including the Customs Administration Act and relevant fiscal and criminal provisions. The EU framework regulates key areas such as customs declarations, valuation, rules of origin, special procedures, authorised economic operator status, and EORI registration, while German law addresses enforcement, import VAT under the Value Added Tax Act, and export controls under the Foreign Trade and Payments Act and related ordinance. Customs violations may also give rise to liability under the German Fiscal Code.

Laws and Regulations on Transfer Pricing

Chapter 1 of the Foreign Tax Act in Germany. German transfer pricing rules are generally in line with OECD guidelines, which means that related parties must apply the so-called "arm's length principle" when engaging in cross-border transactions. Section 1 of the Foreign Tax Act indicates that if a taxpayer's income from international business relations with a related party is reduced as a result of the taxpayer's basing the income determination on terms, particularly prices (transfer prices), that diverge from those which independent third parties would have agreed under the same or comparable circumstances (arm's length principle), the taxpayer's income must, without prejudice to other provisions, be assessed to be as it would be under terms agreed between unrelated third parties.

Laws and Regulations on Employment-Related Matters

German employment law is a highly regulated, employee-protective system based on statutes, collective bargaining agreements, works agreements, and individual contracts, with mandatory protections generally overriding less favorable terms. It covers core employment conditions such as working time, minimum wage, leave, sick pay, social security, and tax withholding under the German Civil Code and related legislation, while dismissal is strictly regulated under the Protection Against Dismissal Act and supplemented by special protections for certain employee groups. The framework also includes co-determination and employee participation rights, occupational safety and anti-discrimination rules, and data protection requirements under the GDPR and German law, with disputes handled by specialised labour courts.

Laws and Regulations on Data Protection and Privacy

Data protection and privacy in Germany are governed primarily by the EU GDPR, supplemented by the German Federal Data Protection Act, and apply to any processing of personal data, including by non-EU organisations targeting individuals in Germany. The GDPR requires processing to comply with core principles such as lawfulness, transparency, purpose limitation, data minimisation, and security, and to be based on a valid legal ground, with stricter rules for sensitive data.

Individuals have extensive rights, including access, rectification, erasure, restriction, portability, and objection, which organisations must respond to within set deadlines. Controllers and processors must also meet organisational and documentation requirements, including data protection by design and security measures, with significant fines and liability for non-compliance.

Laws and Regulations on Intellectual Property Protection

Intellectual property protection in Germany is based on a multi-layered framework of national law, EU harmonised rules, and international conventions, providing strong rights and enforcement mechanisms. Copyright arises automatically under the German Copyright Act and protects literary, artistic, and software works, while trademarks require registration with the German Patent and Trade Mark Office or EUIPO to protect distinctive signs. Patents are governed by the German Patent Act and the European Patent Convention, with additional EU unitary protection available, covering technical inventions that are new, inventive, and industrially applicable, alongside complementary protection for designs, utility models, trade secrets, and unfair competition. Enforcement is primarily carried out through civil courts with specialised IP chambers, supported by customs measures and, in serious cases, criminal sanctions, allowing rights holders to obtain injunctions, damages, and border enforcement against infringing goods.

Laws and Regulations on Product Liability and Product Safety

Manufacturers and sellers of products, who bring their products into the European Union or German market, must ensure that their products are designed, manufactured and provided with appropriate user information so that any hazardous situation during product use can be avoided. Products that do not comply with the regulations on product safety may not be placed on the market or made available on the market in Germany, or the European Union. The most important legal framework relating to product safety and compliance are currently the General Product Safety Regulation together with the German Product Safety Act (Produktsicherheitsgesetz), the German Product Liability Act (Produkthaftungsgesetz) and the BGB.

Special European Union Regulations Applicable to Products

Depending on the specific product category, products are subject to compliance with applicable European Union product-specific legislation, including, among others, the Ecodesign Regulation (EU) 2019/1782, the Low Voltage Directive 2014/35/EU, the Electromagnetic Compatibility Directive 2014/30/EU, the Battery Regulation (EU) 2023/1542, the Radio Equipment Directive 2014/53/EU, the RoHS Directive 2011/65/EU as amended, the REACH Regulation (EC) No 1907/2006, the WEEE Directive 2012/19/EU, packaging and packaging waste legislation, and the European Union common charger (USB-C) requirements.

LAWS, REGULATIONS AND POLICIES OF JAPAN

Laws and Regulations on Business Registration

Operating a business selling phone accessories and electronic products in Japan generally does not require a special permit, but strict product safety and technical compliance obligations apply. Under the Electrical Appliances and Materials Safety Act (PSE Act), many products must meet designated safety standards, with importers required to notify METI and ensure compliance. Regulated items, such as lithium-ion batteries and AC adapters, must undergo conformity assessment and bear the appropriate PSE mark (diamond for specified appliances and circle for non-specified ones), and sale without the mark is prohibited.

Additional requirements may apply depending on product features, including radio equipment certification under the Radio Act (giteki mark) for wireless functions, and fire safety obligations under the Fire Service Act for storage of lithium-ion batteries above certain thresholds. While most products can be sold once compliant, foreign investment and company establishment in Japan may also trigger notification or filing obligations under the Foreign Exchange and Foreign Trade Act, particularly for sensitive sectors such as telecommunications or energy.

Laws and Regulations on Sale of Goods and Consumer Protection

The sale of products in Japan is governed by the Civil Code and Commercial Code, with additional consumer protection and product safety rules imposing key obligations on manufacturers, importers, and sellers. Under the Product Liability Act, strict liability applies for personal injury or property damage caused by defective products, including to manufacturers, importers, and entities deemed to present themselves as manufacturers, while the Consumer Product Safety Act requires reporting of serious product incidents, investigation of causes, and implementation of recalls or other safety measures where necessary.

Additional consumer protection regimes include the Act on Specified Commercial Transactions, which regulates online and distance sales by requiring disclosure of key transaction terms and prohibiting misleading advertising and unsolicited promotional emails; the Act against Unjustifiable Premiums and Misleading Representations, which prohibits false or exaggerated product claims; and the Consumer Contract Act, which allows consumers to cancel contracts obtained through misleading or improper solicitation and voids unfair contractual clauses that disadvantage consumers.

Laws and Regulations on Tariffs, Import and Export, Customs Declaration Requirements and Trade Restrictions

Under the Customs Act, importers receiving goods from overseas are generally required to submit an import declaration to the Japan Customs and pay any applicable duties. Once the declaration is filed, the Japan Customs may inspect the goods as needed and, after confirming that the duties have been paid, will authorize the importation. Currently, there are no Japanese laws or regulations governing tariffs, customs duties, or trade restrictions that would impose a material effect on a business that engages in the importation and sale of phone accessories and other electronic products.

Laws and Regulations on Transfer Pricing

Pursuant to the Act on Special Measures Concerning Taxation of Japan and its related enforcement orders, conducted a transaction for the sale of assets, purchase of assets, provision of services or any other transaction with a foreign affiliate of the corporation should be priced at arm's length price, with the calculation methods for arm's length prices following the OECD Transfer Pricing Guidelines.

Laws and Regulations on Employment-related Matters

Employment relationships in Japan are mainly governed by the Labor Standards Act, the Industrial Safety and Health Act, and the Labor Contract Act. The Labor Standards Act prescribes minimum working conditions applicable to most employers and employees, and any contractual terms that fall below these statutory standards are deemed invalid. The Industrial Safety and Health Act requires employers to implement workplace safety and health measures and to establish appropriate safety management systems. Under the Labor Contract Act, when an employer dismisses or takes disciplinary action against an employee, such dismissal or disciplinary action is required to be based on objectively reasonable grounds and to be socially appropriate. Changes to employment terms that disadvantage employees must also be reasonable in order to be valid.

Laws and Regulations on Data Protection and Privacy

The Act on the Protection of Personal Information imposes various obligations on business operators that handle personal information, including requirements regarding lawful use, purpose limitation and restrictions on third-party transfers. This act also applies to foreign business operators that obtain personal information in connection with the provision of goods or services to individuals located in Japan.

Laws and Regulations on Intellectual Property Protection

The Trademark Act is enacted for the purpose of affording protection to registered trademarks. A proprietor of a registered trademark right, or an exclusive licensee thereof, is entitled to demand that any person who infringes, or is likely to infringe, such trademark right or exclusive license cease the infringing act or take necessary measures to prevent its occurrence.

OVERVIEW

Our history can be traced back to March 16, 2012, when Shenzhen UGREEN Technology Co., Ltd.* (深圳市綠聯科技有限公司), our predecessor, was established as a limited liability company in Shenzhen. At the time of establishment, UGREEN Limited had a registered capital of RMB1 million, and was principally engaged in the research, design and sales of consumer technology products under the "UGREEN 綠聯" brand. Since establishment, UGREEN Limited continued to expand its product categories, marketing channels and overseas presence.

In June 2021, following approval from the Shenzhen Municipal Administration for Market Regulation, UGREEN Limited was converted into a joint stock limited company and renamed as UGREEN Group Limited. (深圳市綠聯科技股份有限公司). Upon the conversion, the registered capital of our Company was set at RMB250 million. Our Company was listed on the Shenzhen Stock Exchange on July 26, 2024. See "— Major Historical Shareholding Changes of Our Company — Conversion into Joint Stock Company and Listing of our A Shares on the Shenzhen Stock Exchange" in this section for further details.

After more than a decade of development, we have evolved into a global consumer technology company. Our business is rooted in Chinese mainland market and extends to more than 180 countries and regions worldwide as of June 30, 2026.

KEY CORPORATE AND BUSINESS DEVELOPMENT MILESTONES

The following table sets out a summary of our Group's key corporate and business development milestones:

Year	Month	Development Milestones
2012 . . .	March	UGREEN Limited, our predecessor, was established
	July	We entered major domestic e-commerce platforms such as Tmall in Chinese mainland
2014. . . .	July	We commenced sales on Amazon, marking a key step in our global expansion strategy
2015 . . .	March	We expanded our domestic customer reach by entering JD in Chinese mainland
2018 . . .	June to November	We acquired Haiying Zhilian and Zhize Technology in June and November 2018, respectively, to significantly enhance our in-house production and manufacturing capabilities
	November	As part of our global expansion strategy, Ugreen USA and Ugreen Hong Kong were incorporated in United States and Hong Kong, respectively
2019. . . .	December	We launched our official online mall to expand our direct sales channels
2020 . . .	June	Ugreen Germany was incorporated in Germany to further expand our online and offline market in the European market

Year	Month	Development Milestones
	October	We launched our first NAS product, DH2000
2021 . . .	June	UGREEN Limited was converted to a joint stock limited company and renamed UGREEN Group Limited
2023 . . .	September	Huizhou Zhize was established in the PRC to further expand our production and manufacturing capability
2024 . . .	May	We announced a series of NAS products featuring our proprietary operating system, UGOS Pro.
	July	Our Company's A shares were listed on the Shenzhen Stock Exchange (Stock code: 301606)
2026 . . .	January	We joined CES (Consumer Electronics Show) and unveiled key innovations in AI NAS, intelligent lifestyle ecosystems, and advanced multi-device chargers under the 'Activate Smarter Living' theme

Since our establishment in 2012, our development can be broadly divided into the following stages:

Stage I: Start-up and Brand Foundation (2012-2014)

Since our establishment, we have adopted a proprietary brand strategy under the "UGREEN" brand and entered the 3C market through PC and mobile device accessories. By delivering reliable product quality and user-oriented design, we built a loyal domestic customer base and strong brand recognition, transforming from a start-up into a scaled enterprise driven by brand and design capabilities.

Stage II: Global Expansion (2015-2019)

At this stage, we implemented a globalization strategy by launching our products on major international e-commerce platforms such as Amazon and Shopee, and expanding into markets in North America, Europe, and other Asian countries. We completed a business layout covering domestic and overseas markets and developed "UGREEN" into a brand with a global presence.

Stage III: Technology Advancement and Ecosystem Development (2020-2023)

Technological innovation has been the core driver of our growth. During this period, we increased investment in foundational technologies such as power management, network communications, and audio processing, while also developing data storage technologies and introducing the UGOS operating system to support our NAS product line. By building various capabilities in industrial design, hardware, and software development, we optimized our major product categories. We established self-owned production bases in the Greater Bay Area, ensuring in-house manufacturing capacity for key products, while maintaining partnerships with third-party manufacturers to form a hybrid supply chain. As a result, we evolved from a 3C digital accessories manufacturer into a comprehensive consumer technology company.

Stage IV: AI Ecosystem Leadership (2024-Present)

In response to the rapid development of the AI era, we have focused on the strategy of advancing AI-enabled capabilities and enhancing user experience, strengthening our position as a leading global consumer technology brand. While maintaining our competitive advantages in existing categories, we increased R&D investment in storage products, particularly NAS products, and launched NAS devices powered by our self-developed operating system UGOS Pro, which integrates multimedia services and multimodal AI search. We established a product development strategy centered on "data storage as the foundation and AI as the connective layer," aiming to use edge computing and AI algorithms to empower smart home products and position NAS as the central hub for personal and household data.

OUR MAJOR SUBSIDIARIES

The following table sets forth the principal activities, the date and place of incorporation/establishment, and the equity interest attributable to our Group in respect of each of our major subsidiaries that made a material contribution to our results of operations or were of strategic importance to us during the Track Record Period and as of the Latest Practicable Date:

Name of major subsidiary	Date and place of establishment/ incorporation	Equity interest attributable to the Group	Principal business activities
Haiying Zhilian	June 2, 2010, PRC	70%	Production and manufacturing of products
Zhize Technology	July 13, 2010, PRC	60%	Production and manufacturing of products
Ugreen USA	November 2, 2018, USA	100%	Sales of products in the American market
Ugreen Hong Kong	November 8, 2018, Hong Kong	100%	Sales of products in the oversea markets
Ugreen Germany	June 12, 2020, Germany	100%	Sales of products in Germany
Ugreen Japan	April 4, 2023, Japan	100%	Sales of products in Japan

MAJOR HISTORICAL SHAREHOLDING CHANGES OF OUR COMPANY

Early Development of our Company

Our history can be traced back to March 16, 2012, when UGREEN Limited, the predecessor of our Company, was established as a limited liability company in Shenzhen with a registered capital of RMB1 million. Upon establishment, UGREEN Limited was held as to 70% and 30% by Mr. Zhang and Mr. Chen, respectively. On October 30, 2017, the registered capital of UGREEN Limited was increased from RMB1.0 million to RMB10.0 million, where Mr. Zhang and Mr. Chen subscribed for RMB7.0 million and RMB3.0 million of the expanded registered capital, respectively.

As of December 31, 2018, the registered capital of UGREEN Limited was further increased from RMB10.0 million to RMB12.7 million, which was held as to 60.39% by Mr. Zhang, 23.61% by

Mr. Chen and 16.00% by Ugreen Consulting, which was established in 2018 as the first employee shareholding platform of the Company. In July 2020, UGREEN Limited increased its registered capital to approximately RMB13.37 million, with the full amount of the newly added registered capital subscribed in cash by Ugreen Heshun, the second employee shareholding platform of the Company.

In May 2021, Hillhouse Xiheng was introduced as a strategic investor through the acquisition of an aggregate of approximately 5.56% equity interest from Mr. Zhang and Mr. Chen for an aggregate consideration of RMB300.00 million. Following the completion of the transfer, UGREEN Limited was held by Mr. Zhang, Mr. Chen, Ugreen Consulting, Hillhouse Xiheng and Ugreen Heshun as to approximately 53.67%, 20.58%, 15.20%, 5.56% and 5.00%, respectively.

Conversion into Joint Stock Company and Listing of our A Shares on the Shenzhen Stock Exchange

On June 11, 2021, UGREEN Limited completed its conversion into a joint stock limited company with a registered capital of RMB250 million, while maintaining the shareholding percentages of all the then existing Shareholders. Following the conversion, the Company completed a series of private placement to the employees shareholding platforms, Heshun II, Heshun III and Heshun IV, and to strategic investors such as Shenzhen Shiheng, Yuanda Fanglue, and Jianguo Heli which the Company's registered capital expand to RMB266,721,290 as a results. Subsequently, on July 1, 2021, the Company capitalised its capital reserve to effect a bonus issue of four shares for every ten shares held, resulting in the registered capital being expanded to RMB373,409,806, with a total of 106,688,516 shares issued to all shareholders based on their respective shareholdings. The table below shows the shareholding structure of the Company immediately after the aforementioned conversion, private placements and share issuance:

Name of Shareholder	Number of Shares held	Approximate percentage of shareholding
		(%)
Mr. Zhang	187,832,050	50.30
Mr. Chen Junling	72,023,350	19.29
Ugreen Consulting	53,200,000	14.28
Hillhouse Xiheng	35,003,342	9.37
Ugreen Heshun	17,500,000	4.69
Heshun IV	1,724,033	0.46
Heshun III	1,603,421	0.43
Heshun II	1,411,862	0.38
Shenzhen Shiheng	1,244,700	0.33
Yuanda Fanglue	933,524	0.25
Jianguo Heli	933,524	0.25
Total:	**373,409,806**	**100**

Following these developments, with the approval of the China Securities Regulatory Commission, our Company became a publicly listed company with its A Shares listed on the Shenzhen Stock Exchange on July 26, 2024 (stock code: 301606). In the A Shares listing, we issued an aggregate of 41,500,000 A Shares, accounting for 10% of our Company's total share capital immediately following the A Share listing. See "— Our Listing on the Shenzhen Stock Exchange and Reasons for the [**REDACTED**] on the [**REDACTED**]" in this section for further details.

ESTABLISHMENT OF EMPLOYEE SHAREHOLDING PLATFORMS

To attract experienced talent, maintain a stable R&D and management team, and enhance the Group's technological innovation and business operation capabilities, our Company established Ugreen Consulting, Ugreen Heshun, Heshun II, Heshun III, Heshun IV, Heshun V, Heshun VI, Heshun VII, and Heshun VIII as employee shareholding platforms between 2018 and 2022. Partnership agreements were entered into among relevant partners of each platform at the respective time of the establishment and amended from time to time when there were changes in partners. These platforms were designed to provide equity incentives to eligible employees and align their interests with those of the Group. As of the Latest Practicable Date, each of Heshun II and Heshun III no longer held any equity interests in the Company.

Ugreen Consulting and Ugreen Heshun

Ugreen Consulting was established as a limited partnership under the laws of the PRC on December 12, 2018. As of the Latest Practicable Date, Ms. Chen Yan, our executive Director and a deputy general manager, was the sole executive partner and general partner, holding approximately 18.45% of the partnership interests in Ugreen Consulting. Our executive Directors, Mr. Tang Jian, Mr. Zhang, and Ms. Nie Xingxing, as limited partners, held approximately 18.45%, 10.08%, and 9.23% of the partnership interests, respectively. The remaining 43.79% of the partnership interests were held in aggregate by 4 other existing or former employees of our Group two of whom held more than 10.00% of the partnership interests, together with Heshun V, Heshun VI, Heshun VII, and Heshun VIII, as limited partners, each held less than 2.00% of the partnership interests.

Ugreen Heshun was established as a limited partnership under the laws of the PRC on July 20, 2020. As of the Latest Practicable Date, Ms. Wang Lizhen, our secretary of the Board and chief financial officer, was the sole executive partner and general partner, holding approximately 9.18% of the partnership interests in Ugreen Heshun. Our executive Director and general manager, Mr. He Mengxin and executive Director, Mr. Zhang, as limited partners, held approximately 41.54% and 1.57%, respectively. The remaining 47.71% of the partnership interests were held in aggregate by 17 other employees or former employees of our Group as limited partners, each held less than 5.00% of the partnership interests, saved for one employee who held 5.51%.

Our Controlling Shareholder, Mr. Zhang, is a limited partner of both Ugreen Consulting and Ugreen Heshun, holding approximately 10.08% and 1.57% of the partnership interests in Ugreen Consulting and Ugreen Heshun, respectively. Mr. Zhang is also a general partner of Heshun V, Heshun VI, Heshun VII and Heshun VIII and holds approximately 34.37%, 44.58%, 18.28% and 20.85% of the partnership interests in these employee shareholding platforms, respectively. In turn, Heshun V, Heshun VI, Heshun VII and Heshun VIII hold approximately 1.46%, 1.69%, 1.66% and 1.17% of the partnership interests in Ugreen Consulting, respectively. Pursuant to the partnership agreements of Ugreen Consulting and Ugreen Heshun, the general partner has the exclusive right to represent the partnership in exercising its rights as a shareholder and to participate in shareholders' meetings of the invested entities, including exercising voting rights on behalf of the partnership. As none of Mr. Zhang, Heshun V, Heshun VI, Heshun VII or Heshun VIII is or has ever been a general partner of, or has contributed more than one-third of the capital contributions to, either Ugreen Consulting or Ugreen Heshun, Mr. Zhang is neither entitled nor deemed to be able to control either Ugreen Consulting or Ugreen Heshun. Accordingly, Ugreen Consulting and Ugreen Heshun do not constitute a group of controlling shareholders of our Company.

Heshun IV

Heshun IV was established as a limited partnership under the laws of the PRC on February 24, 2021. As of the Latest Practicable Date, Ms. Chen Yan, our executive Director and a deputy general manager, was the sole executive partner and general partner, holding approximately 72.87% of the partnership interests in Heshun IV. The remaining 27.13% of the partnership interests held in aggregate by one employee of our Group as limited partners.

Heshun V

Heshun V was established as a limited partnership under the laws of the PRC on March 1, 2022. As of the Latest Practicable Date, Mr. Zhang, our executive Director and chairman of the Board, was the sole executive partner and general partner, holding approximately 34.37% of the partnership interests in Heshun V. The remaining 65.63% of the partnership interests were held in aggregate by 31 other employees or former employees of our Group as limited partners, each held less than 5.00% of the partnership interests.

Heshun VI

Heshun VI was established as a limited partnership under the laws of the PRC on March 8, 2022. As of the Latest Practicable Date, Mr. Zhang, our executive Director and chairman of the Board, was the sole executive partner and general partner, holding approximately 44.58% of the partnership interests in Heshun VI. The remaining 55.42% of the partnership interests were held in aggregate by 29 other employees or former employees of our Group as limited partners, each held less than 3.00% of the partnership interests, saved for one employee who held 4.26%.

Heshun VII

Heshun VII was established as a limited partnership under the laws of the PRC on February 25, 2022. As of the Latest Practicable Date, Mr. Zhang, our executive Director and chairman of the Board, was the sole executive partner and general partner, holding approximately 18.28% of the partnership interests in Heshun VII. The remaining 81.72% of the partnership interests were held in aggregate by 28 other employees or former employees of our Group as limited partners, among which three employees each held between approximately 8.00% and 10.00% of the partnership interests, and the remaining 25 employees each held less than 5.00% of the partnership interests.

Heshun VIII

Heshun VIII was established as a limited partnership under the laws of the PRC on February 25, 2022. As of the Latest Practicable Date, Mr. Zhang, our executive Director and chairman of the Board, was the sole executive partner and general partner, holding approximately 20.85% of the partnership interests in Heshun VIII. The remaining 79.15% of the partnership interests were held in aggregate by 36 other employees or former employees of our Group as limited partners, among which two employees each held more than 5.00% but less than 10.00% of the partnership interests, and the remaining 34 employees each held less than 5.00% of the partnership interests.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

Save as disclosed herein, during the Track Record Period and up to the Latest Practicable Date, we did not carry out any major acquisitions, disposal or mergers.

With a view to acquire the land use rights of a parcel of land located west of the intersection of Gaofeng Road and Queshan Road in Dalang Subdistrict, Longhua District, Shenzhen, PRC (the

"**Land**") under the urban renewal and renovation project of the industrial factory buildings in Yuanfen Village, Longhua District, Shenzhen (the "**Yuanfen Project**"), for the purpose of constructing our own office and operational facilities, we participated in the restructuring of Zhongzhi Real Estate (Shenzhen) Co., Ltd. (中植置業(深圳)有限公司) ("**Zhongzhi**") (the "**Restructuring**") serving as the restructuring investor. The Land has a total site area of 42,116.4 square meters and a demolition land area of 40,396.5 square meters, of which 28,606.7 square meters is designated for development usage with a planned gross floor area of 146,620 square meters.

To gain the land use rights of the Land, we have to acquire 100% of the equity interest in Zhongzhi (the "**Acquisition**") by serving as the restructuring investor and carrying out the Yuanfen Project through Zhongzhi. As advised by our PRC Legal Advisor, the Yuanfen Project involves the conversion of collective land into industrial land, a process that was executed in strict accordance with the Shenzhen Special Economic Zone Urban Renewal Regulations (《深圳經濟特區城市更新條例》) (the "**Urban Renewal Regulations**"). Pursuant to the Statutory Plan for Shenzhen Longhua District No. 03-01 [Dalang Southwest Area] (《深圳市龍華03-01號片區[大浪西南地區]法定圖則》), the government has determined the urban renewal direction for the Yuanfen Project as industrial use and it was included in and announced as part of the Sixth Batch of Urban Renewal Unit Plans for Longhua District (《2018年深圳市城市更新單元計劃龍華區第六批計劃》), Shenzhen, on December 17, 2018. Further, Zhongzhi obtained the Urban Renewal Project Implementation Confirmation (《城市更新項目實施確認書》) on October 10, 2025. On November 20, 2023, the Yuanfen Project completed the relevant government planning and approval work for the conversion from collective land to state-owned industrial land and received the urban renewal unit planning approval. Any alteration to the designated implementing entity of the Yuanfen Project could place the project in jeopardy and potentially invalidate all prior administrative procedures regarding the project's planning and approval. Hence, we are precluded from directly obtaining the land use rights for the Land and may only acquire title to the Land use rights indirectly through the Acquisition, thereby assuming the responsibility to proceed with the implementation of the Yuanfen Project through Zhongzhi.

As advised by our PRC Legal Advisor and pursuant to the Urban Renewal Regulations, to implement the Yuanfen Project, Zhongzhi shall enter into relevant agreements, including the industrial supervision agreement, and proceed with the necessary procedures such as building demolition. Zhongzhi shall further undertake the requisite procedural steps for the gratuitous handover of public-use land, complete the relevant land expropriation and compensation formalities, obtain the required land use approval, pay the land premium, and execute the state-owned land use rights grant contract. Subsequently, Zhongzhi shall apply for the construction work commencement permit and the construction land planning permit before commencing the construction works for the Yuanfen Project.

We are currently operating our business with leased office premises and does not possess our own office space or supporting facilities. The Acquisition will allow us to gain land use rights for the Land and enable the construction of its own office and operational facilities. We believes the Acquisition will bolster operational stability, effectively control long-term costs, and provide a solid foundation for attracting and retaining top talent. Ultimately, this will create comprehensive value for the Company, aligning with its long-term development strategy. Further, our Controlling Shareholder, Mr. Zhang, has irrevocably undertaken that, upon obtaining the relevant ownership certificates and completion of the Yuanfen Project, he will supervise and exercise his control to ensure that Zhongzhi (i) deregisters its project-specific real estate development qualification, (ii) discontinues the use of its trade names, (iii) amends its business scope to exclude real estate development activities, and (iv) converts its operations to focus exclusively on the Company's core business, ceasing all real estate development and related activities other than the management of the self-constructed property.

On May 27, 2026, the restructuring investment agreement (the "**Restructuring Agreement**") was entered into between the administrator of Zhongzhi (the "**Administrator**"), acting on behalf of Zhongzhi, and the Company, pursuant to which Zhongzhi will be restructured and the ownership of Zhongzhi will be transferred to the Company pursuant to the restructuring plan (the "**Restructuring Plan**"). Pursuant to the Restructuring Agreement, the Company is required to provide an aggregate of RMB276.0 million in three instalments to the Administrator for the Restructuring (the "**Restructuring Fund**"), of which (i) the first instalment of RMB15.0 million has already been fully paid by the Company as a guaranteed payment; (ii) the second instalment of RMB91.0 million is to be paid within 15 days after the Restructuring Plan is approved by the Shenzhen Intermediate People's Court (深圳市中級人民法院) (the "**Court**"); and (iii) the third instalment of RMB170.0 million is to be paid within 15 days after the ownership of Zhongzhi is transferred to the Company.

On June 10, 2026, the Court approved the Restructuring Plan. By early August 2026, we had completed the payment of all three instalments of the Restructuring Fund to the Administrator. On 14 July 2026, the change of business registration of Zhongzhi was completed, and Zhongzhi became a wholly-owned subsidiary of our Company. On July 3, 2026, Zhongzhi obtained construction land planning permit from the Longhua Administration of the Shenzhen Municipal Bureau of Planning and Natural Resources (深圳市規劃和自然資源局龍華管理局), and subsequently entered into the state-owned construction land use rights grant contract with the same bureau on July 27, 2026. Whilst the Land remained substantially the same, pursuant to the land use rights grant contract, the description of the Land has been revised to Intersection of Jinfeng Road and Zhongxin Road, Dalang Subdistrict, Longhua District, Shenzhen, PRC, with a slightly revised construction land area of 28,529.8 square meters and a planned gross floor area of 146,450 square meters. On 31 July 2026, Zhongzhi successfully obtained the construction work commencement permit for the project from the Housing and Construction Bureau of Shenzhen Longhua District (深圳市龍華區住房和建設局). The construction work officially commenced on August 10, 2026 and we will continue to implement the Yuanfen Project through Zhongzhi. For the details of the assets and liabilities recognized in relation to the Acquisition of Zhongzhi, please see Note 39 to the Accountants' Report in Appendix I.

OUR LISTING ON THE SHENZHEN STOCK EXCHANGE AND REASONS FOR THE [REDACTED] ON [REDACTED]

Since July 26, 2024, our Company has been listed on the Shenzhen Stock Exchange. During the Track Record Period and up to the Latest Practicable Date, our Directors confirmed and our PRC Legal Advisor concurred that we have complied with the rules of the Shenzhen Stock Exchange and other applicable securities laws and regulations of the PRC with respect to our listing on the Shenzhen Stock Exchange in all material respects. To the best knowledge of our Directors having made all reasonable enquiries, there was no material matter that should be brought to the [**REDACTED**]'s attention in relation to our compliance record on the Shenzhen Stock Exchange. Based on the independent due diligence conducted by the Sole Sponsor, nothing has come to the Sole Sponsor's attention that would cause them to disagree with our Directors' confirmation with regard to the compliance records of our Company on the Shenzhen Stock Exchange.

We seek to be [**REDACTED**] on [**REDACTED**] to support our continued efforts and commitment to investing in R&D and product development, with particular focus on our storage products and smart home products. We also plan to enhance our multichannel capabilities through strengthening our presence in developed markets and expanding in emerging markets, and to optimize our organizational structure and management systems by introducing digital and AI-enabled management tools to ensure the long-term competitiveness of our organization. See "Business — Our Strategies" and "Future Plans and [**REDACTED**]" for more details.

PUBLIC FLOAT AND FREE FLOAT

Satisfaction of the Public Float Requirement

Pursuant to Rule 8.08(1) (as amended and replaced by Rule 19A.13A) of the Listing Rules, as the Company has Shares apart from the H Shares for which the [**REDACTED**] is sought, the H Shares for which the [**REDACTED**] is sought that are held by the public, at the time of the [**REDACTED**], must (a) represent at least 10% of the Company's total number of issued Shares (excluding treasury shares); or (b) have an expected market value of not less than HK$3 billion.

Our A Shares are listed on the Shenzhen Stock Exchange. Immediately upon completion of the [**REDACTED**], assuming that (i) [**REDACTED**] H Shares are issued pursuant to the [**REDACTED**]; (ii) the [**REDACTED**] is not exercised; and (iii) no other changes are made to the issued share capital of our Company from the Latest Practicable Date to the [**REDACTED**], our H Shares to be [**REDACTED**] in connection with the [**REDACTED**] will represent [**REDACTED**]% of our Company's total issued Shares immediately following the [**REDACTED**] and the expected [**REDACTED**] of our Company held by the [**REDACTED**] at the time of the [**REDACTED**] will be HK$[**REDACTED**] billion with respect to the maximum [**REDACTED**] of HK$[**REDACTED**] per Offer Share. As such, it is expected that the Company will be in compliance with the public float requirements set forth under Rule 19A.13A of the Listing Rules.

Satisfaction of the Free Float Requirement

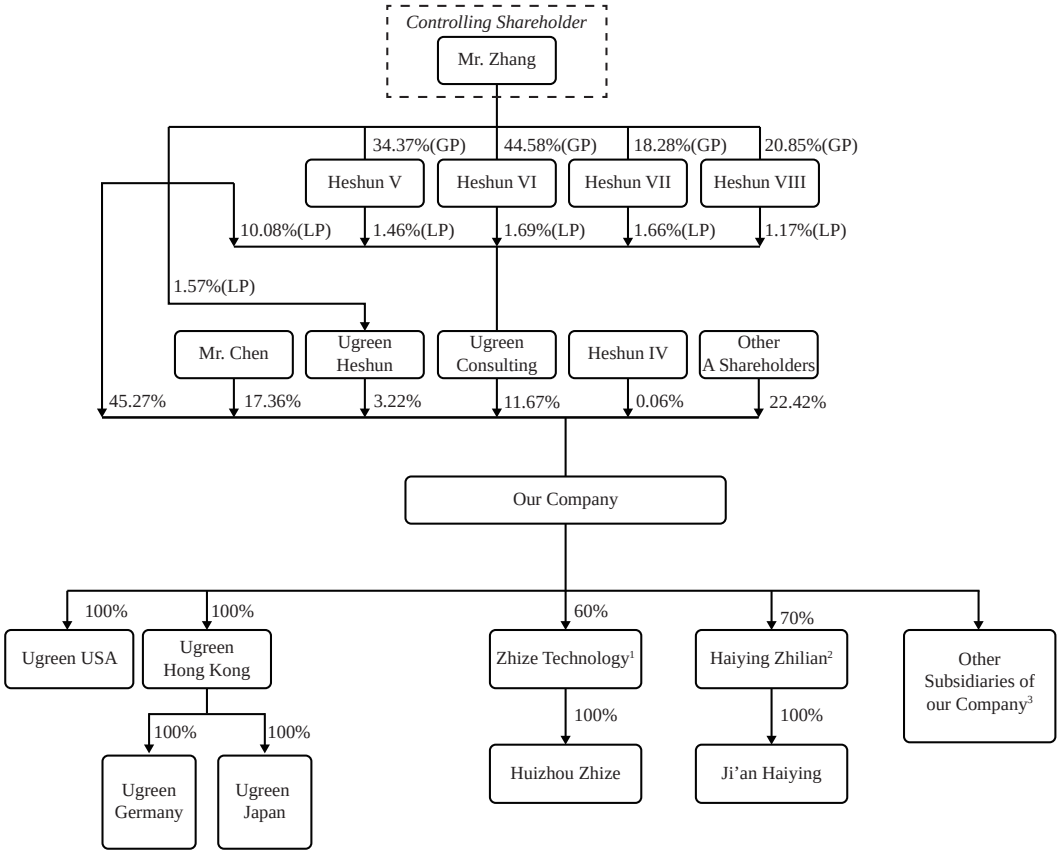
Rule 19A.13C(2) of the Listing Rules provides that, where a new applicant is a PRC issuer with other listed shares at the time of listing, this will normally mean that the portion of H shares for which [**REDACTED**] is sought that are held by [**REDACTED**] and not subject to any disposal restrictions, at the time of [**REDACTED**], must (a) represent at least 5% of the total number of issued shares in the class to which H shares belong at the time of [**REDACTED**] (excluding treasury shares), with an expected market value at the time of [**REDACTED**] of not less than HK$50,000,000; or (b) have an expected market value at the time of [**REDACTED**] of not less than HK$600,000,000.

It is expected that immediately following completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), the H Shares [**REDACTED**] on the [**REDACTED**] that are not subject to such disposal restrictions represent approximately [**REDACTED**]% of the total number of our Shares and have an expected [**REDACTED**] at the time of the [**REDACTED**] of HK$[**REDACTED**] billion, HK$[**REDACTED**] billion and HK$[**REDACTED**] billion, based on an [**REDACTED**] of HK$[**REDACTED**], HK$[**REDACTED**] and HK$[**REDACTED**] per H Share, being the [**REDACTED**], [**REDACTED**] and [**REDACTED**] of the indicative [**REDACTED**] range, accordingly, the Company will satisfy the free float requirement under Rule 19A.13C(2) of the Listing Rules in each case.

OUR SHAREHOLDING AND CORPORATE STRUCTURE

Shareholding and Corporate Structure Immediately before the Completion of the [REDACTED]

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



Notes:

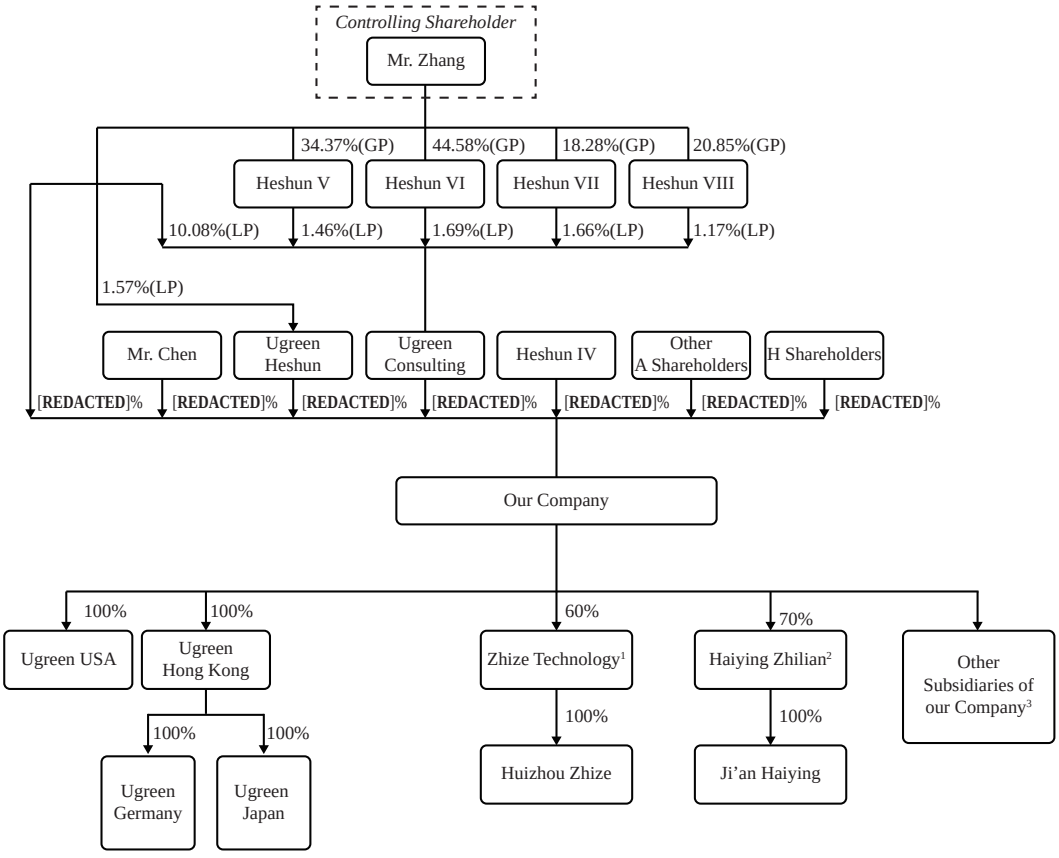
1. The remaining 40% of the registered capital of Zhize Technology is owned as to 30% and 10% by Yang Xiaofei (楊曉飛) and Wang Guozheng (王國政), respectively, both of whom are PRC nationals and Independent Third Parties of our Company.

2. The remaining 30% of the registered share capital of Haiying Zhilian is owned by Zhang Weixiang (張煒翔), who is a PRC national and an Independent Third Party of our Company.

3. As of the Latest Practicable Date, we had 23 other subsidiaries incorporated in various jurisdictions.

Shareholding and Corporate Structure upon Completion of the [REDACTED]

The following chart illustrates our simplified shareholding and corporate structure immediately following the completion of the [**REDACTED**], assuming the [**REDACTED**] is not exercised:



Notes:

1. The remaining 40% of the registered capital of Zhize Technology is owned as to 30% and 10% by Yang Xiaofei (楊曉飛) and Wang Guozheng (王國政), respectively, both of whom are PRC nationals and Independent Third Parties of our Company.

2. The remaining 30% of the registered share capital of Haiying Zhilian is owned by Zhang Weixiang (張煒翔), who is a PRC national and an Independent Third Party of our Company.

3. As of the Latest Practicable Date, we had 23 other subsidiaries incorporated in various jurisdictions.

OVERVIEW

Who We Are

We are a global consumer technology company with a diversified portfolio spanning four product categories, namely charging products and accessories, office products, audio and visual products, and storage products. Marketed under the "UGREEN" brand, our products reach consumers in Chinese mainland and overseas through a comprehensive network mostly comprising self-operated online stores, online retailers, direct-to-consumer websites and offline distributors. Our offerings are designed to support a wide range of everyday scenarios, including home, travel, work, and entertainment.

Since our establishment in 2012, we have developed a global presence under our renowned "UGREEN" brand. Our business is rooted in Chinese mainland market and extends to more than 180 countries and regions worldwide as of June 30, 2026. During the Track Record Period, we experienced rapid growth both in Chinese mainland and overseas, demonstrating strong growth momentum. For the six months ended June 30, 2026, our revenue generated from the Chinese mainland market and overseas markets accounted for 33.1% and 66.9% of our total revenue, respectively.

Leveraging our strong R&D capabilities, robust supply chain, and global distribution network, we have established a leading position in the global consumer technology market. According to Frost & Sullivan, we ranked first both in Chinese mainland and the global consumer technology extension products market in terms of shipment volume in 2025[1]. In terms of revenue, we ranked first in Chinese mainland and second globally in the consumer technology extension products market in 2025, with a market share of 2.6% and 1.5%, respectively. We have also made notable progress in the storage segment with our consumer-grade network-attached storage ("**NAS**") products. By substantially enhancing product functionality and user experience, we have successfully transformed professional-grade storage devices into mass-market consumer products.

Our Product Portfolio

Leveraging our foundational R&D capabilities, together with our in-house manufacturing capacity and a coordinated supply chain, we have, over the years, continuously refined and upgraded our product categories, including charging products and accessories, office products, audio and visual products, and storage products.

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1 The consumer technology market can be categorized by product type into consumer technology extension products and end devices. Consumer technology extension products, as an important component of the consumer technology market, refer to products that provide functional expansion and enhancement for consumer technology end devices. According to Frost & Sullivan, in 2025, consumer technology extension products accounted for 7.4% and 5.9% of Chinese mainland and the global consumer technology market, respectively, and consumer technology end devices accounted for 92.6% and 94.1% of Chinese mainland and the global consumer technology market, respectively. Our charging products and accessories, office products, and audio and visual products largely fall within the consumer technology extension products category, while our NAS products are classified as consumer technology end devices. For details, please see "Industry Overview."

Our current product portfolio comprises the following four product categories:



Charging Products and Accessories

Our charging products and accessories primarily comprise chargers and power banks. This category has demonstrated strong scale and growth momentum and serves as a core component of our product portfolio. For the six months ended June 30, 2026, our charging products and accessories recorded revenue of RMB2,666.7 million, representing a growth of 50.0% compared with the six months ended June 30, 2025 and contributing significantly to our total revenue growth.

We have expanded beyond traditional charging products by integrating energy-efficient technologies, safety-oriented thermal management and product design. We have continued to explore the application of gallium nitride ("**GaN**") technology and launched multiple product series, including the popular "Nexode Air" and "Nexode Pro." Our products also incorporate our self-developed ThermalGuard™ smart temperature control technology, AirPyra® electronic stacking technology, and UGREEN SmartCharge® power auto-distribution and intelligent voltage tracking technology, which support compact designs, improved energy efficiency and reduced heat generation. Our product offerings address a broad range of power supply requirements, from 20W smartphone fast charging to desktop power stations with output capacity of up to 500W.

Office Products

We offer a comprehensive portfolio of office products, including docking stations, multi-display connectivity products, and office keyboards and mice, designed to meet the diverse needs of modern workplaces and home offices. We focus on addressing users' efficiency needs in modern digital workplaces and providing practical productivity products for users globally. Our docking stations and hubs have achieved strong sales performance on major e-commerce platforms such as Amazon and Tmall, and are widely adopted by a broad user base, serving as a cornerstone product category in establishing our leadership in global markets.

Audio and Visual Products

We are committed to providing users with rich and convenient audio and visual products, offering products that cover a wide range of high-definition audio and video capture, connectivity and transmission devices, as well as various headphone products. Leveraging our deep expertise in fields including signal transmission, our video products support protocols such as HDMI 2.1 and DP 2.1, enabling lossless transmission for 8K and 16K content. We are actively exploring the application of AI in the acoustic domain, integrating AI algorithms into audio products such as true wireless stereo headphones. Whether building a private home theater or enjoying personal music moments, our audio and visual products are designed to allow users to experience high-quality digital content.

Storage Products

Our storage product category primarily comprises our NAS product line. Since entering the NAS-based private cloud industry, we have continued to increase our system-level R&D investment. Revenue from our storage products has maintained strong growth and represented one of our fastest-growing product lines during the Track Record Period. Our revenue from NAS products amounted to RMB640.0 million for the six months ended June 30, 2026, representing a growth of 115.9% compared with the six months ended June 30, 2025.

In the AI era, where data privacy has become increasingly important, we believe our consumer-grade NAS products are driving industry evolution by transforming into private cloud servers and edge computing hubs for individuals, families, and small businesses. NAS products function as permanent repositories for personal digital assets and, while remaining compatible with public cloud services, offer scalable local storage that addresses key limitations of public cloud products, including high subscription fees, limited data privacy control, and bandwidth constraints.

Powered by our self-developed UGOS Pro operating system, our NAS products enable cross-platform connectivity across Windows, macOS, Android, and iOS. At the hardware level, we integrate high-performance graphics processing units (**"GPUs**") and neural processing units ("**NPUs**"), equipping our NAS products with on-device AI inference capabilities. By supporting third-party applications and providing local storage and computing capabilities based on users' local data, our NAS products deliver enhanced functionalities and user experiences that make storage options once limited to professional users accessible to mass-market households.

Moreover, NAS is inherently positioned as the ideal architecture for AI agent deployment. By enabling natural language interaction, NAS empowers AI agents to perform autonomous task orchestration across multiple platforms. This transformation elevates the NAS functional profile from a passive storage container to an intelligent data management and automation platform with self-governing cognitive capabilities. As the central hub of our product portfolio, our NAS products are expected to further connect with a broader range of UGREEN products, enhancing product interoperability within our product portfolio.

Our technological expertise, creativity, and manufacturing capabilities have enabled us to build a diversified product portfolio under the "UGREEN" brand. This unified brand identity has continuously reinforced our strategic evolution and category expansion, and created a virtuous cycle in which products build a strong brand, and a strong brand, in turn, drives the successful launch of new product categories. Leveraging our multi-layered global sales network, we translate this brand strength and product excellence into tangible value for consumers worldwide.

Market Opportunities

The global consumer technology industry is entering a new phase of development characterized by "intelligence" and "full-scenario integration," with the overall market continuing to expand. According to Frost & Sullivan, the global consumer technology market reached USD1,075.3 billion in 2025 and is expected to grow steadily. With comprehensive competitive strengths in R&D, supply chain management, product innovation, brand building, and multichannel marketing, we are well positioned for continued expansion in the evolving global market landscape. Meanwhile, we believe we are presented with the following four major historical opportunities:

AI compute decentralization and the monetization of data assets. The widespread adoption of AI is driving the decentralization of computing power from the cloud to the edge. As the volume of high-definition videos, photos, and work-related documents generated by individuals grows exponentially, household users are experiencing a surge in demand for private knowledge bases and enhanced data privacy protection. According to Frost & Sullivan, the global consumer-grade NAS market is estimated at USD770 million in 2025 and is expected to rise further to USD3.6 billion by 2030, representing a CAGR of 36.3% from 2025 to 2030. Leveraging our first-mover advantage in the "AI + NAS" space, we have established a leading position in this emerging segment, and is well positioned to reshape the landscape of home data storage.

Regulatory standardization in consumer technology industry. Regulatory and compliance requirements relating to product safety and environmental standards in major global markets have become increasingly stringent. These developments are expected to materially raise industry entry barriers and accelerate the contraction of market shares held by unbranded manufacturers and small brands lacking sufficient R&D capabilities and quality control systems. With a strong track record of regulatory compliance, we are well positioned to benefit from the resulting consolidation of market share, as this "survival of the fittest" dynamic is expected to improve both the competitive landscape and overall profitability of the industry.

Brand elevation and deep localization in global markets. With the successful international expansion of high-value, highly interactive consumer technology end devices, represented by our NAS products, we have achieved a qualitative upgrade in brand perception among consumers, major e-commerce platforms, and leading offline retail groups such as Walmart, Costco, and Best Buy. The enhancement of brand premium capabilities has positioned us more proactively within the global competitive landscape. We have achieved key breakthroughs in building a distribution network across developed markets including the United States and Europe. Going forward, by continuing to strengthen brand momentum and deepen localized operations, we aim to further increase our market share in developed markets, and create greater value through the combined enhancement of brand and product capabilities.

Digital growth in emerging markets. Digital adoption is accelerating in emerging markets such as Southeast Asia and Latin America, leading to rapid growth in demand for consumer technology products. With a strong supply chain, innovative products, and growing global brand awareness, we believe we can repeat our success in these markets and develop new sources of growth.

Backed by our strong technology base and integrated supply chain, we will continue driving innovation in our products and product categories. At the same time, we will strengthen our global strategy with strong local execution by leveraging better market insights and localized services to increase our market share. As a result, our brand strength and product competitiveness will reinforce each other and support our long-term, sustainable growth.

Financial Performance

Driven by continuous innovation across our product portfolio and a well-diversified global sales and distribution network, we delivered strong financial results across business cycles. We recorded revenue of RMB4,801.4 million, RMB6,166.3 million and RMB9,485.6 million in 2023, 2024 and 2025, representing a CAGR of 40.6% from 2023 to 2025. Our revenue increased by 50.8% from RMB3,854.8 million for the six months ended June 30, 2025 to RMB5,813.9 million during the same period in 2026. This growth rate substantially outpaced the industry average, demonstrating our strong organic growth momentum.

We recorded net profit of RMB393.7 million, RMB460.5 million, and RMB703.5 million in 2023, 2024, and 2025, representing a CAGR of 33.7% from 2023 to 2025. Our net profit increased by 58.0% from RMB273.6 million for the six months ended June 30, 2025 to RMB432.2 million during the same period in 2026. Our gross profit margin remained overall stable at 36.9%, 36.8%, and 36.5% in 2023, 2024, and 2025, respectively. Our gross profit margin increased from 36.1% for the six months ended June 30, 2025 to 38.4% during the same period in 2026. This highlights our ability to maintain strong operating efficiency and high earnings quality while pursuing rapid expansion, and to create long-term, sustainable value for shareholders.

OUR COMPETITIVE STRENGTHS

We believe that our established market competitiveness, and our proven strengths in global sales networks, supply chain and manufacturing capabilities, as well as talent development, together constitute substantial competitive barriers. Leveraging these competitive strengths, we are well positioned to capitalize on the growth opportunities in the global consumer technology market.

Capabilities in Building a Consumer Technology Product Portfolio

We adhere to a user-centric approach with product offerings spanning charging and accessories, office, audio and visual, and storage, with planned expansion into smart home products. Together, these offerings support interconnection across mobile work, home living, and outdoor mobility, addressing users' needs for device connectivity, power management, data storage and data transmission.

Product Development

Our ability to identify and respond to market trends is well demonstrated by the successful commercialization of our NAS products. We recognized early that secure data storage and convenient data access and sharing have become fundamental needs in users' daily lives, work, and social interactions. In response, we launched our NAS products and developed our proprietary, user-friendly UGOS Pro operating system, delivering multi-scenario file storage and management capabilities that address the data storage needs of individual and enterprise users.

We continuously iterate and upgrade our NAS products. We launched an AI-enabled NAS product capable of multimodal recognition and intelligent on-device data analysis, with real-time responses to user queries. This innovation addresses users' increasing demand for personalization while meeting stringent requirements for data security and privacy.

In addition, our user-centric R&D philosophy allows us to continuously collect real-time user feedback and refine product design and functionality. For instance, we have established the UGREEN NAS Private Cloud Community, an online user support center, to engage closely with NAS users and promptly capture their feedback, which we use to continuously upgrade the UGOS Pro system supporting our NAS products.

Leveraging our strong product development capabilities in consumer technology products, we have consistently received global recognition for industrial design excellence. As of June 30, 2026, our products have won 60 Red Dot Design Awards and 34 iF Design Awards in Germany, as well as major industrial design awards in Chinese mainland, including the Contemporary Good Design Award (當代好設計大獎) and the Red Star Design (中國紅星獎) Award.

Technological Innovation

We have consistently maintained a high level of investment in R&D, centered on product development and technology iterations. Our total R&D expenses amounted to RMB215.9 million, RMB304.1 million, RMB437.8 million, RMB173.5 million and RMB349.1 million in 2023, 2024, 2025, and for the six months ended June 30, 2025 and 2026, respectively. We have established an experienced and highly capable R&D team with strong innovation capabilities, focusing on the research and application of core underlying technologies. We are able to effectively translate R&D investment into technological innovation and, ultimately, commercialized products. As of June 30, 2026, we held a total of 2,506 registered patents globally, consisting of 48 invention patents, 517 utility model patents, and 1,941 design patents.

Typical examples of our technological innovation include:

Smart storage operating system. We observed that while traditional NAS products address certain limitations of public cloud services, they often remain complex to operate, limited in functionality, and inefficient in data management, with insufficient security safeguards.

To enable consumers to fully enjoy the benefits of NAS products, we independently developed the UGOS Pro operating system. It features an intuitive graphical user interface and supports AI-enabled functions such as intelligent content classification and semantic search, significantly lowering the user adoption threshold. The underlying system architecture incorporates multiple core technologies to ensure high-speed and stable data transmission and secure data storage. Supported by our proprietary lightweight model technology and edge-cloud collaboration capabilities, we have developed a comprehensive and modular algorithm platform that efficiently supports a wide range of AI-enabled hardware devices, delivering a consistent intelligent experience across devices and use cases.

In particular, we received dual certifications for our NAS products in 2025 from Société Générale de Surveillance ("**SGS**"), a globally recognized inspection, verification, testing, and certification organization: ISO/IEC 27001 for Information Security Management and ISO/IEC 27701 for Privacy Information Management. We are the first NAS brand in Chinese mainland to have obtained these two international security certifications from SGS, demonstrating the superior security performance of our NAS products.

Smart fast charging. Traditional charging products often deliver an unsatisfactory charging experience, particularly in fast-charging scenarios, due to issues such as limited compatibility, inadequate heat dissipation and safety concerns. To address these challenges, we have established a multidisciplinary R&D framework covering power electronics, thermodynamics, materials science and algorithm development, enabling us to pursue forward-looking technological advancements on an ongoing basis.

We have developed GaN technologies and intelligent thermal management algorithms to achieve high power-density charging with controlled operating temperatures. Through intelligent algorithms, we enable precise data collection and real-time control, while integrating multiple protection mechanisms to overcome key challenges in power density, thermal management and electromagnetic compatibility. Leveraging a unified technology platform, we have realized the integration and commercialization of wired fast charging, wireless charging, and portable energy storage.

High-speed connectivity. In office environments, users often face challenges such as difficulty in coordinating multiple devices, transmission speed bottlenecks and insufficient connection stability. We focus on delivering high-speed, stable and intelligent connectivity by systematically developing a full-chain technology framework and advancing key capabilities in high-speed signal protocol conversion and low-latency transmission. Through multi-protocol integration and dynamic power delivery ("**PD**") power management, we enable stable cross-platform device connectivity and efficient collaboration. In addition, we optimize the coexistence and anti-interference performance of Bluetooth and Wi-Fi modules to ensure reliable connectivity in complex usage environments.

Acoustics and noise reduction. Noise reduction technologies and intelligent algorithms have become key development directions in the field of acoustics. We adopt a dual-modal signal acquisition architecture, with the core technical approach of combining dual-source synchronized signal fusion with deep neural network-based noise reduction. Through hardware-level filtering, we ensure time-domain synchronization and amplitude consistency of signals. AI algorithms are then applied for feature extraction and cross-analysis, while deep neural network models are used to suppress noise and reconstruct clear human voice signals. This enables effective separation of speech from environmental noise and significantly improves call quality in complex usage scenarios.

A Global Multichannel Sales and Distribution Network

We have established a diversified, multichannel global sales and distribution network, with long-standing and extensive deployment across Chinese mainland and overseas markets, covering both online and offline channels, as well as distributor-based and direct-to-consumer sales models.

Online Channels

We have built a strong presence across leading domestic and international online channels, including JD.com, Tmall, Amazon and Shopee. We have also gained an early mover advantage in next-generation social commerce platforms such as Douyin, TikTok Shop, and Xiaohongshu. Our revenue generated from online sales amounted to RMB3,590.1 million, RMB4,630.9 million, and RMB7,038.1 million in 2023, 2024 and 2025, respectively, representing a CAGR of 40.0%. Our revenue generated from online sales increased by 45.7% from RMB2,846.6 million for the six months ended June 30, 2025 to RMB4,147.2 million during the same period in 2026.

Due to the strong sales performance of our products, we have received numerous honors and awards from both domestic and international e-commerce platforms. In domestic online channels, we were recognized as an Alibaba King Store (阿里巴巴王者店舖) and a JD.com Annual High-Quality Store (京東年度好店), with multiple major products ranking first in transaction indices on JD.com and Tmall. In overseas online channels, we were recognized as Amazon Performance Peak Award (亞馬遜巔峰表現獎) and Amazon Global Expansion Excellence Brand of the Year (亞馬遜年度全球拓展卓越品牌) in 2024, and Amazon Decade-Long Growth Brand (亞馬遜十年同行長贏品牌) in 2025. Our products have also been consistently featured among Amazon Best Sellers (亞馬遜最暢銷產品) and Amazon's Choice (亞馬遜之選).

We also continue to strengthen the development of our direct-to-consumer websites. In developed overseas markets such as the United States, Canada and the European Union, we have progressively established brand-owned standalone websites to build our proprietary user base and private traffic, while providing personalized user support to enhance customer loyalty.

Offline Channels

We have established a distributor network with global coverage. As of June 30, 2026, we maintained a distribution network in Chinese mainland covering all provinces, autonomous regions and municipalities. As of the same date, we had also built an extensive overseas distributor network covering approximately 82 countries and regions. Our distributors possess localized market knowledge and the ability to provide timely customer support, which significantly enhances our ability to penetrate global markets, expand customer coverage and accelerate product market adoption.

As our brand recognition continues to strengthen, we have expanded our partnerships with leading retailers. In Chinese mainland, our products are available through major retail channels such as Sam's Club, Walmart, Apple Authorized Resellers, and Sundan. Overseas, we have successfully entered the retail networks of well-known global retailers, including Walmart, Costco, Best Buy, B&H and Micro Center in the United States, as well as MediaMarkt in Europe.

Localized Deployment in Overseas Markets

We are firmly committed to globalization. During the Track Record Period, our overseas business achieved steady growth. Revenue generated from customers outside Chinese mainland increased by 46.5% from RMB2,419.5 million in 2023 to RMB3,543.7 million in 2024, and further increased by 64.3% to RMB5,821.4 million in 2025. Our revenue generated from overseas markets increased by 69.4% from RMB2,294.6 million for the six months ended June 30, 2025 to RMB3,887.6 million during the same period in 2026. Our broad market coverage demonstrates our insight into user preferences across different countries and regions, as well as our strong execution capabilities.

To deepen our penetration of overseas markets, we have established localized service subsidiaries in key markets including Hong Kong, the U.S., Germany, Japan, South Korea, Singapore, Vietnam, Malaysia and the United Arab Emirates. We have built a "1+N" service framework comprising one global headquarters supported by multiple localized regional service centers, enabling us to accurately identify local consumer preferences. Leveraging our overseas subsidiaries and offices as operational hubs, we work closely with local teams responsible for marketing and promotion, sales and channel management, local warehousing support, as well as localized technical and customer service support.

Based on the specific conditions and consumer preferences of each market, we implement differentiated product and go-to-market strategies. We actively recruit management and sales professionals with international experience and optimize our compensation and incentive systems to attract and retain high-caliber local talent. Through continuous optimization, we are progressively building an efficient and dynamic organization, enhancing our market responsiveness, user experience and brand loyalty.

Deep Integration of Manufacturing Capabilities and Supply Chain Management

We have established a supply chain model that combines in-house manufacturing and third-party manufacturing collaboration. This hybrid model enables the rapid commercialization of new products, supports flexible capacity allocation, and enhances the resilience of our supply chain.

In-house Manufacturing

We regard innovation as a core driver of our business, with quality control forming the foundation of our operations. As of June 30, 2026, we owned four manufacturing subsidiaries. Through our manufacturing subsidiaries, we have strengthened our in-house manufacturing capabilities, focusing on new product prototyping, process improvement, and cost analysis. These capabilities enhance our ability to manage value creation across the supply chain.

The primary value of our in-house manufacturing system lies in improving the stability and security of our supply chain. Our manufacturing subsidiaries integrate early-stage product research, manufacturing process and cost assessment, and product risk evaluation. In the event of external supply chain disruptions or changes, our internal production capacity serves as a strategic buffer and backup, ensuring operational continuity and business stability.

Our in-house production strengthens our supply chain stability and security, and enhances our manufacturing insight. On the one hand, it helps mitigate risks arising from price volatility and supports effective cost management. On the other hand, the precise cost models developed through in-house production enable us to assess the reasonableness of quotations from third-party manufacturing partners, thereby strengthening our bargaining position in procurement negotiations.

In addition, in-house manufacturing enhances our operational coordination and efficiency. Our internal production capabilities allow us to retain control over key processes and risk assessment, which in turn strengthens our overall supply chain management and facilitates closer collaboration in product development across the supply chain.

Supply Chain Management

To maintain operational flexibility and fully leverage the strong manufacturing capabilities in the Chinese mainland, we collaborate with trusted third-party manufacturing partners. We lead the entire product development lifecycle, including product definition, feasibility studies, product design (covering industrial design, structure, functionality and software), product validation, testing and mass production, and retain ownership of the relevant IP rights. This approach safeguards our core competitiveness and proprietary technologies.

We have established a rigorous manufacturing partner selection and onboarding process, supported by a comprehensive supply chain system and stable relationships with our core supply chain partners. On the supply chain management side, we have implemented a multi-dimensional supplier admission and evaluation framework, under which suppliers are subject to tiered certification based on factors such as production capacity, quality control standards and management systems. In parallel, we have developed a dynamic performance evaluation model that quantitatively assesses suppliers across four key metrics: quality compliance rate, on-time delivery performance, cost optimization and service responsiveness. The evaluation results are directly linked to order allocation mechanisms, effectively incentivizing continuous capability enhancement and process innovation among suppliers.

Leveraging these flexible management mechanisms and a cross-functional collaboration platform, we have successfully built a differentiated competitive advantage characterized by high quality, cost efficiency and fast delivery. As a result, we have established a modern supply chain ecosystem that is self-controlled, dynamically optimized and capable of continuous improvement.

To further enhance supply chain resilience, we are actively expanding our manufacturing footprint and plan to establish overseas manufacturing collaboration in the future. These initiatives are expected to help mitigate geopolitical risks and enhance our ability to serve international markets with greater flexibility.

A Cohesive Organization and an Experienced, Insightful Management Team

We have a management team with deep industry insight and extensive experience. Our founding team has, on average, over 15 years of experience in the consumer technology industry. Our founding team has consistently identified and capitalized on market opportunities to drive our rapid growth, to establish and maintain a leading position in the sector. The members of our founding team work closely together and have collaborated for more than ten years, providing a strong foundation for our sustained high-growth development.

We have dedicated teams responsible for the full lifecycle management of our products, from product definition through market launch, and operate under a business unit-based management structure. This enables us to respond swiftly to evolving market demand in product selection, design and R&D. Our sales and marketing teams continuously monitor market trends and promptly identify changing consumer needs across different regions, providing timely insights to inform product development. With a strong emphasis on innovation, we have built a leading R&D talent pool in the industry, including dedicated teams for AI-related product development, algorithm laboratories and software security, led by experts with extensive experience at leading industry players. This structure provides us with deep technical expertise and forward-looking industry insights.

Our founding team places equal emphasis on corporate growth and employee development and welfare. We have fostered a corporate culture with long-term competitiveness and established a dynamic talent development ecosystem that attracts and retains high-caliber professionals, providing a robust organizational foundation to support our advancement in the next phase of industry evolution.

OUR STRATEGIES

We intend to further solidify our leading position by pursuing the following strategies:

Expanding Our Consumer Technology Product Portfolio to Better Meet User Needs

R&D innovation has been a consistent strategic priority for us and remains the core driver of our future high-quality growth. We plan to continue investing steadily in R&D, leveraging breakthroughs in frontier technologies to empower our product portfolio. Centered on our consumer technology portfolio, we aim to provide users with a comprehensive range of products to better address diverse and evolving customer needs. Approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**] million, will be allocated to increasing our investment in technology innovation and product development.

Storage Products

We plan to further strengthen foundational technology innovation in areas such as localized AI deployment and computing resource orchestration. We will continue to invest in on-device AI R&D and build upon the intelligent capabilities of our iDX6011 Pro, our AI NAS product with a built-in local model, to deliver further upgrades. We aim to enable localized AI training and inference for everyday entertainment, office use and personal file management, allowing each user to establish a personalized home storage hub where data stored in a private cloud can fully benefit

from AI-driven capabilities. With storage products as the core, we intend to extend AI-enabled experiences into home and office scenarios, delivering differentiated and enhanced user experiences across data management, content creation and sharing, and multi-device connectivity and control. Approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**] million, will be invested in the technology innovation and product development of our storage products centered on NAS.

Smart Home Products

We plan to introduce a smart home product line, initially focused on security and care devices such as internet protocol cameras ("**IPC**"). According to Frost & Sullivan, the global consumer IPC market is expected to reach approximately USD25.2 billion in 2025, with a CAGR of 20.7% from 2025 to 2030, reflecting strong and sustained demand.

Within this growing market, a structural shift is underway from cloud-subscription models toward on-device AI processing and local storage. This transition is driven by increasing consumer sensitivity to data privacy and recurring subscription costs, as well as the tightening of privacy regulations such as the EU General Data Protection Regulation ("**GDPR**") and the PRC Personal Information Protection Law. However, mainstream market participants continue to rely heavily on cloud-based data storage and subscription-driven revenue models, and their data processing practices have faced heightened regulatory scrutiny in recent years.

Against this backdrop, the "local AI, no subscription" segment presents a clear supply gap. Our approach is designed to address this opportunity by aligning with consumer preferences for one-time hardware purchases and local data control, thereby offering a differentiated alternative within the current competitive landscape.

In the competitive landscape, we believe, as advised by Frost & Sullivan, our value proposition differs from both traditional IPC manufacturers and cloud-subscription providers. Traditional IPC manufacturers generally focus on hardware functionality and often rely on third-party platforms for data management and intelligent analytics, while cloud-subscription providers typically adopt recurring subscription-based business models centered on cloud storage and processing services. By contrast, our IPCs are designed to operate in conjunction with our NAS products, enabling local storage, edge AI processing and private data management within a unified ecosystem. This integrated architecture is intended to address increasing user demand for data privacy, local control and reduced dependence on recurring subscription fees. Leveraging this architecture, we believe we are well-positioned to offer differentiated product capabilities and user experience.

Furthermore, unlike new entrants seeking to establish capabilities across hardware, software, AI algorithms and data management simultaneously, we are able to leverage technological capabilities already developed and commercialized in our NAS and audio and visual businesses. The IPCs we are developing are designed to capture high-definition video data and transmit it in real time over a local network to our NAS products, which serve as local storage and edge AI processing hubs. This architecture leverages technological capabilities already validated in our existing NAS business. Also, the audio and video capture, encoding and decoding, remote transmission, local storage, AI recognition and data security capabilities required for IPCs are highly aligned with our existing technology stack. In particular, our existing capabilities in peer-to-peer transmission, streaming media, AI-based visual recognition and RAID technologies are transferable to smart security applications. Our core R&D team possesses over ten years of experience in audio and video products and has a proven track record in delivering low-power battery cameras and video doorbells from development to mass production. Compared to new entrants without such foundational capabilities, this experience is expected to shorten our product validation cycle and reduce development risks.

According to Frost & Sullivan, both the global IPC market and the smart home market remain relatively fragmented, with no single participant holding a dominant market position. Leveraging our position as a leading global consumer technology products company, we believe we are well-positioned to capitalize on opportunities in these markets through our established brand recognition, extensive distribution network, mature supply chain management capabilities and broad customer base. These advantages are expected to facilitate customer acquisition, accelerate product commercialization and mitigate certain market-entry challenges typically encountered by new entrants.

Upon launch, these smart home products are expected to further expand our product portfolio and create synergies with our existing product lines. By integrating on-device AI processing with local storage through NAS, our approach enables data to remain within the user's local network throughout collection, storage, and analysis, aligning with evolving privacy and compliance expectations. At the same time, our existing NAS user base provides a natural channel for initial adoption, which may result in lower customer acquisition costs compared to launching a standalone new brand. Matter 1.5, an open smart home connectivity standard developed by the Connectivity Standards Alliance and released in November 2025, for the first time natively supports cameras, allowing devices from different brands to interoperate seamlessly. This standardization lowers barriers to entry for new camera products. Together with continued reductions in the cost of on-device NPU computing power and the accelerating regulatory focus on data localization, collectively present a strategic window for us to enter this market in 2026. By focusing on the "local AI, no-subscription" segment — an area where incumbent players have yet to establish a dominant position — we aim to differentiate ourselves from existing market participants through product integration and ecosystem synergy, thereby building a sustainable competitive advantage. Approximately [**REDACTED**]%, or HK$[**REDACTED**] million, of the [**REDACTED**] will be invested in the technology innovation and product development of smart home products.

Product Upgrades

Guided by our insights into the evolving customer preferences and anchored in technology innovation as a core growth driver, we continue to expand and enrich our product portfolio. On the one hand, we aim to proactively lead industry trends by developing products that redefine user expectations. On the other hand, we continuously translate user feedback into smarter and more user-friendly product upgrades, further enhancing the customer experience and strengthening user loyalty. Approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**] million, will be allocated to promoting continuous iterative upgrades of our other product categories, which include charging products and accessories, office products and audio and visual products.

Continuously Building a Valuable, Human-Centered Global Brand

We will continue to foster brand affinity and user loyalty. We plan to deepen engagement with younger audiences and cultivate long-term brand recognition and create both functional and emotional points of connection with young users. We will also continue to upgrade our brand-building efforts to consolidate and enhance the global influence of the "UGREEN" brand. We emphasize a globally unified brand image, and we plan to attract additional talent with strong international branding and marketing expertise and implement targeted incentive programs to support the effective execution of our global brand strategy. Approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**] million, will be allocated to our brand building.

Deepening an Integrated, Multichannel Footprint to Expand Global Influence

We plan to enhance our multichannel capabilities through strengthening our presence in developed markets and expanding in emerging markets.

In developed markets where we have established advantages, we will focus not only on further scale expansion and higher market penetration, but also on upgrading the user experience we provide. We will consolidate our leading position by strengthening partnerships with established mainstream e-commerce platforms, maintaining agility in adopting new platforms, and deepening collaboration with distributors. We will enhance local team capabilities and elevate the brand presence of physical retail outlets. As brand influence continues to grow, we will actively expand our enterprise and mass-retail customer base, further deepen our direct-to-consumer operations, and pursue strategic partnerships to embed ourselves more deeply into local ecosystems.

In emerging markets with strong growth potential, we aim to rapidly gain market share and build brand awareness. We will pursue a dual strategy that balances expansion on leading e-commerce platforms with offline market access. Leveraging proven, mature products as entry points, we will establish a rapid market presence and progressively introducing our other product offerings. In parallel, we will customize marketing initiatives to local demographics and cultural characteristics to promote our business growth. Approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**] million, will be allocated to enhancing our sales channel development and market penetration.

Strengthening Talent Development and Organizational Competitiveness on a Global Scale

We place a high priority on organizational development and are committed to building a modern corporation with strong international competitiveness.

Talent development and team building remain our key strategic priorities. We will continue to invest in the cultivation of talent and the strengthening of our global workforce. We plan to recruit top-tier professionals worldwide who align with the development of our consumer technology product portfolio, with a focus on critical areas such as AI, information security, and data compliance. In support of our globalization strategy, we will place greater emphasis on attracting talent in overseas markets and individuals with a global perspective. Going forward, we will further strengthen our localized teams in major overseas markets including the United States, Europe, and APAC countries, while steadily expanding our localized teams in other emerging markets.

We will continue to optimize our organizational structure and management systems, supported by a well-established corporate culture and efficient organizational framework to drive the development of our four core business pillars: products, R&D, sales and distribution network, and branding. At the same time, we will enhance our management capabilities and internal resource allocation efficiency by introducing digital and AI-enabled management tools, to ensure the long-term competitiveness of our organizational system. Approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**] million, will be allocated to the intelligent evolution of our business processes.

Pursuing Strategic Investment Opportunities to Enhance Growth

We plan to selectively pursue strategic investment opportunities that are aligned with our business development objectives. To strengthen our technological capabilities and expand our business footprint, we intend to make strategic investments in or acquire technologies and teams that are complementary to our business or capable of generating synergies with our existing operations. Through such strategic investments, or acquisitions, we aim to further enhance our technological strength and broaden our market reach, thereby accelerating our growth. As of the Latest Practicable Date, we have not identified any specific investment or acquisition targets.

OUR PRODUCT OFFERINGS

We are a global consumer technology company driven by innovation. Centered on four product categories, namely charging products and accessories, office products, audio and visual products, and storage products, we address a broad range of everyday usage scenarios across home, travel, work, and entertainment.

During the Track Record Period, all of our four product categories achieved robust growth. The following table sets forth a breakdown of our total revenue by product category, in absolute amounts and as a percentage of our total revenue for the year/period indicated:

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Charging products and accessories	2,076,044	43.3	2,957,626	48.0	4,355,886	45.9	1,777,633	46.1	2,666,726	45.9
Office products	1,446,986	30.1	1,756,799	28.5	2,431,563	25.7	1,032,210	26.8	1,500,369	25.8
Audio and visual products	950,255	19.8	1,060,493	17.2	1,472,320	15.5	630,187	16.3	877,236	15.1
Storage products	328,125	6.8	391,416	6.3	1,225,826	12.9	414,784	10.8	769,559	13.2
Total	**4,801,410**	**100.0**	**6,166,334**	**100.0**	**9,485,595**	**100.0**	**3,854,814**	**100.0**	**5,813,890**	**100.0**

Rooted in Chinese mainland with a global footprint, our business has achieved balanced growth across domestic and overseas markets, demonstrating strong growth momentum. According to Frost & Sullivan, we ranked first in the global consumer technology extension products market in terms of shipment volume in 2025. As of June 30, 2026, our products have been sold in over 180 countries and regions worldwide, making us one of the leading brands in the consumer technology market in Chinese mainland and globally. Our revenue from overseas markets continued to rise during the Track Record Period, representing 50.4%, 57.5%, 61.4%, and 66.9% of our total revenue in 2023, 2024 and 2025, and for the six months ended June 30, 2026, respectively.

The table below sets forth a breakdown of our revenue by geography, in absolute amounts and as a percentage of our total revenue for the year/period indicated:

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Chinese mainland	2,381,861	49.6	2,622,656	42.5	3,664,224	38.6	1,560,179	40.5	1,926,243	33.1
Asia (excluding Chinese mainland)	849,664	17.7	1,275,129	20.6	2,049,236	21.6	916,344	23.8	1,281,081	22.0
Europe	810,289	16.9	1,181,429	19.2	2,075,340	21.9	740,962	19.2	1,402,422	24.1
– *Germany*	224,208	4.7	313,933	5.1	616,167	6.5	217,616	5.6	403,976	6.9
The Americas	692,092	14.4	968,361	15.7	1,502,142	15.8	559,364	14.5	1,068,349	18.4
– *The U.S.*	362,507	7.6	480,726	7.8	838,446	8.8	305,669	7.9	607,794	10.5
Oceania	48,056	1.0	96,804	1.6	152,266	1.6	63,322	1.6	108,230	1.9
Other countries/regions	19,448	0.4	21,955	0.4	42,387	0.5	14,643	0.4	27,565	0.5
Total	**4,801,410**	**100.0**	**6,166,334**	**100.0**	**9,485,595**	**100.0**	**3,854,814**	**100.0**	**5,813,890**	**100.0**

Note:

Other countries/regions primarily include the markets in African countries, such as South Africa and Egypt.

Charging Products and Accessories

Charging Products

Our charging products include chargers, power banks, and other charging products. This category demonstrates strong market size and growth momentum. According to Frost & Sullivan, we ranked second in the global charging products market in terms of revenue in 2025.

Our product offerings address a broad range of power supply requirements, from 20W smartphone fast charging to desktop power stations with output capacity of up to 500W. These products incorporate our self-developed GaNInfinity® GaN energy matrix technology, ThermalGuard™ smart temperature control technology, UGREEN SmartCharge® power auto-distribution and intelligent voltage tracking technology, and AirPyra® electronic stacking technology, enabling faster charging, more compact form factors, and reduced heat generation in our chargers and power banks.

Chargers

Our fast chargers are compatible with major smartphones, tablets and PCs. Powered by our proprietary technologies, they combine compact portability with high performance. Featuring a three-stage fast-charging protection system that dynamically adjusts power output, our chargers enhance safety, reduce overcharging and overheating risks, and help extend battery life, making them a popular choice among consumers. During the Track Record Period, the retail prices of our chargers typically ranged from RMB11 to RMB1,403 in the global market, varying primarily by output power and port configurations.

The following diagram sets forth our signature chargers:

Product Series	Key Features
 500W GaN Desktop Fast Charger	• **Energy Efficiency:** According to Frost & Sullivan, as of the Latest Practicable Date, there are no directly comparable peer products in the 500W GaN consumer-grade fast charger segment. Mainstream multi-port chargers typically offer 200W-350W total output (single-port generally ≤140W) with average efficiency of 93% or lower. In contrast, our 500W GaN Desktop Fast Charger delivers 500W total output, supports up to 240W (PD3.2) on a single USB-C port, and achieves 95%+ full-link energy conversion efficiency, functioning as a high-efficiency energy hub capable of powering demanding devices such as power tools, mobile workstations, and drones. • **Safety Mechanisms:** Most high-power chargers rely on basic thermal throttling and lack dynamic safety responses, according to Frost & Sullivan. Our product incorporates an ultra-high-frequency safety monitoring system with orientation sensing and millisecond-level thermal analysis, enabling stable power output and safe operation even under continuous full-load or tip-over conditions. • **Power Density and Portability:** Fast chargers in the 45W segment typically have power density below 0.9W/cm³, limiting portability and size optimization, according to Frost & Sullivan. In contrast, our product achieves 1.35W/cm³ through GaN components and proprietary AirPyra® electronic stacking technology, delivering stable 45W output in a compact form factor and outperforming peers in both power density and portability.

Product Series	Key Features
 45W GaN Fast Charger	• **Energy Efficiency and Thermal Management:** According to Frost & Sullivan, conventional 45W chargers typically use passive thermal control, limiting efficiency to 91% or lower and causing heat buildup and power derating under load. In contrast, our 45W GaN Fast Charger achieves 93.5%+ efficiency through GaN components, an integrated thermal management system, high-precision negative temperature coefficient sensors, and ThermalGuard™ smart temperature control technology, delivering superior efficiency and thermal control.
 160W 5-Port GaN fast Charger	• **Energy Efficiency:** According to Frost & Sullivan, multi-port fast chargers with TFT screens typically face space constraints, limiting efficiency to 92% or lower and power density below 0.6W/cm³. In contrast, our 160W 5-Port GaN Fast Charger achieves 0.77W/cm³ power density while maintaining stable 160W output, delivering efficient performance in a compact design. • **Safety Mechanisms:** According to Frost & Sullivan, conventional multi-port chargers rely on passive protection and limited display functions. Our product adopts a proprietary surge suppression and thermal field synergy architecture, enabling millisecond-level monitoring and active heat dissipation for full-chain thermal management under high load.

Power Banks

In the field of power banks, we have built a diverse product matrix ranging from lightweight power banks to high-power outdoor power stations. Our products offer battery output power ranging from 20W to 300W, providing safe and efficient power supply for smartphones, laptops, and outdoor equipments. Depending on battery capacity and maximum output power, the retail prices of our power banks typically ranged from RMB78 to RMB845 during the Track Record Period.

The following table sets forth our signature power banks:

Product Series	Key Features
 55W Built-in Cable Power Bank	• **Retractable Cable and Power Delivery:** According to Frost & Sullivan, conventional power banks use retractable cables as low-power accessories with limited durability. The design of our 55W Built-in Cable Power Bank integrates a high-durability spiral spring and ball-bearing hinge, supporting 11V/5A high-current output and enabling the cable to function as a primary high-performance charging channel. • **Fast-Charging Protocol Compatibility:** Mainstream power banks have limited compatibility with proprietary fast-charging protocols and low handshake success rates, according to Frost & Sullivan. Our product adopts a proprietary protocol recognition engine to optimize handshake timing, enabling stable 55W fast charging and significantly improved charging speeds. • **Stacking and Thermal Management:** Conventional two-cell power banks face space constraints and rely on passive cooling, causing full-power output to throttle after about seven minutes, according to Frost & Sullivan. Our product uses compact multi-board stacking and a composite heat dissipation system with smart thermal management, sustaining full-power output for a substantially expanded period compared with mainstream industry competitors.

Product Series	Key Features
 25W Magnetic Built-in Cable Power Bank	• **Thermal Management and Charging Efficiency:** Mainstream wireless chargers typically operate at 15W with integrated layouts that cause thermal crosstalk and early power derating, according to Frost & Sullivan. Our 25W Magnetic Built-in Cable Power Bank supports up to 25W Qi2 magnetic charging and adopt a separated modular printed circuit board design that isolates heat sources, reducing operating temperature by 5°C and shortening full charge time by 15 minutes compared to mainstream products. • **Integration and Dynamic Power Allocation:** Conventional chargers rely on multi-chip discrete solutions with higher complexity and limited power scheduling, according to Frost & Sullivan. In contrast, our single-chip dual-charge architecture with a 10-millisecond-level power data object detection engine simplifies design, lowers hardware costs, and enables real-time dynamic power allocation for improved efficiency and compatibility. • **Safety Mechanisms and Product Matrix Coverage:** According to Frost & Sullivan, typical third-party chargers use less accurate foreign object detection methods and face electromagnetic interference risks. Our phased foreign object detection mechanism and optimized electromagnetic interference shielding enhance detection accuracy, reduce power consumption, and ensure stable 25W multi-device charging, supported by a full product matrix covering foldable devices, stands, power banks, and multi-in-one chargers.

Other Charging Products

Our other charging products mainly include charging cables and power strips. The retail prices of these products typically ranged from RMB1 to RMB1,235 during the Track Record Period. The graphic below illustrates our signature products in the other charging products category:



Accessories

We offer a diverse and creative range of accessories designed for daily use with mobile phones, tablets, and laptops. Our accessories include protective cases, screen protectors, stands and organizers. During the Track Record Period, the retail prices of these products typically ranged from RMB0.5 to RMB500. The graphic below illustrates our signature accessories:



Office Products

Our office products comprehensively cover the connectivity, extension, and functional enhancement needs of laptops and other digital devices. They include multi-port docking stations and data cables, as well as other office peripherals such as keyboards, mice, and wired and wireless adapters.

Docking Stations

Our docking station products are designed with high compatibility, multi-interface integration, and stable transmission as core advantages, enabling efficient expansion of device connectivity and a convenient user experience. According to Frost & Sullivan, we ranked first in the docking stations market in Chinese mainland in terms of revenue in 2025. Depending on supported transmission protocols, the number of extended interfaces and bandwidth capabilities, the retail prices of docking stations typically ranged from RMB33 to RMB3,066 during the Track Record Period.

The diagram below sets forth our signature docking stations:

Product Series	Key Features
 Maxidok Thunderbolt Docking Station	• **Thermal Management and High-Speed Stability:** Mainstream docking stations experience thermal throttling that reduces SSD speeds to 3,000-4,000MB/s after ~0.5 hours and causes screen flickering after ~2 hours of triple 4K output, according to Frost & Sullivan. In contrast, our Maxidok Thunderbolt Docking Station maintains ~7,000MB/s SSD speeds and stable triple 4K@144Hz output for over 12 hours, enabled by microcontroller unit based real- time temperature monitoring and dynamic fan control for sustained high-load operation. • **Intelligent Power Allocation:** According to Frost & Sullivan, peer products primarily rely on fixed power pre-deduction, leading to rigid distribution and inefficiency in multi-device use. Our product supports PD3.1 140W charging with real-time dynamic power adjustment via a proprietary PD firmware mechanism, ensuring efficient allocation across ports while maintaining stable laptop charging. • **Energy Efficiency and Signal Integrity:** According to Frost & Sullivan, ERP standards require sleep power below 0.5W, while current high-speed signal transmission faces integrity challenges. Our product achieves <0.16W sleep consumption and lossless ultra-high-speed signal transmission with full protocol compliance, enabled by proprietary energy-saving design and a signal closed-loop architecture.
 USB4 & OCuLink eGPU Docking Station	• **Dual-Interface Synergy and Patented Charging Architecture:** According to Frost & Sullivan, conventional eGPU enclosures rely on a single interface, limiting bandwidth or charging capability. Our USB4 & OCuLink eGPU Docking Station supports both USB4/Thunderbolt and OCuLink with a patented control circuit, enabling simultaneous high-speed data transmission and reverse charging to the host, resolving performance-battery trade-offs. • **Intelligent Hot-Plugging Safeguards:** Standard eGPU enclosures lack safeguards against improper disconnection, risking crashes or data loss, according to Frost & Sullivan. Our product integrates a delay-control algorithm and RGB status indicator to provide real-time feedback and prevent unsafe hot-plugging. • **Power Stability and Signal Integrity:** High-performance GPUs require stable power and are prone to signal attenuation over long cables, according to Frost & Sullivan. Our product's enclosure features an 850W advanced technology extended power supply and Redriver signal enhancement technology, ensuring stable power delivery and reliable data transmission.

Other Office Products

We also offer a range of office products that enhance human-computer interaction efficiency and network connectivity, primarily comprising input devices and network communication devices. Our other office products include, among others, keyboards, mice, wireless adapters, Ethernet cables, and Bluetooth adapters. During the Track Record Period, the retail prices of these products

typically ranged from RMB2 to RMB1,959. The graphic below illustrates our signature products in the other office products category:



Audio and Visual Products

Our audio and visual products include audio and video cables, headphones, and other audio and visual products such as microphones and cameras.

Audio and Video Cables

We offer comprehensive audio and visual peripheral connectivity products covering high-definition audio-video transmission, signal conversion, and extension needs. Our product line includes, among others, HDMI HD cables, DP cables, VGA/DVI cables, and various audio cables, supporting high-quality audio and visual transmission between multiple devices, providing reliable support for users to build stable and flexible home entertainment and office audio and visual systems. Depending on cable length and data transmission specifications, the retail prices of our audio and video cables typically ranged from RMB4 to RMB4,600 during the Track Record Period. The graphic below illustrates our signature products in the audio and video cables category:



Headphones

We aim to provide a comprehensive product portfolio covering over-ear, in-ear, and open-ear headphones, including models equipped with smart display screens and multi-scenario functionality, to meet the diversified needs of consumers. We integrate technologies such as active noise cancellation and AI- powered multi-microphone calling with bone voiceprint recognition to deliver clear, stable audio across environments. Beyond audio, the headphones support AI meeting transcription and translation, while a companion app enables personalized features, enhancing user experience and brand loyalty. During the Track Record Period, the retail prices of our headphones typically ranged from RMB32 to RMB500. The graphic below illustrates our signature headphones products:



Other Audio and Visual Products

We also provide a diversified portfolio of other audio and visual products, covering USB desktop microphones, gaming microphones, wireless lavalier microphones, and webcams. In addition, we have launched wireless screen mirroring devices, audio-video capture devices, as well as signal management accessories such as splitters and switchers. During the Track Record Period, the retail prices of these products typically ranged from RMB50 to RMB700. The graphic below illustrates our signature products in the other audio and visual products category:



Storage Products

Our storage products comprise consumer-grade NAS products and other storage products.

NAS Products

Our storage portfolio is centered on our consumer-grade NAS product line, which has become an increasingly important contributor to our growth. In the age of AI, as data privacy grows ever more critical, our consumer-grade NAS products are evolving into private cloud servers and edge computing centers for individuals, families, and small businesses. The graphic below illustrates our NAS products:



During the Track Record Period, our NAS product line emerged as one of our fastest-growing segments, demonstrating strong and consistent revenue expansion. This growth was further amplified following our multi-site Amazon launch in 2025, where our NAS products maintained the top sales position in the NAS category across the United States, Europe, and other key markets throughout the year. According to Frost & Sullivan, we became the largest global consumer-grade NAS brand by both shipment volume and revenue in 2025, capturing market shares of 20.6% and 17.5%, respectively. During the Track Record Period, the retail prices of our NAS products typically ranged from RMB1,100 to RMB14,300, primarily depending on data processing capabilities and the number of storage bays.

This strong performance is supported by the rapid expansion of the broader consumer-grade NAS market. According to Frost & Sullivan, the global consumer-grade NAS market is estimated at USD770 million in 2025 and is expected to rise further to USD3.6 billion by 2030, representing a CAGR of 36.3% from 2025 to 2030.

UGOS Pro System

UGOS Pro, launched in 2024, is our proprietary NAS operating system and the core of our integrated hardware–software ecosystem. Designed for home, light office and professional users, it offers a flexible and scalable platform for diverse scenarios. Built on a modular architecture with cloud synchronization, UGOS Pro functions as a centralized, visual data hub, enabling real-time multi-device sync and remote access across devices. Its role-based permission system supports layered user management and fine-grained access controls, ensuring data security while enabling flexible collaboration. Featuring an intuitive, all-in-one interface, UGOS Pro integrates functions such as automatic backup, media management and file tools, simplifying advanced data management. An open application platform with third-party integration further extends functionality, allowing users to customize workflows and supporting a continuously evolving storage-centric ecosystem.

Product Usage Scenarios

Our NAS product series combines robust storage capacity, enhanced security, and user-friendly operation to serve a wide range of scenarios for both household and small to medium-sized enterprise users. Below are several typical use cases of NAS products:

Home data storage center. Our NAS products act as a centralized home data hub, allowing families to securely store, sync and manage photos, videos and documents in one place. They support automatic mobile photo backup, AI-based organization into shared albums, cross-device access, and media streaming to TVs and projectors. They are also evolving into the "brain" of smart home systems, integrating with devices such as IPCs to process visual data locally. Equipped with built-in NPUs, they enable real-time edge AI functions such as human, pet and infant detection. This encrypted, localized architecture ensures low-latency performance while protecting user privacy, forming a secure and intelligent link between physical and digital environments.

Enterprise data storage center. Our NAS products enable small and medium-sized enterprises to build a centralized data hub with multi- device and remote access, supporting cross-location collaboration and efficient data management through tiered permissions and real-time document collaboration. They also provide robust data protection through automated backups, snapshot recovery, encryption and access controls, ensuring end- to-end security.

Creative design workstation. Our NAS products serve as design and creative workstations, enabling cross-team file sharing, remote access and real-time updates to improve project efficiency. They provide high-speed, stable storage and fast retrieval for large media files, enhancing asset management. With permission controls and secure sharing via links, they ensure data protection while streamlining collaboration and presentation.

Certifications and Awards

Since the inception of our NAS products, we have adhered to the approach of placing "security as the foundation and usability as the standard." We integrate the Privacy by Design principle throughout the entire product lifecycle and have proactively established a comprehensive technical framework for privacy protection. We have obtained security-related certifications for models equipped with the UGOS Pro system, including EU ETSI EN 303645, US Truste, US NIST IR 8425, and UK PTSI. In 2025, we received dual certifications from SGS, a globally recognized inspection, verification, testing, and certification organization, for the ISO/IEC 27001 for Information Security Management System and the ISO/IEC 27701 for Privacy Information Management System. We are the first brand in the NAS industry in Chinese mainland to obtain these two international security certifications from SGS, demonstrating the superior security performance of our NAS products. We showcased our latest NAS products at CES, one of the world's largest and most influential trade shows for consumer technology, in 2026. Multiple leading industry and tech media honored us with "Best of CES" awards.

Other Storage Products

Our other storage products comprise digital accessories such as portable hard drive enclosures, optical drive enclosures, and hard drive adapter cables, designed to provide users with efficient, stable, and convenient data storage and transmission capabilities. During the Track Record Period, the retail prices of these products typically ranged from RMB9 to RMB1,500. The graphic below illustrates our signature products in the other storage products category:



RESEARCH AND DEVELOPMENT

We are a consumer technology brand with a steadfast commitment to original innovation. We are committed to developing innovative technologies and continuously upgrading our technology infrastructure to enhance the functionality and features of our existing products, while expanding our product portfolio through in-house research and development. We have made, and will continue to make, substantial investments in R&D activities. In 2023, 2024, 2025, and for the six months ended June 30, 2026, our R&D expenses amounted to RMB215.9 million, RMB304.1 million, RMB437.8 million, and RMB349.1 million, respectively. Our total R&D expenses amounted to RMB1,306.9 million during the Track Record Period.

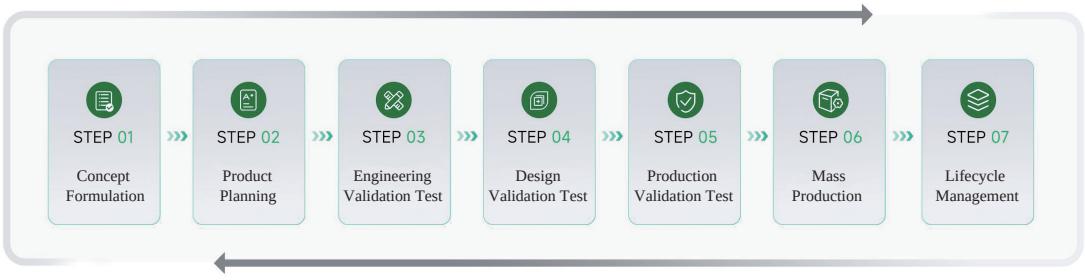
User Centric R&D Approach

Our R&D strategies are fundamentally driven by consumer needs. We constantly collect consumer feedback through multiple channels, including reviews on e-commerce platforms, user communities, and public beta user groups. In addition, we regularly conduct user interviews and surveys to ensure a comprehensive understanding of user needs. By gathering feedback through multiple channels, we identify opportunities where innovative technology can make a meaningful difference. We have also incorporated a demand-voting mechanism that allows users to participate directly in feature planning. User feedback is translated into concrete product enhancements at each stage of development, including concept design, prototype development, and testing. Under this user-centric approach, our new or enhanced product features are developed in response to users' most pressing needs, ensuring that our product iterations remain closely aligned with market demand.

R&D Process

Our R&D process encompasses key stages including concept evaluation, project initiation, product design, engineering validation, and mass production, with differentiated cycles tailored to product complexity, ranging from three months for accessories to eight to 12 months for complex hardware-software integrated devices.

Our R&D process comprises seven key stages: concept formulation, product planning, engineering validation test ("**EVT**"), design validation test ("**DVT**"), production validation test ("**PVT**"), mass production, and lifecycle management. Initially, based on market and user insights, we formulate product concepts and confirm feasibility before formally launching the project with detailed identity define design and requirements. Subsequently, we conduct detailed design work and prototype creation. Through the EVT and DVT phases, we rigorously test product functions, stability, and reliability under various scenarios via small-batch trials. Following the verification of processes and materials in the PVT phase, we advance to mass production and product delivery. Finally, we manage the product lifecycle by monitoring performance and adjusting strategies based on market feedback. The graphic below illustrates our R&D process:



Core Technologies

We believe our long-term competitiveness is underpinned by our deep technical capabilities in fields such as storage, consumer electronics connectivity, charging and energy management, which empower our existing portfolio of high-performance products and drive the continuous innovation of our future product portfolio.

Smart storage operating system. We have observed that while traditional NAS products address certain limitations of public cloud services, they continue to suffer from issues such as complex operation, limited functionality, low data management efficiency, and insufficient security. Our UGOS Pro operating system, specifically tailored for NAS, features an intuitive graphical user interface and support non-generative service functions, such as local AI smart classification and semantic search. Our system architecture incorporates multiple core technologies to ensure high-speed, stable data transmission and secure data storage. By leveraging proprietary lightweight model technologies and device-cloud synergy capabilities, we have established a comprehensive and modular algorithm platform. This platform efficiently supports various AI smart hardware product forms, delivering a consistent intelligent experience across devices and scenarios.

Charging and energy technologies. Supported by the four core pillars of GaNInfinity® GaN energy matrix technology, UGREEN SmartCharge® power auto-distribution and intelligent voltage tracking technology, ThermalGuard™ smart temperature control technology, and AirPyra® electronic stacking technology, our core technology combines embedded integration processes, material innovation, and the application of advanced heat dissipation technologies. This combination achieves a systemic improvement in energy efficiency, a significant reduction in power

loss, and breakthroughs in high-frequency application scenarios. Driven by intelligent algorithms, our products achieve precise data acquisition and real-time control, continuously expanding performance boundaries while maintaining high reliability.

Transmission technologies. We have developed docking station management software that elevates office connectivity from a mere hardware tool to an intelligent hub capable of centralized management, device synergy, and personalized customization. By defining hardware functions through software, we provide users with a one-stop connectivity product and lay the foundation for integration into the broader UGREEN AI ecosystem and office scenarios.

Acoustics and noise cancellation. Noise cancellation technology and intelligent algorithms have become a key development focus in the field of acoustics. We adopt a dual-modal acquisition architecture, utilizing the "synchronous fusion of dual-source signals + deep neural network noise cancellation" as our core technical logic. Through hardware-level filtering, we ensure signal time-domain synchronization and amplitude consistency. Leveraging AI algorithms for feature extraction and cross-comparison, we utilize deep neural network models to suppress noise and reconstruct clear vocal signals. This approach achieves the efficient separation of human voices from environmental noise, significantly enhancing call quality in complex scenarios.

AI algorithms. Driven by AI algorithms, we focus on the scenario-based application of large model technologies. Leveraging our proprietary lightweight model technologies and edge-cloud synergy capabilities, we have established a comprehensive and modular algorithm platform. This platform efficiently supports a diverse range of AI smart hardware products. By integrating hardware with algorithms, we deliver a consistent smart experience across devices and scenarios, optimize on-device intelligence, and serve as a core technological engine driving our business growth.

Industry Standards

Leveraging our deep technical accumulation and industry expertise, we actively participate in the formulation of national and industry standards to drive the high-quality development of the consumer technology sector. We are a contributor to several key technical specifications. During the Track Record Period, we actively participated in the drafting and formulation of category standards, including, among others, GB 20943-2025 "Energy Efficiency Limits and Grades for AC-DC and AC-AC Power Supplies," GB 47372-2026 "Safety Technical Specification for Power Bank," and GB/T 47292.4-2026 "Lithium Ion Battery Good Manufacturing Practice — Part 4: Battery Pack Process Control and Finished Product Testing."

OUR GLOBAL PRESENCE

During the Track Record Period, we have achieved rapid development both in PRC and overseas markets, demonstrating our strong growth capabilities. Our revenue distribution is geographically balanced. In 2023, 2024, 2025, and for the six months ended June 30, 2026, overseas markets contributed 50.4%, 57.5%, 61.4%, and 66.9% of our revenue, respectively.

Strong Domestic Market Footprint

We actively deploy offline sales channels, with a domestic distribution network covering major provincial-level administrative regions nationwide. As of June 30, 2026, our domestic offline sales network has covered more than 180 key cities across all provinces, autonomous regions and municipalities, continuously strengthening our brand's offline presence. We also actively expand our online presence, with products available on major domestic e-commerce platforms such as Tmall and JD.com, further extending our reach to consumers. Thanks to the popularity of our products, we have been recognized with honors including Alibaba King Store and JD.com Annual High-Quality Store.

Rapid Global Expansion

Simultaneously, we are committed to promoting the "UGREEN" brand to the global market, adopting a model combining online and offline channels to achieve sales in multiple countries and regions globally. As of June 30, 2026, our products were available in over 180 countries and regions, and on major international e-commerce platforms such as Amazon and Shopee. The Company's major products are consistently selected as Amazon's Choice on Amazon, with the brand's global influence continuously rising. To deepen our reach in international markets, we have established localized service subsidiaries in key markets including Hong Kong, the United States, Germany, Japan, South Korea, Singapore, Vietnam, Malaysia, and the United Arab Emirates, building a multi-dimensional service matrix of "global headquarters + regional centers" to accurately capture localized consumption characteristics.

OUR MULTI-CHANNEL SALES AND DISTRIBUTION NETWORK

Given the significant breadth and large volume of our product offering, we have a global multi-channel sales and distribution network comprising online retailers, offline distributors and direct sales.

The table below sets forth the revenue contribution in Chinese mainland and overseas markets by distribution channels during the Track Record Period:

	Year Ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Chinese mainland	**2,381,861**	**49.6**	**2,622,656**	**42.5**	**3,664,224**	**38.6**	**1,560,179**	**40.5**	**1,926,243**	**33.1**
–Online	**1,635,346**	**34.0**	**1,802,656**	**29.2**	**2,453,636**	**25.8**	**1,081,961**	**28.1**	**1,131,881**	**19.5**
Online direct sales	847,194	17.6	1,004,715	16.3	1,330,480	14.0	599,090	15.6	689,812	11.9
Sales to online retailers	788,152	16.4	797,941	12.9	1,123,156	11.8	482,871	12.5	442,069	7.6
–Offline	**746,515**	**15.6**	**820,000**	**13.3**	**1,210,588**	**12.8**	**478,218**	**12.4**	**794,362**	**13.6**
Distributors	657,016	13.7	737,211	12.0	1,080,598	11.4	428,568	11.1	727,264	12.5
Direct sales	89,499	1.9	82,789	1.3	129,990	1.4	49,650	1.3	67,098	1.1
Overseas markets	**2,419,549**	**50.4**	**3,543,678**	**57.5**	**5,821,371**	**61.4**	**2,294,635**	**59.5**	**3,887,647**	**66.9**
–Online	**1,954,764**	**40.8**	**2,828,208**	**45.9**	**4,584,462**	**48.4**	**1,764,680**	**45.8**	**3,015,358**	**51.9**
Online direct sales	1,927,144	40.1	2,807,283	45.5	4,547,705	48.0	1,748,541	45.4	2,983,648	51.3
Sales to online retailers	27,620	0.7	20,925	0.4	36,757	0.4	16,139	0.4	31,710	0.6
–Offline	**464,785**	**9.6**	**715,470**	**11.6**	**1,236,909**	**13.0**	**529,955**	**13.7**	**872,289**	**15.0**
Distributors	351,255	7.3	606,444	9.8	1,087,963	11.4	475,928	12.3	802,518	13.8
Direct sales	113,530	2.3	109,026	1.8	148,946	1.6	54,027	1.4	69,771	1.2
Total	**4,801,410**	**100.00**	**6,166,334**	**100.00**	**9,485,595**	**100.0**	**3,854,814**	**100.0**	**5,813,890**	**100.0**

The table below sets forth a further breakdown of our revenue contribution by customer type, namely (i) consumers (through online direct sales), (ii) online retailers, (iii) offline distributors, and (iv) offline enterprise customers (through offline direct sales) during the Track Record Period:

	Year Ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Online	**3,590,110**	**74.8**	**4,630,864**	**75.1**	**7,038,098**	**74.2**	**2,846,641**	**73.9**	**4,147,239**	**71.4**
– Online direct sales	**2,774,338**	**57.7**	**3,811,998**	**61.8**	**5,878,185**	**62.0**	**2,347,631**	**61.0**	**3,673,460**	**63.2**
Amazon	1,544,671	32.2	2,157,666	35.0	3,484,379	36.7	1,325,298	34.4	2,265,102	39.0
Tmall	685,124	14.3	728,070	11.8	911,716	9.6	420,101	10.9	425,554	7.3
Shopee	129,461	2.6	182,530	3.0	335,509	3.6	141,542	3.7	234,852	4.0
Other e-commerce platforms	389,269	8.1	694,415	11.2	1,012,166	10.7	426,826	11.1	647,548	11.1
Self-owned direct-to-consumer websites	25,813	0.5	49,317	0.8	134,415	1.4	33,864	0.9	100,404	1.8
– Sales to online retailers	**815,772**	**17.1**	**818,866**	**13.3**	**1,159,913**	**12.2**	**499,010**	**12.9**	**473,779**	**8.2**
JD self-operated store	785,238	16.5	794,009	12.9	1,114,408	11.7	478,443	12.4	439,857	7.6
Other online retailers	30,534	0.6	24,857	0.4	45,505	0.5	20,567	0.5	33,922	0.6
Offline	**1,211,300**	**25.2**	**1,535,470**	**24.9**	**2,447,497**	**25.8**	**1,008,173**	**26.1**	**1,666,651**	**28.6**
– Distributors	1,008,271	21.0	1,343,655	21.8	2,168,561	22.8	904,496	23.4	1,529,782	26.3
– Direct Sales	203,029	4.2	191,815	3.1	278,936	3.0	103,677	2.7	136,869	2.3
Total	**4,801,410**	**100.0**	**6,166,334**	**100.0**	**9,485,595**	**100.0**	**3,854,814**	**100.0**	**5,813,890**	**100.0**

The table below sets forth a breakdown of our gross profit and gross profit margin by sales channel during the Track Record Period.

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Online	**1,448,719**	**40.4**	**1,851,544**	**40.0**	**2,795,226**	**39.7**	**1,115,016**	**39.2**	**1,769,472**	**42.7**
– Online direct sales	1,221,143	44.0	1,670,050	43.8	2,528,973	43.0	1,006,479	42.9	1,656,017	45.1
– Sales to online retailers	227,576	27.9	181,494	22.2	266,253	23.0	108,537	21.8	113,455	23.9
Offline	**321,394**	**26.5**	**415,052**	**27.0**	**670,820**	**27.4**	**275,087**	**27.3**	**463,554**	**27.8**
– Distributors	258,762	25.7	362,555	27.0	592,437	27.3	245,667	27.2	429,957	28.1
– Direct Sales	62,632	30.8	52,497	27.4	78,383	28.1	29,420	28.4	33,597	24.5
Total	**1,770,113**	**36.9**	**2,266,596**	**36.8**	**3,466,046**	**36.5**	**1,390,103**	**36.1**	**2,233,026**	**38.4**

The gross profit margin of sales to online retailers decreased from 27.9% in 2023 to 22.2% in 2024, and subsequently increased to 23.0% in 2025, primarily reflecting changes in the product mix at one of our major online retailers in the Chinese mainland market, where fluctuations in the proportion of sales contributed by high-volume products with relatively lower margins affected overall profitability.

The gross profit margin of our online direct sales was higher than that of sales to online retailers during the Track Record Period, primarily due to differences in geographic mix and sales arrangements. First, our overseas sales generally carried a higher gross profit margin than our domestic sales. Revenue generated from overseas online direct sales accounted for 69.5%, 73.6%, 77.4%, and 81.2% of our total revenue from online direct sales in each year/period during the Track Record Period, respectively, whereas our sales to online retailers were mainly made to domestic online retail platforms, and revenue generated from sales to overseas online retailers accounted for only 3.4%, 2.6%, 3.2%, and 6.7% of our total revenue from sales to online retailers during the corresponding year/period. Second, online direct sales represented a retail model under which we sold products directly to consumers at retail prices, while sales to online retailers were essentially wholesale arrangements under which the relevant platforms were responsible for order fulfillment, delivery to consumers, provision of online shopping services and related expenses. Accordingly, the commercial arrangements and cost structures of the two channels differed, which contributed to the difference in supply prices and gross profit margins between online direct sales and sales to online retailers.

The table below sets forth a breakdown of our total sales volume and average selling price ("**ASP**") by sales channel during the Track Record Period:

	Year ended December 31,						Six months ended June 30,	
	2023		2024		2025		2026	
	Sales Volume	ASP	Sales Volume	ASP	Sales Volume	ASP	Sales Volume	ASP
	Units	*RMB*	*Units*	*RMB*	*Units*	*RMB*	*Units*	*RMB*
Online	**68,440,522**	**52.5**	**81,385,814**	**56.9**	**110,798,210**	**63.5**	**59,493,519**	**69.7**
–Online direct sales	**46,174,632**	**60.1**	**57,254,818**	**66.6**	**79,337,319**	**74.1**	**46,024,620**	**79.8**
Amazon	15,176,547	101.8	20,324,659	106.2	29,281,137	119.0	18,506,671	122.4
Tmall	20,294,576	33.8	20,613,203	35.3	23,920,977	38.1	11,402,899	37.3
Shopee	2,456,178	52.7	2,826,416	64.6	4,794,416	70.0	3,437,815	68.3
Other e-commerce platforms	8,123,139	47.9	13,292,882	52.2	21,067,418	48.0	12,500,667	51.8
Self-owned direct-to-consumer websites	124,192	207.8	197,658	249.5	273,371	491.7	176,568	568.6
– Sales to online retailers	**22,265,890**	**36.6**	**24,130,996**	**33.9**	**31,460,891**	**36.9**	**13,468,899**	**35.2**
JD self-operated store	21,429,035	36.6	23,336,656	34.0	30,134,216	37.0	12,322,824	35.7
Other online retailers	836,855	36.5	794,340	31.3	1,326,675	34.3	1,146,075	29.6
Offline	**47,386,753**	**25.6**	**55,557,377**	**27.6**	**81,476,185**	**30.0**	**51,824,098**	**32.2**
– Distributors	33,808,439	29.8	43,428,999	30.9	64,075,250	33.8	43,691,896	35.0
– Direct Sales	13,578,314	15.0	12,128,378	15.8	17,400,935	16.0	8,132,202	16.8
Total	**115,827,275**	**41.5**	**136,943,191**	**45.0**	**192,274,395**	**49.3**	**111,317,617**	**52.2**

The following table sets forth a breakdown of our total sales volume and ASP by product category for the years/period indicated:

	Year ended December 31,						Six months ended June 30,	
	2023		2024		2025		2026	
	Sales Volume	ASP	Sales Volume	ASP	Sales Volume	ASP	Sales Volume	ASP
		RMB		*RMB*		*RMB*		*RMB*
Charging products and accessories	52,403,120	39.6	64,297,308	46.0	93,785,199	46.4	55,700,484	47.9
Office products	39,385,849	36.7	46,784,050	37.6	65,158,665	37.3	37,331,144	40.2
Audio and visual products	21,633,070	43.9	23,475,754	45.2	30,133,688	48.9	16,565,042	53.0
Storage products	2,405,236	136.4	2,386,079	164.0	3,196,843	383.4	1,720,947	447.2
Total	**115,827,275**	**41.5**	**136,943,191**	**45.0**	**192,274,395**	**49.3**	**111,317,617**	**52.2**

The ASP of our storage products increased from RMB164.0 in 2024 to RMB383.4 in 2025, primarily due to our official launch of NAS products to overseas markets in 2025, which generally had higher ASPs than our other storage products.

The following table sets forth a breakdown of our total sales volume and ASP by geography for the years/period indicated:

	Year ended December 31,						Six months ended June 30,	
	2023		2024		2025		2026	
	Sales Volume	ASP	Sales Volume	ASP	Sales Volume	ASP	Sales Volume	ASP
	Units	*RMB*	*Units*	*RMB*	*Units*	*RMB*	*Units*	*RMB*
Chinese mainland	79,869,418	29.5	88,149,475	29.8	120,177,855	30.5	64,900,586	29.7
Asia (excluding Chinese mainland)	17,841,325	44.4	24,557,192	51.9	37,292,336	55.0	23,123,139	55.4
Europe	9,740,690	83.1	13,141,288	89.9	19,029,009	109.1	12,787,813	109.7
The Americas	7,187,648	96.2	9,306,246	104.1	12,902,632	116.4	8,792,479	121.5
Oceania	655,402	73.2	1,137,513	85.1	1,714,662	88.8	1,039,839	104.1
Other countries/regions	532,792	35.4	651,477	33.7	1,157,901	36.6	673,761	40.9
Total	**115,827,275**	**41.5**	**136,943,191**	**45.0**	**192,274,395**	**49.3**	**111,317,617**	**52.2**

The table below sets forth the number of our self-operated stores on e-commerce platforms, online retailers, self-owned direct-to-consumer websites, offline distributors and offline direct sales customers, for the year/period indicated:

	Year ended December 31,			Six months ended June 30,
	2023	2024	2025	2026
Third-party e-commerce platforms				
– *Self-operated stores on e-commerce platforms*[(1)]	60	63	66	63
– *Online retailers*	5	5	5	4
Self-owned direct-to-consumer websites	6	9	14	17
Offline distributors	189	221	287	265
Offline direct sales customers	966	799	894	557

Note:

(1) In 2023, 2024 and 2025 and for the six months ended June 30, 2026, we run our self-operated stores on 28, 29, 27 and 25 third-party e-commerce platforms, respectively.

(2) The numbers represent the number of third-party e-commerce platforms, self-operated stores on e-commerce platforms, online retailers, self-owned direct-to-consumer websites, offline distributors and offline direct sales customers from which we have generated revenue within the year/period.

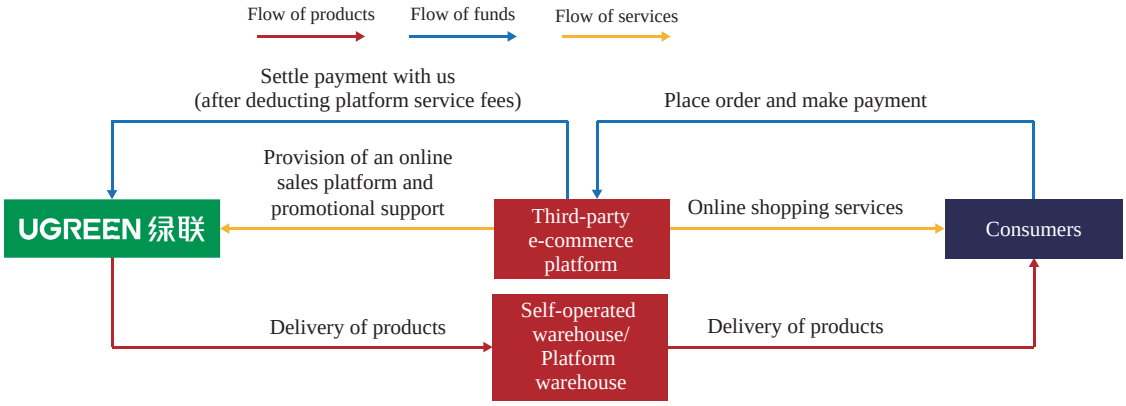
Our Online Channels

Designed to bring convenience and accessibility to our customers, our online channels primarily consist of online direct sales and sales to online retailers. In 2023, 2024, 2025, and the six months ended June 30, 2026, our revenue generated from the sales through online channels amounted to RMB3,590.1 million, RMB4,630.9 million, RMB7,038.1 million, and RMB4,147.2 million, respectively, accounting for 74.8%, 75.1%, 74.2%, and 71.4% of our total revenue, respectively.

Online Direct Sales

We operate our online direct sales business primarily through third-party e-commerce platforms, such as Amazon, Tmall, and Shopee. These e-commerce platforms provide online marketplace infrastructure, payment processing and promotional support, enabling us to sell our products directly to consumers. In line with market practice, we primarily enter into standard platform service agreements with such third-party e-commerce platforms. Under these arrangements, we maintain a service procurement relationship with the e-commerce platforms, while retaining control over product pricing, inventory management and fulfillment through our self-operated or platform warehouses. Consumers place orders through e-commerce platforms and make payments for their purchases. The platforms subsequently settle with us within agreed timeframes and remit the net proceeds after deducting platform service fees, which generally include sales commissions, platform warehousing fees and other platform-related service fees. In addition to the third-party e-commerce platforms, we also own, operate and sell directly to consumers through our direct-to-consumer websites. Revenue from sales on these platforms and from our direct-to-consumer websites is recognized when our products are delivered to consumers, at which point control of the products is transferred.

The following chart illustrates the flow of products, funds and services among our Group, the third-party e-commerce platforms and the consumers under our online direct sales through third-party e-commerce platform model:



During the Track Record Period, we operated 60, 63, 66, and 63 self-operated stores on e-commerce platforms in 2023, 2024, 2025, and for the six months ended June 30, 2026, respectively, and six, nine, 14, and 17 self-owned direct-to-consumer websites in the same period, respectively. The table below sets forth the average revenue per self-operated store on e-commerce platforms and per self-owned direct-to-consumer websites for the years/period indicated:

	Year ended December 31,			Six months ended June 30,
	2023	2024	2025	2026
	(RMB in thousands)			
Self-operated stores on e-commerce platform	45,809	59,725	87,027	56,715
Self-owned direct-to-consumer websites	4,302	5,480	9,601	5,906

The table below sets forth the average spending per customer of our sales through major e-commerce platforms and self-owned direct-to-consumer websites for the years/periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
Amazon	169.8	191.3	225.8	184.7	210.6
Tmall	74.3	74.2	80.7	69.4	70.5
Shopee	113.0	133.0	144.7	127.9	121.6
Self-owned direct-to-consumer websites	448.6	535.8	1,010.1	685.7	1,084.3

Note: The average spending per customer is calculated as the total order value on the e-commerce platforms or self-owned direct-to-consumer websites in 2023, 2024, and 2025 and for the six months ended June 30, 2026, divided by the number of customers that have placed an order on such platforms/websites in the corresponding year/period.

The average spending per customer of our self-owned direct-to-consumer websites increased by 88.5% from RMB535.8 in 2024 to RMB1,010.1 in 2025, and further increased by 58.1% to RMB1,084.3 for the six months ended June 30, 2026, primarily due to our official launch of NAS products to overseas markets in 2025.

The following sets forth a summary of the salient terms of our typical agreements with the e-commerce platforms through which we conduct online direct sales:

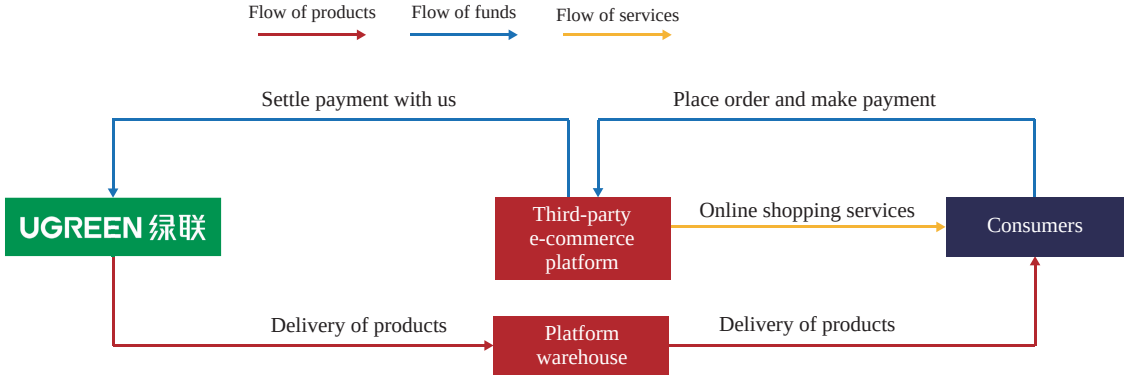
Key Terms	Description
Duration	Typically one year with automatic renewal.
Service fees	We typically pay platform service fees to the e-commerce platforms, which generally comprise sales commissions, platform warehousing fees and other fees for store operation and related support services. During the Track Record Period, such platform service fees generally ranged from 5% to 16% of our revenue generated through the relevant e-commerce platforms, depending on the relevant e-commerce platform, geographic market and product categories. In addition to platform service fees, we may also pay the e-commerce platforms for their advertising, marketing and promotional support and/or logistics services, depending on the commercial arrangements (and such fees are not included in the platform service fees).

Key Terms	Description
Product delivery and inspection	We are responsible for sourcing, selling, packaging and shipping products in accordance with applicable order information and the relevant e-commerce platform's policies. Products delivered to the platform warehouses may be subject to inspection and the platform may reject, return, repackage or relabel products that do not comply with applicable packaging or labelling requirements.
Product liabilities	In the event of product defects, quality issues, or damages caused by our products sold on third-party e-commerce platforms, we are generally responsible for relevant consumer protection obligations. The platforms may cancel transactions or notify consumers to claim product returns and refunds, seek reimbursement from us for amounts advanced to consumers, and may seek damages from us in severe cases.
Payment	The e-commerce platforms collect sales proceeds from consumers on our behalf and remit available balances to us after deducting applicable fees.
Product return	Returns are usually permitted for any reason within seven days of receipt. Following this initial period, returns are limited to cases involving product quality issues.
Termination	The agreement may be terminated by either party with prior written notice.

Sales to Online Retailers

We also sell to online retailers, primarily comprising third-party e-commerce platforms such as JD self-operated store. Such online retailers purchase our products in bulk and sell directly to consumers through their platforms. In line with market practice, we primarily enter into standard sales and purchase arrangements with such online retailers, under which we have a buyer-seller relationship with them. Under this model, we deliver products in batches to the platform warehouses designated by the online retailers, who are then responsible for order fulfilment and delivery to consumers, as well as the provision of online shopping services. We sell our products in batches to online retailers in accordance with agreed timelines and pricing, and the retailers subsequently sell to consumers through their platforms as orders are placed and paid. In 2023, 2024, 2025, and for the six months ended June 30, 2026, the number of our online retailers was five, five, five, and four, respectively. Revenue from these online retailers is recognized when our products are delivered to the online retailers, at which point control of the products is transferred.

The following chart illustrates the flow of products, funds and services among us, the online retailers, and the consumers under our sales to online retailers model:



The following sets forth a summary of the salient terms of our typical agreements entered into with online retailers:

Key Terms	Description
Duration	The term of the agreements is typically one year.
Pricing	Prices are determined by parties through negotiation.
Minimum sales target	We generally do not have any minimum sales target for the online retailers.
Product delivery and inspection	We are responsible for delivering the products specified in each order to the online retailer's warehouses in accordance with the agreed schedule. The online retailers are generally entitled to inspect the products within ten days upon receipt.
Product return	With respect to product returns, our agreements with online retailers generally provide for one of the following arrangements: (i) the platforms may return products for any commercial reasons without a specified return period; (ii) returns are permitted only under specified circumstances, such as product quality issues or where otherwise mutually agreed by the parties, without a specified return period; or (iii) the platforms may return products for any commercial reasons within a specified return period, which is generally around 30 days.
Product liabilities	We generally bear liabilities arising from product quality issues attributable to our products. We may be required to indemnify online retailers or other affected parties for related losses and undertake product recall and related after-sales obligations, where applicable.

Key Terms	Description
Payment	Payments are generally settled 60 days after the products are accepted and warehoused by online retailers.
Termination	The agreement may be terminated by either party with prior written notice.

Strategic Positioning of Our Online Channels

To maximize market reach while minimizing internal competition, we implement differentiated user engagement, product, and pricing strategies across our online channels:

- **Self-Operated Stores on E-commerce Platforms:** Serving as our primary volume drivers in both domestic and mature overseas markets, these stores focus on our core best-sellers. In terms of user engagement, we primarily rely on platform traffic and our brand appeal to reach mainstream consumer segments and maintain broad market coverage. For product offerings and pricing, we implement a standardized core product matrix and consistent pricing management policies, and focus on brand value cultivation and precise user operations. We place special emphasis on brand image building, private domain user accumulation, new product launches and in-depth membership engagement. This approach enables us to form complementary product offerings and customer segmentation with platform-based channels.

- **Online Retailers:** Through online retailers, we sell a broad range of standardized products based on market demand, enabling us to flexibly adapt to the characteristics of different markets and expand their coverage. In terms of user engagement, we primarily rely on platform-based traffic and promotional activities. For product offerings and pricing, we focus on standardized products, with pricing managed flexibly by our operations within our recommended pricing guidelines and the applicable platform rules.

- **Self-Owned Direct-to-Consumer Websites:** Our self-owned direct-to-consumer websites primarily target overseas markets and focus on brand fans. In terms of user engagement, we acquire users primarily through a membership system, private traffic, and brand marketing, leveraging differentiated content and promotional timing to set user engagement and traffic sources apart from our operations on third-party e-commerce platforms. For product offerings and pricing, these websites offer our full product portfolio as well as exclusive, market-specific customized models, emphasizing brand premium and service experience. At the same time, they strengthen our channel capabilities and enhance our understanding of customer behavior.

Despite our differentiated strategies across online channels, we set recommended retail prices for key product categories and stock keeping units ("**SKUs**"), to help maintain overall pricing discipline and prevent channel conflicts and cannibalization. Our recommended retail prices are determined with reference to factors including market positioning, competitive landscape, promotional activities, channel strategies and market conditions, and are periodically reviewed and updated. We monitor product pricing across our online channels through our internal operation teams and publicly available information. In the event of material deviations from our recommended pricing guidelines, we generally communicate with the relevant online retailers and coordinate pricing adjustments where appropriate. We may also adjust promotional support, product allocation or channel strategies to maintain overall pricing consistency. We seek to maintain pricing consistency primarily through ongoing monitoring, communication and operational coordination measures rather than direct pricing controls.

Relationship with E-Commerce Platforms

We primarily operate our self-operated stores on leading domestic and international third-party e-commerce platforms. In particular, Amazon, Tmall, and Shopee together generated revenue of RMB2,925.5 million, or 50.3% of our total revenue, for the six months ended June 30, 2026. Among these, Amazon is the largest platform for our self-operated stores, contributing RMB2,265.1 million, or 39.0% of our total revenue, for the six months ended June 30, 2026.

E-commerce platforms also represent our largest online retail channel. In particular, JD self-operated store, as our largest online retailer, contributed approximately RMB439.9 million, or 7.6% of our total revenue, for the six months ended June 30, 2026.

To mitigate our exposure to risks associated with reliance on individual e-commerce platforms, we have implemented a series of measures: (i) establishing a comprehensive multi-platform presence across major channels, including Amazon, JD.com, Tmall, and Shopee, forming an integrated sales matrix that enables coordinated development across channels, reduces dependence on any single platform and strengthens the stability of our revenue base; (ii) further expanding our presence on emerging e-commerce platforms, such as Douyin and Pinduoduo, to broaden our sales matrix and diversify platform exposure; (iii) continuing to invest in proprietary brand development and deepen user engagement through refined membership management and targeted fan operations, thereby enhancing brand competitiveness and user loyalty while reducing reliance on platform traffic; (iv) strictly complying with platform operating rules and applicable regulatory requirements, and establishing end-to-end compliance and risk control mechanisms to mitigate risks such as store suspension or product delisting arising from non-compliance; and (v) maintaining dedicated platform liaison functions and a regular communication mechanism to closely monitor changes in platform policies and algorithms, enabling us to promptly adapt and optimize our operating strategies and mitigate the impact of external changes. According to Frost & Sullivan, such level of concentration on certain third-party e-commerce platforms is an industry norm in the consumer technology industry.

We also recognize the potential risk of cannibalization among our various online channels, such as customer diversion and operational conflicts. To minimize this risk, balance internal competition, and enhance overall channel efficiency across our digital footprint, we have implemented the following comprehensive measures: To minimize direct price comparison, we allocate specific SKUs and exclusive bundles to distinct channels, such as self-owned direct-to-consumer websites versus third-party platforms, while maintaining the availability of our signature products across all networks. This product differentiation is complemented by tailored marketing initiatives; for instance, we offer exclusive membership benefits on self-owned direct-to-consumer websites while executing volume-driven promotional events on third-party platforms to balance scale with brand experience. Operationally, we coordinate inventory

allocation and replenishment through a unified supply chain system, ensuring that high-traffic events in one channel do not disrupt the stock stability of another. Finally, to safeguard market order, we implement a consistent guided retail pricing framework evaluated through a regular performance review procedure, and have a designated team actively monitoring unauthorized cross-channel selling.

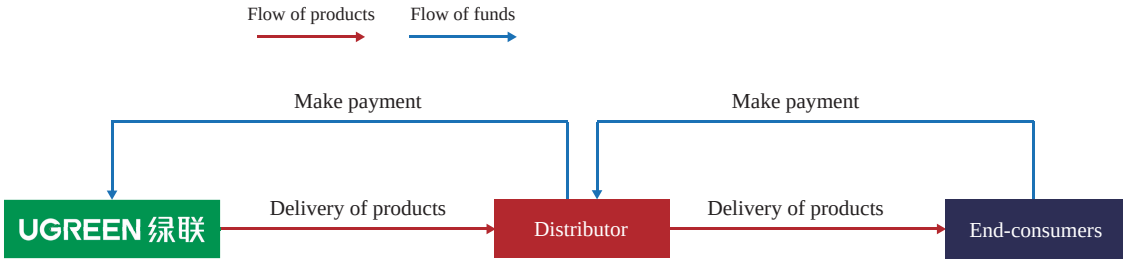
Our Offline Channels

Our offline channels in domestic and overseas markets primarily include offline distributors and offline direct sales. Offline distributors primarily include national and regional distributors who purchase products from us and resell them to smaller-scale distributors and/or retailers and consumers. Offline direct sales primarily refer to direct sales to enterprise customers.

Our Offline Distributors

We collaborate with distributors who possess extensive sales experience and strong market positions. Through cooperation with these distributors, we leverage their established local channels to rapidly expand our brand influence in Chinese mainland and globally. In 2023, 2024, 2025, and for the six months ended June 30, 2026, total revenue generated from sales to offline distributors accounted for approximately 21.0%, 21.8%, 22.8%, and 26.3% of our total revenue for the same year/period, respectively. Revenue from our offline distributors is recognized when our products are delivered to such distributors, which marked the transfer of control of the products.

The following chart illustrates the flow of products and funds between us, the offline distributors and the consumers under our distribution model:



The following table sets forth the total number of our offline distributors as of the dates indicated and the movements during the Track Record Period:

	For the Year Ended December 31,			Six months ended June 30,
	2023	2024	2025	2026
Offline Distributors				
Beginning of the period	150	189	221	287
Additions	61	58	91	42
Terminations	22	26	25	64
Number of distributors at the end of the period	189	221	287	265

During the Track Record Period, the number of our offline distributors increased from 150 as of the beginning of 2023 to 265 as of June 30, 2026. We added 61, 58, 91, and 42 offline distributors in 2023, 2024, 2025, and for the six months ended June 30, 2026, respectively, mainly due to our continued expansion and optimization of offline distribution network in domestic and

overseas markets, with the higher number of additions in 2025 primarily driven by accelerated channel expansion, broader product offerings and increased market demand. We terminated or did not renew cooperation with 22, 26, 25, and 64 offline distributors in 2023, 2024, 2025, and for the six months ended June 30, 2026, respectively, primarily as part of our proactive channel optimization initiatives. The relevant decisions were made based on a comprehensive assessment of distributor performance and strategic considerations, primarily including (i) the distributor's suboptimal performance against our sales targets, and (ii) the distributor's relatively limited business development, misalignment with our brand strategy, or insufficient depth of regional market coverage.

During the Track Record Period, the fluctuations in the number of our offline distributors primarily reflected our dynamic channel management strategy and regular performance evaluations. Specifically, we actively engaged new offline distributors to capture emerging market opportunities, expand our geographical footprint, and align with evolving local market demands, while concurrently terminating or electing not to renew distribution agreements with certain existing distributors who failed to meet our sales targets, operational standards, or compliance requirements following our comprehensive annual reviews. According to Frost & Sullivan, this distributor turnover rate, characterized by such strategic additions and terminations, is consistent with customary channel management practices and normal business operations within the consumer technology industry.

Our offline distributors primarily include national and regional distributors, local importers, and a wide range of offline retailers, ranging from large home appliance and digital accessories retailers to small electronic product retailers. Our domestic offline distributors are generally established local market participants in Chinese mainland with experience in distributing consumer technology products and stable business channels, and maintain regular cooperation with downstream retailers, enterprise customers and small- and medium-sized distributors. Our overseas offline distributors are generally local distributors or importers with established regional sales networks and familiarity with local market conditions, consumer preferences and regulatory requirements. Collectively, these distributors leverage their well-established distribution networks and market presence to support our expansion across retail and enterprise procurement channels, while also assisting in navigating varying regulatory environments and market conditions. In addition to managing relationships with downstream retailers, they provide support in key operational areas such as localized logistics coordination and inventory management.

Relationship with Our Offline Distributors

We engage offline distributors to undertake sales and customer development responsibilities within their authorized regions and product categories. Our relationship with them is that of buyer and seller. They are our customers and do not act on our behalf when dealing with their own customers. During the Track Record Period and up to the Latest Practicable Date, to the best of our knowledge, all of our offline distributors were Independent Third Parties, and none of them had any employment, financing, or family relationship with us.

Contractual Arrangements with Our Offline Distributors

We enter into distribution agreements with our offline distributors. The summary of the salient terms of our distribution agreements is set forth below:

Key Terms	Description
Duration	The term of the distribution agreements is typically one year.

Key Terms	Description
Pricing	Distributors purchase products based on the prices set in our order management system. We may also provide our distributors with recommended retail prices for their pricing reference.
Product acceptance and delivery	Distributors are typically responsible for the product delivery cost. Distributors are required to inspect and accept the goods within three working days upon receipt; failure to raise objections within this period is deemed as acceptance of the products.
Payment	We generally require distributors to make full payment prior to the shipment of products.
Product return and exchange	We adhere to our product return policies and generally do not allow product returns unless for quality issues, which is in line with customary industry practice.
Yearly minimum commitment	We generally require our distributors to meet annual and monthly sales targets. If a distributor fails to meet the sales targets for a specified period, we reserve the right to adjust their distribution rights (such as adjusting the authorized region or product categories) or terminate the distribution agreement.
Designated distribution area	We generally prohibit distributors from selling across regions or through unauthorized channels without our prior consent. The distribution rights are typically non-exclusive.
Intellectual properties	Distributors are authorized to use our brand solely for the purposes of selling and promoting our products within the authorized scope. Distributors are strictly prohibited from manufacturing counterfeits or selling fake products.
Product liabilities and warranty	We generally warrant that our products are new, complete, unused and compliant with applicable industry quality and technical standards. Distributors are required to raise objections within the applicable period for quality issues or upon receipt for non-quality issues such as damage, failing which the products are generally deemed accepted.
Termination	Both parties may terminate the agreement upon mutual consent or due to force majeure. Both parties may terminate the agreement upon the other party's material breach, with notice periods.

During the Track Record Period and up to the Latest Practicable Date, we had not received any material product returns or indemnification claims from our offline distributors. During the Track Record Period, revenue generated from our largest offline distributor was RMB62.6 million, RMB113.0 million, RMB183.1 million, and RMB148.2 million in 2023, 2024, 2025, and for the six

months ended June 30, 2026, respectively, accounting for 1.3%, 1.8%, 1.9%, and 2.5% of our total revenue in the corresponding year/period. We have implemented a series of measures to mitigate our exposure to potential risks arising from reliance on individual distributors, including, among others: (i) establishing a multi-regional and diversified distributor network to reduce concentration risk associated with any single distributor and to ensure channel stability; (ii) entering into standardized cooperation agreements with our distributors, supported by clearly defined incentive and penalty assessment mechanisms, to safeguard the achievement of our overall sales targets; (iii) setting reasonable sales targets based on historical performance and regional capacity to alleviate sales and inventory pressure on distributors, thereby reducing the risk of cooperation termination or supply disruption; and (iv) strategically allocating resources to support high-potential distributors while maintaining a pipeline of qualified alternative partners.

Prevention of Channel Stuffing and Cannibalization

We have established a comprehensive offline distributor management and control framework. In selecting distributors, we primarily evaluate their industry experience, local market presence, and reputation. Upon the commencement of our partnership, we assess whether to continue the relationship based on factors such as sales performance and compliance with our market conduct requirements.

Furthermore, to prevent cannibalization involving offline channels, we actively manage the density of our offline distributors. We assess the number of points of sale a regional market can accommodate based on factors such as consumer traffic, local purchasing power, and the coverage of existing stores to minimize unhealthy internal competition. We grant designated sales territories to our offline distributors and strictly enforce anti-fleeing policies to prevent cross-regional sales. Additionally, offline distributors are explicitly prohibited from selling our products on any online e-commerce platforms without our prior approval. To further mitigate conflicts, we may allocate distinct product lines or specific SKUs exclusively to our offline network, catering to the distinct purchasing behaviors of offline consumers while minimizing direct competition with our online channels.

To further strengthen our offline distributorship network, mitigate potential channel-stuffing and cannibalization risks and ensure orderly distribution, we monitor and manage our offline distributors through contractual arrangements and a series of control measures. First, we formulate rational sales targets based on historical performance and regional capacity, avoiding unattainable quotas that could induce hoarding. Second, to monitor actual sell-through performance and inventory levels, we conduct regular and ad-hoc market inspections, including on-site visits to retail terminals. Should we detect abnormal inventory accumulation or non-compliant operations, we would promptly communicate with the relevant distributor to enforce prompt rectification measures, such as adjusting product supply rhythms. Crucially, we generally do not allow product returns unless for quality issues, which helps to eliminate the commercial incentive for distributors to hoard excessive stock merely to meet sales targets. Furthermore, by maintaining a guided pricing system, we also reduce the motivations for speculative hoarding or malicious price dumping. We will address any non-compliance promptly, and in severe cases, we may suspend sales and shipments or terminate the relevant distribution agreements.

To mitigate the risk of cannibalization across our different online and offline channels, including product diversion, customer traffic overlap and price competition among channels, we have adopted channel management measures covering product allocation, pricing guidance, promotional arrangements and pricing monitoring. We implement differentiated product and SKU allocation strategies based on the positioning of each channel, consumer preferences and market demand, and may allocate different models, SKUs, product bundles or promotional arrangements

to different channels, including platform-customized models and channel-exclusive models, so as to create product-level differentiation among channels and reduce direct overlap between online and offline sales. For major product categories and SKUs, we provide recommended retail prices and promotional guidelines to help maintain overall pricing discipline and reduce channel conflicts. We monitor product pricing through our internal operation teams and publicly available information. If we identify material deviations from our recommended pricing guidelines, we generally communicate with the relevant sales channels and, where appropriate, coordinate pricing adjustments through commercial communications.

Sub-distributors

Some of our offline distributors may engage sub-distributors. They typically enter into further agreements with their sub-distributors, while we do not enter into agreements with or establish direct relationships with those sub-distributors. Therefore, we do not have direct control over sub-distributors. Instead, we effectively oversee our downstream channels and mitigate channel-stuffing risks through our primary offline distributors. Contractually, we hold our primary offline distributors accountable for managing their sub-distributors to ensure strict compliance with our sales and brand policies. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any material violation of our sales policies by our offline distributors or their sub-distributors, or any material claims or non-compliant incidents involving sub-distributors.

Our Offline Direct Sales

To a limited extent, we sell our products offline directly to enterprise customers. We typically enter into sales and purchase agreements with them. The salient terms of our typical sales and purchase agreements with such enterprise customers are set forth as below:

Key Terms	Description
Payment and delivery	In general, the buyer shall make payment to us after execution of the contract, and we shall arrange delivery within three working days upon receipt of full payment.
Quality assurance and inspection	We warrant that the products supplied are new, complete and unused, and comply with applicable industry quality and technical standards. The buyer shall raise objections for quality issues within six working days upon receipt and for other issues, such as damage, upon receipt; otherwise, the products shall be deemed accepted.
Dispute resolution	Disputes shall be resolved through consultation, failing which either party may submit the dispute to arbitration or bring proceedings before the competent court.

We also sell a limited amount of unbranded products through some of our subsidiaries directly to enterprise customers. Such subsidiaries primarily undertake in-house production for our Group, but also engage in OEM manufacturing for external customers. Except for such unbranded products, all of our products were sold under the "UGREEN" brand during the Track Record Period and up to the Latest Practicable Date.

Our Sales and Marketing Strategies

We intend to deepen our presence in existing markets and steadily expand our share in major global markets, consolidating our leading position in Chinese mainland while strengthening cooperation with both traditional and emerging online platforms as well as offline distributors. We will further enhance market penetration and promote online-offline synergy, including expansion into mainstream offline retail channels, supported by improved localized operations and a strengthened global team.

We will continue to enhance brand building to strengthen the global influence of the "UGREEN" brand through differentiated regional strategies, recruitment of overseas branding talent, and targeted marketing initiatives such as celebrity endorsements, youth engagement, international exhibitions, and IP co-branding, to improve global recognition of the brand's technological appeal and consumer affinity.

PRICING

In determining product pricing, we comprehensively consider multiple factors, including consumer preferences, prevailing price levels, production costs, raw material costs, technological differentiation, supply chain dynamics, procurement strategies, and the expected gross profit margins of various products. We also evaluate the competitive landscape, including overall market conditions and the pricing of comparable products offered by our peers. We believe that our long-term partnerships, product quality, extensive application scenarios, and the unique value proposition we offer enable us to command premium pricing for our products while maintaining market competitiveness.

OUR PRODUCTION

During the Track Record Period, we utilized a flexible hybrid production model that combines in-house production with third-party manufacturing partners. Our in-house production is primarily conducted through our subsidiaries, Haiying Zhilian and Zhize Technology, which serve as our hubs for new product introduction, process verification, and component manufacturing. We also collaborate with third-party manufacturing partners to expand and strengthen our overall manufacturing capabilities. In-house production enhances the stability and security of our supply chain, deepens our insight into manufacturing and price assessment, and improves synergistic efficiency. Meanwhile, third-party manufacturing leverages production flexibility to help us better respond to fluctuations in market demand.

Production Bases

As of the Latest Practicable Date, our self-operated production facilities were located in Shenzhen and Huizhou, Guangdong Province, and Ji'an, Jiangxi Province, with a total gross floor area of approximately 41,547 sq.m.

Existing Bases

The table below sets out details of our production bases as of June 30, 2026:

Production Bases	Aggregate GFA	Major Products Produced
Shenzhen Production Base	13,131 sq.m	This base mainly produces docking stations, wireless display adapters, switches, hard drive enclosures, splitters, switchers, charging cables, and wireless adapters.
Huizhou Production Base	21,150 sq.m	This base mainly produces charging and data cables, locators, Bluetooth receivers and transmitters, and audio and video cables.

Production Bases	Aggregate GFA	Major Products Produced
Ji'an Production Base	7,266 sq.m	This base mainly produces docking stations, wireless display adapters, switches, hard drive enclosures, splitters, switchers, and wireless adapters.

Utilization Rate

During the Track Record Period, we achieved stable mass production and shipments. The table below sets forth details of the designed production capacity, actual production volume, and utilization rates of our production facilities for the year/period indicated:

	For the Year Ended December 31,									Six months ended June 30,		
	2023			2024			2025			2026		
	Designed Production Capacity[1]	Actual Production Volume[2]	Utilization Rate[3]	Designed Production Capacity[1]	Actual Production Volume[2]	Utilization Rate[3]	Designed Production Capacity[1]	Actual Production Volume[2]	Utilization Rate[3]	Designed Production Capacity[1]	Actual Production Volume[2]	Utilization Rate[3]
	(units)	*(units)*	*(%)*	*(units)*	*(units)*	*(%)*	*(units)*	*(units)*	*(%)*	*(units)*	*(units)*	*(%)*
Production Base												
Shenzhen Base	27,177,148	26,518,608	97.6%	15,394,162	14,847,644	96.5%	14,723,391	14,166,639	96.2%	4,829,733	4,606,619	95.4%
Huizhou Base	–	–	–	18,277,817	17,368,474	95.0%	30,365,022	29,271,881	96.4%	15,188,380	14,123,237	93.0%
Ji'an Base	–	–	–	–	–	–	4,325,016	4,151,979	96.0%	4,465,495	4,292,408	96.1%
Total	**27,177,148**	**26,518,608**	**97.6%**	**33,671,979**	**32,216,118**	**95.7%**	**49,413,429**	**47,590,499**	**96.3%**	**24,483,608**	**23,022,264**	**94.0%**

Notes:

(1) Our production capacity for each year/period is calculated based on working days, daily working hours, and production speed, taking into account time for maintenance and replacement of machinery and equipment.

(2) Production output for the year/period represents the total volume of products produced during the respective year/period.

(3) Utilization rate for the year/period is calculated by dividing the production output by the production capacity for the respective year/period.

(4) The designed production capacity, actual production volume and utilization rate were not available for Huizhou Base in 2023 and Ji'an Base in 2023 and 2024, as the respective bases had not commenced commercial production during the relevant year/period.

During the Track Record Period, the utilization rates of our production bases remained broadly stable between 94.0% and 97.6%. The slight fluctuations in the utilization rates of our production bases during the Track Record Period were mainly attributable to the commencement of commercial production and capacity ramp-up of new production bases, changes in production allocation among different bases, and our continuous optimization of production layout.

Production Equipment

During the Track Record Period, our production machinery was mainly sourced from reputable suppliers in Chinese mainland. Our production lines utilize a combination of readily available machinery and custom-built equipment designed and manufactured to our specifications. To the best knowledge of our Directors, given the ample market supply, we do not rely on any single equipment manufacturer and can locate alternative qualified suppliers within a short period if necessary.

Our key machinery deployed includes floor-standing two-in-one automation units, double-sided pulse welding machines, and single-drive bidirectional piggyback automated guided vehicles. We execute preventive maintenance plans according to a scheduled timetable. Daily servicing and maintenance are performed by our in-house technical staff, and we have established and continuously update standard operating procedures tailored to the specific characteristics and operational requirements of each type of equipment. During the Track Record Period and up to the Latest Practicable Date, our major production machinery was properly maintained and in good working condition, and we do not expect to require any material replacements due to expiration of service life in the near term. For the accounting policy regarding depreciation of plant and machinery, please refer to "Financial Information — Material Accounting Policy Information." During the Track Record Period and up to the Latest Practicable Date, we did not experience any material production interruptions due to facility or equipment failure or malfunction, nor did any material accidents occur.

Production Process

Our in-house production process commences at the product R&D stage. Once a product is confirmed through testing and validation, it is handed over to the asset department to arrange for production operations, delivery, shipment, and after-sales services. We have deployed flexible manufacturing lines capable of producing diverse product types, allowing different product categories to share the same production lines. This model accommodates the high SKU count and wide variety of our consumer technology products, enabling our production lines to adjust dynamically based on demand. This enhances equipment utilization efficiency and our flexibility in responding to market changes.

The lead time from initial product design to final delivery varies depending on the product category, the complexity of the underlying technology, and the specific manufacturing and certification processes involved. Specifically, our overall lead times generally range from 75 to 240 days, varying by product category as follows: (i) 120 to 240 days for office products; (ii) 150 to 210 days for audio and visual products; (iii) 75 to 210 days for charging products and accessories; and (iv) 150 to 180 days for storage products.

Our Collaboration with Third-party Manufacturing Partners

We collaborate with third-party manufacturing partners. We carefully evaluate these partners based on factors such as pricing, quality, production capacity, financial condition, delivery schedules, business scale, and reputation. We also assess their experience in specific product categories, R&D capabilities, and quality control competencies. In 2023, 2024, 2025, and for the six months ended June 30, 2026, we engaged 165, 203, 229, and 209 third-party manufacturing partners, respectively. Geographically, the vast majority of our third-party manufacturing partners are located in Chinese mainland, predominantly clustered in Guangdong Province and Jiangxi Province.

The third-party manufacturing partners typically manufacture our products based on our designs and specifications, while we retain control over product development and intellectual property. These manufacturers are engaged under standard supply agreements that set quality, pricing, warranty and confidentiality requirements. Set forth below is a summary of salient terms with our third-party manufacturing partners:

Key Terms	Description
Term and renewal	Typically three years with an automatic renewal option for two years.

Key Terms	Description
Payment and credit terms	We are typically granted credit terms of up to 90 days.
Logistics	Suppliers must deliver products in accordance with the delivery time and location specified in the purchase orders.
Return arrangements	For products deemed non-conforming upon inspection, the suppliers generally must retrieve them within five working days after receiving notice; otherwise, we have the right to dispose of the non-conforming products.
Pricing	Prices are tax-inclusive and are confirmed by each purchase order. Suppliers may not unilaterally increase prices without our prior written approval.
Product warranties	Products carry a warranty period of 18 months from the date of acceptance into our warehouse. Suppliers must comply with applicable national and international quality standards.
Product liability	Suppliers bear full liability for losses arising from product quality defects, including costs of inspection, rework, recall and third-party claims.
Termination	We may terminate the agreement in the event of a material breach by the suppliers.
Intellectual property	All IP rights in designs, drawings and technical materials provided by us are owned by us. Suppliers warrant to us that their products do not infringe any third-party IP rights and must take prompt remedial measures upon notice of any third-party IP claim.
Confidentiality	We typically include confidentiality provisions in our agreements, with confidentiality obligations potentially extending beyond agreement expiration.

We principally engage in the R&D and design of our products, while the manufacturing of our products is primarily carried out by third-party manufacturing partners. Under this operating model, we maintain control over product specifications, design standards and quality requirements, whereas our manufacturing partners are responsible for production in accordance with our instructions and quality control framework. This arrangement enables us to enhance operational efficiency and optimize our supply chain structure. In terms of total production volume, approximately 82.9%, 82.5%, 81.8%, and 80.3% of our products were manufactured by third-party partners in 2023, 2024, 2025, and for the six months ended June 30, 2026, respectively, with the remainder independently and entirely manufactured at our in-house facilities.

Certain important manufacturing processes during the Track Record Period and up to the Latest Practicable Date were carried out with the assistance of third-party manufacturing partners. To safeguard our core technologies, we have established a comprehensive intellectual property protection framework covering ex-ante segregation, in-process monitoring and ex-post controls. At the outset of collaboration, we enter into strict non-disclosure agreements and, where appropriate,

supplement these with project-specific confidentiality undertakings during the mass production stage. We subject key materials involving core technologies to centralized or designated procurement to mitigate the risk of leakage at the supply chain level. During product development, prototyping and pilot production, we deploy our core technical personnel on-site to oversee critical processes and ensure proper execution of key technologies and secure handling of sensitive information. In addition, we incorporate information security into our supplier assessment framework, including reviews of production processes and data access controls to ensure that technical information is used solely for agreed purposes and is not disclosed or misused.

We manage and monitor the performance of our third-party manufacturing partners closely and require them to comply with our internal guidelines and policies. Specifically, we focus our assessment on their operational experience in relevant categories, R&D technical capabilities, actual production load capacity, and the effectiveness of their quality management systems, while continuously tracking the execution of their delivery schedules.

If a third-party manufacturing partner fails to comply with our internal guidelines and policies, or falls short of expectations regarding product category suitability, R&D support, production and quality control, or delivery fulfillment, we may terminate our cooperation. We maintain long-term cooperative relationships with our third-party manufacturing partners. For the material terms of our procurement agreements with our third-party manufacturing partners, please refer to "Business — Our Suppliers."

OUR CUSTOMERS

During the Track Record Period, our customers primarily consist of online retailers, offline distributors and end users who purchase our products. The aggregate revenue generated from our five largest customers in each year/period during the Track Record Period was RMB1,006.2 million, RMB1,098.4 million, RMB1,587.8 million, and RMB790.6 million, accounting for 21.0%, 17.8%, 16.7%, and 13.6% of our total revenue for the respective year/period. In 2023, 2024, 2025, and for the six months ended June 30, 2026, the revenue generated from our largest customer in each year/period during the Track Record Period was RMB785.2 million, RMB795.0 million, RMB1,118.8 million, and RMB443.1 million, accounting for 16.4%, 12.9%, 11.8%, and 7.6% of our total revenue for the respective year/period. To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, our five largest customers in each year/period during the Track Record Period were Independent Third Parties, and none of our Directors, their associates or any of our Shareholders (who or which to the knowledge of the Directors 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.

Agreements with Our Customers

The terms of the framework sales agreements we entered into with our customers vary depending on their specific requirements. For the material terms of the framework sales agreements generally entered into with our key customers, which are also our distributors, please refer to "Business — Our Distributors — Contractual Arrangements with Our Distributors." During the Track Record Period and up to the Latest Practicable Date, we did not experience any material breach of agreements with our customers or any material product returns from our customers.

After-sales Services

We provide after-sales services designed to support our customers and address their needs. Our services include warranty coverage, customer support through online chat, email, and phone, as well as access to service centers in various regions. Our warranty policy varies by product type, with typical coverage periods ranging from three to 12 months. The warranty period may be adjusted according to the legal requirements of the country where the product is sold. We aim to respond to customer inquiries in a timely manner and provide prompt assistance regarding product issues, returns, and exchanges. Complaints are logged and referred to relevant departments for investigation. Our customer service team then communicates the resolution to close the case. Records are analyzed to drive improvements.

Product Returns and Recalls

We have implemented a comprehensive product return and recall policy in compliance with applicable PRC laws and regulations and relevant third-party platform policies. We have set a comprehensive product return policy across sales channels in line with industry practices. During the Track Record Period and up to the Latest Practicable Date, we had not encountered any material product recalls, returns or defects.

OUR SUPPLIERS

Our major suppliers primarily consist of third-party manufacturing partners. In 2023, 2024, 2025, and for the six months ended June 30, 2026, the aggregate purchases from our five largest suppliers in each year/period during the Track Record Period (together, the "**Five Largest Suppliers**") amounted to RMB652.3 million, RMB772.9 million, RMB1,451.4 million, and RMB876.7 million, respectively, representing 24.2%, 23.0%, 26.4%, and 26.3% of our total purchase amount for the respective year/period. In 2023, 2024, 2025, and for the six months ended June 30, 2026, the purchases from our largest supplier in each year/period during the Track Record Period was RMB173.0 million, RMB222.0 million, RMB441.0 million, and RMB275.5 million, respectively, representing 6.4%, 6.6%, 8.0%, and 8.3% of our total purchase amount for the respective year/period. For the material terms of the framework supply agreements we generally entered into with our third-party manufacturers, which are our main suppliers, please refer to "Business — Production — Our Collaboration with Third-party Manufacturing Partners."

During the Track Record Period and up to the Latest Practicable Date, none of our Directors, their associates or any of our Shareholders (who or which to the knowledge of the Directors owned more than 5% of our issued share capital) had any interest in any of our Five Largest Suppliers. All of our Five Largest Suppliers were Independent Third Parties.

Overlapping of Customers and Suppliers

During the Track Record Period, seven out of our nine Five Largest Suppliers were also our customers. The overlap between such suppliers and customers is principally attributable to the nature of our supply chain operations. Certain of our third-party manufacturing partners and core component suppliers, while primarily providing production services, components or technical solutions to us, also procure our products, customized kits, testing accessories or technical services from us or our subsidiaries to meet their own operational needs. In addition, certain of our suppliers procure a limited quantity of our products for ancillary purposes such as office use, employee benefits or bundling with their own products for sale. Our revenue generated from these overlapping suppliers/customers in 2023, 2024, 2025, and for the six months ended June 30, 2026 amounted to approximately RMB2.5 million, RMB3.4 million, RMB2.8 million, and RMB1.3 million, respectively, representing 0.05%, 0.05%, 0.03%, and 0.02% of our total revenue for the respective year/period.

Among them, our revenue generated from the largest overlapping supplier/customer in terms of revenue contribution was RMB1.3 million, RMB1.9 million, RMB1.7 million, and RMB0.6 million, in 2023, 2024, 2025, and for the six months ended June 30, 2026, respectively, representing 0.03%, 0.03%, 0.02%, and 0.01% of our revenue for the respective year/period.

In 2023, 2024, 2025, and for the six months ended June 30, 2026, the gross profit margin attributable to our sales to such overlapping suppliers/customers was 14.9%, 11.9%, 15.5%, and 15.2%, respectively, which was lower than our overall gross profit margin of 36.9%, 36.8%, 36.5%, and 38.4% in each respective year/period. The difference was primarily attributable to the fact that such sales were principally conducted through our subsidiary, Zhize Technology, which is primarily engaged in new product introduction, process verification and high-precision component manufacturing for our Group. Zhize Technology prices its products on an arm's length basis and applies the same pricing to both intra-group and external customers. Our overall gross profit margin is higher as it reflects the additional value generated at the sales level from brand operation, marketing and channel management, which is not captured in Zhize Technology's supply pricing. In 2023, 2024, 2025, and for the six months ended June 30, 2026, the gross profit margin of Zhize Technology on its sales to all external customers (including both overlapping and non-overlapping customers) was 15.1%, 16.4%, 9.4%, and 5.1%, respectively. Other than in the first half of 2026, where Zhize Technology's overall profitability was reduced by a non-overlapping customer, Zhize Technology's overall profitability was broadly consistent with the gross profit margin attributable to such overlapping suppliers/customers, confirming that no preferential pricing was accorded to such overlapping customers.

All of our purchase from and sales to the above mentioned overlapping suppliers/customers were conducted in the ordinary course of business and on an arm's length basis, and were neither inter-connected nor inter-conditional. According to Frost & Sullivan, customer-supplier overlap is a common, well-established and commercially rational practice in the global consumer technology industry, driven by high vertical integration, modular supply chains and strategic partnerships among leading component makers, manufacturers, and brands, and the overlap between certain of our suppliers and customers is consistent with such industry norm. Save as disclosed above, to the best of our knowledge, none of our Five Largest Suppliers was a customer of us and vice versa during the Track Record Period.

We believe we have sufficient alternative suppliers for our business that can provide us with substitutes of comparable quality and prices. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material disruption to our business as a result of any significant shortage or delay in supply.

Raw Material Procurement

During the Track Record Period, our raw materials primarily included packaging materials, chips, casings, wires, and hard disks. We procured most of our raw materials from Chinese mainland. In 2023, 2024, 2025, and for the six months ended June 30, 2026, approximately 20.0%, 24.2%, 27.9%, and 26.1% of our total raw materials were sourced from markets outside the Chinese mainland, respectively, primarily from Hong Kong, Taiwan, and Macao.

Supply Chain Management

We implement a rigorous supplier admission process with cross-functional participation from multiple teams such as quality control, R&D, production, and procurement. We also monitor the continuous performance of our suppliers using a comprehensive scoring system that prioritizes quality, followed by R&D capabilities, supply chain stability, and cost. We actively mitigate concentration risk among third-party manufacturing partners through a diversified "1+N"

supplier strategy, under which each key category or process is supported by one primary supplier and multiple backup suppliers, with procurement volumes distributed across a broader supplier base to avoid over-reliance. We implement a dynamic multi-dimensional performance evaluation system based on cost, delivery, quality, service, as well as confidentiality and compliance requirements, with results directly linked to order allocation to drive continuous improvement and maintain healthy supplier competition. At the same time, we adopt a proactive end-to-end monitoring approach, including on-boarding and periodic on-site audits covering capacity ramp-up risks and close oversight during critical development and pilot production stages, to ensure real-time visibility over supplier capacity and operational stability. In parallel, we strengthen contractual safeguards through long-term agreements, while also maintaining a pool of pre-qualified backup suppliers in standby status to enable rapid substitution and ensure seamless supply continuity in the event of disruptions. During the Track Record Period and up to the Latest Practicable Date, we did not encounter any material supply chain issues.

QUALITY CONTROL

Quality Control Measures

We have established a comprehensive quality control system and obtained multiple quality-related management system certifications. As of the date of the relevant PRC quality confirmation, we had obtained various quality management system certifications and other related qualifications. To ensure compliance with the applicable product safety and certification standards across our product lines, including the China Compulsory Certification ("**3C**") requirements for products such as power banks, power adapters and chargers, as well as the EU directives and national standards applicable to our products, we have adopted a series of key compliance procedures.

At the product initiation stage, our safety certification team assesses the product attributes to determine whether they fall within the scope of compulsory certification requirements and identifies the safety and certification standards applicable to each target sales market. For products subject to compulsory certification, we adopt a "certification assessment first, R&D second" approach, under which certification planning is completed and the applicable standards are identified before the commencement of product development. We engage external testing laboratories to conduct type testing and safety testing for our products before launch to ensure all applicable indicators are met. We maintain domestic and overseas certificate management ledgers to dynamically track the certificate number, applicable scope and validity period for all products subject to compulsory and voluntary certifications, and have established an early-warning mechanism to initiate renewal procedures in advance of certificate expiration. We also implement supplier admission review procedures for key components, requiring suppliers to provide compliance documentation in accordance with the applicable standards, and any modifications to product structure, circuitry or key components that may affect product safety are subject to re-testing before the modified products may be released for sale. Where the product is subject to compulsory certification, a corresponding certification amendment must also be obtained. Prior to shipment, our quality inspection team conducts sample inspections to verify compliance markings, packaging and product specifications, and any products without valid certifications or which do not conform with the applicable safety standards are prohibited from leaving the factory.

To implement our quality management system in daily operations, our product inspection and testing activities are organized under a group-wide quality management framework covering the full product lifecycle, from incoming materials to mass production and shipment. In accordance with our internal inspection and test control procedures, we carry out planned inspections and tests on key stages of production, including incoming materials, in-process manufacturing and finished goods, with reference to applicable national and industry standards. Through this process-oriented quality control mechanism, we seek to ensure that only products meeting our internal quality requirements are released for delivery to customers. During the Track Record Period and up to the Latest Practicable Date, we had complied with the applicable product quality laws and regulations in all material respects, and we did not experience any material quality disputes or claims arising from product quality issues that had a material adverse impact on our business operations.

Our Quality Accreditations

We organize production strictly in accordance with product standards and production technical standards and carry out quality management and quality control in accordance with these standards to ensure that our products meet customer quality requirements. We have obtained valid 3C certificates for all of our products sold in Chinese mainland that fall within the scope of the 3C compulsory certification catalog during the Track Record Period and up to the Latest Practicable Date. We have also obtained certifications for QC 080000:2017, ISO 45001:2018, ISO 14067:2018, ISO 14064-1:2018, and ISO 56005:2020 standards, and we are committed to continuously optimizing our management processes. We strictly comply with EU directives such as LVD 2014/35/EU, RoHS 2011/65/EU, and EMC 2014/30/EU, as well as national standards including GB 3124-2022, GB 4943.1-2022, and GB 2099.7-2024, implementing comprehensive product lifecycle control. Our robust defect traceability system, closed-loop customer feedback mechanism, and ongoing PDCA (Plan-Do-Check-Act) quality improvement cycle work together to consistently enhance product reliability.

Effective August 15, 2025, the "Compulsory Product Certification Implementation Rules for Power Banks, Lithium-Ion Batteries, and Battery Packs (Trial)" (《強制性產品認證實施規則移動電源、鋰離子電池和電池組(試行)》) ("**New Rules**") has officially come into force. The relevant designated certification bodies shall, in accordance with the New Rules and the general implementation rules for compulsory product certification, formulate corresponding detailed implementation documents for certification, and may implement certification and issue certificates pursuant to the New Rules only after filing such documents with the Certification and Accreditation Administration of China.

Promulgated on March 31, 2026, the Safety Technical Specifications for Power Banks shall be implemented on April 1, 2027, and we were involved in its drafting process. Once this mandatory national standard is officially implemented, our products shall comply with the requirements specified therein. We are actively preparing for the transition to the new standard through our established full-lifecycle quality management system,which covers R&D design, incoming material control, production processes, quality inspection, and market feedback, in order to ensure our continuous compliance and our long-standing commitment to user safety.

During the Track Record Period, the 3C certificates for certain of our power bank models were revoked or suspended due to: (i) a discrepancy in the implementation of testing standards between the original certification and a subsequent regulatory spot check (PB504); and (ii) the suspension of the certificate following the revocation of the 3C certificate for an upstream supplier's battery cells (PB505). We ceased sales of the relevant products immediately after the change in certificate status. In 2023, 2024, 2025, and for the six months ended June 30, 2026, the revenue contribution of the affected SKUs accounted for 0.0%, 0.3%, 0.2% and 0.1% of our total revenue for the respective year/period. As advised by our PRC Legal Advisor, the above revocations of 3C certificates did not involve any non-compliance with mandatory standards, and during the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material litigation, arbitration, or administrative penalty arising from product quality issues. Based on the foregoing, we believe that such changes in 3C certification status did not have any material impact on our business or financial performance.

To ensure that all of our products comply with the applicable 3C certification requirements, we have implemented the following enhanced internal control measures: (i) dynamically tracking applicable laws and regulations in target markets (including 3C certification standards) at the product inception stage and communicating such requirements upfront to R&D and quality assurance teams; (ii) establishing a three-tier inspection system comprising incoming material inspection, in-process inspection and outgoing inspection, and upgrading our in-house laboratory equipment and testing methodologies to ensure full alignment with national standards; (iii) establishing a supplier admission and annual performance assessment mechanism, proactively managing various supply chain risks, optimizing procurement costs on an overall basis, and ensuring stable delivery to safeguard production, thereby implementing a tiered supplier classification under which stronger-performing suppliers are rewarded and underperforming ones are phased out; and (iv) incorporating suppliers' compliance status and public opinion risks into dynamic assessments and establishing a backup supplier library for key components. Our Internal Control Consultant is of the view that the enhanced internal control measures described above are adequate and effective by design in preventing future recurrence of similar incidents.

We have also established comprehensive product quality control and recall procedures. During the Track Record Period and up to the Latest Practicable Date, we did not experience any product recalls, product returns, or product liability claims that had a material adverse effect on our business. As advised by each of our PRC Legal Advisor (with respect to PRC law only), Hong Kong legal advisor (with respect to Hong Kong law only), Japanese legal advisor (with respect to Japanese law only), U.S. legal advisor (with respect to U.S. law only) and German legal advisor (with respect to German law only), during the Track Record Period and up to the Latest Practicable Date, we had complied with the relevant laws and regulations in relation to product liability in all material respects in the PRC, Hong Kong, Japan, the U.S. and Germany (as the case may be).

LOGISTICS, WAREHOUSING AND INVENTORY MANAGEMENT

Logistics

We generally engage qualified third-party logistics service providers to deliver products to customer-designated locations. Service providers are selected and periodically evaluated based on qualifications, on-time performance, geographic coverage and quotation. Our logistics arrangements allow us to provide responsive delivery while reducing fixed asset intensity and mitigating transportation risks.

Warehousing

During the Track Record Period, our global warehousing needs were primarily met through leased storage facilities operated by us and third-party logistics providers, as well as warehouses of third-party e-commerce platforms. Our self-operated warehouses are mainly located in Chinese mainland.

Inventory Management

Our inventory primarily consists of finished goods, with a minor portion of raw materials and electronic components.

To maintain our competitiveness, align our products with evolving market demand, and prevent inventory obsolescence, we have implemented measures to optimize our inventory levels. We utilize digital information systems to assist in material requirement planning, warehouse operations and traceability, providing management with near real-time visibility on inventory status and movements across sites. We have established a comprehensive inventory management policy and maintained a safety stock level to prepare for unexpected increase in demand or delay, or shortage in supply. We routinely monitor our inventory and ensure that all goods in transit are effectively managed. We also proactively track market condition change and pre-order and stockpile in advance strategic raw materials in anticipation of potential supply shortage.

To mitigate the impact of raw material price fluctuations on our operations, we have adopted the following measures: (1) establishing a dedicated cost management team to closely monitor price trends of key raw materials; (2) based on price forecasts, strategically building inventory for raw materials expected to rise in price; (3) adopting alternative materials to replace raw materials experiencing significant price increases; (4) leveraging price-linkage mechanisms, including entering into price range agreements with suppliers; and (5) incorporating some of the increased material costs into product prices.

As of December 31, 2023, 2024, 2025, and June 30, 2026, our total net carrying amount of inventories amounted to RMB995.9 million, RMB1,234.6 million, RMB2,000.5 million, and RMB2,457.7 million, respectively, representing 44.2%, 36.8%, 43.1%, and 52.7% of our total current assets as of the same dates, respectively. For discussion of inventory turnover metrics, please refer to "Financial Information — Discussion of Certain Key Items of Consolidated Statements of Financial Position — Assets — Inventories." During the Track Record Period and up to the Latest Practicable Date, we did not encounter any material shortages or obsolescence of inventory.

TRANSFER PRICING ARRANGEMENTS

During the Track Record Period, we conducted our operations through subsidiaries in Chinese mainland and multiple overseas jurisdictions to expand our business footprint. We follow the fundamental principle that intercompany transactions must be conducted on an arm's length basis. Our intra-group transactions primarily include tangible goods buy-sell, supporting services and others.

The table below sets forth the amount of our intra-group transactions for the years/period indicated:

	Year ended December 31,			Six months ended June 30
	2023	2024	2025	2026
	(RMB in thousands)			
Tangible goods buy-sell	2,983,464	4,379,024	7,562,084	5,043,820
Provision/receipt of services	405,541	586,542	1,022,846	712,237
Others	1,874	19,899	5,398	10,365
Total	**3,390,879**	**4,985,465**	**8,590,328**	**5,766,422**

During the Track Record Period, we primarily carried out our business through (i) the Company, as a comprehensive functional entity; (ii) Haiying Zhilian, Huizhou Zhize, Zhize Technology and Ji'an Haiying (collectively, the "**Domestic Production Entities**"); (iii) Shenzhen Ugreen Trading Ltd (深圳市綠聯智能工控有限公司) and Ugreen Import & Export Co., Ltd. (深圳市綠聯進出口貿易有限公司) (collectively, the "**Domestic Distribution Entities**"); (iv) Wuhan Ugreen E- commerce Co., Ltd. (武漢綠聯電子商務有限公司) and Dongguan Ugreen Supply Chain Co., Ltd. (東莞市綠聯供應鏈服務有限公司) (collectively, the "**Domestic Service Entities**"); and (v) Haiying SmartLink (HK) Co., Limited, Ugreen Hong Kong, Ugreen Germany, Ugreen Japan, Ugreen USA, UGREEN GROUP VIETNAM COMPANY LIMITED and Ugreen Korea Co., Ltd. (collectively, the "**Overseas Distribution Entities**").

Tangible goods buy-sell: Domestic Production Entities sell their manufactured goods (i) either directly, or indirectly through another Domestic Production Entity, to the Company and Domestic Distribution Entities; and (ii) indirectly through Domestic Distribution Entities to Overseas Distribution Entities. This includes the following: Huizhou Zhize sell finished goods to Zhize Technology and Ji'an Haiying sell finished goods to Haiying Zhilian. Zhize Technology and Haiying Zhilian sell finished goods primarily to Shenzhen Ugreen Trading Ltd and our Company. For Chinese mainland market, Shenzhen Ugreen Trading Ltd and our Company sell finished goods to our domestic third-party customers. For overseas markets, Ugreen Import & Export Co., Ltd. procures finished goods from Shenzhen Ugreen Trading Ltd and afterwards sell to our Overseas Distribution Entities, with Haiying Zhilian also selling finished goods to Haiying SmartLink (HK) Co., Limited, for their sales to overseas third-party customers.

Provision/receipt of services: One of our Domestic Service Entity, Dongguan Ugreen Supply Chain Co., Ltd., provides warehousing services to our Company and Shenzhen Ugreen Trading Ltd. Another Domestic Service Entity, Wuhan Ugreen E-commerce Co., Ltd., provides after-sale support services to our Company. Our Company also provides business Process Management services to some of our Overseas Distribution Entities.

Others: The Company engaged in a small number of other connected transactions with Ugreen Import & Export Co., Ltd., Shenzhen Ugreen Trading Ltd and Haiying Zhilian, including transfers of rights to use tangible assets and sales of materials.

We have engaged a transfer pricing advisor to review our intra-group transactions during the Track Record Period and to conduct benchmarking studies in accordance with the OECD Transfer Pricing Guidelines and applicable transfer pricing laws and regulations. Our Transfer Pricing Advisor determined that the Transactional Net Margin Method ("**TNMM**") was the most appropriate transfer pricing method to assess whether the transfer pricing arrangements related to the intra-group transactions involved were consistent with the arm's length principle. The range of reasonable profit level was determined by reference to the range of reasonable profit level derived from comparable companies. The Transfer Pricing Advisor has performed benchmarking studies for the intra-group transactions to search for reliable comparable companies with publicly available information. The Transfer Pricing Advisor has applied both quantitative and qualitative criteria to select comparable companies. Based on the above analysis, our Transfer Pricing Advisor is of the view that our intra-group transactions generally complied with the arm's length principle. Accordingly, no transfer pricing adjustments giving rise to additional tax liabilities were identified. As for our Group as a whole, the relevant subsidiaries of the Group were not exposed to the risk of underpayment of corporate income tax within the respective jurisdictions during the Track Record Period and up to the Latest Practicable Date. In addition, our Group has complied with its obligation of related-party filings and/or Transfer Pricing documentation (local file) according to the transfer pricing regulations of relevant jurisdictions in which it operates during the Track Record Period and up to the Latest Practicable Date.

During the Track Record Period and up to the Latest Practicable Date, we were not subject to any penalties, investigations, inquiries or transfer pricing audits carried out by local tax authorities in relation to these intercompany transactions. Our Directors are of the view that, as advised by our Transfer Pricing Advisor, the above-mentioned intercompany transactions generally complied with the arm's length principle and were in compliance with all applicable tax laws and regulations in the relevant jurisdictions during the Track Record Period and up to the Latest Practicable Date.

Our Directors confirm that in ensuring ongoing compliance with the applicable transfer pricing laws and regulations, we adhere to the arm's length principle when entering into intercompany transactions, taking into account factors such as costs, market prices, and the functions of each entity, and adopt reasonable pricing methods accordingly. On a regular basis, we monitor the financial and profit status of each entity to manage the implementation of transfer pricing policies, and maintain compliance documentation.

THIRD-PARTY PAYMENT ARRANGEMENTS

Background

During the Track Record Period, certain customers (individually or collectively, the "**Relevant Customer(s)**") settled payments with us through accounts belonging to parties (individually or collectively, the "**Third-Party Payer(s)**") other than the contractual counterparties under the corresponding sales and purchase agreements (the "**Third-Party Payment Arrangements**") entered into between us and such Relevant Customers, except where the Third-Party Payers have assumed the payment obligation to us by entering into a separate contract.

In 2023, 2024, 2025, and for the six months ended June 30, 2026, the number of the Relevant Customers was 57, 79, 77, and nil, respectively; and the aggregate amount settled through such Third-Party Payment Arrangements was RMB16.8 million, RMB70.0 million, RMB103.0 million, and nil, respectively, representing 0.4%, 1.1%, 1.1%, and nil of our total revenue for the corresponding year/period. During the Track Record Period, our Third-Party Payers and the Relevant Customers involved both PRC and non-PRC entities. In 2023, 2024, 2025, and for the six months ended June 30, 2026: (i) the Relevant Customers involved ten, four, four, and nil PRC entities and 47, 75, 73, and nil non-PRC entities, respectively; (ii) the aggregate amount settled through such Third-Party Payment Arrangements by non-PRC entities was RMB15.0 million, RMB69.1 million, RMB101.7 million, and nil, respectively, representing 0.3%, 1.1%, 1.1%, and nil of our total revenue for the corresponding year/period; and (iii) the aggregate amount settled through such Third-Party Payment Arrangements by PRC entities was RMB1.8 million, RMB0.9 million, RMB1.2 million and nil, respectively, representing approximately 0.04%, 0.02%, 0.01%, and nil of our total revenue for the corresponding year/period.

Based on the representations of the Relevant Customers and to the best knowledge of our Directors, the Relevant Customers adopted Third-Party Payment Arrangements primarily due to convenience and flexibility. According to our Directors' best knowledge, during the Track Record Period, the Third-Party Payers involved in the Third-Party Payment Arrangements mainly consisted of entities that had other existing business relationships with the Relevant Customers, and the owner(s) or employee(s) of the Relevant Customers. Our Directors have confirmed that, to the best of their knowledge, during the Track Record Period, the Relevant Customers and the Third-Party Payers involved in the Third-Party Payment Arrangements were Independent Third Parties.

During the Track Record Period and up to the Latest Practicable Date, according to our Directors' best knowledge, (i) all Third-Party Payment Arrangements were initiated by the Relevant Customers, (ii) we had not encountered any disputes with, nor received any refund request from any of the Relevant Customers or the Third-Party Payers, (iii) we had not been subject to any penalties, investigations or enquiries by any authorities as a result of our

involvement in the Third-Party Payment Arrangements, (iv) the clauses of the agreements we entered into with the Relevant Customers were in line with our other customers not involved in the Third-Party Payment Arrangements in all material respects, and (v) we had not provided any discount, commission, rebate or other benefits to any of the Relevant Customers or the Third-Party Payers to facilitate or encourage the Third-Party Payment Arrangements. According to Frost & Sullivan, it is a common commercial practice in the industry where we operate to utilize the Third-Party Payers for payment.

Legality

During the Track Record Period, we and our subsidiaries involved in the Third-Party Payment Arrangement were predominantly incorporated in the PRC or Hong Kong. The sales and purchase agreements related to the Third-Party Payment Arrangement were predominantly PRC and Hong Kong law-governed. Generally, the Relevant Customers (regardless of jurisdictions in which they are located) were requested to make their payments to our bank accounts in the PRC or Hong Kong.

As advised by our PRC Legal Advisor, our acceptance of payments from customers through the Third-Party Payment Arrangements: (1) does not violate any mandatory provisions of PRC laws and regulations and does not constitute invalid acts under PRC laws; (2) the risk of our Third-party Payment Arrangements being deemed to constitute the crime of money laundering under the Criminal Law of the PRC for the purpose of disguising or concealing the source and nature of criminal proceeds and their gains is remote; (3) according to the provisions of the Civil Code of the PRC, the risk of our suffering material losses arising from the Third-party Payment Arrangements is remote; and (4) according to the compliance certificates and tax payment certificates issued by the relevant competent tax authorities, we and our PRC subsidiaries have not been subject to any disputes or penalties by their respective competent tax authorities due to the Third-Party Payment Arrangements.

As advised by our Hong Kong legal advisor, during the Track Record Period and up to the Latest Practicable Date, the Company's acceptance of payments from customers through the Third-Party Payment Arrangements: (1) does not violate any mandatory provisions of Hong Kong laws and regulations and does not constitute invalid acts under Hong Kong laws; (2) our Hong Kong subsidiary has not been identified for violating any anti-money laundering, anti-bribery or counter-terrorist financing laws or regulations in Hong Kong as a result of the Third-Party Payment Arrangements, the uncertainty and risk of our Hong Kong subsidiary being accused or prosecuted for money laundering, bribery or terrorist financing is considered remote; (3) there has been no dispute or potential dispute relating to the Third-Party Payment Arrangements (including any claims for return of funds); as such, the litigation risks to our Hong Kong subsidiary, including potential claims from the Relevant Customers or the Third-Party Payers (or their liquidators, if appointed) are considered remote; and (4) our Hong Kong subsidiary has not been identified as having violated any applicable tax laws or regulations in Hong Kong, nor has it been subject to any penalties or investigations by any Hong Kong governmental authority in connection with the Third-Party Payment Arrangements. The uncertainty and risk of our Hong Kong subsidiary being accused or prosecuted for violating applicable Hong Kong tax laws in this regard is remote.

Based on the above and as advised by our PRC and Hong Kong legal advisors, our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, the Third-Party Payment Arrangements did not contravene any applicable PRC and Hong Kong laws and regulations. Based on the due diligence work performed by the Sole Sponsor, nothing has come to the Sole Sponsor's attention that would cause it to disagree with the Director's view above.

Mitigation Measures

On January 16, 2026, we implemented enhanced internal control policy to mitigate potential risks associated with such arrangements. Under the internal control policy, we require all the Relevant Customers and the Third-Party Payers to enter into tripartite agreements with us to document the Third-Party Payers' intention to assume legal payment obligations under the corresponding agreements between us and the Relevant Customers, and the Third-Party Payment Arrangements without such an agreement will not proceed. Our internal control policy also stipulates, among others, the following:

Tripartite agreement requirement. We have adopted a standardized tripartite agreement form that defines the payment obligations between the Relevant Customers, the Third-Party Payers and us. Any request for Third-Party Payment Arrangements must be reviewed and approved by the relevant teams. Our sales team is required to inform customers that Third-Party Payment Arrangements are not acceptable, except where the Relevant Customer, the Third-Party Payer and us have entered a tripartite agreement that clearly specifies the rights and obligations of relevant parties. As advised by our PRC and Hong Kong legal advisors, these tripartite agreements we entered are legally valid and enforceable under PRC and Hong Kong laws.

Screening and approval. We have revised and implemented our financial and accounting management policy, which defines the permissible scope of the Third-Party Payers. Prior to the execution of a tripartite agreement, our sales team shall submit an application and our finance, legal and other responsible teams shall review the Third-Party Payment Arrangement request. Such review will be based on the authenticity of the business, the reasonableness of the customer's stated purpose, and the customer's historical record, including the frequency of the Third-Party Payment Arrangements and consistency of reasons. The aforementioned teams will also assess the risk level in accordance with relevant internal control policies to determine whether the arrangement is acceptable. Once approved, the sales team will formally notify the Relevant Customers and the Third-Party Payers and execute a tripartite agreement. The finance team can only confirm the payment after receiving the signed tripartite agreement, duly signed by us, the Relevant Customers, and the Third-Party Payers.

Rights and obligations. Our standard tripartite agreement stipulates, among others, the following: (i) the Third-Party Payers will, on behalf of the Relevant Customers, make the payments to us to our designated bank account; (ii) once the payment is executed, the Third-Party Payers shall have no right to request a refund or claw-back from us for any reason, including any disputes between the Third-Party Payers and the Relevant Customers; (iii) we shall not be responsible for any internal arrangements, debts, or disputes between the Relevant Customers and the Third-Party Payers; (iv) the Third-Party Payers warrants that the funds used for this payment are legal and do not violate any anti-money laundering laws or regulations, and the Relevant Customers warrants that this tripartite agreement does not violate any local laws or the terms of the original transaction; and (v) the Third-Party Payers agree to provide us with any necessary identity verification documents required by our designated banks to facilitate the receipt of funds.

Know-your-customer ("KYC") procedures. To prevent fraud or money laundering activities, we continue to maintain our KYC procedures to gain a comprehensive understanding of our customers. If any abnormalities are detected, we will promptly liaise with the Relevant Customers for verification and report. In addition, our sales team will continue to hold regular meetings with the Relevant Customers to gain insights into their business operations, thereby reducing the risk of involvement in fraudulent or money laundering activities.

Anti-money laundering and combating the financing of terrorism policy. We have internal guidelines in place regarding anti-money laundering and combating the financing of terrorism, which require our employees to exercise reasonable due diligence with respect to all trading parties, including their business nature, business models, ownership and proposed transactions, to identify potential risks of money laundering.

Enhanced system control. The finance team shall conduct regular reconciliations with Third-Party Payers to verify fund receipts and payments, safeguard funds, and ensure accounting records accurately reflect actual transactions. Accounting treatments shall be performed promptly based on collection and payment agreements and settlement vouchers to maintain the accuracy of accounts receivable, accounts payable, and related expenses. Prior to the expiration of tripartite agreements, the finance team shall evaluate their performance, and for any renewal, relevant sales team shall refile the application and follow the established approval process.

As of the Latest Practicable Date, we have fully implemented the above-mentioned internal control measures. Therefore, our Directors are of the view that the above measures are effective and adequate in preventing unapproved Third-Party Payment Arrangements and their associated risks (including risks relating to money laundering, tax evasion and other potential violations of applicable laws and regulations), and our Directors are committed to overseeing the continued effectiveness of these measures. Our Internal Control Consultant is of the view that the enhanced internal control measures adopted by the Group are adequate and effective by design to mitigate the risks associated with the Third-Party Payment Arrangements. Based on the due diligence conducted, the Sole Sponsor is of the view that nothing has come to the Sole Sponsor's attention that would cause it to disagree with the Internal Control Consultant's view above.

In view of the above and facts that (i) the Third-Party Payment Arrangements account for only an insignificant proportion of our total revenue in each year/period of the Track Record Period, (ii) we have ceased all the Third-Party Payment Arrangements with Relevant Customers who did not enter into a tripartite agreement with us as of the Latest Practicable Date, and (iii) we have implemented effective internal control and risk-mitigation measures, the Directors are of the view that the Third-Party Payment Arrangements do not have any material adverse effect on our business, operations, performance or financial condition.

INTELLECTUAL PROPERTIES

Our success and competitive advantages depend in part on our ability to develop and protect our core technologies and intellectual property. We acquire patents through in-house development. As of June 30, 2026, we held a total of 2,506 registered patents globally, consisting of 48 invention patents, 517 utility model patents, and 1,941 design patents. As of June 30, 2026, we also held 598 registered trademarks, 123 domain names, and 77 software copyrights globally.

We rely primarily on a combination of patents, copyrights, trademarks, trade secret and unfair competition laws and contractual rights, such as confidentially agreement, to protect our intellectual property rights. We have adopted a multidimensional IP protection system. On the one hand, we have adopted a series of measures to proactively mitigate IP infringement risks. We have established a dedicated IP department to integrate patent and trademark filings into the earliest stages of R&D, and deployed a digital management platform to monitor the real-time status of our IP lifecycle to ensure core assets remain fully protected. We enter into agreements with our business partners that include confidentiality and IP ownership clauses, each of which provides for substantial liquidated damages. For products containing our core technologies, we purchase different components from multiple suppliers or self-supply certain key materials to our third-party manufacturing partners. Besides, we enter into non-compete and confidentiality agreements with our core R&D personnel and management personnel, and conduct regular compliance training to enhance the confidentiality awareness of our employees.

On the other hand, we have also adopted a series of anti-counterfeiting enforcement. We developed a dedicated IP enforcement team to regularly monitor mainstream domestic and

international e-commerce platforms, proactively screening for suspected infringing products. For identified IP infringement on e-commerce platforms, we ask relevant platform to remove the links to relevant products immediately; when encountering infringement, we conduct relevant investigations, obtain proper evidence, take appropriate action such as warnings and legal proceedings, to safeguard our legal rights and interests. Furthermore, we have recorded our trademarks and patents with the General Administration of Customs of the PRC to effectively block the cross-border flow of counterfeit goods. During the Track Record Period and up to the Latest Practicable Date, we were not involved in any legal proceedings in relation to infringement of any intellectual property rights which would have any material adverse impacts on our business, financial condition, or results of operations. Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy or otherwise obtain and use our technology.

COMPETITION

The consumer technology market in which we operate is highly competitive, fragmented, and defined by rapid technological advancements, shifting customer preferences, and frequent product iterations. Within this dynamic landscape, our current and potential competitors generally fall into two primary categories: established technology brands and long-tail white-label manufacturers. Across the market, product differentiation remains significant, driven by variations in underlying technology, design, and manufacturing processes.

According to Frost & Sullivan, leading brands benefit from mature supply chains and technological expertise, enabling them to respond swiftly to market demands while maintaining a balance between cost and quality. In contrast, small and medium-sized manufacturers often lack strong brand recognition, customer loyalty, and robust R&D capabilities, limiting their ability to compete in segments where innovation and quality are key differentiators. Therefore, leading brands will continue to leverage their scale and brand strength, thereby will potentially increase their market share.

In this environment, we believe that our diversified product portfolio, broad sales channels, agile supply chain, and extensive distribution network help us serve a wide spectrum of customers. In addition, our advanced technological capabilities differentiate us from our competitors and provide us with long-term competitive advantages, supporting our sustainable growth. Most importantly, as the market continues to consolidate around quality and innovation, we are well-placed to capture growth and strengthen our market presence.

RECENT REGULATIONS IN RELATION TO TARIFFS, EXPORT CONTROLS, SANCTIONS, AND U.S. OUTBOUND INVESTMENT RULE

Tariff Policies

Since early 2025, the U.S. government has adopted new tariff measures that increased duties on imports from Chinese mainland, including certain of our products. For details of the changes in policies issued by the U.S. in relation to imports from Chinese mainland, see "Regulatory Overview — Laws, Regulations and Policies of the United States — Recent Regulations in Relation to Tariffs." The U.S. tariff and trade policies are subject to constant changes, influenced by evolving geopolitical dynamics, economic priorities and regulatory agenda, and such policies may be amended, expanded, or replaced with little or no advance notice.

Our products exported from the Chinese mainland to the U.S. were generally subject to elevated U.S. tariffs. During the Track Record Period, substantially all of our products imported from the Chinese mainland into the U.S. were subject to (i) the 10% reciprocal tariff and (ii) the 10% tariff imposed under Executive Order 14195, both of which ceased on February 24, 2026. Concurrently, the U.S. government implemented a temporary global import surcharge of 10% on certain imported products under Section 122 of the Trade Act of 1974, effective from February 24,

2026 for a period not exceeding 150 days. On July 24, 2026, the 10% temporary global import surcharge expired and the U.S. government concurrently imposed additional duties at rate of 12.5% on certain goods imported from the Chinese mainland under Section 301 of the Trade Act of 1974. As of the Latest Practicable Date, certain of our products imported from the Chinese mainland into the U.S. were subject to the Section 301 duties of 12.5%. During the Track Record Period, we have adopted two primary logistics and clearing models for goods imported into the U.S., which are bulk shipment and international direct mail. For bulk shipment, which includes online direct sales on Amazon and our self-owned direct-to-consumer website, offline direct sales and offline distribution, Ugreen USA procures products from our PRC subsidiaries with the products shipped in bulk from the Chinese mainland to the warehouses in the U.S., and Ugreen USA is responsible for paying the U.S. tariffs. The Group generated revenue of RMB358.8 million, RMB468.3 million, RMB835.7 million, and RMB606.9 million from products shipped in bulk to the U.S. in 2023, 2024, 2025, and for the six months ended June 30, 2026, respectively, representing 7.5%, 7.6%, 8.8%, and 10.4% of the total revenue of the corresponding year/period. International direct mail are used in online direct sales on e-commerce platforms such as AliExpress, where the products are directly mailed as small parcels from the Chinese mainland to consumers in the U.S. The consumers as the importing party are responsible for paying the U.S. tariffs. See "Regulatory Overview — Laws, Regulations and Policies of the United States — Recent Regulations in Relation to Tariffs — Small Parcel Tariff Policy." The Group generated revenue of RMB3.7 million, RMB12.4 million, RMB2.7 million, and RMB0.9 million from international direct mail model to the U.S. in 2023, 2024, 2025, and for the six months ended June 30, 2026, respectively, representing 0.1%, 0.2%, 0.0% and 0.0% of the total revenue of the corresponding year/period. We incurred custom duties of RMB30.3 million, RMB27.7 million, RMB110.3 million, and RMB9.0 million in 2023, 2024, 2025, and for the six months ended June 30, 2026, respectively, accounted for as our cost of sales and amounting to 0.6%, 0.4%, 1.2% and 0.2% of our revenue of the corresponding year/period. U.S. customs duties accounted for 68.6%, 71.1%, 83.9% of the total custom duties incurred in 2023, 2024 and 2025. We recorded a negative amount of U.S. custom duties for the six months ended June 30, 2026, primarily due to the receipt of a refund of IEEPA duties amounting to RMB63.9 million during the period. See "Regulatory Overview — Laws, Regulations and Policies of the United States — Recent Regulations in Relation to Tariffs" for more details. During the Track Record Period and up to the Latest Practicable Date, there were no material changes in the tariff policies of other major countries/regions where we operate.

Our Directors confirmed that, during the Track Record Period and up to the Latest Practicable Date, we had not experienced any material adverse changes in our order volume or pricing in the U.S., nor had we received any material request from our customers (including both U.S. and non-U.S. customers) to cancel or renegotiate orders as a result of the imposition of U.S. tariffs. While we do not believe such tariffs will materially and adversely affect our business operations and financial performance, we will closely monitor the developments relating to such tariffs.

We believe that the U.S. tariffs imposed on our products are not expected to have, and have not had, during the Track Record Period and up to the Latest Practicable Date, any material adverse impact on our business operations or financial performance, based on the following considerations:

Diversified Global Revenue Base

The resilience of our business to the impact of U.S. tariffs is multifaceted, demonstrated by our geographically diversified and balanced revenue distribution and distinct product and operational strengths that provide a competitive buffer.

In 2023, 2024, 2025, and for the six months ended June 30, 2026, the revenue generated from the U.S. amounted to RMB362.5 million, RMB480.7 million, RMB838.4 million, and RMB607.8 million, respectively, representing 7.6%, 7.8%, 8.8%, and 10.5% of our total revenue, and 15.0%,

13.6%, 14.4%, and 15.6% of the revenue generated from overseas markets, of the corresponding year/period. The increase in our revenue generated from the U.S. was RMB118.2 million from 2023 to 2024 and RMB357.7 million from 2024 to 2025, representing 8.7% and 10.8% of the total revenue growth of the corresponding year/period. The increase in our revenue generated from the U.S. was RMB302.1 million from the six months ended June 30, 2025 to the six months ended June 30, 2026, representing 15.4% of the total revenue growth for the same period. While revenue from the U.S. market has continued to grow, its contribution to our total revenue growth has remained relatively limited compared with other regional markets, which significantly mitigates our overall exposure to U.S. trade policy fluctuations.

Comprehensive Operational Efficiency Optimization

We have been devoted to improving our operational efficiency through comprehensive supply chain optimization, precision marketing and cost management.

We seek to further optimize our supply chain and production costs by integrating upstream resources and leveraging economies of scale to reduce procurement costs. Furthermore, we continuously evaluate our existing supplier matrix to identify more cost-effective sourcing options, including secondary suppliers and manufacturing partners located in tariff-neutral jurisdictions. Since 2024, we have conducted market research and trial sourcing transitions to other countries, including Vietnam, through cooperation with qualified local manufacturing partners, with a view to leveraging potential tariff advantages. We will continue to monitor developments in tariff policies and adjust our sourcing arrangements accordingly. Through these strategic sourcing initiatives, we aim to optimize our product cost structure while maintaining our stringent quality standards.

Therefore, we believe the combination of diversified global revenue base and comprehensive operational efficiency optimization significantly mitigates the potential adverse impact of and ensure long-term financial resilience against U.S. tariffs on our business operations and financial performance. Accordingly, our Directors are of the view that the elevated U.S. tariffs resulted from recent trade tensions have not had and are not expected to have any material adverse effect on our Group's business operations or financial performance. On the basis of their independent due diligence work conducted, nothing has come to the attention of the Sole Sponsor which cause them to cast doubt on the reasonableness of our Directors' views aforementioned.

U.S. Export Controls and Sanctions

Since October 7, 2022, the U.S. Department of Commerce's Bureau of Industry and Security (the "**BIS**") has introduced a series of export control measures targeting semiconductor manufacturing, supercomputers, and advanced computing items, as well as certain end-uses and end-users in Chinese mainland, Hong Kong and Macau (the "**U.S. Chip Export Restrictions**"). Moreover, the BIS maintains lists of individuals and entities subject to enhanced export control restrictions (the "**Entity List**"). BIS's rules on advanced computing and semiconductor manufacturing were implemented in two key areas. These rules impose restrictive export controls on certain advanced computing semiconductor chips and software, transactions for supercomputer end-uses, and transactions involving certain entities on the Entity List. These rules also impose new controls on certain semiconductor manufacturing items and on transactions for certain integrated circuit ("**IC**") end uses.

During the Track Record Period and up to the Latest Practicable Date, we did not import any raw materials from the United States, except for product labels procured in 2025 with an aggregate value equivalent to approximately RMB5,700. To the best of our knowledge, none of the raw materials procured from our major suppliers were imported from the United States. Nevertheless, certain chips we procured through non-U.S. suppliers for our NAS products are of U.S. origin and are subject to the U.S. Export Administration Regulations ("**EAR**"). The

procurement amounts of such chips were approximately RMB19.7 million, RMB45.0 million, and RMB151.1 million, and RMB64.5 million in 2023, 2024, 2025, and for the six months ended June 30, 2026, respectively, accounting for 0.7%, 1.2%, 2.5%, and 1.8% of our cost of sales for the corresponding year/period. Based on the information provided by our suppliers, such chips are classified as 5A992 items, which are generally low-sensitivity items and do not require a license for export, re-export or transfer to Chinese mainland, Hong Kong and Macau, except in limited circumstances. As advised by our International Sanctions Counsel, the above-mentioned U.S. origin chips do not fall within the scope of the U.S. Chip Export Restrictions relating to advanced computing or restricted end-uses, and no export license was required for their supply to the Group during the Track Record Period and up to the Latest Practicable Date. In addition, we did not encounter any material disruption, delay or increased cost in procuring such chips during the Track Record Period and up to the Latest Practicable Date.

Notwithstanding the above, given the evolving nature of U.S. export control policies, there can be no assurance that such chips will not become subject to additional restrictions in the future. In response, our procurement team monitors the supply landscape closely. Our Directors are of the view that, based on our current assessment and market inquiry, functionally equivalent chips from non-U.S. suppliers or from alternative production origins are available in the market and, in the event that these U.S.-origin chips become subject to adverse U.S. export control policies or sanctions, we would be able to substitute such chips without material technical modifications to our products, material disruptions to our production, or any material adverse impact on our business operations or financial performance.

During the Track Record Period and up to the Latest Practicable Date, we did not sell or transfer any items subject to the EAR to any end-users or destinations that are prohibited or subject to licence requirements under the EAR, and we did not conduct any sales or procurement transactions with any Sanctioned Country or Sanctioned Target. Based on the advice of our International Sanctions Counsel, our business activities during the Track Record Period and up to the Latest Practicable Date did not violate applicable U.S. export control and sanctions laws and regulations, did not constitute any Primary Sanctioned Activity, and the associated risk of U.S. secondary sanctions is immaterial. After taking into account the advice from our International Sanctions Counsel, our Directors are of the view that the U.S. export control and sanctions laws would not have any material adverse impact on our business operations or financial performance.

U.S. Outbound Investment Rule

On October 28, 2024, the U.S. Department of the Treasury issued a final rule on outbound investment, or the Final Rule, to implement the executive order of August 9, 2023. The Final Rule became effective on January 2, 2025. The Final Rule imposes investment prohibition and notification requirements on U.S. persons for certain investments in entities associated with China (including Hong Kong and Macau) that are engaged in certain activities, collectively defined as "Covered Foreign Persons." U.S. persons subject to the Final Rule are in some instances prohibited altogether from making, and in other instances required to report, certain investments in Covered Foreign Persons, which are defined as "Covered Transactions."

Notably, issued on February 21, 2025, the "America First" Investment Policy Memorandum proposes to further expand the industry sectors of concern. During the Track Record Period and up to the Latest Practicable Date, as advised by our International Sanctions Counsel, and on the basis that (i) none of our products themselves are integrated circuits or other "semiconductors and microelectronics" that would implicate the relevant "covered activity" definitions related to those technologies; and (ii) especially with respect to our AI-empowered products, our business activities do not involve the development of AI systems designed for any restricted end use, nor any AI system trained using a restricted quantity of computing power under the Final Rule, we believe we are not a "Covered Foreign Person" as defined in the Final Rule. However, if we were in the future deemed to be a Covered Foreign Person due to changes in our business operations or amendments to relevant laws and regulations or the interpretation thereof, our ability to raise capital from U.S. persons could be significantly and negatively affected.

DATA PRIVACY AND CYBERSECURITY

We place significant emphasis on information security management, drawing on international best practices in our operations. In the ordinary course of our business, we may need to process the personal information of customers, employees, job applicants, and other third-parties. We sell our products through our self-owned direct-to-consumer websites and third-party e-commerce platforms, and receive order information from such websites and platforms, which includes customer names and addresses. However, such information is anonymized. We also operate websites, mobile applications, and mini-programs to facilitate understanding, order placement or use of our products by consumers. During this process, users provide certain personal information upon registration, such as profile pictures, nicknames and mobile phone numbers. Such information is usually de-identified. Internally, we collect employees' human resource data such as name, mobile phone number, gender and educational background through employment contracts and onboarding procedures. Based on job applicants' voluntary filling, we may also collect their personal information via a third-party platform, and such platform has also signed user agreements and privacy policies with job applicants. Save as disclosed below in relation to cross-border data transmission, all personal data collected by us from Chinese mainland are stored on servers or databases deployed within Chinese mainland. Where we collect personal data through our apps, mini-programs and websites, we have published user agreements and privacy policies in prominent positions on the relevant platforms and websites and obtained users' informed consent prior to data collection, in accordance with applicable personal information protection laws. For employee data and certain data collected for fulfilling statutory obligations, we rely on the applicable statutory exemptions under such laws. By establishing a high-standard data security management system that complies with regulatory standards and ensures full coverage, we have laid a robust foundation for information security, benefitting both domestic and international clientele. We have clearly defined compliance requirements for the collection, storage, use, processing, transmission, provision, disclosure and deletion of personal information, and we continuously improve our safeguards to strengthen privacy protection.

The PRC government has introduced a series of laws, regulations and policies aimed at protecting cybersecurity, data security and personal information in recent years. See "Regulatory Overview — Laws, Regulations and Policies of the PRC — Laws and Regulations on Cybersecurity and Data Security." These regulatory developments concerning cybersecurity, data security and personal information protection could broadly affect the data collection, use, storage and other data processing activities of enterprises in the technology sector, including us.

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

We strictly abide by the Cybersecurity Law of the People's Republic of China (《中華人民共和國網絡安全法》), Data Security Law of the People's Republic of China (《中華人民共和國數據安全法》), the Personal Information Protection Law of the People's Republic of China (《中華人民共和國個人信息保護法》) and other national or regional laws and regulations to conduct business.

On December 31, 2025, we and our PRC Legal Advisor conducted a consultation through telephone with the China Cybersecurity Review, Certification and Market Regulation Big Data Center (中國網絡安全審查認證和市場監管大數據中心) (the "**CCRC**"), which is delegated by the CAC to accept applications for cybersecurity review and therefore the competent organization for such consultation. During the consultation, the staff of CCRC confirmed that a listing in Hong

Kong does not fall within the scope of the term of "listing abroad (國外上市)" under the Measures for Cybersecurity Review. Given that (i) CCRC has confirmed that listing in Hong Kong does not constitute a listing abroad; (ii) as of the Latest Practicable Date, we have not received any official notification from relevant regulatory authorities designating our network facilities and information systems as Critical Information Infrastructure ("**CII**"), and therefore we are not deemed as a CII operator; and (iii) as of the Latest Practicable Date, we had not received any notice that we are required to conduct a cybersecurity review or our data processing activity affects or may affect national security, therefore, our PRC Legal Advisor is of the view that as of the Latest Practicable Date, we were not required to file cybersecurity review under the Measures for Cybersecurity Review for our proposed listing.

Although we are not required to apply for a cybersecurity review under the Cybersecurity Review Measures in relation to our proposed listing, the interpretation and application of these laws and regulations regarding cybersecurity review are subject to ongoing evolution, and we cannot assure you that no additional regulatory obligations will arise from new laws or regulations in this area.

Additionally, the Measures on Security Assessment of Cross-border Data Transfer (《數據出境安全評估辦法》), promulgated on July 7, 2022 and effective since September 1, 2022, and the Provisions on Promoting and Regulating Cross-border Data Flows (《促進和規範數據跨境流動規定》), promulgated and effective on March 22, 2024, stipulate that the transfer of personal information and important data by data handlers meeting certain volume thresholds or other specified criteria shall require security assessment, filing of a standard contract for cross-border data transfer or obtaining personal information protection certification. For the purpose of enabling users based in the Chinese mainland to continue accessing their NAS devices when travelling outside of Chinese mainland, we transmit users' mobile phone numbers and the NAS product's location information, both de-identified, to our server deployed in Hong Kong; save for the foregoing, we did not engage in any other cross-border data transmission during the Track Record Period. As advised by our PRC Legal Advisor, we are not required to undergo a data export security assessment, on the basis that: (i) our business does not involve critical information infrastructure, we do not provide services to any critical information infrastructure operators, and we have not been designated as a critical information infrastructure operator by any relevant PRC authority; and (ii) the data involved in our sole cross-border data transmission scenario consists of hash values and device location information, which are not highly sensitive in nature, constitute general personal information only and do not fall within the definition of "important data" under the applicable PRC laws and regulations. In line with our actual business operations, we have filed the Standard Contract for the Cross-Border Transfer of Personal Data ("個人信息出境標準合同") and obtained the relevant certification. As our business expands, our cross-border data transfer arrangements may change. There may be instances where we engage in such cross-border data transfers, including adjustments to the compliance mechanisms for cross-border data transfers. In those cases, to meet legal and regulatory requirements, we may need to comply with the above obligations relating to cross-border data transfers as well as any other restrictions under PRC laws in force at the time.

We are also subject to data privacy and cybersecurity laws in different jurisdictions. We may be subject to federal and state regulations in the United States and Europe. Our data processing activities may also be subject to developing federal and state privacy laws, which impose further duties concerning data access, deletion, opt-out options and limitations on cross-border sharing.

We anticipate that new, amended laws and regulations on cybersecurity, data security and personal information protection will continue to be proposed or enacted, therefore, we have integrated data and privacy compliance into our comprehensive compliance management framework. We respond promptly to remote inspections by regulatory authorities and proactively address and resolve any user privacy issues identified during our business operations.

Furthermore, to protect data privacy, appropriate physical, administrative and technical measures are in place to prevent unauthorized access to and use of such data. For instance, we have a comprehensive set of internal policies and protocols. Key measures include our Procedures for Security Management of Personal Information Processing, Management Measures for the Full Lifecycle Security of Personal Information, Mechanism for Responding to Users' Exercise of Rights, Emergency Response Procedures, and Measures for Personal Information Security and Protection Training. Our capabilities in data protection are evidenced by multiple certifications, including TRUSTe, ISO/IEC 27001 (Information Security Management), and ISO/IEC 27701 (Privacy Information Management). Furthermore, to ensure strict compliance, we have engaged external legal counsel and professional data governance consultants to provide ongoing legal support and advisory services.

During the Track Record Period and up to the Latest Practicable Date, we have not received any claim from any third party against us on the ground of infringement of such party's right to data and privacy protection as provided by any applicable laws and regulations in the PRC or other jurisdictions.

As advised by each of our PRC Legal Advisor (with respect to PRC law only), Hong Kong legal advisor (with respect to Hong Kong law only), Japanese legal advisor (with respect to Japanese law only), U.S. legal advisor (with respect to U.S. law only) and German legal advisor (with respect to German law only), during the Track Record Period and up to the Latest Practicable Date, we had complied with all applicable laws and regulations on data security and personal information protection in all material respects in the PRC, Hong Kong, Japan, the U.S. and Germany (as the case may be), and no material data breaches, data losses or unauthorized use of personal information had occurred in relation to our operations in the PRC, Hong Kong, Japan, the U.S. and Germany (as the case may be).

SEASONALITY

As an industry deeply integrated into people's daily lives, the consumer technology market exhibits certain seasonal characteristics due to changes in consumer habits, with specific magnitudes potentially varying due to product launch cycles and market conditions. Specifically, demand tends to be strong during peak promotional periods such as June, November, Christmas, and New Year, while production schedules may also be affected by the Chinese New Year holidays in the first quarter.

EMPLOYEES

As of December 31, 2023, 2024, 2025, and June 30, 2026, we had 3,187, 3,628, 5,097, and 5,875 full-time employees, respectively. The vast majority of our employees are based in Chinese mainland. The following table sets forth the number of our employees categorized by function and percentage of our total number of employees as of June 30, 2026:

	As of June 30, 2026	
Function	**Number of Employees**	**% of Total**
Marketing	1,586	27.0
Production	1,652	28.1
R&D Technology	1,546	26.3
Supply Chain	597	10.2
Others	494	8.4
Total	**5,875**	**100.0**

Our success depends on our ability to attract, retain and motivate qualified personnel. As part of our talent management strategy, we offer employees competitive base salaries, performance-based bonuses and other incentives.

We place a strong emphasis on attracting, retaining, and developing qualified employees. During the Track Record Period and up to the Latest Practicable Date, we primarily recruited staff through recruitment websites. To enhance employee satisfaction, we offer competitive remuneration packages, including salaries, allowances, and performance-based incentives, supported by an annual performance evaluation system that informs salary levels, bonuses, and promotions.

We also provide employees with onboarding and on-the-job training to improve their understanding of internal policies, their professional skills and overall performance. As required under PRC labor laws, we participate in various employee social security plans that are organized by applicable local municipal and provincial governments, including housing, pension, medical, work-related injury, maternity, housing provident funds and unemployment benefit plans. We have established a labor union that protects employees' rights, helps fulfill our economic objectives, encourages employee participation in management decisions and assists in mediating disputes between us and union members. We believe that we maintain a good working relationship with our employees and we have not experienced significant labor disputes or any difficulty in recruiting staff for our operations during the Track Record Period and up to the Latest Practicable Date.

We typically enter into standard employment agreements. These contracts include a standard non-compete covenant that prohibits the key personnel from competing with us, directly or indirectly, during his or her employment and for two years after termination of his or her employment. Furthermore, we are committed to strictly complying with applicable laws, regulations and standards in different countries and regions related to workplace safety, providing a safe and healthy workplace for our employees and implementing an effective management system to ensure employee safety and well-being.

According to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) and other relevant regulations, we are required to provide our employees with welfare schemes covering social insurance. According to the Administrative Regulations on Housing Provident Funds (《住房公積金管理條例》), we are required to make housing provident fund contributions for our employees. During the Track Record Period and up to the Latest Practicable Date, we did not make contributions to the social insurance and housing provident funds in full amount required by the relevant PRC laws and regulations, primarily because certain employees were unwilling for us to do so, as it would require additional contributions from them. The shortfall amount of social insurance and housing provident fund contributions is estimated to be approximately RMB13.7 million, RMB20.1 million, RMB26.5 million, and RMB14.7 million in 2023, 2024, 2025, and for the six months ended June 30, 2026, respectively.

Our PRC Legal Advisor has advised us that, pursuant to relevant PRC laws and regulations, we may be ordered by the relevant PRC authorities to pay the outstanding social insurance contributions within a prescribed time limit and may be subject to an overdue charge of 0.05% of the delayed payment per day. Only if such payment is not made within the stipulated period, the competent authority may further impose a fine from one to three times the amount of any overdue payment. Our PRC Legal Advisor has further advised us that, pursuant to relevant PRC laws and regulations, if we fail to pay the full amount of housing provident fund contributions as required, the housing provident fund management center may order us to make the outstanding payment within a prescribed time limit. If the payment is not made within such time limit, an application may be made to the PRC courts for compulsory enforcement. See "Risk Factors — Risks Related to Our Business and Industry — We may face risks relating to workplace safety, production safety, labor disputes, labor shortages and increases in labor costs."

During the Track Record Period and up to the Latest Practicable Date, we have not received any notice requiring us to make full payment of all outstanding social insurance and housing provident fund contributions, nor have we been subject to any administrative action or penalty by the relevant regulatory authorities with respect to our social insurance and housing provident fund contributions. We commit to promptly fulfilling our obligations as required as soon as practicable in the event that we receive the notification from the relevant government authorities, if any, to require us to rectify, make timely payments, or pay the outstanding amounts due to any deficiencies in our social insurance and housing provident funds in full cooperation with relevant competent government authorities, so that we will not receive administrative penalties due to such deficiencies.

Our Directors, as advised by our PRC Legal Advisor, believe that such non-compliance would not have a material and adverse effect on our business, financial condition and results of operations, considering that: (i) as advised by our PRC Legal Advisor, based on the relevant regulatory policies, the interviews conducted by our PRC Legal Advisor with the competent social insurance authorities and the facts stated above, the likelihood that the relevant authorities would take the initiative to require us to pay the shortfall for social insurance and housing provident fund contributions or that we would be subject to material administrative penalties due to our failure to provide full social insurance and housing provident fund contributions within the stipulated period for our employees is remote; (ii) during the Track Record Period and up to the Latest Practicable Date, we have not received any notice requiring us to make full payment of all outstanding social insurance and housing provident fund contributions; and (iii) we were not aware of any material labor disputes with respect to social insurance and housing provident fund contribution. As a result, we did not make any provisions in connection with such non-compliances during the Track Record Period and up to the Latest Practicable Date.

The relevant provision of the Interpretation of the Supreme People's Court on the Application of Law in the Trial of Labor Dispute Cases (II) (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》), which came into effect as of September 1, 2025, emphasizes the agreement to avoid paying social insurance premiums is invalid. We do not have such promise or agreement to or with our employees. As advised by our PRC Legal Advisor, such provision does not increase the likelihood for making additional contributions, overdue payments or being fined regarding the social insurance and housing provident fund contributions.

We have implemented internal control measures including (i) enhancing monitoring and supervision, such as assigning dedicated personnel to regularly supervise the calculation and payment of the social insurance and housing provident fund contributions, (ii) strengthening employee communication, such as actively engaging with employees to ensure that they understand the relevant policies and encourage them to cooperate with us to make full contributions to social insurance and housing provident fund, and (iii) conducting legal and regulatory consultation, such as regularly consulting with our PRC Legal Advisor to obtain guidance on the latest development of the applicable laws and regulations.

INSURANCE

We maintain insurance policies in accordance with relevant laws and regulations and based on our assessment of operational needs and industry practices. We have maintained product liability insurance for products that carry relatively higher safety risks. We also provide social security insurance including pension insurance, medical insurance, unemployment insurance, maternity insurance, on-the-job injury insurance, supplementary insurance and housing fund plans for our employees. We consider our insurance coverage to be sufficient for our business operations in Chinese mainland. See "Risk Factors — Risks Related to Our Business and Industry — We have limited insurance coverage, which could expose us to significant costs and business disruptions."

During the Track Record Period and up to the Latest Practicable Date, we did not make any material insurance claims in relation to our business.

LICENSES, APPROVALS AND PERMITS

During the Track Record Period and up to the Latest Practicable Date, we had obtained all the requisite licenses, permits and approvals from relevant authorities that are material to conduct our actual business operations from the relevant government authorities in all jurisdictions where we operate, and such licenses, permits, approvals and certificates remained in full effect. We renew all such material permits and licenses from time to time to comply in all material respects with the relevant laws and regulations. We believe there is no material legal impediment to renewing such permits, licenses or approvals.

The following table sets out our material licenses, approvals and permits during the Track Record Period and up to the Latest Practicable Date:

License/Approval/Permit	Holder	Validity
Registration as Foreign Trade Operator	The Company	N/A[1]
Registration as Foreign Trade Operator	Ugreen Import & Export Co., Ltd	N/A[1]
Registration as Foreign Trade Operator	Shenzhen Ugreen Trading Ltd	N/A[1]
Registration as Foreign Trade Operator	Zhize Technology	N/A[1]
Customs Declaration Entity Registration Certificate for Import and Export Goods	The Company	N/A[1]
Customs Declaration Entity Registration Certificate for Import and Export Goods	Ugreen Import & Export Co., Ltd	N/A[1]
Customs Declaration Entity Registration Certificate for Import and Export Goods	Shenzhen Ugreen Trading Ltd	N/A[1]
Customs Declaration Entity Registration Certificate for Import and Export Goods	Haiying Zhilian	N/A[1]
Customs Declaration Entity Registration Certificate for Import and Export Goods	Zhize Technology	N/A[1]
Economic Operator Registration and Identification ("**EORI**")	Ugreen Germany	N/A[1]
EORI	Ugreen HK	N/A[1]
IRS Employer Identification Number ("**IRS EIN**")	Ugreen USA	N/A[1]
Corporate Number (法人番号)	Ugreen Japan	N/A[1]

Notes:

1. "N/A" means that the relevant license, approval or permit does not have an expiration date (i.e. valid indefinitely as long as business activities are continued).

2. Ugreen Germany, Ugreen HK, Ugreen USA and Ugreen Japan hold the EORI numbers, IRS EIN and Corporate Number (法人番号) in Europe, the U.S. and Japan, respectively, for the purposes of conducting import and export activities in the relevant jurisdictions.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

We deeply understand the symbiotic relationship between environmental responsibility and corporate competitiveness, focusing on technology-driven innovation to continuously advance the intelligent transformation of our products. We are committed to systematically integrating sustainable development principles into our strategic planning and daily operations. By fulfilling our responsibilities to the environment, society, and stakeholders, we strive to achieve long-term mutual success and sustainable development for our Company, the industry, society, and the environment.

ESG Governance Structure

We are committed to integrating ESG principles throughout all aspects of production, operations, and management, establishing a top-down three-tier ESG management framework. The board of Directors serves as our highest ESG governance and decision-making body, overseeing ESG management decisions, reviewing overall and specialized ESG strategic plans, determining ESG risks and opportunities, and approving external ESG disclosures. The Board has established a Strategy and ESG Committee as the management body, responsible for overseeing the overall ESG management work and regularly reporting progress on relevant topics to the Board.

Through this stable ESG governance framework, we ensure the long-term effective implementation of ESG strategies, fully fulfilling our responsibilities to the environment, society, and stakeholders. Moving forward, we will continue to enhance our ESG governance capabilities and drive sustainable development within the industry.

Anti-Corruption

We uphold a high standard of business ethics to ensure compliant operations, strictly adhering to laws, regulations, and norms such as the Anti-Money Laundering Law of the People's Republic of China and the Interim Provisions on Banning Commercial Bribery. To strengthen internal anti-fraud regulations, we have established relevant systems and guidelines including the Anti-Fraud Management System, Insider Information Knowers Registration Management System, and Management System for Standardizing Fund Transactions with Related Parties. We resolutely prohibit any form of bribery, extortion, fraud, money laundering, insider trading, and other misconduct, preventing any occurrence of commercial bribery incidents. During the reporting period, no serious judicial cases related to corruption occurred.

Internal Control

For our in-house manufacturing activities, we have set clear control goals, including 'zero noise pollution incidents' and 'zero waste gas pollution incidents'. In 2025, we achieved zero incidents of noise pollution and waste gas pollution; the compliance rate for the transfer and disposal of waste liquids and wastewater reached 100%, with no leaks and no instances of illegal dumping; we strictly complied with applicable laws and regulations on hazardous waste management; and our overall waste gas emission intensity continued on a downward trend. To further strengthen our capacity for proactive environmental risk prevention, we organized nine environmental emergency drills in 2025, covering scenarios such as hazardous chemical leaks and fires, effectively testing the feasibility of our emergency response plans and the effectiveness of our response mechanisms.

For our outsourced manufacturing activities, we have established a closed-loop internal environmental control system spanning supplier onboarding, performance evaluation and offboarding. At the onboarding stage, we require all newly onboarded suppliers to maintain relevant environmental certifications and to sign the Business Cooperation Agreement, under which environmental protection is included as a mandatory cooperation term. In 2025, 100% of our newly onboarded suppliers underwent environmental standards review. On an ongoing basis, we conduct quarterly performance reviews supplemented by annual on-site audits, and a supplier's compliance with environmental requirements is taken into account in the review outcome. Generally, where a supplier receives a Grade D rating for three consecutive quarters, we will initiate offboarding procedures. In addition, through annual on-site audits and targeted seminars, we proactively share our environmental management expertise and compliance requirements with suppliers, assisting them in identifying and addressing environmental risk points in their production processes, thereby ensuring that environmental risks associated with outsourced manufacturing activities remain controllable and traceable.

Environmental Indicators and Management

We place high importance on sustainable development. Through a comprehensive management system and strict implementation standards, we rigorously adhere to national laws and regulations such as the Environmental Protection Law of the People's Republic of China and the Environmental Impact Assessment Law of the People's Republic of China. We have established a robust environmental management framework, integrating green operational principles into our daily business practices. Building upon the ISO 14001 Environmental Management System, we standardize waste disposal processes, enhance emergency management, and establish a comprehensive environmental management system, demonstrating our commitment and responsibility toward green transformation.

Waste Management

We have integrated waste management into the core of our environmental governance framework.

Hazardous Waste. We have established internal management documents such as the Hazardous Waste Management System, which clearly defines management requirements for hazardous waste, including its definition, classification, storage, transfer, recycling, and treatment. This ensures our compliance in hazardous waste management.

General Waste. We have established internal management systems including the Control Procedures for Waste Liquids, Waste Gases, Noise, and Solid Waste, the Scrap Recycling Management System, and the Solid Waste Control Procedures. These clarify management requirements for solid waste, helping us ensure that our general waste management meets environmental protection requirements, maximizes the utilization of recyclable resources, and minimizes negative environmental impacts.

Waste Gas. With the goal of 'zero waste gas pollution incidents', we have established the Air Pollution Prevention and Control Procedure. This procedure specifies requirements for identifying, controlling, monitoring, and evaluating air pollution sources, managing and controlling air pollution prevention activities generated during the Company's production processes.

Wastewater. To effectively control liquid waste pollution of aquatic environments, we have established internal management systems including the Wastewater Control Procedure and Waste Liquid Control Procedure. These define liquid waste parameters, clarify disposal responsibilities and authorities, and outline specific procedural requirements covering the entire lifecycle management from generation to treatment.

In terms of waste management, our long-term goal is to implement source reduction in processes, material recycling, and supplier recovery programs to systematically optimize resource utilization, minimize the scale of waste disposal, and steadily advance transition of our operational model toward a circular economy.

From 2023 to 2025, our waste emissions and recycling details are as follows:

		Year ended December 31,		
Waste Classification	**Units**	**2023[1]**	**2024**	**2025**
General Waste	tonnes	599.3	700.6	1,494.8
Hazardous Waste	tonnes	0.3	1.2	0.4
General Waste Recycling Volume	tonnes	260.7	279.4	527.3
Electronic Waste Recycling Volume	tonnes	12.0	10.2	34.2

Note: As we have not yet established a comprehensive waste statistics system for 2023, some data may be lower than the actual figures.

Resource Consumption

We strictly adhere to laws and regulations including the Energy Conservation Law of the People's Republic of China, the Energy management systems — Requirements with guidance for use, and the Water Law of the People's Republic of China. We have established the Water and Electricity Conservation Management Regulations, committed to enhancing energy utilization efficiency and reducing energy losses. Using 2025 as the base year, our goal is to reduce electricity and water consumption per million in revenue by 3% by 2030. We actively implement multiple energy-saving initiatives and promote energy management actions to ensure efficient energy utilization and rational management:

Energy Consumption Control. Standardizing monthly statistics of water and electricity consumption and conducting inspections of water supply facilities to eliminate leaks and unauthorized electricity use;

Green Office Implementation. Standardizing air conditioning temperatures and lighting usage, promoting energy-saving habits like turning off water taps; Carrying out meeting briefings and daily on-site audits to clarify departmental responsibilities and enforce power-off and water-off requirements after work hours;

Warehouse Logistics Efficiency & Cost Reduction. Implementing data management systems + supply chain collaboration to boost inventory turnover; procuring energy-efficient equipment like electric forklifts and Tier-1 energy-rated air conditioners;

Clean Energy Adoption. Installing rooftop photovoltaic systems and promoting air-source heat pumps in dormitories to build a low-carbon energy framework, reducing reliance on and costs of traditional energy sources. Regarding clean energy, our future goal is to continuously increase the proportion of installed photovoltaic systems and their utilization, thereby raising the overall share of clean energy usage.

From 2023 to 2025, our resource consumption details are as follows:

		Year ended December 31,		
Resource Classification	**Units**	**2023**	**2024**	**2025**
Electricity	MWh	6,686.3	9,466.3	12,223.3
Water resources	tonnes	74,428.0	105,899.0	127,950.2
Clean Energy (Photovoltaic Power Generation)	MWh	Not established	526.0	844.7

In 2024, we achieved dual growth in both business scope and scale, while the operational launch of newly established subsidiaries further expanded our business footprint. Correspondingly, increased staffing levels and rising business volumes directly drove a parallel increase in overall resource consumption.

Carbon Management

We continuously explore opportunities for cleaner production, demonstrating leadership and innovation in green transformation. Specific measures include: (i) Using Product packaging complies with domestic and international recycling standards, prioritizing low-toxicity, non-hazardous, low-density, high-strength eco-friendly materials; (ii) adopting soy-based ink certification to reduce chemical pollution in printing processes; (iii) transitioning to plastic-free packaging for chargers, power banks, headphones, and other product categories; and (iv) recycling and reusing pallets, plastic crates, and other consumables at production sites; adopting recyclable cardboard boxes and reusable plastic containers for transportation, eliminating waste from single-use logistics materials. Using 2025 as the base year, our goal is to reduce carbon emissions (Scope 1 and Scope 2) per million in revenue by 5% by 2030. To achieve this goal, we are further increasing our use of renewable energy and implementing a series of energy-saving and emissions-reduction measures. For details, please see "Resource Consumption." To reduce Scope 3 greenhouse gas emissions, we aim to continue upgrading water-saving fixtures and optimizing water management, building on our comprehensive implementation of electronic document workflows, double-sided printing, and sorted paper recycling. At the same time, we are actively promoting the reuse of event materials to reduce the procurement of single-use items and, by providing reusable tableware in employee cafeterias, reduce plastic pollution at the source. To address Scope 3 emissions generated by business travel, we aim to continuously optimize green travel policies, advocate for low-carbon commuting options such as walking and cycling, and implement comprehensive emission reduction measures.

From 2023 to 2025, our carbon emissions are as follows:

		Year ended December 31,		
Classification	**Units**	**2023**	**2024**	**2025**
Scope 1	tCO_2e	18.7	51.5	41.4
Scope 2	tCO_2e	3,547.8	5,624.9	6,485.7
Scope 3	tCO_2e	35.0[1]	205.2	552.7

Note 1: Our Scope 3 emissions include carbon emissions resulting from water consumption, wastewater treatment, and employee travel. Since the statistical system for 2023 was not yet fully developed at the time, data on employee travel for that year may be incomplete.

Scope 1 carbon emissions primarily stem from fuel consumption by our owned and operated vehicles. In 2024, as our business scale expanded and newly established subsidiaries commenced operations, the introduction of additional vehicles directly drove a year-over-year increase in fuel consumption, consequently elevating total Scope 1 emissions. Scope 2 emissions, centered on purchased electricity consumption, fluctuate in tandem with the growth rate of our overall electricity resource usage.

Social Metrics and Management

We integrate social responsibility deeply into our corporate strategy and operations, regarding it as a cornerstone of sustainable development. We systematically advance practices in key areas such as employee rights protection, green operations, product responsibility, and community engagement, striving to achieve coordinated development among the Company, society, and the environment while creating long-term shared value.

Employee Welfare

We are committed to building a fair and inclusive work environment, viewing the protection of employee rights and the enhancement of the welfare system as fundamental to sustainable business development. In terms of rights protection, we uphold principles of diversity and equality, ensuring fairness and transparency in recruitment, promotion, and other processes, and prohibiting any form of discrimination or harassment. We enforce compliant employment practices, fully implement labor contracts and social insurance systems, and ensure that employees are able to exercise their legal rights and enjoy all lawful benefits.

Regarding the welfare system, we have established a competitive compensation and incentive structure and provide comprehensive support that includes statutory benefits, commercial insurance, living allowances, children's education support, and diverse cultural activities. We place special emphasis on the rights of female employees, offering robust leave policies, health protection, and flexible work arrangements.

Occupational Health and Safety

We have implemented an occupational health and safety management system in accordance with ISO 45001:2018 to govern all related processes and controls. This framework defines operational procedures, risk governance, and emergency response requirements, and is overseen by a dedicated department responsible for ensuring effective operation and continuous improvement of the system.

Guided by the principle of prioritizing prevention and combining prevention with control, we regularly conduct hazard identification and risk assessments, and organize planned emergency drills to enhance overall readiness. We advance comprehensive health management by performing periodic hazard monitoring, offering tailored health examinations, providing complete protective equipment, and continuously upgrading workplace and production environments. In 2023 and 2024, we recorded four work- related injury incidents in each respective year, while no work-related fatalities occurred during either year. In 2025, we recorded three work-related injury incidents, and no work-related fatalities occurred. None of these incidents constituted material or serious safety accidents. We have implemented timely medical treatment, work injury reporting and on-site rectification measures, supported by established safety management policies and procedures. To reinforce safety awareness, we foster an organizational safety culture through a range of initiatives, including onboarding and specialized training and psychological health support, engaging all employees in participatory safety practices.

Employee Development and Training

We have established a comprehensive training system covering the full employee lifecycle, with new hires receiving structured orientation and job training from the outset. Using an internal learning platform, we provide multi-dimensional courses in foundational competencies, professional skills, and leadership to support continuous employee growth.

We implement fair and transparent performance evaluations in accordance with the Performance Management System, and apply results to employee incentives and development. We also maintain diverse and accessible communication and grievance channels, conduct regular organizational climate surveys, and continuously optimize management mechanisms and employee experience.

Sustainable Supply Chain

By systematically integrating ESG standards into the full lifecycle of supplier selection, evaluation, and engagement, we aim to manage supply chain risks, improve overall efficiency, and promote coordinated and robust development across the value chain.

Supplier Management. We have instituted a structured supplier lifecycle management system governed by formal procedures. Throughout the partnership, we perform biannual comprehensive assessments of supplier quality, delivery performance, service, and ESG performance, and apply graded dynamic management. This framework incentivises high performance, supports improvement where needed, and triggers delisting for suppliers with significant compliance or quality issues, thereby driving continuous supply chain optimisation.

Responsible Procurement, Supplier Development and Engagement. To ensure transparency and fairness in procurement, all suppliers must sign an Anti-Commercial Bribery Agreement that clearly forbids any form of bribery. We actively promote local procurement to support community economic development and continuously empower our suppliers through on-site audits, targeted training workshops, and regular communication forums to help them elevate quality management and compliance capabilities.

Product Responsibility

We consistently place product quality and consumer safety at the forefront, and through a robust quality management system and rigorous end-to-end controls, we are committed to delivering safe and reliable products. We have established and maintain a quality management system aligned with ISO 9001:2015, covering product design, supply chain, manufacturing, and after-sales service to enable systematic quality risk control and full-process traceability.

Intellectual Property Protection

We strictly adhere to relevant national laws and regulations and have formulated a series of internal documents, including the Intellectual Property Management System, with an independent intellectual property department responsible for managing IP throughout its lifecycle. We have implemented an embedded risk prevention mechanism within business processes, conducting comprehensive searches and reviews before product initiation and maintaining ongoing monitoring to actively address infringement and protect our legal rights. To foster an innovative environment, we regularly conduct specialised training to enhance overall IP awareness and risk prevention capabilities among all employees.

Community and Public Welfare

We actively empower society by integrating philanthropy and public welfare into our corporate culture. We participate in local safety and social welfare initiatives, conduct outreach

activities, and foster police-community interaction. Simultaneously, we care for vulnerable groups, collaborating with employees to support impoverished orphans in Fogang, Qingyuan. We engage in multiple charitable endeavors such as the "Delivering New Year Goods to Rural Areas" initiative to aid Daliang Mountains and the "Tmall Charity Baby" program, demonstrating corporate responsibility. Moving forward, we will continue to uphold our corporate social responsibility and remain committed to advancing public welfare initiatives.

As advised by our PRC Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, neither the Company nor any of our PRC subsidiaries had been subject to any penalties arising from non-compliance with ESG-related laws and regulations in the PRC, and each of them had been in compliance with the applicable ESG-related laws and regulations in the PRC in all material respects.

OUR PROPERTIES

As of the Latest Practicable Date, one of our recently acquired subsidiary, Zhongzhi, entered into a state-owned construction land use rights grant contract with the Longhua Administration of the Shenzhen Municipal Bureau of Planning and Natural Resources (深圳市規劃和自然資源局龍華管理局). The Land has a total construction land area of 28,529.8 square meters and a planned gross floor area of 146,450.0 square meters, and is expected to be used for the construction of our own office premises and operational facilities. For further details of Zhongzhi and the Land, please see "History, Development and Corporate Structure — Major Acquisitions, Disposals and Mergers." Save from the aforesaid land use rights grant contract, we did not hold any land use rights or own any real properties, and all of our production and business operations were conducted on leased properties.

As of June 30, 2026, we leased a total of 46 properties within the PRC, primarily for office use, warehouses, factories, and staff dormitories, with a combined floor area of approximately 192,015 sq.m.

Pursuant to the applicable PRC laws and regulations, property lease agreements shall be registered with the relevant local branches of the PRC Ministry of Housing and Urban-Rural Development. As of the Latest Practicable Date, 23 lease agreements had not been registered with relevant authorities, with an aggregate gross floor area of approximately 41,735 sq.m., primarily due to practical reasons beyond our control, including the current absence of applicable local filing procedures for certain factory premises and failure of certain lessors to provide valid ownership certificates for the leased properties.

As advised by our PRC Legal Advisor, the non-registration of lease agreements will not affect the validity of the lease agreements, but the relevant local housing administrative authorities can require us to complete registrations within a specified timeframe and we may be subject to a fine of between RMB1,000 and RMB10,000 for any delay in making registration for each of these lease agreements. As of the Latest Practicable Date, the aggregate amount of maximum fine was approximately RMB0.2 million. During the Track Record Period and up to the Latest Practicable Date, in relation to these 23 leased properties, we have not been required by the relevant local housing administrative authorities to complete the registrations, nor been penalized or fined by the relevant authorities. Our Directors, as advised by our PRC Legal Advisor, are of the view that the failure to register the aforementioned lease agreements would not have any material adverse impact on our business, financial condition or results of operations.

To strengthen our internal control in this regard, we have implemented measures including: (i) assigning dedicated staff to supervise the registration of lease agreements; (ii) enhancing communication with lessors to promote cooperation in completing registration procedures, and (iii) maintaining communication with the competent authorities and consulting our PRC Legal Advisor from time to time to confirm the latest implementation status of, and obtain guidance on, the applicable laws, regulations and regulatory policies.

We had no single property with a carrying amount of 15% or more of our total assets as of the Latest Practicable Date and, therefore, we did not need to prepare a valuation report with respect to our property interests in reliance upon the exemption provided by section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

During the Track Record Period and up to the Latest Practicable Date, we had not been a party to any material legal, arbitral or administrative proceedings, and we were not aware of any material pending or threatened legal, arbitral or administrative proceedings against our Group or our Directors that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

Compliance

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any material or systemic non-compliance incidents that had 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 are exposed to various risks in the operations of our business and we believe that risk management is important to our success. We established and maintain a robust risk management and internal control system. We have adopted and been continuously improving our internal control mechanisms to ensure the compliance of our business operations.

Financial Reporting Risk Management

We have in place a set of accounting policies in connection with our financial reporting risk management, such as financial reporting management policies, budget management policies, treasury management policies, financial statements preparation policies and finance department and staff management policies. We have various procedures and IT systems in place to implement our accounting policies, and our finance department reviews our management accounts based on such procedures. We also provide regular training to our finance department employees to ensure that they understand our financial management and accounting policies and implement them in our daily operations.

Operational Risk Management

Operational risk refers to the risk of direct or indirect financial loss resulting from incomplete or problematic internal processes, personnel mistakes, IT system failures or external events. We have established a series of internal procedures to manage such risk. Our risk management framework ensures the effective discharge of risk management responsibilities across departments and committees through clear segregation of duties and checks and balances, while safeguarding the independence of risk oversight functions. In particular, as a technology company, we have established strict policies on information security. See "— Data privacy and Cybersecurity." Our information technology, human resources, finance and operations departments are collectively responsible to ensure the compliance of our operations with internal procedures. Through effective operational risk management, we expect to control operational risks within a reasonable range by identifying, measuring, monitoring and containing operational risks to reduce potential losses.

Compliance Risk Management

Compliance risk refers to the risk of being subject to legal and regulatory sanctions, and the risk of major financial and reputational losses as a result of our failure to comply with relevant laws, regulations, rules and guidelines. Compliance management refers to the dynamic managing processes of our effective identification and management of compliance risks and proactively preventing the occurrence of risk events. Compliance risk management is the core of our risk management activities, the foundation for effective internal controls and an important aspect of our corporate culture. We have established a sound compliance risk management framework as part of our comprehensive risk management system, to achieve effective identification and management of compliance risk and ensure that our operations are in compliance with applicable laws and regulations.

Information Security and Data Privacy Risk Management

See "— Data privacy and Cybersecurity."

Anti-corruption Risk Management

Anti-corruption risk refers to the risk of use of cheating, bribery or other illegal measures for (i) the pursuit of improper personal benefits at the expense of our economic interests and (ii) the pursuit of improper interests of us. We have established our anti-corruption risk management policies prohibiting any corruption activities by the employees, either for the pursuit of improper personal benefits or improper interests of us. In addition, we have maintained a whistleblower mechanism encouraging the internal report of suspicious activities. We conduct routine internal trainings and require all suppliers to execute anti-corruption commitments before engagement.

Audit Committee

We have established an audit committee to monitor the implementation of our risk management policies across our Company on an ongoing basis to ensure that our internal control system is effective in identifying, managing and mitigating risks involved in our business operations. We also maintain an internal audit department which is responsible for reviewing the effectiveness of internal controls and reporting to the audit committee and senior management on any issues identified. Our internal audit department members hold regular meetings with management to discuss any internal control issues we face and the corresponding measures to implement toward resolving such issues. The internal audit department reports to the audit committee to ensure that any major issues identified are channeled to the committee on a timely basis. The audit committee then discusses the issues and reports to the board of Directors, if necessary.

AWARDS AND RECOGNITION

We received a number of awards and recognitions in connection with our business and set forth below are some of the material awards and recognitions we had received as of the Latest Practicable Date:

Award/Recognition	Award Date	Awarding Institution/Authority
Shenzhen Intellectual Property Leading Enterprise (2025)	2026	Shenzhen Administration for Market Regulation
Shenzhen Top Brand	2025	Shenzhen Top Brand Committee
Shenzhen Headquarters Enterprise Title	2025	Development and Reform Commission of Shenzhen Municipality
China Manufacturing Consumer Trusted Brand – 2025	2025	China Industry News

Award/Recognition	Award Date	Awarding Institution/Authority
German iF Design Award	2026, 2025, 2024	iF Design Foundation
Decade-Long Growth Brand	2025	Amazon
Red Dot Design Award	2025, 2024, 2023	Red Dot Award, Design Zentrum Nordrhein Westfalen
Annual Industry Innovation Leadership Award	2024	SYCJ (數央網), SYGONGYI (數央公益)
Best of IFA 2024 Awards	2024	IFA
Top 20 Emerging Chinese Global Brands	2024	People's Daily Overseas Edition
Guangdong Key Trademark Protection List	2026, 2023	Guangdong Trademark Association

You should read the following discussion and analysis in conjunction with our historical financial information included in Accountants' Report in Appendix I to this Document, together with the accompanying notes. Our historical financial information has been prepared in accordance with the accounting policies which conform with IFRS Accounting Standards issued by the IASB, which may differ in material aspects from generally accepted accounting principles in other jurisdictions. You should read the entire Accountants' Report, and not merely rely on the information contained in this section.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance and involve risks and uncertainties. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties, many of which we cannot control or foresee. Our actual results may differ materially from those anticipated in these forward looking statements as a result of any number of factors. In evaluating our business, you should carefully consider all of the information provided in this Document, including "Risk Factors" and "Business."

Unless the context otherwise requires, financial information described in this section is described on a consolidated basis.

OVERVIEW

We are a global consumer technology company with a diversified portfolio spanning four product categories, namely charging products and accessories, office products, audio and visual products, and storage products. We support a wide range of everyday scenarios, including home, travel, work and entertainment. Our business is rooted in Chinese mainland market and extends to more than 180 countries and regions worldwide as of June 30, 2026.

During the Track Record Period, we experienced rapid growth both in Chinese mainland and overseas, demonstrating strong growth momentum. Our revenue was RMB4,801.4 million, RMB6,166.3 million, RMB9,485.6 million, RMB3,854.8 million and RMB5,813.9 million in 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026, respectively. Our gross profit was RMB1,770.1 million, RMB2,266.6 million, RMB3,466.0 million, RMB1,390.1 million and RMB2,233.0 million in 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026, respectively, and our profit for the year/period was RMB393.7 million, RMB460.5 million, RMB703.5 million, RMB273.6 million and RMB432.2 million in the corresponding year/period.

BASIS OF PRESENTATION AND PREPARATION

Our historical financial information has been prepared in accordance with IFRS Accounting Standards, which collective term includes all applicable individual International Financial Reporting Standards (the "**IFRSs**") and Interpretations approved by the IASB. The historical financial information has been prepared on the historical cost basis except for certain financial assets which are stated at fair value.

The preparation of the historical financial information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying our accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the historical financial information are disclosed in Note 4 to the Accountants' Report included in Appendix I to this Document.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been, and are expected to continue to be, affected by a number of factors, including but not limited to the following:

General Factors

Our business, results of operations, and financial conditions are impacted by general factors affecting the consumer technology industry in jurisdictions where we operate, which include:

- overall economic growth and level of per capita disposable income;
- continuous growth and evolving competitive landscape of the consumer technology industry; and
- international trade policies, geopolitics and trade protection measures, export control and economic or trade sanctions.

Special Factors

In addition to these general factors listed above, the following specific factors have a more direct impact on our business, results of operations, and financial conditions:

Our Ability to Launch New Products and Enhance Our Product Mix

Our ability to provide a comprehensive portfolio of products is a key factor affecting our financial condition and results of operations. Our future performance depends on our capacity to (i) sustain sales growth of our existing products by addressing evolving consumer preferences and demand, and (ii) successfully introduce new products to both our existing customer base and new consumers, thereby expanding our market presence.

Our revenue may be affected by the development and sales of our existing products, in particular, charging products and accessories, office products and audio and visual products. In 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026, charging products and accessories, office products and audio and visual products together accounted for 93.2%, 93.7%, 87.1%, 89.2% and 86.8% of our total revenue for the respective year/period. Specifically, our revenue increased from RMB4,801.4 million in 2023 to RMB9,485.6 million in 2025, representing a CAGR of 40.6%, primarily due to an increase in revenue from the sales of our existing products as a result of our business expansion. We aim to maintain the growth of our charging products and accessories, office products and audio and visual products, which may affect our revenue.

Our success also depends on the development and sales of new products. Our storage products business grew at a fast pace during the Track Record Period and has become an increasingly important driver for our overall revenue growth. Specifically, our revenue generated from storage products increased by 213.2% from RMB391.4 million in 2024 to RMB1,225.8 million in 2025, which further increased by 85.5% from RMB414.8 million for the six months ended June 30, 2025 to RMB769.6 million during the same period in 2026. In particular, our NAS products have quickly gained a substantial market share both in Chinese mainland and globally during the Track Record Period. The consumer-grade NAS market is expected to expand rapidly from 2024 to 2029 at a CAGR of 38.0%. We believe that the growing demand for consumer-grade NAS products will continue to drive sales of our NAS offerings.

By continuously optimizing our product mix and leveraging our experience in market operations and consumer insights, we are committed to sustaining solid financial performance and driving long-term growth.

Our Ability to Capture Consumer Needs and Enhance Our R&D Capabilities

Our financial performance is also influenced by the strength of our R&D capabilities. Our R&D strategy is fundamentally driven by consumer needs, supported by continuous feedback collected through multiple channels, including reviews, user interviews and demand-voting mechanism.

During the Track Record Period, we primarily relied on in-house R&D, adhering to our user-centric philosophy to drive product development and continuous optimization. We have established a comprehensive R&D system supported by professionals with diverse technological expertise. We believe that our advanced in-house R&D capabilities are a key factor in enabling us to respond effectively to diverse and evolving consumer preferences and industry requirements, and maintain our competitive position.

We have increased our R&D expenses to continuously enhance our product mix and launch new products. In 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026, our R&D expenses amounted to RMB215.9 million, RMB304.1 million, RMB437.8 million, RMB173.5 million and RMB349.1 million, respectively. We expect to continue to increase our investment in research and development to further strengthen our R&D capabilities.

Our Ability to Expand Our Market Coverage and Promote Our Brand

We have established a global multichannel sales and distribution network to deliver our products to customers worldwide, primarily consisting of third-party e-commerce platforms and offline distributors, and are expanding it both in Chinese mainland and overseas. In the meantime, we are actively investing in brand development to reinforce "UGREEN" as a globally recognized name and strengthen its international presence. In 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026, our selling expenses amounted to RMB911.8 million, RMB1,204.8 million, RMB1,894.9 million, RMB790.8 million and RMB1,151.8 million, respectively.

Our expansion into global market has been, and is expected to remain a key driver of our revenue growth. Our products have reached over 180 countries and regions as of June 30, 2026. Our revenue from overseas markets amounted to RMB2,419.5 million, RMB3,543.7 million, RMB5,821.4 million, RMB2,294.6 million and RMB3,887.6 million in 2023, 2024, and 2025 and the six months ended June 30, 2025 and 2026, respectively, accounting for 50.4%, 57.5%, 61.4%, 59.5% and 66.9% of our total revenue, in the respective period. To sustain this momentum, we will deepen our strategic foothold in developed markets while actively expanding into emerging markets, localizing our business models as needed. This geographic expansion is supported by the comprehensive development of our distribution network. We aim to strengthen our presence on leading domestic and international online channels (e.g., JD.com, Tmall and Amazon), gain an early mover advantage in next-generation social commerce platforms, and further broaden our global offline network to fully capitalize on international market opportunities.

Our brand is of utmost importance to our long-term success. We believe that our brand image is an important factor affecting consumers' decisions regarding whether to purchase our products. The strength of our brand is underpinned in part by our reputation for providing high-quality products with various product functions that cater to a wide range of consumer needs, complemented by our comprehensive implementation of brand endorsement activities. We plan to continue investing in brand building to further enhance our brand value, laying a solid foundation for our long-term growth.

Our Ability to Control Cost and Optimize our Production Efficiency

During the Track Record Period, we have adopted a flexible hybrid production model that combines in-house production with third-party manufacturing collaboration. In-house production enhances the stability and security of our supply chain, deepens our insight into manufacturing and price assessment, and improves synergistic efficiency, while third-party manufacturing collaboration helps us better respond to fluctuations in market needs through production flexibility.

Our ability to manage costs has a profound impact on our results of operations. Our cost of sales was RMB3,031.3 million, RMB3,899.7 million, RMB6,019.5 million, RMB2,464.7 million and RMB3,580.9 million in 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026, respectively, accounting for 63.1%, 63.2%, 63.5%, 63.9% and 61.6% of our total revenue for the respective year/period, respectively. The overall stability of our gross profit margin reflects our ongoing efforts to optimize procurement, streamline logistics operations, and enhance supply chain efficiency across different sales channels. We remain committed to further improving operational efficiency through technology-driven process enhancements and strategic supply chain management to support long-term margin expansion.

Our Ability to Improve Our Operational Efficiency

Our ability to manage and control our general and administrative expenses also impacts the profitability of our business. In 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026, our general and administrative expenses amounted to RMB230.8 million, RMB281.4 million, RMB347.9 million, RMB154.1 million and RMB223.0 million, respectively, accounting for 4.8%, 4.6%, 3.6%, 4.0% and 3.8% of our total revenue for the same year/period. As our business scales, we expect these expenses to increase in absolute terms but remain stable or gradually decline as a percentage of revenue due to economies of scale and improved operational efficiency. We have also enhanced expense management through detailed budgeting and performance monitoring to support effective overhead control and long-term profitability.

MATERIAL ACCOUNTING POLICY INFORMATION

Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments relating to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and results of operations. Our management continually evaluates such estimates, assumptions and judgments based on historical experiences and other factors, including expectation of future events that are believed to be reasonable under the circumstances. During the Track Record Period, there were no material deviations between our management's key estimates or assumptions and actual results, and we did not make any material changes to these estimates or assumptions. We do not expect any material changes in these estimates and assumptions in the foreseeable future.

Our significant accounting policies, estimates and judgments, which are important for understanding of our financial condition and results of operations, are set forth in detail in Note 3 and Note 4 to the Accountant's Report in Appendix I to this Document.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

The following table sets forth our consolidated statements of comprehensive income with line items in absolute amounts and as a percentage of our revenue for the years/periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Revenue	**4,801,410**	**100.0**	**6,166,334**	**100.0**	**9,485,595**	**100.0**	**3,854,814**	**100.0**	**5,813,890**	**100.0**
Cost of sales	(3,031,297)	(63.1)	(3,899,738)	(63.2)	(6,019,549)	(63.5)	(2,464,711)	(63.9)	(3,580,864)	(61.6)
Gross profit	**1,770,113**	**36.9**	**2,266,596**	**36.8**	**3,466,046**	**36.5**	**1,390,103**	**36.1**	**2,233,026**	**38.4**
Other income	28,605	0.6	26,060	0.4	29,038	0.3	13,574	0.3	13,178	0.2
Other gains/(losses), net	16,150	0.3	26,937	0.4	27,598	0.3	29,958	0.8	(35,186)	(0.6)
Research and development expenses	(215,891)	(4.5)	(304,116)	(4.9)	(437,808)	(4.6)	(173,515)	(4.5)	(349,130)	(6.0)
General and administrative expenses	(230,825)	(4.8)	(281,394)	(4.6)	(347,920)	(3.6)	(154,135)	(4.0)	(223,038)	(3.8)
Selling expenses	(911,823)	(19.0)	(1,204,832)	(19.5)	(1,894,923)	(20.0)	(790,839)	(20.5)	(1,151,785)	(19.8)
Net impairment losses (recognized)/reversed on financial assets	(3,829)	(0.1)	1,641	0.0	(16,644)	(0.2)	(5,623)	(0.2)	(9,497)	(0.2)
Finance costs	(6,915)	(0.1)	(5,909)	(0.1)	(6,359)	(0.1)	(3,136)	(0.1)	(3,258)	(0.1)
Profit before income tax	**445,585**	**9.3**	**524,983**	**8.5**	**819,028**	**8.6**	**306,387**	**7.9**	**474,310**	**8.1**
Income tax expense	(51,901)	(1.1)	(64,499)	(1.0)	(115,572)	(1.2)	(32,827)	(0.8)	(42,106)	(0.7)
Profit for the year/period	**393,684**	**8.2**	**460,484**	**7.5**	**703,456**	**7.4**	**273,560**	**7.1**	**432,204**	**7.4**
Attributable to:										
Owners of the Company	387,518	8.1	462,280	7.5	704,594	7.4	274,678	7.1	430,981	7.4
Non-controlling interests	6,166	0.1	(1,796)	(0.0)	(1,138)	(0.0)	(1,118)	(0.0)	1,223	0.0

KEY COMPONENTS OF OUR CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Revenue

We derived our revenues from sales of our consumer technology products, including (i) charging products and accessories; (ii) office products; (iii) audio and visual products, and (iv) storage products.

Revenue by Product Type

The following table sets forth a breakdown of our revenue by product type both in absolute amount and as a percentage of our total revenue for the years/periods presented.

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Charging products and accessories	2,076,044	43.3	2,957,626	48.0	4,355,886	45.9	1,777,633	46.1	2,666,726	45.9
Office products	1,446,986	30.1	1,756,799	28.5	2,431,563	25.7	1,032,210	26.8	1,500,369	25.8
Audio and visual products	950,255	19.8	1,060,493	17.2	1,472,320	15.5	630,187	16.3	877,236	15.1
Storage products	328,125	6.8	391,416	6.3	1,225,826	12.9	414,784	10.8	769,559	13.2
Total	**4,801,410**	**100.0**	**6,166,334**	**100.0**	**9,485,595**	**100.0**	**3,854,814**	**100.0**	**5,813,890**	**100.0**

Revenue by Geographical Market

The following table sets forth a breakdown of our revenue by geographical market both in absolute amount and as a percentage of our total revenue for the years/periods presented.

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Chinese mainland	2,381,861	49.6	2,622,656	42.5	3,664,224	38.6	1,560,179	40.5	1,926,243	33.1
Asia (excluding Chinese mainland)	849,664	17.7	1,275,129	20.6	2,049,236	21.6	916,344	23.8	1,281,081	22.0
Europe	810,289	16.9	1,181,429	19.2	2,075,340	21.9	740,962	19.2	1,402,422	24.1
– Germany	224,208	4.7	313,933	5.1	616,167	6.5	217,616	5.6	403,976	6.9
The Americas	692,092	14.4	968,361	15.7	1,502,142	15.8	559,364	14.5	1,068,349	18.4
– The U.S.	362,507	7.6	480,726	7.8	838,446	8.8	305,669	7.9	607,794	10.5
Oceania	48,056	1.0	96,804	1.6	152,266	1.6	63,322	1.6	108,230	1.9
Other countries/regions	19,448	0.4	21,955	0.4	42,387	0.5	14,643	0.4	27,565	0.5
Total	**4,801,410**	**100.0**	**6,166,334**	**100.0**	**9,485,595**	**100.0**	**3,854,814**	**100.0**	**5,813,890**	**100.0**

Note:

Other countries/regions primarily include the markets in African countries, such as South Africa and Egypt.

Our revenue generated from overseas markets increased by 46.5% from RMB2,419.5 million in 2023 to RMB3,543.7 million in 2024, and further increased by 64.3% to RMB5,821.4 million in 2025. Our revenue generated from overseas markets also increased by 69.4% from RMB2,294.6 million for the six months ended June 30, 2025 to RMB3,887.6 million during the same period in 2026. Such increases were primarily due to (i) the continuous expansion of our global omnichannel sales and distribution network, as we have established localized service subsidiaries in key markets and implemented differentiated product and go-to-market strategies based on the specific conditions and consumer preferences of each market, and (ii) our brand development investment to reinforce "UGREEN" as a globally recognized name and strengthen its international presence.

Cost of Sales

Our cost of sales consisted of (i) cost of purchased goods, reflecting our procurement costs of finished goods from third-party manufacturing partners; (ii) logistics fees; (iii) raw materials consumed for production, relating to our in-house production; (iv) employee benefit expenses; (v) change in finished goods and work in progress; (vi) processing fee for manufacturing, and (vii) others.

The following table sets forth a breakdown of our cost of sales by nature in absolute amounts and as percentages of total cost of sales, for the years/periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Cost of purchased goods	2,090,412	69.0	2,608,713	66.9	4,425,935	73.5	1,774,838	72.0	2,504,747	70.0
Logistics fees	511,602	16.9	680,070	17.4	1,036,090	17.2	413,187	16.8	642,537	17.9
Raw materials consumed for production	461,583	15.2	563,617	14.5	760,831	12.6	337,145	13.7	452,813	12.6
Employee benefit expenses	66,301	2.2	75,109	1.9	123,535	2.1	54,127	2.2	68,812	1.9
Change in finished goods and work in progress	(244,793)	(8.1)	(216,411)	(5.5)	(627,156)	(10.4)	(246,239)	(10.0)	(227,661)	(6.4)
Processing fee for manufacturing	60,860	2.0	81,829	2.1	115,840	1.9	51,839	2.1	61,202	1.7
Others	85,332	2.8	106,811	2.7	184,474	3.1	79,814	3.2	78,414	2.3
	3,031,297	**100.0**	**3,899,738**	**100.0**	**6,019,549**	**100.0**	**2,464,711**	**100.0**	**3,580,864**	**100.0**

Gross Profit and Gross Profit Margin

Our gross profit was RMB1,770.1 million, RMB2,266.6 million, RMB3,466.0 million, RMB1,390.1 million and RMB2,233.0 million in 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026, respectively and our gross profit margin was 36.9%, 36.8%, 36.5%, 36.1% and 38.4% for the same years/periods, respectively.

The following table sets forth a breakdown of our gross profit and gross profit margin by product type for the years/periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Charging products and accessories	730,908	35.2	1,045,696	35.4	1,551,455	35.6	620,604	34.9	1,003,619	37.6
Office products	564,903	39.0	694,921	39.6	970,467	39.9	406,371	39.4	627,581	41.8
Audio and visual products	387,412	40.8	437,222	41.2	594,677	40.4	252,585	40.1	366,584	41.8
Storage products	86,890	26.5	88,757	22.7	349,447	28.5	110,543	26.7	235,242	30.6
Total	**1,770,113**	**36.9**	**2,266,596**	**36.8**	**3,466,046**	**36.5**	**1,390,103**	**36.1**	**2,233,026**	**38.4**

The following table sets forth a breakdown of our gross profit and gross profit margin by geographical market for the years/periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Chinese mainland	664,748	27.9	717,952	27.4	977,605	26.7	402,594	25.8	544,125	28.2
Asia (excluding Chinese mainland)	368,868	43.4	557,021	43.7	905,581	44.2	398,574	43.5	556,499	43.4
Europe	395,789	48.8	521,158	44.1	915,226	44.1	326,644	44.1	606,526	43.2
The Americas	310,968	44.9	418,236	43.2	586,510	39.0	231,113	41.3	466,806	43.7
Oceania	23,657	49.2	44,039	45.5	65,710	43.2	25,871	40.9	49,632	45.9
Other countries/regions	6,083	31.3	8,190	37.3	15,414	36.4	5,307	36.2	9,438	34.2
Total	**1,770,113**	**36.9**	**2,266,596**	**36.8**	**3,466,046**	**36.5**	**1,390,103**	**36.1**	**2,233,026**	**38.4**

Our gross profit margin in Europe decreased from 48.8% in 2023 to 44.1% in 2024, and remained stable at 44.1% in 2025. Our gross profit margin in the Americas slightly decreased from 44.9% in 2023 to 43.2% in 2024, and further decreased to 39.0% in 2025. Such decreases were primarily attributable to (i) our strategic sales promotions on major overseas third-party e-commerce platforms, and (ii) increased logistics and other costs driven by regional geopolitical factors and adjustments to transportation methods. Our gross profit margin in the Americas increased from 41.3% for the six months ended June 30, 2025 to 43.7% during the same period in 2026, primarily attributable to the receipt of U.S. tariffs refund of RMB63.9 million in the first half of 2026, which deducted the corresponding cost of sales in the U.S. market, while our underlying profitability in this market remained generally stable.

Other Income

Our other income consisted of (i) government grants; (ii) interest income, and (iii) others. Our other income was RMB28.6 million, RMB26.1 million, RMB29.0 million, RMB13.6 million and RMB13.2 million in 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026, respectively.

The following table sets forth a breakdown of our other income both in absolute amount and as a percentage of our total other income for the years/periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Government grants	18,034	63.0	14,802	56.8	19,294	66.5	8,125	59.9	9,438	71.6
Interest income	9,690	33.9	9,595	36.8	8,603	29.6	4,710	34.7	4,399	33.4
Others	881	3.1	1,663	6.4	1,141	3.9	739	5.4	(659)	(5.0)
Total	**28,605**	**100.0**	**26,060**	**100.0**	**29,038**	**100.0**	**13,574**	**100.0**	**13,178**	**100.0**

Research and Development Expenses

Our research and development expenses consisted of (i) employee benefit expenses; (ii) design, testing and other development expenses; (iii) research and development materials consumed, and (iv) depreciation and amortization. Depreciation and amortization expenses represented (i) depreciation of right-of-use assets; (ii) depreciation of property, plant and equipment; and (iii) amortization of intangible assets.

The following table sets forth a breakdown of our research and development expenses both in absolute amount and as a percentage of our total research and development expenses for the years/periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Employee benefit expenses	162,374	75.2	230,500	75.8	353,980	80.9	139,471	80.4	290,485	83.2
Design, testing and other development expenses	22,076	10.2	35,051	11.5	45,299	10.3	15,611	9.0	29,954	8.6
Research and development materials consumed	25,435	11.8	30,459	10.0	29,417	6.7	14,331	8.2	22,630	6.5
Depreciation and amortization	6,006	2.8	8,106	2.7	9,112	2.1	4,102	2.4	6,061	1.7
Total	**215,891**	**100.0**	**304,116**	**100.0**	**437,808**	**100.0**	**173,515**	**100.0**	**349,130**	**100.0**

General and Administrative Expenses

Our general and administrative expenses consisted of (i) employee benefit expenses; (ii) depreciation and amortization; (iii) travel and office expenses; (iv) tax and surcharges; (v) professional service fees, and (vi) others.

The following table sets forth a breakdown of our general and administrative expenses both in absolute amount and as a percentage of our total general and administrative expenses for the years/periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Employee benefit expenses	138,341	59.9	181,177	64.4	209,872	60.3	98,652	64.0	127,405	57.1
Depreciation and amortization	39,079	16.9	34,949	12.4	36,236	10.4	18,197	11.8	21,550	9.7
Travel and office expenses	14,865	6.4	17,434	6.2	23,092	6.6	11,832	7.7	14,385	6.4
Tax and surcharges	14,376	6.2	16,445	5.8	23,660	6.8	9,538	6.2	12,261	5.5
Professional service fees	14,671	6.5	12,870	4.6	22,859	6.6	5,627	3.7	20,177	9.0
Others	9,493	4.1	18,519	6.6	32,201	9.3	10,289	6.6	27,260	12.3
Total	**230,825**	**100.0**	**281,394**	**100.0**	**347,920**	**100.0**	**154,135**	**100.0**	**223,038**	**100.0**

Selling Expenses

Our selling expenses consisted of (i) advertising, marketing and promotion expenses; (ii) platform service fees, which include sales commissions that are generally charged on a proportional basis, platform warehousing fees and other platform-related service fees; (iii) employee benefit expenses, and (iv) others.

The following table sets forth a breakdown of our selling expenses both in absolute amount and as a percentage of our total selling expenses for the years/periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Advertising, marketing and promotion expenses	361,652	39.7	424,132	35.2	712,518	37.6	302,878	38.3	364,398	31.6
Platform service fees	328,669	36.0	469,485	39.0	755,916	39.9	300,166	38.0	511,840	44.4
Employee benefit expenses	195,372	21.4	266,757	22.1	361,727	19.1	158,917	20.1	236,431	20.5
Others	26,130	2.9	44,458	3.7	64,762	3.4	28,878	3.6	39,116	3.5
Total	**911,823**	**100.0**	**1,204,832**	**100.0**	**1,894,923**	**100.0**	**790,839**	**100.0**	**1,151,785**	**100.0**

Net Impairment Losses (Recognized)/Reversed on Financial Assets

Net impairment losses on financial assets primarily represents impairment on trade and bills receivables and other receivables. We recorded impairment losses on financial assets of RMB3.8 million, RMB16.6 million, RMB5.6 million and RMB9.5 million in 2023, 2025 and for the six months ended June 30, 2025 and 2026, respectively. We recorded reversal of impairment losses on financial assets of RMB1.6 million in 2024.

Finance Costs

Our finance costs consisted of interest expense on lease liabilities. Our finance costs amounted to RMB6.9 million, RMB5.9 million, RMB6.4 million, RMB3.1 million and RMB3.3 million in 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026, respectively.

Other Gains/(Losses), Net

Our other gains/(losses) consisted of (i) fair value gains and investment income on financial assets at FVTPL; (ii) net foreign exchange gains; (iii) net compensation for lost goods; (iv) net gains/(losses) on disposal of property, plant and equipment, and (v) other losses. Our other gains were RMB16.2 million, RMB26.9 million, RMB27.6 million and RMB30.0 million in 2023, 2024 and 2025 and the six months ended June 30, 2025, respectively. We recorded other losses of RMB35.2 million for the six months ended June 30, 2026.

The following table sets forth a breakdown of our other gains/(losses) both in absolute amount and as a percentage of our total other gains/(losses) for the years/periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Fair value gains and investment income on financial assets at FVTPL	6,433	39.8	11,755	43.6	17,035	61.8	10,761	35.9	3,398	(9.7)
Net foreign exchange gains/(losses)	5,710	35.4	9,742	36.2	4,893	17.7	15,256	50.9	(43,860)	124.7
Net compensation for lost goods	4,099	25.4	5,772	21.4	9,964	36.1	4,456	14.9	6,308	(17.9)
Net gains/(losses) on disposal of property, plant and equipment	223	1.4	31	0.1	(26)	(0.1)	34	0.1	–	0.0
Other losses	(315)	(2.0)	(363)	(1.3)	(4,268)	(15.5)	(549)	(1.8)	(1,032)	2.9
Total	**16,150**	**100.0**	**26,937**	**100.0**	**27,598**	**100.0**	**29,958**	**100.0**	**(35,186)**	**100.0**

Note: Other losses in 2025 primarily consisted of late payment fees and donations.

Income Tax Expense

Our income tax expense primarily consisted of current income tax and deferred income tax. We recorded income tax expenses of RMB51.9 million, RMB64.5 million, RMB115.6 million, RMB32.8 million and RMB42.1 million in 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026, respectively. The following summarizes the tax rates of our principal subsidiaries.

Chinese Mainland

Pursuant to the PRC Enterprise Income Tax Law and the respective regulations, the enterprise income tax (the "**EIT**") for the certain of the Company's subsidiaries is calculated at a statutory rate of 25%, on their estimated taxable profits for the year based on the existing legislations, interpretations and practices in respect thereof.

Pursuant to the relevant laws and regulations in the PRC and with approval from the tax authorities in charge, the Company was qualified as "High and New Technology Enterprises (HNTE)" and are therefore entitled to a preferential tax rate of 15% from 2023 to 2025.

Pursuant to the relevant laws and regulations in the PRC and with approval from the tax authorities in charge, certain subsidiaries of the Company were qualified HNTE and are therefore entitled to a preferential tax rate of 15% from 2023 to 2025 or 2024 to 2026.

Pursuant to Caishui [2022] No. 13 "Announcement on Further Implementing the Income Tax Preferential Policies for Small Meager-Profit Enterprises" (關於進一步實施小微企業所得税優惠政策的公告), certain subsidiaries were qualified for Small Meager-profit Enterprises and entitled to a preferential income tax rate of 20% on the 25% of taxable income exceeding RMB1 million but less than RMB3 million from January 1, 2022 to December 31, 2024.

Pursuant to Caishui [2023] No. 6 "Announcement on the Income Tax Preferential Policies for Small Meager-Profit Enterprises and Self-Employed Businesses" (關於小微企業和個體工商戶所得税優惠政策的公告) certain subsidiaries were qualified for Small Meager-profit Enterprises and entitled to a preferential income tax rate of 20% on the 25% of taxable income not exceeding RMB1 million from January 1, 2023 to December 31, 2027.

Hong Kong SAR

Hong Kong profits tax has been provided at the rate of 16.5% during the Track Record Period on the estimated assessable profit for the year/period.

Following the enactment of the Inland Revenue (Amendment) (No. 3) Ordinance 2018 on March 29, 2018, amongst all the other group companies, the Company has selected Hong Kong Ugreen Limited to use the two-tiered profits tax rates whereby Hong Kong Ugreen Limited's first 2 million Hong Kong dollars of assessable profits will be taxed at 8.25% and the remaining profits will be taxed at the standard rate of 16.5%.

Other jurisdictions

Taxation for other overseas subsidiaries are charged at the appropriate current rates of taxation ruling in the relevant countries.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Six Months Ended June 30, 2025 Compared to Six Months Ended June 30, 2026

Revenue

Our revenue increased by 50.8% from RMB3,854.8 million for the six months ended June 30, 2025 to RMB5,813.9 million during the same period in 2026. The increase in our revenue was primarily driven by (i) the gradual expansion and continuous optimization of our product portfolio, (ii) strong momentum emerging in overseas markets, (iii) continued expansion of our sales and distribution network, and (iv) consumer traffic generated by our brand endorsement activities and other sales strategies.

- Charging Products and Accessories. Revenue from charging products and accessories increased by 50.0% from RMB1,777.6 million for the six months ended June 30, 2025 to RMB2,666.7 million during the same period in 2026. The increase was primarily driven by higher sales of charging products both in Chinese mainland and overseas markets, mainly attributable to the expansion of our offline channels and the optimization of our product mix.

- Office Products. Revenue from office products increased by 45.4% from RMB1,032.2 million for the six months ended June 30, 2025 to RMB1,500.4 million during the same period in 2026. The increase is primarily due to a steady growth of our revenue from the sales of docking stations and revenue contribution of emerging new products.

- Audio and Visual Products. Revenue from audio and visual products increased by 39.2% from RMB630.2 million for the six months ended June 30, 2025 to RMB877.2 million during the same period in 2026. The increase is primarily due to the increased sales of headphone products and other audio and visual products in overseas markets supported by our proactive marketing activities within major online channels and the launch of new products.

- Storage Products. Revenue from storage products increased by 85.5% from RMB414.8 million for the six months ended June 30, 2025 to RMB769.6 million during the same period in 2026. The increase was primarily driven by growing demand for our NAS products, supported by the emerging local data storage needs of households and small and medium-sized enterprises, together with our further expansion into overseas markets and increased recognition of our UGREEN brand.

Cost of Sales

Our cost of sales increased by 45.3% from RMB2,464.7 million for the six months ended June 30, 2025 to RMB3,580.9 million during the same period in 2026, which was generally in line with our revenue growth in the same period.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our total gross profit increased by 60.6% from RMB1,390.1 million for the six months ended June 30, 2025 to RMB2,233.0 million during the same period in 2026. Our gross profit margin increased from 36.1% for the six months ended June 30, 2025 to 38.4% during the same period in 2026, primarily attributable to our stable profitability, which was further raised by (i) the receipt of U.S. tariffs refund of RMB63.9 million in 2026, which deducted our cost of sales; and (ii) an increase in the selling prices of our products.

Other Income

Our other income remained relatively stable at RMB13.6 million and RMB13.2 million for the six months ended June 30, 2025 and 2026, respectively.

Research and Development Expenses

Our research and development expenses increased by 101.2% from RMB173.5 million for the six months ended June 30, 2025 to RMB349.1 million during the same period in 2026, primarily due to the expansion of our R&D team and increased remuneration for R&D personnel to support our technology advancements and development of new products.

General and Administrative Expenses

Our general and administrative expenses increased by 44.7% from RMB154.1 million for the six months ended June 30, 2025 to RMB223.0 million during the same period in 2026, mainly due to the expansion of our administrative and other business support teams and higher remuneration for the aforesaid personnel in line with our business expansion, as well as professional services fees incurred primarily for strategic and management consulting.

Selling Expenses

Our selling expenses increased by 45.6% from RMB790.8 million for the six months ended June 30, 2025 to RMB1,151.8 million during the same period in 2026, primarily due to an increase in platform service fees, in line with our online sales growth and business expansion.

Net Impairment Losses (Recognized)/Reversed on Financial Assets

Our impairment losses on financial assets increased by 68.9% from RMB5.6 million for the six months ended June 30, 2025 to RMB9.5 million during the same period in 2026, primarily due to an increase in provision made for receivables, as a result of our further business expansion in overseas markets.

Finance Costs

Our finance costs increased by 3.9% from RMB3.1 million for the six months ended June 30, 2025 to RMB3.3 million during the same period in 2026, primarily due to an increase in our interest expense on lease liabilities as a result of our newly-added leases.

Other Gains/(Losses), Net

We recorded net other gains of RMB30.0 million for the six months ended June 30, 2025 and net other losses of RMB35.2 million during the same period in 2026, primarily attributable to net foreign exchange losses of RMB43.9 million recognized during the six months ended June 30, 2026 as a result of fluctuations in foreign exchange rates.

Income Tax Expense

Our income tax expense increased by 28.3% from RMB32.8 million for the six months ended June 30, 2025 to RMB42.1 million during the same period in 2026, primarily due to an increase in our profit before income tax.

Profit for the Period

As a result of the foregoing, our profit for the period increased by 58.0% from RMB273.6 million for the six months ended June 30, 2025 to RMB432.2 million during the same period in 2026.

Year Ended December 31, 2024 Compared to Year Ended December 31, 2025

Revenue

Our revenue increased by 53.8% from RMB6,166.3 million in 2024 to RMB9,485.6 million in 2025. The increase in our revenue was primarily driven by (i) the gradual expansion of our product portfolio, (ii) strong momentum emerging in overseas markets, (iii) continued expansion of our sales and distribution network, and (iv) consumer traffic generated by our brand endorsement activities and other sales strategies.

- *Charging Products and Accessories*. Revenue from charging products and accessories increased by 47.3% from RMB2,957.6 million in 2024 to RMB4,355.9 million in 2025. The increase was primarily driven by higher sales of charging products both in Chinese mainland and overseas markets driven by enhanced product portfolio with advanced technology and strategic expansion of sales and distribution channels.

- *Office Products*. Revenue from office products increased by 38.4% from RMB1,756.8 million in 2024 to RMB2,431.6 million in 2025. The increase is primarily due to a steady growth of our revenue from the sales of docking stations and launch of new products under the other office products category.

- *Audio and Visual Products*. Revenue from audio and visual products increased by 38.8% from RMB1,060.5 million in 2024 to RMB1,472.3 million in 2025. The increase is primarily due to a rapid growth of our revenue from the sales of headphone products and other audio and visual products.

- *Storage Products*. Revenue from storage products increased by 213.2% from RMB391.4 million in 2024 to RMB1,225.8 million in 2025. The increase was primarily driven by robust growth in revenue from NAS product sales, attributable to the expansion to overseas market and the diversification of our product portfolio to cover the full range from entry-level to high-end models.

Cost of Sales

Our cost of sales increased by 54.4% from RMB3,899.7 million in 2024 to RMB6,019.5 million in 2025, which was generally in line with our revenue growth in the same period.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our total gross profit increased by 52.9% from RMB2,266.6 million in 2024 to RMB3,466.0 million in 2025. Our gross profit margin decreased slightly from 36.8% in 2024 to 36.5% in 2025, primarily attributable to the official launch of NAS products to overseas markets in 2025 and their growing contribution to our revenue. During the initial stage of market entry, these products were priced more competitively to capture market share, which while driving a significant increase in revenue from NAS products, resulted in a slight dilution of overall gross profit margin.

Other Income

Our other income increased by 11.4% from RMB26.1 million in 2024 to RMB29.0 million in 2025, primarily due to an increase of government grants.

Research and Development Expenses

Our research and development expenses increased by 44.0% from RMB304.1 million in 2024 to RMB437.8 million in 2025, primarily due to higher employee benefit expenses, resulting from the expansion of our R&D team and increased remuneration for R&D personnel to keep pace with business growth and rapid technological developments.

General and Administrative Expenses

Our general and administrative expenses increased by 23.6% from RMB281.4 million in 2024 to RMB347.9 million in 2025, primarily due to higher employee benefit expenses, resulting from the expansion of our administrative and other business support teams and increased remuneration for the aforesaid personnel consistent with our business expansion.

Selling Expenses

Our selling expenses increased by 57.3% from RMB1,204.8 million in 2024 to RMB1,894.9 million in 2025, primarily due to (i) an increase of advertising, marketing and promotion expenses, resulting from our proactive branding initiatives, which encompasses celebrity endorsements and IP collaboration, along with our targeted marketing campaigns for newly launched products like NAS, and (ii) an increase in platform service fees, reflecting our revenue growth and business expansion.

Net Impairment Losses (Recognized)/Reversed on Financial Assets

We recorded impairment losses on financial assets of RMB16.6 million in 2025, primarily due to an increase in provision made for receivables, as a result of our business expansion in overseas markets. We recorded a reversal of impairment losses on financial assets of RMB1.6 million in 2024, primarily due to a decrease in trade receivables compared to 2023.

Finance Costs

Our finance costs increased by 7.6% from RMB5.9 million in 2024 to RMB6.4 million in 2025 primarily due to an increase in our interest expense on lease liabilities as a result of our extended and newly-added leases.

Other Gains, Net

Our other gains increased by 2.5% from RMB26.9 million in 2024 to RMB27.6 million in 2025, primarily due to an increase in fair value gains and investment income on financial assets at FVTPL driven by our purchase of structured deposits, bank wealth management products and large denomination certificates of deposits.

Income Tax Expense

Our income tax expense increased by 79.2% from RMB64.5 million in 2024 to RMB115.6 million in 2025, primarily due to an increase in our profit before income tax.

Profit for the Year

As a result of the foregoing, our profit for the year increased by 52.8% from RMB460.5 million in 2024 to RMB703.5 million in 2025.

Year Ended December 31, 2023 Compared to Year Ended December 31, 2024

Revenue

Our revenue increased by 28.4% from RMB4,801.4 million in 2023 to RMB6,166.3 million in 2024. The increase in our revenue was primarily driven by (i) the gradual expansion of our product portfolio, (ii) strong momentum emerging in overseas markets, (iii) continued expansion of our sales and distribution network, and (iv) consumer traffic generated by our brand endorsement activities and other sales strategies.

- *Charging Products and Accessories*. Revenue from charging products and accessories increased by 42.5% from RMB2,076.0 million in 2023 to RMB2,957.6 million in 2024. The increase was primarily driven by higher sales of charging products both in Chinese mainland and overseas markets.

- *Office Products*. Revenue from office products increased by 21.4% from RMB1,447.0 million in 2023 to RMB1,756.8 million in 2024. The increase is primarily due to a steady growth of our revenue from the sales of docking stations and Bluetooth receivers and transmitters.

- *Audio and Visual Products*. Revenue from audio and visual products increased by 11.6% from RMB950.3 million in 2023 to RMB1,060.5 million in 2024. The increase is primarily due to a steady growth of our revenue from the sales of headphone products attributable to the launch of new product series.

- *Storage Products*. Revenue from storage products increased by 19.3% from RMB328.1 million in 2023 to RMB391.4 million in 2024. The increase was primarily driven by higher revenue from NAS product sales, attributable to the launch of new product series powered by UGOS Pro operating system.

Cost of Sales

Our cost of sales increased by 28.6% from RMB3,031.3 million in 2023 to RMB3,899.7 million in 2024, which was generally in line with our revenue growth in the same period.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our total gross profit increased by 28.0% from RMB1,770.1 million in 2023 to RMB2,266.6 million in 2024. Our gross profit margin slightly decreased from 36.9% in 2023 to 36.8% in 2024, primarily attributable to (i) a shift in product mix in the Chinese mainland market, with increased sales contribution from high-volume products at relatively lower margins such as power banks, the revenue generated from which in Chinese mainland increased from RMB55.9 million in 2023 to RMB203.8 million in 2024, accounting for 2.4% and 7.8% of our total revenue from Chinese mainland in the corresponding year, as well as (ii) an increase of revenue contribution by NAS products as we conducted a pilot market testing initiative among overseas customers in 2024. As part of this initiative, we adopted a more competitive pricing strategy to attract early adopters and encourage customer participation.

Other Income

Our other income decreased by 8.9% from RMB28.6 million in 2023 to RMB26.1 million in 2024, primarily due to a decrease of government grants.

Research and Development Expenses

Our research and development expenses increased by 40.9% from RMB215.9 million in 2023 to RMB304.1 million in 2024, primarily due to higher employee benefit expenses, resulting from the expansion of our R&D team and increased remuneration for R&D personnel to keep pace with business growth and rapid technological developments.

General and Administrative Expenses

Our general and administrative expenses increased by 21.9% from RMB230.8 million in 2023 to RMB281.4 million in 2024, primarily due to higher employee benefit expenses, resulting from the expansion of our administrative and other business support teams and increased remuneration for the aforesaid personnel consistent with our business expansion.

Selling Expenses

Our selling expenses increased by 32.1% from RMB911.8 million in 2023 to RMB1,204.8 million in 2024, primarily due to higher platform service fees in line with our revenue growth in online sales channels, as well as higher advertising, marketing and promotion expenses and employee benefit expenses, reflecting our business expansion.

Net Impairment Losses (Recognized)/Reversed on Financial Assets

We recorded reversal of impairment losses on financial assets of RMB1.6 million in 2024, primarily due to a decrease in trade receivables compared to 2023. We recorded impairment losses on financial assets of RMB3.8 million in 2023, primarily due to the timing of collections from a major e-commerce platform customer in 2023, which was affected by the New Year holiday.

Finance Costs

Our finance costs decreased by 14.5% from RMB6.9 million in 2023 to RMB5.9 million in 2024, primarily due to a decrease in our interest expense on lease liabilities due to the existing leases moving closer to expiration.

Other Gains, Net

Our other gains increased by 66.8% from RMB16.2 million in 2023 to RMB26.9 million in 2024, primarily due to an increase in fair value gains and investment income on financial assets at FVTPL due to movements in our holdings of structured deposits, bank wealth management products and large denomination certificates of deposits and an increase in net foreign exchange gains due to our business expansion in overseas markets.

Income Tax Expense

Our income tax expense increased by 24.3% from RMB51.9 million in 2023 to RMB64.5 million in 2024, primarily due to an increase in our profit before income tax.

Profit for the Year

As a result of the foregoing, our profit for the year increased by 17.0% from RMB393.7 million in 2023 to RMB460.5 million in 2024.

DISCUSSION OF CERTAIN KEY ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			
Non-current assets:				
Property, plant and equipment	47,337	51,741	63,624	92,235
Right-of-use assets	116,260	106,464	131,570	135,626
Intangible assets	5,458	8,869	11,177	12,884
Financial assets at fair value through profit or loss	–	333,447	–	–
Financial assets at fair value through other comprehensive income	–	–	16,010	18,430
Prepayments, other receivables and other assets	6,753	5,236	10,381	114,654
Deferred tax assets	26,254	35,574	52,236	71,272
Total non-current assets	**202,062**	**541,331**	**284,998**	**445,101**
Current assets:				
Inventories	995,850	1,234,642	2,000,515	2,457,720
Trade and bills receivables	137,337	99,650	346,838	483,330
Prepayments, other receivables and other assets	120,752	135,033	471,694	406,370
Prepaid income tax	4,844	8	–	8,658
Financial assets at fair value through profit or loss	–	741,540	431,313	110,152
Restricted bank deposits	–	–	7,029	27,244
Cash and cash equivalents	992,314	1,142,738	1,386,529	1,173,738
Total current assets	**2,251,097**	**3,353,611**	**4,643,918**	**4,667,212**
Current liabilities:				
Trade payables	355,794	554,094	805,578	775,042
Contract liabilities	33,969	61,959	95,066	111,290
Other payables and accruals	129,448	200,282	402,303	402,444
Lease liabilities	31,887	22,698	40,499	47,262
Income tax payable	21,183	22,916	46,270	33,196
Total current liabilities	**572,281**	**861,949**	**1,389,716**	**1,369,234**
Net current assets	**1,678,816**	**2,491,662**	**3,254,202**	**3,297,978**
Non-current liabilities:				
Lease liabilities	95,182	95,540	106,715	105,736
Provision	9,380	12,617	24,777	41,812
Total non-current liabilities	**104,562**	**108,157**	**131,492**	**147,548**
Net assets	**1,776,316**	**2,924,836**	**3,407,708**	**3,595,531**

Our net current assets increased by 48.4% from RMB1,678.8 million as of December 31, 2023 to RMB2,491.7 million as of December 31, 2024, primarily due to an increase of RMB741.5 million in financial assets at FVTPL and an increase of RMB238.8 million in inventories, partially offset by an increase of RMB198.3 million in trade payables.

Our net current assets increased by 30.6% from RMB2,491.7 million as of December 31, 2024 to RMB3,254.2 million as of December 31, 2025, primarily due to an increase of RMB765.9 million in inventories and an increase of RMB336.7 million in prepayments, other receivables and other assets, partially offset by a decrease of RMB310.2 million in financial assets at FVTPL.

Our net current assets increased by 1.3% from RMB3,254.2 million as of December 31, 2025 to RMB3,298.0 million as of June 30, 2026, primarily due to an increase of RMB457.2 million in inventories and an increase of RMB136.5 million in trade and bills receivables, partially offset by a decrease of RMB321.2 million in financial assets at FVTPL and a decrease of RMB212.8 million in cash and cash equivalents.

Assets

Property, Plant and Equipment

Our property, plant and equipment consisted of (i) machinery and equipment; (ii) transportation equipment; (iii) office equipment and others, and (iv) leasehold improvement.

The table below sets forth our property, plant and equipment by nature as of the dates indicated.

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			
Machinery and equipment	15,797	18,699	23,569	26,806
Transportation equipment	1,016	789	482	388
Office equipment and others	13,145	15,246	19,539	38,733
Leasehold improvement	17,379	17,007	20,034	26,308
Total	**47,337**	**51,741**	**63,624**	**92,235**

Our property, plant and equipment increased by 9.3% from RMB47.3 million as of December 31, 2023 to RMB51.7 million as of December 31, 2024, primarily due to increased purchase of machinery and equipment, as well as increased office equipment and others, consistent with our business growth. Our property, plant and equipment increased by 23.0% from RMB51.7 million as of December 31, 2024 to RMB63.6 million as of December 31, 2025, primarily due to increased purchase of machinery and equipment, as well as office equipment and others, consistent with our business growth. Our property, plant and equipment increased by 45.0% from RMB63.6 million as of December 31, 2025 to RMB92.2 million as of June 30, 2026, primarily due to increased office equipment and others and leased properties in line with our business growth.

Right-of-use Assets

Our right-of-use assets consisted of leasehold buildings. Our right-of-use assets decreased by 8.4% from RMB116.3 million as of December 31, 2023 to RMB106.5 million as of December 31, 2024, primarily due to depreciation. Our right-of-use assets increased by 23.6% from RMB106.5 million as of December 31, 2024 to RMB131.6 million as of December 31, 2025, primarily due to the extension of certain existing leases, as well as newly added leases. Our right-of-use assets increased by 3.1% from RMB131.6 million as of December 31, 2025 to RMB135.6 million as of June 30, 2026, primarily reflecting our newly added leases.

Intangible Assets

Our intangible assets consisted of software. Our intangible assets increased by 62.5% from RMB5.5 million as of December 31, 2023 to RMB8.9 million as of December 31, 2024 and further increased by 26.0% to RMB11.2 million as of December 31, 2025 and by 15.3% to RMB12.9 million as of June 30, 2026, primarily due to increased purchase of software, consistent with our business expansion.

Financial Assets at FVTOCI

Our financial assets at FVTOCI consisted of our investment in unlisted company. Our financial assets at FVTOCI were nil in both 2023 and 2024, and increased to RMB16.0 million as of December 31, 2025, due to our investment in a company developing audio and video cloud production and collaborative management platform. Our financial assets at FVTOCI increased by 15.1% from RMB16.0 million as of December 31, 2025 to RMB18.4 million as of June 30, 2026, primarily due to an increase in the fair value of our equity interest in the said company.

Inventories

Our inventories primarily consisted of (i) finished goods; (ii) raw material, and (iii) work in progress.

The table below sets forth our inventories by nature as of the dates indicated.

	As of December 31,			As of June 30,
	2023	**2024**	**2025**	**2026**
	(RMB in thousands)			
Finished goods	935,289	1,150,667	1,771,401	1,995,136
Raw materials	99,525	131,086	285,010	525,202
Work in progress	5,194	6,227	12,649	16,575
Less: provision for impairment	(44,158)	(53,338)	(68,545)	(79,193)
Total	**995,850**	**1,234,642**	**2,000,515**	**2,457,720**

Our inventories increased by 24.0% from RMB995.9 million as of December 31, 2023 to RMB1,234.6 million as of December 31, 2024, and further increased by 62.0% to RMB2,000.5 million as of December 31, 2025, primarily due to our proactive increase of stock levels for new product launches and surging sales across key categories. Our inventories increased by 22.9% from RMB2,000.5 million as of December 31, 2025 to RMB2,457.7 million as of June 30, 2026, primarily due to higher inventory levels of finished goods in line with our revenue growth, as well as our expanded direct procurement of components, particularly those used in our NAS products.

The following table sets forth a summary on the aging analysis of inventories as at the dates indicated.

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			
Within 6 months	977,434	1,200,015	1,974,119	2,342,941
Over 6 months within 1 year	27,679	64,381	52,207	145,086
Over 1 years	34,895	23,584	42,734	48,886
Total	**1,040,008**	**1,287,980**	**2,069,060**	**2,536,913**

We assess our inventories for impairment on an ongoing basis during the Track Record Period and write down inventories to their net realizable value when they become obsolete, damaged or expired, or when their selling prices decline and their net realizable value falls below cost. We believe we have made sufficient inventory provision during the Track Record Period, given that our inventory impairment policy remained consistent and there were no significant market fluctuations throughout the period. As of December 31, 2023, 2024 and 2025 and June 30, 2026, the provision for impairment of inventories amounted to RMB44.2 million, RMB53.3 million, RMB68.5 million and RMB79.2 million, respectively.

The following table sets forth our inventory turnover days for the years/periods indicated.

	Year ended December 31,			Six months ended June 30,
	2023	2024	2025	2026
Inventory turnover days	104.5	104.4	98.1	112.1

Note: We calculate inventory turnover days using the average of the beginning and ending net carrying amount of total inventories for a period, divided by the corresponding total cost of sales for the same period, multiplied by the number of days in such period (i.e. 365 days for a calendar year and 180 days for the six months ended June 30, 2026).

Our inventory turnover days remained relatively stable at 104.5 days and 104.4 days in 2023 and 2024. Our inventories turnover days decreased to 98.1 days in 2025, primarily attributable to rapid revenue growth, which accelerated the turnover of inventory. Our inventories turnover days increased to 112.1 days for the six months ended June 30, 2026, primarily attributable to the increased inventory level of raw materials and finished goods to support the sales growth, particularly for our NAS products. Our inventory turnover days are longer than those of certain companies with distribution-centric sales models. This is because direct sales accounted for over 60% of our total revenue during the Track Record Period, whereas such companies primarily sell to distributors who maintain their own inventory reserves. In addition, among our sales to online retailers, a relatively higher proportion of revenue was derived from JD self-operated stores, which are subject to relatively longer settlement periods. Furthermore, we utilize a flexible hybrid production model that consists of in-house production, where we need to procure and maintain a certain level of raw material as well as work-in-progress, which also slows down the overall inventory turnover. As of December 31, 2023, 2024 and 2025 and June 30, 2026, the aging profile of our inventories remained healthy, with 94.0%, 93.2%, 95.4% and 92.4% of total inventories aged within six months, respectively. During the Track Record Period, we have maintained relatively optimal inventory levels without substantial risk of inventory obsolescence.

As of July 31, 2026, RMB620.0 million, or 24.4% of our inventories outstanding as of June 30, 2026, had been subsequently sold or utilized.

Trade and Bills Receivables

The following table sets forth our trade and bills receivables as of the dates indicated.

	As of December 31,			As of June 30,
	2023	**2024**	**2025**	**2026**
	(RMB in thousands)			
Trade receivables	144,572	103,674	365,416	509,799
Bills receivables	–	1,269	991	294
Less: allowance for impairment	(7,235)	(5,293)	(19,569)	(26,763)
Total trade and bills receivables	**137,337**	**99,650**	**346,838**	**483,330**

Our trade and bills receivables decreased by 27.4% from RMB137.3 million as of December 31, 2023 to RMB99.7 million as of December 31, 2024, primarily due to the timing of collections from a major e-commerce platform customer in 2023, which was affected by the New Year holiday. Our trade and bills receivables increased by 248.1% from RMB99.7 million as of December 31, 2024 to RMB346.8 million as of December 31, 2025, primarily due to (i) the rapid growth of our overseas revenue and our strategic shift from prepayment to granting credit terms to selected overseas offline distributors to capture market share and attract long-term collaborations; and (ii) the timing of collections from a major e-commerce platform customer in 2025. Our trade and bills receivables increased by 39.4% from RMB346.8 million as of December 31, 2025 to RMB483.3 million as of June 30, 2026, primarily due to increased balance of trade receivables resulting from our sales growth, including the increase in receivables from Amazon, as most of our major promotional campaigns in 2026 took place in June, compared with July in 2025.

During the Track Record Period, our typical credit term is from 30 to 60 days. The following table sets forth the aging analysis of our trade receivables as of the dates indicated.

	As of December 31,			As of June 30,
	2023	**2024**	**2025**	**2026**
	(RMB in thousands)			
Within 1 year	144,437	101,913	363,510	508,394
Over 1 year but within 2 years	135	1,652	1,702	1,139
Over 2 years but within 3 years	–	109	204	159
Over 3 years	–	–	–	107
Total trade receivables	**144,572**	**103,674**	**365,416**	**509,799**

The following table sets forth our trade receivables turnover days for the years/periods indicated.

	Year ended December 31,			Six months ended June 30,
	2023	2024	2025	2026
Trade receivables turnover days . .	7.6	7.0	8.6	12.8

Note: We calculate trade receivables turnover days using the average of the beginning and ending net carrying amount of total trade receivables for a period, divided by the corresponding total revenue for the same period, multiplied by the number of days in such period (i.e. 365 days for a calendar year and 180 days for the six months ended June 30, 2026).

Our trade receivables turnover days remained relatively stable at 7.6 days and 7.0 days in 2023 and 2024. Our trade receivable turnover days slightly increased to 8.6 days in 2025, and further increased to 12.8 days for the six months ended June 30, 2026 primarily due to the growth of our trade receivables.

During the Track Record Period, we recorded relatively prolonged cash conversion cycles. See "Risk Factors — Risks Related to our Business and Industry — We may be exposed to liquidity risks as a result of a long cash conversion cycle." We closely monitor our cash conversion cycle and have implemented multi-layered approaches to optimize our working capital position. We proactively maintained a healthy aging profile of our inventory and trade receivables through dynamic inventory management and active collections. We have also maintained a robust level of cash and cash equivalents, which provides a solid liquidity buffer for our ordinary operations and other capital requirements. Meanwhile, the continuous expansion of our market presence lays a robust foundation for our overall cash recirculation without seeking interest-bearing borrowings. Accordingly, our Directors are of the view that the relatively prolonged cash conversion cycle did not have and is not expected to have a material adverse impact on our operations and financial position.

As of July 31, 2026, RMB403.2 million, or 79.1% of our trade receivables outstanding as of June 30, 2026, had been subsequently settled. During the Track Record Period and up to the Latest Practicable Date, we did not have any material recoverability issue for our trade receivables and sufficient provisions have been made.

Prepayments, Other Receivables and Other Assets

Our prepayments, other receivables and other assets primarily consisted of (i) prepayment for acquisition of long-term assets and services; (ii) deposits receivables; (iii) VAT recoverable; (iv) prepayments for materials and services. The following table sets forth a breakdown of our other receivables and prepayments as of the dates indicated.

	As of December 31,			As of June 30,
	2023	**2024**	**2025**	**2026**
	(RMB in thousands)			
Non-current				
Prepayment for acquisition of long-term assets and services	6,456	4,632	9,287	7,792
Prepayment for acquisition of a subsidiary	–	–	–	106,000
Long-term receivables	297	604	1,094	862
	6,753	5,236	10,381	114,654
Current				
Other receivables				
Deposits receivables	15,622	18,594	52,769	98,944
Tax rebate receivables	–	–	174,988	–
Others	2,397	3,459	15,585	14,558
Less: allowance for impairment	(970)	(1,103)	(3,469)	(5,771)
	17,049	20,950	239,873	107,731
VAT recoverable	56,607	75,401	134,392	166,170
Prepayments for materials and services	26,565	22,791	62,142	70,316
[REDACTED]	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Right of return assets	4,248	4,684	10,073	15,263
Others	8,389	11,207	16,745	23,977
	120,752	135,033	471,694	406,370
Total	**127,505**	**140,269**	**482,075**	**521,024**

Our prepayments, other receivables and other assets increased by 10.0% from RMB127.5 million as of December 31, 2023 to RMB140.3 million as of December 31, 2024 and further increased by 243.7% to RMB482.1 million as of December 31, 2025, primarily due to the timing of the receipt of export tax rebate for the second half of 2025 and an increase in VAT recoverable. Our prepayments, other receivables and other assets increased by 8.1% from RMB482.1 million as of December 31, 2025 to RMB521.0 million as of June 30, 2026, primarily due to the prepayment for acquisition of Zhongzhi.

As of July 31, 2026, RMB182.2 million, or 34.6% of our prepayments, other receivables and other assets outstanding as of June 30, 2026, had been subsequently settled.

Financial Assets at FVTPL

	As at December 31,			As of June 30,
	2023	2024	2025	2026
		(RMB in thousands)		
Non-current				
– Transferrable large denomination certificates of deposits	–	333,447	–	–
Current				
– Transferrable large denomination certificates of deposits	–	50,226	50,797	–
– Structured deposits and bank wealth management products	–	691,314	380,516	110,152
	–	741,540	431,313	110,152
Total	**–**	**1,074,987**	**431,313**	**110,152**

Our financial assets at FVTPL consisted of structured deposits and bank wealth management products and transferrable large denomination certificates of deposits. Our financial assets at FVTPL increased from nil as of December 31, 2023 to RMB1,075.0 million as of December 31, 2024, decreased by 59.9% to RMB431.3 million as of December 31, 2025, and decreased by 74.5% to RMB110.2 million as of June 30, 2026, primarily due to movements in our holdings of our structured deposits, bank wealth management products and transferrable large denomination certificates of deposits.

Under our investment policy on the purchase of such financial assets, we employ a comprehensive set of internal policies and guidelines to manage our investments in order to monitor the investment risks associated with our portfolio of financial assets. In determining investment decisions on wealth management products, we take into account a number of factors, including general economic conditions and market environment, risk control and the creditworthiness of issuing financial institutions, our own working capital conditions and the expected returns or potential loss of the investment. Our Shareholders' meeting reviews and approves the policy for cash management related to investments in wealth management products. The Board, and where the relevant prescribed monetary threshold is met, the Shareholders' meeting approves the use of available cash by the Company and subsidiaries to purchase high-safety, low-risk, and high-liquidity wealth management products from financial institutions. Our management reviews and approves investment decisions related to the purchase of wealth management products and is responsible for signing relevant agreements. Members of our Board and our senior management collectively possess extensive industry experience and financial management expertise, which enable them to effectively oversee these investments. See "Directors and Senior Management" for details. Qualified financial personnel from our finance team are responsible for executing investments in wealth management products in accordance with the relevant agreements and our policies.

Upon [**REDACTED**], our investment in such financial assets will be subject to compliance with Chapter 14 of the Listing Rules.

Cash and Cash Equivalents

Our cash and cash equivalents were RMB992.3 million, RMB1,142.7 million, RMB1,386.5 million and RMB1,173.7 million as of December 31, 2023, 2024 and 2025 and June 30, 2026, respectively.

Liabilities

Trade Payables

Our trade payables increased by 55.7% from RMB355.8 million as of December 31, 2023 to RMB554.1 million as of December 31, 2024, and further increased by 45.4% to RMB805.6 million as of December 31, 2025, primarily due to our higher proactive inventory stocking as a result of our business expansion. Our trade payables decreased by 3.8% from RMB805.6 million as of December 31, 2025 to RMB775.0 million as of June 30, 2026, primarily due to a slight decrease in the value of purchases made in June 2026 compared with December 2025.

During the Track Record Period, the credit period granted to us by our suppliers is generally within 90 days. The following table sets forth the aging analysis of our trade payables based on the invoice date as of the dates indicated.

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			
Within 1 year	355,568	553,737	805,420	775,031
Over 1 year but within 2 years	31	185	86	4
Over 2 years but within 3 years	152	4	22	7
Over 3 years	43	168	50	–
Total	**355,794**	**554,094**	**805,578**	**775,042**

The following table sets forth our trade payables turnover days for the years/periods indicated.

	Year ended December 31,			Six months ended June 30,
	2023	2024	2025	2026
Trade payables turnover days	39.4	42.6	41.2	39.7

Note: We calculate trade payables turnover days using the average of the beginning and ending balances of total trade payables for a period, divided by the corresponding cost of sales for the same period, multiplied by the number of days in such period (i.e. 365 days for a calendar year and 180 days for the six months ended June 30, 2026).

Our trade payables turnover days remained relatively stable at 39.4 days, 42.6 days, 41.2 days and 39.7 days in 2023, 2024 and 2025 and for the six months ended June 30, 2026, respectively.

As of July 31, 2026, RMB642.7 million, or 82.9% of our trade payables outstanding as of June 30, 2026, 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 consisted of advance payments from customers. Our contract liabilities increased by 82.4% from RMB34.0 million as of December 31, 2023 to RMB62.0 million as of December 31, 2024, and further increased by 53.4% to RMB95.1 million as of December 31, 2025, and further increased by 17.1% to RMB111.3 million as of June 30, 2026, in line with our increased sales volume and business expansion.

As of July 31, 2026, RMB73.3 million, or 65.8% of our contract liabilities outstanding as of June 30, 2026, had been subsequently settled.

Other Payables and Accruals

Our other payables and accruals represented (i) payroll and welfare payables; (ii) other tax liabilities; (iii) accrued expenses; (iv) deposits received; (v) [**REDACTED**], and (vi) others. The following table sets forth a breakdown of our other payables as of the dates indicated.

	As of December 31,			As of June 30,
	2023	**2024**	**2025**	**2026**
	(RMB in thousands)			
Payroll and welfare payables	97,082	123,877	206,219	205,501
Other tax liabilities	17,940	43,540	126,819	117,573
Accrued expenses	12,566	31,320	53,054	64,455
Deposits received	1,793	1,000	11,180	12,144
[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Others	67	545	870	683
Total	**129,448**	**200,282**	**402,303**	**402,444**

Our other payables and accruals increased by 54.7% from RMB129.4 million as of December 31, 2023 to RMB200.3 million as of December 31, 2024, and further increased by 100.9% to RMB402.3 million as of December 31, 2025, primarily due to (i) an increase in our payroll and welfare payables in line with our business growth, and (ii) an increase in other tax liabilities, primarily due to our increased sales volume and business expansion. Our other payables and accruals remained relatively stable at RMB402.3 million and RMB402.4 million as of December 31, 2025 and June 30, 2026.

As of July 31, 2026, RMB191.2 million, or 47.5% of our other payables and accruals outstanding as of June 30, 2026, had been subsequently settled. During the Track Record Period and up to the Latest Practicable Date, we had no material defaults in our other payables and accruals.

Income Tax Payable

Our income tax payable was RMB21.2 million, RMB22.9 million, RMB46.3 million and RMB33.2 million as of December 31, 2023, 2024 and 2025 and June 30, 2026, respectively.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

During the Track Record Period and up to the Latest Practicable Date, we have funded our cash requirements principally from cash generated from our operating activities. As of December 31, 2023, 2024 and 2025 and June 30, 2026, we had cash and cash equivalents of RMB992.3 million, RMB1,142.7 million, RMB1,386.5 million and RMB1,173.7 million, respectively.

The following table sets forth our cash flows for the years/periods indicated.

	Year ended December 31,			Six months ended June 30,
	2023	2024	2025	2026
	(RMB in thousands)			
Net cash flows generated from/(used in) operating activities	173,401	623,882	(35,329)	(70,009)
Net cash flows (used in)/generated from investing activities	(16,464)	(1,090,916)	571,884	184,598
Net cash flows (used in)/generated from financing activities	(45,052)	605,766	(299,191)	(291,577)
Net increase/(decrease) in cash and cash equivalents	111,885	138,732	237,364	(176,988)
Cash and cash equivalents at the beginning of the year/period	876,177	992,314	1,142,738	1,386,529
Effect of foreign exchange rate changes, net	4,252	11,692	6,427	(35,803)
Cash and cash equivalents at the end of the year/period	**992,314**	**1,142,738**	**1,386,529**	**1,173,738**

Net Cash Flows Generated from/(Used in) Operating Activities

For the six months ended June 30, 2026, net cash flows used in operating activities was RMB70.0 million, primarily attributable to our profit before income tax of RMB474.3 million, partially offset by income tax paid of RMB83.7 million, adjusted for certain non-cash and non-operating items. Adjustments primarily include changes in working capital, mainly attributable to (i) an increase in inventories of RMB506.0 million; (ii) an increase in trade and bills receivables of RMB121.5 million; (iii) a decrease in prepayments, other receivables and other assets of RMB67.6 million. The amount was further adjusted by other non-cash and non-operating items primarily including net impairment losses recognized on inventories of RMB48.8 million and depreciation of right-of-use assets of RMB22.4 million.

In 2025, net cash flows used in operating activities was RMB35.3 million, primarily attributable to our profit before income tax of RMB819.0 million, partially offset by income tax paid of RMB109.0 million, adjusted for certain non-cash and non-operating items. Adjustments primarily include changes in working capital, mainly attributable to (i) an increase in inventories of RMB812.5 million; (ii) an increase in prepayments, other receivables and other assets of RMB297.9 million; (iii) an increase in trade and bills receivables of RMB266.4 million; (iv) an increase in trade payables of RMB251.5 million; (v) an increase in other payables and accruals of RMB202.7 million. The amount was further adjusted by other non-cash and non-operating items primarily including net impairment losses recognized on inventories of RMB46.6 million.

In 2024, net cash flows generated from operating activities was RMB623.9 million, primarily attributable to our profit before income tax of RMB525.0 million, partially offset by income tax paid of RMB67.3 million, adjusted for certain non-cash and non-operating items. Adjustments primarily include change in working capital, mainly attributable to (i) an increase in inventories of RMB277.6 million, (ii) an increase in trade payables of RMB198.3 million; (iii) an increase in other payables and accruals of RMB74.4 million. The amount was further adjusted by other non-cash and non-operating items primarily including share-based payment expenses of RMB40.3 million, net impairment losses recognized on inventories of RMB38.8 million and depreciation of right-of-use assets of RMB35.3 million.

In 2023, net cash flows generated from operating activities was RMB173.4 million, primarily attributable to our profit before income tax of RMB445.6 million, partially offset by income tax paid of RMB57.5 million, adjusted for certain non-cash and non-operating items. Adjustments primarily include change in working capital, mainly attributable to (i) an increase in inventories of RMB291.7 million, (ii) an increase in trade and bills receivables of RMB84.5 million; (iii) an increase in trade payables of RMB57.4 million. The amount was further adjusted by other non-cash and non-operating items primarily including net impairment losses recognized on inventories of RMB35.2 million and depreciation of right-of-use assets of RMB35.1 million.

Net Cash Flows (Used in)/Generated from Investing Activities

For the six months ended June 30, 2026, net cash flows generated from investing activities was RMB184.6 million, primarily attributable to proceeds from disposals of financial assets at fair value through profit or loss of RMB982.3 million, partially offset by purchase of financial assets at fair value through profit or loss of RMB662.0 million and prepayment made for acquisition of a subsidiary of RMB91.0 million.

In 2025, net cash flows generated from investing activities was RMB571.9 million, primarily attributable to proceeds from disposals of financial assets at fair value through profit or loss of RMB3,621.3 million, partially offset by purchase of financial assets at fair value through profit or loss of RMB2,981.7 million.

In 2024, net cash flows used in investing activities was RMB1,090.9 million, primarily attributable to proceeds from disposals of financial assets at fair value through profit or loss of RMB1,910.7 million, partially offset by purchase of financial assets at fair value through profit or loss of RMB2,980.7 million.

In 2023, net cash flows used in investing activities was RMB16.5 million, primarily attributable to proceeds from disposals of financial assets at fair value through profit or loss of RMB2,990.0 million, partially offset by purchase of financial assets at fair value through profit or loss of RMB2,990.0 million and purchase of property, plant and equipment and intangible assets of RMB23.9 million.

Net Cash Flows (Used in)/Generated from Financing Activities

For the six months ended June 30, 2026, net cash flows used in financing activities was RMB291.6 million, primarily consists of dividends paid to the shareholders of the Company of RMB248.9 million.

In 2025, net cash flows used in financing activities was RMB299.2 million, primarily consists of dividends paid to the shareholders of the Company of RMB248.9 million.

In 2024, net cash flows generated from financing activities was RMB605.8 million, primarily attributable to proceeds from issue of shares of RMB808.2 million, partially offset by dividends paid to the shareholders of the Company of RMB124.5 million.

In 2023, net cash flows used in financing activities was RMB45.1 million, primarily consists of payments for leases of RMB40.0 million.

INDEBTEDNESS

As of December 31, 2023, 2024 and 2025 and June 30, 2026, being the Indebtedness Date for the purpose of the indebtedness statement, we had total indebtedness, consisting of lease liabilities, in the amount of RMB127.1 million, RMB118.2 million, RMB147.2 million and RMB153.0 million, respectively. As of December 31, 2023, 2024 and 2025 and June 30, 2026, we did not record any interest-bearing bank loans or unutilised banking facilities.

The following table sets out our lease liabilities as of the dates indicated.

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			
Current portion	31,887	22,698	40,499	47,262
Non-current portion	95,182	95,540	106,715	105,736
Total	**127,069**	**118,238**	**147,214**	**152,998**

Our lease liabilities decreased by 6.9% from RMB127.1 million as of December 31, 2023 to RMB118.2 million as of December 31, 2024, primarily due to the existing leases moving closer to expiration. Our lease liabilities increased by 24.5% from RMB118.2 million as of December 31, 2024 to RMB147.2 million as of December 31, 2025, primarily due to the extension of certain existing leases, as well as newly added leases. Our lease liabilities increased by 3.9% from RMB147.2 million as of December 31, 2025 to RMB153.0 million as of June 30, 2026, primarily reflecting our newly added leases.

Save as disclosed above, as of December 31, 2023, 2024 and 2025 and June 30, 2026, we did not have any other loan capital issued and outstanding or agreed to be issued, bank overdrafts, borrowings and other similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities, and we were not subject to any material covenants and undertakings relating to our outstanding debts, guarantees, pledge of key assets or other contingent liabilities. We did not have any material defaults in repayment of indebtedness or breaches of financing covenants during the Track Record Period and up to the Latest Practicable Date, and accordingly did not experience any difficulty in obtaining additional debt or equity financing as a result of any such defaults or breaches. Our Directors confirm that there has not been any material change in our indebtedness since June 30, 2026 and up to the Latest Practicable Date.

CONTINGENT LIABILITIES

During the Track Record Period and up to the Latest Practicable Date, we did not have any material contingent liabilities, guarantees of any litigations or claims of material importance, pending or threatened against any member of our Group.

CAPITAL EXPENDITURES

During the Track Record Period, we did not have any material capital expenditure.

Going forward, we intend to make capital expenditures to meet the expected growth of our business and our expansion plan. See "Future Plans and [**REDACTED**]." We intend to fund our future capital expenditures with financial resources available to us, including our existing cash balance, cash generated from our operation activities and [**REDACTED**] from the [**REDACTED**].

CAPITAL COMMITMENTS

As of December 31, 2023, 2024 and 2025, we have no material capital commitments. As of June 30, 2026, capital commitments contracted but not provided for in relation to acquisition of a subsidiary were RMB170.0 million.

KEY FINANCIAL RATIOS

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

	As of/For the year ended December 31,			As of/For the six months ended June 30,
	2023	**2024**	**2025**	**2026**
Gross profit margin[(1)]	36.9%	36.8%	36.5%	38.4%
Net profit margin[(2)]	8.2%	7.5%	7.4%	7.4%
Current ratio[(3)]	3.9	3.9	3.3	3.4
Quick ratio[(4)]	2.2	2.5	1.9	1.6
Gearing ratio[(5)]	7.2%	4.0%	4.3%	4.3%

Notes:

(1) Gross profit margin represents gross profit for the year/period as a percentage of total revenue in 2023, 2024, and 2025 and the six months ended June 30, 2026.

(2) Net profit margin represents profit for the year/period as a percentage of total revenue in 2023, 2024, and 2025 and the six months ended June 30, 2026.

(3) Current ratio is calculated as total current assets divided by total current liabilities, as of December 31, 2023, 2024, and 2025 and June 30, 2026.

(4) Quick ratio is calculated as total current assets less inventories divided by total current liabilities, as of December 31, 2023, 2024, and 2025 and June 30, 2026.

(5) Gearing ratio is calculated as total debts divided by total equity, as of December 31, 2023, 2024 and 2025 and June 30, 2026 and multiplied by 100%. Total debts of the Group are defined to include lease liabilities.

See "Period-to-Period Comparison of Results of Operations" for a discussion of the factors affecting our gross profit margin and net profit margin during the Track Record Period.

RELATED PARTY TRANSACTIONS

During the Track Record Period, we did not enter into any related party transactions.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet arrangements.

QUALITATIVE AND QUANTITATIVE DISCLOSURE ABOUT FINANCIAL RISKS

We are exposed to a variety of financial risks, including foreign currency risk, price risk, credit risk, liquidity risk and capital management. Our overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial performance. See Note 37 to the Accountants' Report in Appendix I to this Document for a detailed description of our financial risk management.

DIVIDENDS AND DIVIDEND POLICY

Our Company has paid dividends to our Shareholders of nil and RMB124.5 million, RMB248.9 million and RMB248.9 million in 2023, 2024 and 2025 and the six months ended June 30, 2026, respectively. See Note 12 to the Accountants' Report in Appendix I to this Document.

After completion of the [**REDACTED**], our Shareholders will be entitled to receive any dividends we declare. We may distribute dividends by way of shares or cash, or a combination of both shares and cash. Pursuant to applicable laws in the PRC, our Articles of Association and a shareholder return plan for the three years after the [**REDACTED**] of our Company on Shenzhen Stock Exchange in July 2024 approved by our Shareholders in April 2022, which serves as our formal dividend policy, our Board 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. We will, in principle, distribute cash dividends to our Shareholders at least on an annual basis unless the profit distribution conditions are not met in accordance with our Articles of Association and the applicable laws and regulations in the PRC and Hong Kong. We shall distribute cash dividends in an aggregate amount of not less than 30% of the average annual distributable profits over each consecutive three-year period. Furthermore, provided that the specific conditions for cash dividends are met, we shall distribute annual cash dividends of not less than 10% of the distributable profits generated in the relevant fiscal year. We currently do not have any fixed dividend payout ratio. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents, applicable PRC laws and approval by the Shareholders' meeting. There is no assurance that dividends will be declared or paid in any particular amount for any financial year.

Our future declarations of dividends may not be in line with our historical declaration of dividends and will be subject to the approval by the Shareholders' meeting. See "Risk Factors — Risks Related to the [**REDACTED**] — Our historical dividends may not be indicative of our future dividend policy, and there can be no assurance that we will declare and distribute any amount of dividends in the future" in this Document.

DISTRIBUTABLE RESERVES

As of June 30, 2026, our Company had distributable reserves of RMB1,563.4 million which are available for distribution to our Shareholders.

WORKING CAPITAL SUFFICIENCY

Taking into account the financial resources available to us, including our net operating cash flow, cash and cash equivalents on hand and available banking facilities and the estimated [**REDACTED**] from the [**REDACTED**], our Directors are of the view that we have sufficient working capital to meet our present needs and for the next 12 months from the date of this Document.

We recorded operating cash outflow of RMB35.3 million in 2025, primarily attributable to (i) our business expansion and sales growth, leading to proactive inventory stocking to support new product launches and surging sales across key categories, causing increases in inventories as well as trade receivables; (ii) our strategic shift from requiring prepayment to granting credit terms to selected overseas offline distributors to capture market share and attract long-term collaboration, leading to increase in trade receivables, as reflected by the 79.4% increase in revenue generated from overseas offline distribution from 2024 to 2025; and (iii) receipts of certain trade receivables from a major e-commerce platform customer in January 2026, which were within ordinary collection timeframe and did not indicate any heightened credit or collection risk, together with export tax rebates, amounting to RMB263.4 million.

We recorded operating cash outflow of RMB70.0 million for the six months ended June 30, 2026, primarily attributable to (i) our proactive inventory stocking in line with our business expansion and sales growth, causing increases in inventories as well as trade receivables; (ii) increased receivables from overseas offline distributors as their sales continued to grow under the credit terms introduced in 2025, as reflected by the 68.6% increase in revenue generated from overseas offline distribution from the six months ended June 30, 2025 to the six months ended June 30, 2026; and (iii) an increase in trade receivables from Amazon, as most of our major promotional campaigns in 2026 took place in June, compared with July in 2025.

While we achieved a robust net profit of RMB703.5 million in 2025 and RMB432.2 million for the six months ended June 30, 2026, representing a year-on-year growth of 52.8% and 58.0%, respectively, our operating cash flow was temporarily compressed by the increase in working capital requirements to facilitate our business expansion. As of July 31, 2026, (i) RMB620.0 million, or 24.4%, of our inventories, (ii) RMB182.2 million, or 34.6%, of our prepayments, other receivables and other assets, and (iii) RMB403.2 million, or 79.1%, of our trade receivables outstanding as of June 30, 2026 had been subsequently settled. Therefore, our Directors are of the view that the net cash outflow from operating activities is a structural byproduct of our hyper-growth phase rather than a reflection of underlying profitability issues.

To improve our net operating cash outflow position, we have continued to implement liquidity management measures, including prudent cash flow operations and budgeting, collaboration with the sales team, adoption of rolling budgets and active follow-up on customer payments. In particular, given that our operating cash outflows were mainly attributable to working capital requirements in relation to inventories and trade receivables, we have taken targeted measures to improve our cash conversion cycle. With respect to inventories, as NAS and power bank products accounted for a substantial portion of our inventories, we have strengthened inventory planning and procurement control by prudent procurement planning and close collaboration with our sales team to monitor inventory levels, customer demand and sales performance on a rolling basis. In addition, as we continue to upgrade our products and enhance their competitiveness, we expect to drive sales growth, accelerate inventory turnover and improve cash collection, thereby facilitating faster cash conversion and improving our operating cash flow position. With respect to trade receivables, as the relatively long trade receivables turnover period was mainly attributable to certain overseas offline customers, we have enhanced our collection management by maintaining regular communication with such customers on payment schedules and actively following up on outstanding balances.

[**REDACTED**]

Assuming an [**REDACTED**] of HK$[**REDACTED**] per Share (being the [**REDACTED**] of the indicative [**REDACTED**] range stated in this Document) and that the [**REDACTED**] is not exercised, the [**REDACTED**], [**REDACTED**], together with the [**REDACTED**], SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee, legal and other professional fees, printing and other expenses relating to the [**REDACTED**], which are payable by us are estimated to be approximately HK$[**REDACTED**] million, of which HK$[**REDACTED**] million are expected to be charged to our consolidated statements of comprehensive income for the year ending December 31, 2026, and HK$[**REDACTED**] million are expected to be deducted from equity following the [**REDACTED**]. The [**REDACTED**] consist of HK$[**REDACTED**] million [**REDACTED**] expenses and HK$[**REDACTED**] million [**REDACTED**] expenses (including fees and expenses of legal advisors and the reporting accountant of HK$[**REDACTED**] million and other fees and expenses of HK$[**REDACTED**] million), representing approximately [**REDACTED**]% of our [**REDACTED**] from the [**REDACTED**]. The [**REDACTED**] above are the latest practicable estimate and are provided for reference only, and actual amounts may differ.

UNAUDITED [REDACTED] ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

See "Appendix II — Unaudited [**REDACTED**] Financial Information."

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, since June 30, 2026 (being the end date of the periods reported on in the Accountants' Report in Appendix I to this Document) and up to the date of this Document, there has been no material adverse change in our financial or trading position and there is no event which would materially affect the information shown in our consolidated financial information included in the Accountants' Report in Appendix I to this Document.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, except as otherwise disclosed in this Document, as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

BOARD OF DIRECTORS

Our Board of Directors comprises nine Directors, including six executive Directors, and three independent non-executive Directors. Our Directors serve for a term of three years and may be re-elected for successive reappointments, provided that the cumulative term of an independent non-executive Director shall not exceed six years pursuant to the relevant PRC laws and regulations.

The following table sets out information in respect of the Directors.

Name	Age	Position/Title	Date of Appointment as a Director	Date of Joining our Group	Role and Responsibility
Executive Directors					
Mr. ZHANG Qingsen (張清森)	43	Chairman of the Board and Executive Director	June 2021	March 2012	Responsible for providing guidance and advice on the business strategies and products of our Group
Mr. CHEN Junling (陳俊靈)	41	Vice chairman of the Board and Executive Director	June 2021	March 2012	Responsible for providing guidance and advice on the business strategies and oversee the supply chain and warehouse operations of our Group
Mr. HE Mengxin (何夢新)	41	Executive Director and General Manager	June 2021	August 2019	Responsible for coordinating government and enterprise relations, as well as developing new markets for the Group
Mr. TANG Jian (唐堅)	39	Executive Director and Deputy General Manager	June 2021	March 2012	Responsible for the Group's sales and marketing operations in Chinese mainland
Ms. CHEN Yan (陳艷)	39	Executive Director and Deputy General Manager	April 2022	April 2012	Responsible for the research and development of technologies and product innovation of the Group
Ms. Nie Xingxing (聶星星)	38	Executive Director (employee representative Director)	September 2025	March 2012	Responsible for the overall coordination and management of the Group's overseas procurement and sales plans

Name	Age	Position/Title	Date of Appointment as a Director	Date of Joining our Group	Role and Responsibility
Independent non-executive Directors					
Mr. LAI Xiaofan (賴曉凡)	41	Independent non-executive Director	June 2021	June 2021	Responsible for providing independent advice on the operations and management of our Group
Mr. WEN Guang (文廣)	56	Independent non-executive Director	September 2024	September 2024	Responsible for providing independent advice on the operations and management of our Group
Mr. LEUNG Wai Fung Joseph (梁偉峰)	55	Independent non-executive Director	January 2026	January 2026	Responsible for providing independent advice on the operations and management of our Group

None of our Directors and members of senior management is related to other Directors or members of senior management.

Executive Directors

Mr. ZHANG Qingsen (張清森), aged 43, is the chairman of the Board and an executive Director. Mr. Zhang co-founded the predecessor of our Company, UGREEN Limited, in March 2012, and had successively served as an executive director, general manager and the chairman of the board of UGREEN Limited. Mr. Zhang has been serving as the Chairman of the Board and an executive Director since his appointment in June 2021. Mr. Zhang is primarily responsible for providing guidance and advice on the business strategies and products of our Group. Mr. Zhang also holds other directorships in several subsidiaries of our Group.

Prior to establishing our Company, Mr. Zhang worked as an International Sales Representative at Shenzhen Dexing Technology Co., Ltd (深圳市得星科技有限公司) from July 2007 to July 2009, a company primarily engaged in approved industrial operations, domestic trade and the supply of goods and materials, as well as import and export business. From March 2010 to March 2012, he served as general manager at Shenzhen Wenhu Trading Co., Ltd. (深圳問虎貿易有限公司), a company primarily engaged in wholesale business. From July 2009 to December 2019, Mr. Zhang served as an executive director at GREEN CONNECTION TECHNOLOGY LIMITED (綠聯科技有限公司), a company engaged in developing, manufacturing consumer technology products.

Mr. Zhang obtained his bachelor's degree in international finance from Yang-En University (仰恩大學) in the PRC in July 2007.

Mr. CHEN Junling (陳俊靈), aged 41, is the vice chairman of the Board and an executive Director. Mr. Chen is primarily responsible for providing guidance and advice on the business strategies and oversee the supply chain and warehouse operations of our Group. Mr. Chen co-founded the predecessor of our Company, UGREEN Limited with Mr. Zhang in March 2012 and had served as a deputy general manager and an executive director. Mr. Chen has been serving as the vice chairman of the Board and a Director since his appointment in June 2021. Mr. Chen also holds a senior management role in a subsidiary of our Group.

Prior to establishing our Company, Mr. Chen served as a sales representative at Xiamen Ever-rising Stone Co., Ltd. (廈門磊升石業有限公司) from October 2007 to January 2008, a company primarily engaged in the import and export of various goods and technologies. Mr. Chen served as a sales representative at D.M.Electronic international Limited (達盟電子國際有限公司) from March 2008 to April 2009, a company primarily engaged in technical development and sales of electronic products, electronic components, digital products, network products, and communication products. From March 2010 to February 2012, Mr. Chen served as a procurement manager at Shenzhen Wenhu Trading Co., Ltd. (深圳問虎貿易有限公司), a company primarily engaged in wholesale business.

Mr. Chen obtained his bachelor's degree in international finance from Yang-En University (仰恩大學) in the PRC in July 2007.

Mr. HE Mengxin (何夢新), aged 41, is an executive Director and the general manager of our Company. Mr. He is primarily responsible for coordinating government and enterprise relations, as well as developing new markets for the Group. Mr. He joined the predecessor of our Company, UGREEN Limited in August 2019 and had successively served as the director of business, an executive director and served as the general manager. Since June 2021, Mr. He has been serving as a Director and the general manager of our Company. Mr. He also holds a senior management role in a subsidiary of our Group.

Prior to joining our Group, Mr. He served as a consultant at Beijing H & J Consulting Co., Ltd. (北京和君諮詢有限公司), a company primarily engaged in corporate management consulting, from September 2007 to May 2012. From May 2012 to March 2014, Mr. He served as a business manager at Beijing Baination Pictures Co., Ltd. (北京百納千成影視股份有限公司) (formerly known as Beijing Hualu Baina Film and Television Co., Ltd. (北京華錄百納影視股份有限公司)), a company engaged in film and television media business with its shares listed on Shenzhen Stock Exchange (stock code: 300291). From March 2014 to August 2019, Mr. He served as the general manager at Beijing Huayu Shengshi Cultural Media Co., Ltd. (北京華語盛世文化傳媒有限公司), a company primarily engaged in cultural and entertainment agent services.

From October 2021 to January 2025, Mr. He served as a representative of the Second Committee of Chinese National People's Congress of Longhua District, Shenzhen City (深圳市龍華區第二屆人民代表大會代表).

Mr. He obtained his bachelor's degree of engineering in mechanical design, manufacturing and automation from East China University of Science and Technology (華東理工大學) in the PRC in July 2007.

Mr. TANG Jian (唐堅), aged 39, is an executive Director and a deputy general manager of our Group. Mr. Tang is primarily responsible for the Group's sales and marketing operations in Chinese mainland. Mr. Tang first joined the predecessor of our Company, UGREEN Limited in March 2012 and had successively served as a business manager, the marketing director and a deputy general manager. Since June 2021, Mr. Tang has been serving as a Director and a deputy general manager of our Company. Mr. Tang also holds other directorships and a senior management role in other subsidiaries of our Group.

From March 2010 to March 2012, he served as a sales representative at Shenzhen Wenhu Trading Co., Ltd. (深圳問虎貿易有限公司).

Mr. Tang obtained his college diploma in graphic design from Changsha Nanfang Vocational College (長沙南方職業學院) in the PRC in June 2008.

Ms. CHEN Yan (陳艷), aged 39, is an executive Director and a deputy general manager of our Group. Ms. Chen is primarily responsible for the research and development of technologies and product innovation of the Group. Ms. Chen first joined the predecessor of our Company, UGREEN Limited in April 2012 and had served successively as a business manager, the business director, the product director and deputy general manager. Since June 2021, Ms. Chen has been serving as a deputy general manager of our Company. In April 2022, Ms. Chen was appointed as a Director of our Company.

From April 2010 to March 2012, Ms. Chen served as a salesperson at Shenzhen Wenhu Trading Co., Ltd. (深圳問虎貿易有限公司).

Ms. Chen obtained her bachelor's degree in English from Hunan Institute of Humanities, Science and Technology (湖南人文科技學院) in the PRC in June 2009.

Ms. NIE Xingxing (聶星星), aged 38, is an executive Director (employee representative Director) of our Company. Ms. Nie is mainly responsible for the overall coordination and management of the Group's overseas procurement and sales plans of our Company. Ms. Nie first joined the predecessor of our Company, UGREEN Limited in March 2012 and had served successively as a overseas business specialist, overseas operations manager, director of overseas operations and a deputy general manager of the international marketing center. Ms. Nie has been serving as the deputy general manager of the international marketing center of our Company since June 2021, and has been serving as the employee representative Director of our Company since her appointment in September 2025. Ms. Nie also holds directorships in certain subsidiaries of our Group.

Prior to joining our Group in 2012, from August 2010 to March 2012, Ms. Nie served as an overseas business specialist at Shenzhen Wenhu Trading Co., Ltd. (深圳問虎貿易有限公司).

Ms. Nie obtained her bachelor's degree in international economics and trade from Xiangtan University (湘潭大學) in the PRC in June 2010.

Independent non-executive Directors

Mr. LAI Xiaofan (賴曉凡), aged 41, is an independent non-executive Director and appointed as such in June 2021. Mr. Lai is primarily responsible for providing independent advice on the operations and management of our Group.

Mr. Lai is currently serving as an independent director at Shenzhen BSC Technology Co., Ltd. (深圳市博碩科技股份有限公司), a company listed on Shenzhen Stock Exchange (Stock code: 300951). Since March 2024, Mr. Lai has been serving as a professor of Management Science and as the deputy head of the Department of Management Science of Shenzhen University (深圳大學) a position he has held since December 2021.

From May 2020 to February 2024, Mr. Lai served as an associate professor of the Department of Management Science of Shenzhen University. From May 2016 to April 2020, Mr. Lai served as an associate researcher at the School of Management of Sun Yat-sen University (中山大學). From January 2016 to May 2016, Mr. Lai served as a postdoctoral researcher at the Department of Industrial Engineering and Logistics Management of The Hong Kong University of Science and Technology (香港科技大學). From August 2009 to August 2010, Mr. Lai served as an assistant researcher at the Department of Logistics and Maritime Studies of The Hong Kong Polytechnic University (香港理工大學).

Mr. Lai was awarded the third prize of the 7th Science Research Outstanding Results Award (Humanities and Social Sciences) of higher education of Ministry of Education (教育部第七屆高等學校科學研究優秀成果獎(人文社會科學)三等獎) in 2015. Mr. Lai received the first prize of the Guangdong Province 2010–2011 Philosophy and Social Sciences Outstanding Achievement Award (廣東省2010–2011年度哲學社會科學優秀成果一等獎) in 2013.

Mr. Lai obtained his bachelor's degree in information and computational science from South China University of Technology (華南理工大學) in the PRC in July 2007, and his master's degree in management science and engineering at Sun Yat-sen University (中山大學) in the PRC in July 2009. He studied operations management, logistics and supply chain management at The Hong Kong Polytechnic University and obtained his doctoral degree in September 2015.

Mr. WEN Guang (文廣), aged 56, is an independent non-executive Director and was appointed as such in September 2024. Mr. Wen is primarily responsible for providing independent advice on the operations and management of our Group.

Mr. Wen has served as a director and founding partner of Shenzhen Rongchuang Investment Consultant Co., Ltd. (深圳市融創投資顧問有限公司) since August 2007. Mr. Wen has also served the general manager at Shenzhen Rongke Chuang Entrepreneurship Investment Co., Ltd. (深圳市融科創創業投資有限公司) since November 2010. Mr. Wen has been serving as a director of Shenzhen Rongchuangzhi Investment Management Co., Ltd. (深圳市融創智投資管理有限公司) since November 2015 and as the general manager at Shenzhen Rongchuangzhi Investment Management Co., Ltd. since December 2011. Mr. Wen has also served as a director of Tongxiang Wuzhen Kunyu Venture Capital Co., Ltd. (桐鄉市烏鎮昆域創業投資有限公司) since June 2020. Mr. Wen has served as the chairman of the board of Shenzhen Zhiqing Consulting Co., Ltd. (深圳市智擎諮詢有限公司) since March 2021, where he has served as the general manager and legal representative since September 2020. Mr. Wen has served as the executive director and legal representative of Xiamen Xingwangxin Investment Consulting Co., Ltd. (廈門興網鑫投資諮詢有限公司) since June 2023 and was re-designated as a director in January 2026 and continues to serve as the legal representative. Mr. Wen has served as an independent director of Shenzhen Yamaxi Technology Co., Ltd. (深圳雅瑪西科技股份有限公司) since November 2023. Mr. Wen is currently serving as an independent director of Shenzhen Sine Electric Co., Ltd. (深圳市正弦電氣股份有限公司), a company listed on Shanghai Stock Exchange (Stock code: 688395).

From September 2020 to March 2021, Mr. Wen served as the executive director of Shenzhen Zhiqing Consulting Co., Ltd. (深圳市智擎諮詢有限公司), a company primarily engaged in corporate management consulting. From November 2010 to June 2021, Mr. Wen served as the executive director and legal representative of Shenzhen Rongke Chuang Entrepreneurship Investment Co., Ltd. (深圳市融科創創業投資有限公司), a company primarily engaged in investment consulting. From November 2004 to July 2007, he was the investment director and head of investment at Shenzhen Investment Holdings Technology Innovation Group Co., Ltd. (深圳市深投控科創集團有限公司) (formerly known as Shenzhen Tongchan Group Co., Ltd. (深圳市通產集團有限公司)), a company primarily engaged in the production and sales of packaging products. From August 1998 to October 2004, Mr. Wen served as a business manager and senior business manager at Shenzhen Investment Management Company (深圳市投資管理公司), a company primarily engaged in investment and asset management.

Mr. Wen obtained his bachelor's degree in sociology from Sun Yat-sen University (中山大學) in the PRC in July 1992, and his master's degree in economics from Nankai University (南開大學) in the PRC in June 1995. He subsequently obtained his doctoral degree in economics from Nankai University (南開大學) in the PRC in June 1998.

Mr. LEUNG Wai Fung Joseph (梁偉峰), aged 55, is an independent non-executive Director and appointed as such in January 2026. Mr. Leung is primarily responsible for providing independent advice on the operations and management of our Group.

Mr. Leung currently holds and previously held positions in various companies including listed companies. Since October 2024, Mr. Leung has served as the capital market director at Gemdale Properties and Investment Corporation Limited (金地商置集團有限公司), a company listed on the Stock Exchange (stock code: 535). From January 2020 to April 2021, Mr. Leung served as director of operations at LEUNG SHUN SHING TONG, LIMITED (梁順成堂有限公司), a company primarily engaged in the operation of a pharmacy in Hong Kong. From October 2021 to October 2023, Mr. Leung served as the chief financial officer of Wonderful Sky Financial Group Holdings Limited (stock code: 1260). From January 2017 to April 2019, Mr. Leung served as the chief financial officer and company secretary of Fusen Pharmaceutical Company Limited (stock code: 1652). From September 2015 to October 2016, Mr. Leung served as the chief financial officer and company secretary of Hailan Holdings Limited (stock code: 2278, delisted in 2023). Mr. Leung was the head of the internal audit department (Beijing headquarters) of China Agri-Industries Holdings Limited (stock code: 606, delisted in 2020) from December 2007 to February 2014. Additionally, from January 2011 to March 2014, Mr. Leung served as a member of the 5th supervision committee of COFCO Biochemical (AnHui) Co., Ltd. (stock code: 000930). From January 2006 to December 2007, Mr. Leung served as an internal audit manager at Wing Tai Properties Limited (stock code: 369). Prior to that, Mr. Leung was a senior manager at PricewaterhouseCoopers from February 1997 to July 2005.

Mr. Leung obtained a Bachelor of Commerce from the Concordia University, Canada in May 1997. He has been a Certified Public Accountant accredited by the Washington State Board of Accountancy, a member of the American Institute of Certified Public Accountants (AICPA) and an associate of the Hong Kong Society of Accountants (currently known as the Hong Kong Institute of Certified Public Accountants) since April 23, 2002, May 31, 2002 and January 1, 2003, respectively. Mr. Leung later became a Fellow Certified Public Accountant (FCPA) on May 14, 2013 in Hong Kong. In August 2012, Mr. Leung completed Advanced Course in Enterprise Risk Quantitative Analysis Research (企業風險量化分析高級研修班) from Peking University and became a Certified Enterprise Risk Manager in PRC as recognized by the Asia Association of Risk and Crisis Management in February 2014. Further in June 2015, Mr. Leung became a member of the Hong Kong Business Accountants Association.

SENIOR MANAGEMENT

Our Senior Management is responsible for the day-to-day management of our business. The following table sets out information regarding the members of senior management of our Company as of the Latest Practicable Date:

Name	Age	Position/Title	Date of Appointment as a senior management	Date of Joining our Group	Role and Responsibility
Mr. HE Mengxin (何夢新)	41	Executive Director and General Manager	June 2021	August 2019	Responsible for coordinating government and enterprise relations, as well as developing new markets for the Group
Mr. TANG Jian (唐堅)	39	Executive Director and Deputy General Manager	June 2021	March 2012	Responsible for the Group's sales and marketing operations in Chinese mainland

Name	Age	Position/Title	Date of Appointment as a senior management	Date of Joining our Group	Role and Responsibility
Ms. CHEN Yan (陳艷)	39	Executive Director and Deputy General Manager	June 2021	April 2012	Responsible for the research and development of technologies and product innovation of the Group
Ms. WANG Lizhen (王立珍)	44	Secretary of the Board and Chief Financial Officer	June 2021	March 2018	Responsible for overall financial matters and managing the corporate secretarial affairs

Mr. HE Mengxin (何夢新), aged 41, is the executive Director and general manager of our Company. For details of his biography, see "— Executive Directors" in this section.

Mr. TANG Jian (唐堅), aged 39, is an executive Director and a deputy general manager of our Company. For details of his biography, see "— Executive Directors" in this section.

Ms. CHEN Yan (陳艷), aged 39, is an executive Director and a deputy general manager of the Company. For details of her biography, see "— Executive Directors" in this section.

Ms. WANG Lizhen (王立珍), aged 44, is the secretary of the Board and chief financial officer of our Group. Ms. Wang is mainly responsible for overall financial matters and managing the corporate secretarial affairs of our Company. From March 2018 to May 2021, Ms. Wang served as the director of finance of the predecessor of our Company, UGREEN Limited. Ms. Wang has been serving as the secretary of the Board and chief financial officer of our Company since June 2021.

Prior to joining our Group, from October 2013 to February 2018, Ms. Wang served as a project manager at CAC CPA Limited Liability Partnership (中審華會計師事務所(特殊普通合夥)), a company engaged in financial consulting services. From December 2008 to September 2013, she served as a finance manager at Shenzhen Baixinglong Creative Packaging Co., Ltd. (深圳柏星龍創意包裝股份有限公司), a company engaged in product packaging design. From July 2005 to November 2008, she served as a finance supervisor at VisionChina Media Inc. (華視傳媒集團有限公司), a company engaged in television broadcasting program planning.

Ms. Wang was accredited as a certified public accountant by the Shenzhen Institute of Certified Public Accountants in the PRC in October 2017.

Ms. Wang graduated from Hunan University of Commerce (湖南商學院) in the PRC in June 2005.

CONFIRMATION FROM OUR DIRECTORS

Rule 8.10 of the Listing Rules

Each of our Directors confirms that as of the Latest Practicable Date, he or she did not have any interest in a business which competes or is likely to compete, either directly or indirectly, with our Company's business which would require disclosure under Rule 8.10 of the Listing Rules.

Rule 3.09D of the Listing Rules

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules in January 2026, and (ii) understands his or her obligations as a director of a [**REDACTED**] under the Listing Rules.

Rule 3.13 of the Listing Rules

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) 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.

Rule 13.51(2) of the Listing Rules

Except as disclosed in this Document, to the best of the knowledge, information and belief of our Directors and senior management, having made all reasonable enquiries, (i) there was no other matter with respect to the appointment of our Directors and senior management that needs to be brought to the attention of our Shareholders and (ii) there was no information relating to our Directors and senior management that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

Interests of Directors and members of senior management

Except as disclosed in this Document, as of the Latest Practicable Date, each of the Directors and members of senior management (i) did not hold other positions in our Group as of the Latest Practicable Date; (ii) had no other relationship with any of the Directors and members of senior management as of the Latest Practicable Date; (iii) did not hold any other directorship and supervisor's position in listed companies in the three years prior to the Latest Practicable Date. For the Directors' interests in the Shares within the meaning of Part XV of the SFO, see "Appendix IV — Statutory and General Information."

JOINT COMPANY SECRETARIES

Ms. WANG Lizhen (王立珍) was appointed as one of our joint company secretaries in December 2025 with effect from the [**REDACTED**]. For details of her biography, see "—Senior Management" in this section.

Mr. So Wing Chun (蘇永俊) was appointed as one of our joint company secretaries in December 2025 with effect from the [**REDACTED**].

Mr. So obtained a Bachelor of Business Administration (Honours) from Hong Kong Shue Yan University in 2016. Mr. So is a Chartered Secretary, a Chartered Governance Professional and an Associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

BOARD COMMITTEES

Our Company has established four committees under the Board in accordance with the relevant laws and regulations of the PRC, the Articles of Association and the Corporate Governance Code under the Listing Rules, including the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee and the Strategy and ESG Committee.

Audit Committee

We have established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary duties of our Audit Committee are to review our Company's financial information and its disclosure, supervise and assess internal and external audit work, and oversee internal controls The Audit Committee comprises three independent non-executive Directors, namely Mr. Leung Wai Fung Joseph, Mr. Wen Guang and Mr. Lai Xiaofan. Mr. Leung Wai Fung Joseph, who holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules, serves as the chairperson of our Audit Committee. The primary duties of the Audit Committee include, but not limited to, the following:

- overseeing and evaluating the work of the external auditors, proposing the appointment, reappointment, change and removal of the external auditors to our Board, approving the remuneration and terms of engagement of the external auditors, addressing issues relating to the resignation or dismissal of external auditor, and reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process;

- guiding and supervising internal audit work and its implementation;

- reviewing the financial information of our Company, including, monitoring the completeness of annual reports and accounts, half-yearly report and quarterly reports, and reviewing significant financial reporting judgments;

- overseeing the financial reporting system, risk management and internal control system, and assessing the effectiveness of internal control;

- coordinating the communication between internal audit department and external audit agency; and

- dealing with other matters that are involved in relevant laws, regulations, rules, normative documents, the Articles of Associations, terms of reference and the listing rules of the place where the Company's shares are listed or that are authorized by the Board.

Remuneration and Appraisal Committee

We have established the Remuneration and Appraisal Committee in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary duties of our Remuneration and Appraisal Committee are to establish assessment criteria for Directors, senior management, and other relevant personnel and conduct their appraisals, and to develop, review, and approve compensation policies and plans, including the decision-making mechanisms, approval processes, payment, and claw back arrangements for directors, senior management, and other relevant personnel. Our Remuneration and Appraisal Committee comprises one executive Director and two independent non-executive Directors, namely, Mr. Zhang, Mr. Lai Xiaofan and Mr. Leung Wai Fung Joseph. Mr. Lai Xiaofan is the chairperson of our Remuneration and Appraisal Committee. The primary duties of the Remuneration and Appraisal Committee include, but not limited to, the following:

- formulating the remuneration plans or packages for Directors and senior management with reference to time contribution and responsibilities, importance and the level of remuneration payable by other related enterprises or comparable companies and conditions of employment for other position held within the Group;

- assessing the remuneration policies and system for all Directors and senior management of the Company, and setting up standardized and transparent procedures to formulate remuneration policies and make recommendations to the Board; monitoring the performance of responsibilities by the Company's Director and senior management and appraising their annual performance;

- determining, with delegated responsibility, the remuneration packages of individual executive Directors and senior management or making recommendations to the Board on the remuneration packages of individual executive Directors and senior management, and such remuneration shall include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;

- supervising the implementation of the remuneration plan of the Company;

- reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules; and

- dealing with other matters that involved in relevant laws, regulations, rules, normative documents, the Articles of Associations, terms of reference and the listing rules of the place where the Company's shares are listed or that are authorized by the Board.

Nomination Committee

We have established the Nomination Committee in compliance with the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary duties of the Nomination Committee are to formulate the selection criteria and procedures for Directors, senior management, and other relevant personnel; to conduct the selection and review of candidates and their qualifications for these positions. Our Nomination Committee comprises one executive Director and two independent non-executive Directors, namely, Ms. Chen Yan, Mr. Wen Guang and Mr. Leung Wai Fung Joseph. Mr. Wen Guang is the chairperson of our Nomination Committee. The primary duties of the Nomination Committee include, but not limited to, the following:

- reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least once every year and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

- researching and developing standards and procedures for the election of our Board members and members of the senior management, and making recommendations to our Board;

- conducting extensive search and providing to our Board suitable candidates for Directors and other members of the senior management and making recommendations to the Board on the selection of individuals nominated for Director and senior management;

- examining our Board candidates and members of the senior management and making recommendations to our Board;

- assessing the independence of independent non-executive Directors when identifying and nominating individuals to become independent non-executive directors, demonstrating to the Board whether and why such individuals would be able to devote sufficient time to the Board if he/she will be holding his/her seventh (or more) listed company directorship; and

- dealing with other matters that involved in relevant laws, regulations, rules, normative documents, the Articles of Associations, terms of reference and the listing rules of the place where the Company's shares are listed or that are authorized by the Board.

Strategy and ESG Committee

We have established the Strategy and ESG Committee in compliance with the Articles of Association. The primary duties of the Strategy and ESG Committee are to research and provide recommendations on the Company's long-term development strategy, review major investment decisions, promote adherence to sustainability principles, and oversee matters related to ESG issues. Our Strategy and ESG Committee comprises of two executive Directors and one independent non-executive Director, namely, Mr. Zhang, Mr. He Mengxin and Mr. Wen Guang. Mr. Zhang is the chairperson of our Strategy and ESG Committee. The primary duties of the Strategy and ESG Committee include, but not limited to, the following:

- researching and making recommendations on the Company's long-term development strategic planning;

- researching and making recommendations on major investment and financing programs that are required to be approved by the Board under the Articles of Association;

- researching and making recommendations on major capital operation and asset management projects which are required to be approved by the Board under the Articles of Association;

- researching and making recommendations on other major matters affecting the development of the Company;

- examining the implementation of the above matters; and

- dealing with other matters that involved in relevant laws, regulations, rules, normative documents, the Articles of Associations, terms of reference and the listing rules of the place where the Company's shares are listed or that are authorized by our Board.

REMUNERATION OF DIRECTORS

Our Directors received their remuneration in the form of fees, salaries, allowances, discretionary bonuses, share-based compensation, retirement benefit scheme contributions and other benefits in kind.

For the financial years ended December 31, 2023, 2024 and 2025 and for the six months ended June 30, 2026, the aggregate amount of emoluments of our Directors recorded in the profit or loss amounted to RMB12.5 million, RMB19.9 million, RMB25.7 million and RMB5.8 million respectively.

Under the arrangement currently in force, we estimate the total compensation before taxation to be accrued to our Directors for the year ending December 31, 2026, to be approximately RMB23.2 million.

For the financial year ended December 31, 2023, 2024 and 2025 and for the six months ended June 30, 2026, there were four Directors among the five highest paid individuals, respectively. The total emolument for the remaining individual among the five highest paid individuals for the financial years ended December 31, 2023, 2024 and 2025 were RMB1.7 million, RMB2.9 million, RMB2.6 million and RMB2.4 million respectively.

During the Track Record Period, no remuneration was paid by our Company to, or receivable by, our Directors or the five highest paid individuals as an inducement to join or upon joining our Company or as compensation for loss of office in connection with the management positions of any subsidiary of our Company.

During the Track Record Period, none of our Directors waived any remuneration. Save as disclosed above, no other payments have been paid, or are payable, by our Company or any of our subsidiaries to our Directors or the five highest paid individuals during the Track Record Period.

CORPORATE GOVERNANCE CODE

Our Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of our Shareholders. To accomplish this, our Company intends to comply with Corporate Governance Code set out in Appendix C1 to the Listing Rules and the Model Code for Securities Transactions by Directors of [**REDACTED**] set out in Appendix C3 to the Listing Rules after the [**REDACTED**].

MANAGEMENT PRESENCE IN HONG KONG

According to Rules 8.12 and 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. Since the principal business operations of our Group are conducted outside of Hong Kong, our Company does not and for the foreseeable future will not have a sufficient management presence in Hong Kong. We have applied for, and the Stock Exchange has granted us, a waiver from compliance with Rules 8.12 and 19A.15 of the Listing Rules. For details, see "Waivers and Exemptions — Management Presence in Hong Kong."

BOARD DIVERSITY POLICY

Our Company has adopted a board diversity policy (the "**Board Diversity Policy**") which sets out the approach to achieve diversity of the Board. We recognize and embrace the benefits of having a diverse Board and see increasing diversity at the Board level as an essential element in supporting the attainment of our Company's strategic objectives and sustainable development. Pursuant to the Board Diversity Policy, in reviewing and assessing suitable candidates to serve as a director of our Company, the Nomination Committee will consider a number of factors, including but not limited to talent, skills, gender, age, cultural and educational background, ethnicity, professional experience, independence, knowledge and length of service. In particular, our Company currently has two female Directors in the Board and will continue to work towards enhancing the gender diversity of the Board. Our Directors have a balanced mix of knowledge and skills, and we have three independent non-executive Directors, with different industry backgrounds. Taking into account our existing business model and specific needs as well as the different background of our Directors, the composition of our Board satisfies our Board diversity policy. Pursuant to the Board Diversity Policy, after the [**REDACTED**], the Nomination

Committee will discuss periodically and when necessary, agree on the measurable objectives for achieving diversity, including gender diversity, on the Board and recommend them to the Board for formal adoption. Our Nomination Committee is responsible for ensuring the diversity of our Board members. After the [**REDACTED**], our Nomination Committee will examine the Board Diversity Policy from time to time to ensure its continued effectiveness and we will disclose in our corporate governance report about the implementation of the Board Diversity Policy on an annual basis.

COMPLIANCE ADVISOR

We have appointed Somerley Capital Limited as our compliance advisor (the "**Compliance Advisor**") pursuant to Rules 3A.19 and 3A.23 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 our Company in certain circumstances including:

- before the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
- where we propose to use the [**REDACTED**] of the [**REDACTED**] in a manner different from that detailed in this Document or where our business activities, developments or results deviate from any forecast, estimate or other information in this Document; and
- where the [**REDACTED**] makes an inquiry to our Company regarding unusual movements in the [**REDACTED**] or [**REDACTED**] of its [**REDACTED**] or any other matters in accordance with Rule 13.10 of the Listing Rules.

Pursuant to Rule 3A.24 of the Listing Rules, the Compliance Advisor will, on a timely basis, inform our Company of any amendment or supplement to the Listing Rules that are announced by the Hong Kong Stock Exchange. The Compliance Advisor will also inform our Company of any new or amended law, regulation or code in Hong Kong applicable to us, and advise us on the continuing requirements under the Listing Rules and applicable laws and regulations.

The term of the appointment will commence on the [**REDACTED**] and is expected to end on the date on which 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**].

OUR CONTROLLING SHAREHOLDER

As of the Latest Practicable Date, our Controlling Shareholder was Mr. Zhang, who directly held approximately 45.27% of our total share capital. Immediately following the completion of the [**REDACTED**], assuming the [**REDACTED**] is not exercised, Mr. Zhang will directly hold approximately [**REDACTED**]% of our total issued Shares. Accordingly, Mr. Zhang will remain as our Controlling Shareholder upon the completion of the [**REDACTED**]. See "History, Development and Corporate Structure — Our Shareholding and Corporate Structure" in this Document for details.

INTEREST IN COMPETING BUSINESS

Mr. Zhang confirmed that as of the Latest Practicable Date, apart from the business of our Group, he did not have any interest in other business, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

NON-COMPETITION UNDERTAKING

Our Controlling Shareholder confirms that he does not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our businesses, which would require disclosure under Rule 8.10 of the Listing Rules.

For the purpose of the listing of our A Shares on the ChiNext of SZSE in July 2024 and in order to avoid any potential competition between Mr. Zhang and our Group, Mr. Zhang entered into a non-competition undertaking (the "**Non-competition Undertaking**") in favor of our Company on March 29, 2022, pursuant to which he has undertaken, among others, that:

(i) neither he nor his close associates, at the moment entering into the Non-competition Undertaking, produced or developed any products that compete or potentially compete with the products produced by our Group; nor did he directly or indirectly operate any business that competes or potentially competes with the existing business of the Group; nor has he invested in or held positions in any other enterprise that competes or potentially competes with the existing business and products of the Group;

(ii) neither he nor his close associates would produce or develop any products that compete or potentially compete with the products produced by the Group; would not directly or indirectly operate any business that competes or potentially competes with the business operations of the Company and its subsidiaries; nor would he invest in or hold positions in any other enterprise that competes or potentially competes with the products or business operations of the Group;

(iii) If the Group further expands its product and business scope in the future, and the expanded products and business scope compete with him and his close associates in terms of products or business, then he and his close associates would actively take one or more of the following measures to avoid competition:

  (a) stop producing products that are subject to competition or potential competition;

  (b) cease operating businesses that are competing or potentially competing with each other;

(c) incorporating businesses that are competing or potentially competing into the Group; or

(d) transferring competing or potentially competing businesses to an Independent Third Party with no affiliation; and

(iv) the Non-competition Undertaking shall take effect from the date of signing and shall remain valid and irrevocable during the time he remains as the Controlling Shareholder. If the interests of the Group, or the rights and interests of the Shareholder, are damaged due to a breach of the Non-competition Undertaking, he should bear the corresponding liability for damages.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDER

Taking into consideration the following factors, our Directors are of the view that our Group can conduct our business independently from our Controlling Shareholder after the [**REDACTED**].

Operational Independence

Our Group has established and maintained an independent and complete organizational structure, with clearly defined responsibilities allocated among various functional departments, including product research and development, supply chain management, manufacturing operations, sales and marketing, financial management, administration and human resources, legal and compliance, procurement, information systems and quality control.

We have our own full-time management team and employees who are responsible for the daily operation, management and administration of our Group. The support functions, including accounting, finance, legal, compliance, HR, R&D and logistics, are fully staffed by personnel employed by our Group and are not shared with our Controlling Shareholder or their respective close associates.

We have independent access to suppliers and customers and negotiate commercial terms on an arm's-length basis without reliance on our Controlling Shareholder. Our Group possesses the material assets, licenses, qualifications, trademarks, software copyrights, patents and other intellectual property necessary to operate our business. We also have sufficient capital resources, production capacity and employees to conduct our operations independently.

We have adopted internal control procedures and corporate governance measures to ensure independent decision-making and effective operation. For details, please refer to "— Corporate Governance Measures."

Based on the above, our Directors are satisfied that our Group is able to operate independently from our Controlling Shareholder and their respective close associates.

Management Independence

Upon [**REDACTED**], our Board will consist of executive Directors and independent non-executive Directors in compliance with the Listing Rules, with more than one-third of the Board comprising independent non-executive Directors.

Our Directors believe that our Group's management and decision-making processes are independent for the following reasons:

(i) Each Director is fully aware of his/her fiduciary duties, which require acting in the best interests of the Company and not allowing personal interests to conflict with the Company's interests.

(ii) The day-to-day operations are managed by a senior management team with substantial industry experience in consumer technology products, supply chain management, R&D and global brand operation. Except for roles held in companies within the Group, none of the senior management members hold directorships or management positions in entities owned or controlled by our Controlling Shareholder.

(iii) Board decisions require approval by a majority vote, and independent non-executive Directors, who have no association with our Controlling Shareholder, are able to exercise independent judgment and provide professional advice.

(iv) In the event of any potential conflict of interest, the Director who has such interest must disclose it, abstain from voting on the relevant resolution, and shall not be counted towards the quorum for the meeting.

Based on the above, our Directors believe that our Board and senior management are able to perform their roles independently from our Controlling Shareholder.

Financial Independence

Our Group has established an independent and well-functioning financial and accounting system. We have:

- our own finance department staffed with qualified personnel responsible for financial reporting, budgeting, accounting, treasury and internal control;
- an audit committee comprised solely of independent non-executive Directors to oversee accounting and financial reporting processes;
- independent bank accounts opened in the name of the Group without sharing any bank accounts with our Controlling Shareholder;
- independent tax filings and tax payments made by our Group under applicable laws and regulations; and
- internal control policies that ensure financial decisions are made based on our Group's own business needs.

We have maintained access to financing from banks and independent third parties on normal commercial terms. We do not rely on guarantees, loans or other financial assistance from our Controlling Shareholder.

As of the Latest Practicable Date, there were no loans, advances, guarantees or pledges provided by our Controlling Shareholder or his close associates for the benefit of our Group, and our Group had not provided any loans, guarantees or pledges to our Controlling Shareholder or his close associates.

Based on the above, our Directors are satisfied that we are financially independent from our Controlling Shareholder.

Corporate Governance Measures

To safeguard the interests of our Shareholders, in particular minority Shareholders, and to manage potential conflicts of interest between our Group and our Controlling Shareholder, we have adopted the following corporate governance measures:

- A Director with a material interest in a proposed Board resolution must abstain from voting and will not be counted towards the quorum.

- If matters requiring Shareholders' approval involve a material interest of any Controlling Shareholder or his/her close associates, such Controlling Shareholder(s) shall abstain from voting.

- Upon [**REDACTED**], any continuing or one-off connected transactions with our Controlling Shareholder or his close associates will comply with Chapter 14A of the Listing Rules.

- Independent non-executive Directors will review potential conflicts of interest annually and provide independent judgment on Board decisions.

- Where necessary, our Directors (including independent non-executive Directors) may seek advice from external legal, financial or professional advisors at the Company's expense.

- We have appointed a compliance advisor to advise on compliance with the Listing Rules, directors' duties and corporate governance matters during the relevant period after [**REDACTED**].

Based on the above, our Directors believe that sufficient corporate governance measures have been implemented to manage potential conflicts of interest and ensure independent decision-making after [**REDACTED**].

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following completion of the [**REDACTED**] and assuming no other changes are made to the issued share capital of our Company between the Latest Practicable Date and [**REDACTED**], the following persons will have an interest or short position (as applicable) in our Shares or underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Substantial shareholders of our Company

				Assuming that the [REDACTED] is not exercised		Assuming that the [REDACTED] is fully exercised	
Shareholder	Nature of interest	Description of Shares	Number of Shares directly or indirectly held	Approximate % of shareholding in our A Shares immediately after the [REDACTED]	Approximate % of shareholding in the total share capital of our Company immediately after the [REDACTED]	Approximate % of shareholding in our A Shares immediately after the [REDACTED]	Approximate % of shareholding in the total [REDACTED] of our Company immediately after the [REDACTED]
Mr. Zhang	Beneficial owner	A Shares	187,832,050	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Chen	Beneficial owner	A Shares	72,023,350	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Ms. Chen Yan (陳艷). . .	Interest in controlled corporation *(note)*	A Shares	48,700,387	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Ugreen Consulting. . . .	Beneficial owner	A Shares	48,438,867	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

For further information on any other person who will be, immediately following completion of the [**REDACTED**], directly or indirectly, interested in 10% or more of the issued voting shares of any other member of our Group, see section headed "Statutory and General Information — 3. Further Information About Our Directors, Chief Executive and Substantial Shareholders — B. Interests of Substantial Shareholders in Shares of Our Company and/or Members of Our Group — (ii) Interests of Substantial Shareholders in Members of Our Group (excluding our Company)" in Appendix IV to this Document.

Note:

Ms. Chen Yan is the general partner of Ugreen Consulting and Heshun IV, holding 18.45% and 72.87% partnership interests therein, respectively. Accordingly, Ms. Chen Yan is deemed to be interested in 48,438,867 and 261,520 A Shares held by Ugreen Consulting and Heshun IV, respectively, by virtue of the SFO.

BEFORE THE [REDACTED]

As of the Latest Practicable Date, the total issued capital of our Company was 414,909,806 A Shares of nominal value of RMB1.00 each, all of which are listed on the ChiNext of Shenzhen Stock Exchange. This includes

Description of Shares	Number of Shares	Percentage of total issued shares capital of our Company
A Shares	414,909,806	100%

UPON COMPLETION OF THE [REDACTED]

Immediately following the completion of the [**REDACTED**], assuming (i) the [**REDACTED**] is not exercised and (ii) no other changes are made to the [**REDACTED**] share capital of our Company between the Latest Practicable Date and the [**REDACTED**], the share capital of our Company will be as follows.

Description of Shares	Number of Shares	Percentage of total [REDACTED] shares capital of our Company
A Shares	[414,909,806]	[**REDACTED**]%
H Shares to be [**REDACTED**] pursuant to the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
Total	[**REDACTED**]	**100%**

Immediately following the completion of the [**REDACTED**], assuming (i) the [**REDACTED**] is fully exercised (ii) no other changes are made to the [**REDACTED**] share capital of our Company between the Latest Practicable Date and the [**REDACTED**], the share capital of our Company will be as follows.

Description of Shares	Number of Shares	Percentage of total [REDACTED] shares capital of our Company
A Shares	[414,909,806]	[**REDACTED**]%
H Shares to be [**REDACTED**] pursuant to the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
Total	[**REDACTED**]	**100%**

OUR SHARES

Our H Shares in issue upon completion of the [**REDACTED**], and our A Shares, are ordinary Shares in our share capital and are considered as one class of Shares. Shenzhen-Hong Kong Stock Connect has established a stock connect mechanism between Chinese mainland and Hong Kong. Our A Shares can be subscribed for and traded by Chinese mainland investors, qualified foreign institutional investors or qualified foreign strategic [**REDACTED**] and must be traded in Renminbi. As our A Shares are eligible securities under the Northbound Trading Link, they can also be subscribed for and traded by Hong Kong and other overseas investors pursuant to the rules and limits of Shenzhen-Hong Kong Stock Connect. Our H Shares can be [**REDACTED**] for or [**REDACTED**] by [**REDACTED**] and [**REDACTED**]. If our H Shares are eligible securities under the Southbound Trading Link, they can also be [**REDACTED**] for and [**REDACTED**] by [**REDACTED**] in accordance with the rules and limits of Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect.

RANKING

Our H Shares and our A Shares are regarded as one class of Shares under our Articles of Association and will rank pari passu with each other in all other respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this Document. All dividends in respect of our H Shares are to be paid by us in Hong Kong dollars whereas all dividends in respect of our A Shares are to be paid by us in Renminbi. In addition to cash, dividends may also be distributed in the form of Shares. Holders of our H Shares will receive share dividends in the form of H Shares, and holders of our A Shares will receive share dividends in the form of A Shares.

NO CONVERSION OF OUR A SHARES INTO H SHARES FOR [REDACTED] AND [REDACTED] ON THE [REDACTED]

Our A Shares and our H Shares are generally neither interchangeable nor fungible, and the [**REDACTED**] of our A Shares and our H Shares may be different after the [**REDACTED**]. The Guidelines on Application for "Full Circulation" of Domestic Unlisted Shares of H-share Companies (《H股公司境內未上市股份申請「全流通」業務指引》) announced by the CSRC are not applicable to companies dual [**REDACTED**] in the PRC and [**REDACTED**]. As of the Latest Practicable Date, there were no relevant rules or guidelines from the CSRC providing that A Shareholders may convert A shares held by them into H shares for [**REDACTED**] and [**REDACTED**].

FUTURE PLANS

See "Business — Our Strategies" for a detailed description of our future plans.

[**REDACTED**]

We estimate that we will receive [**REDACTED**] from the [**REDACTED**] of approximately HK$[**REDACTED**] million, after deducting the [**REDACTED**], fees and estimated expenses payable by us in connection with the [**REDACTED**], assuming no [**REDACTED**] is exercised and an [**REDACTED**] of HK$[**REDACTED**] per H Share, being the [**REDACTED**] of the indicative [**REDACTED**] range between HK$[**REDACTED**] and HK$[**REDACTED**] per H Share.

In line with our strategies, we intend to use the [**REDACTED**] from the [**REDACTED**] for the purposes and in the amounts set forth below:

- Approximately [**REDACTED**]% or HK$[**REDACTED**] million, of the [**REDACTED**] will be allocated to increasing our investment in technology innovation and product development. This investment is intended to continuously enhance our research and development ("**R&D**") capabilities, solidify our core technological competitiveness, and leverage our independent R&D achievements and core technologies to support product innovation and the iterative upgrading of our existing product portfolio. In particular:

  (i) Approximately [**REDACTED**]% or HK$[**REDACTED**] million of the [**REDACTED**] will be invested in the technology innovation and product development of our storage products centered on NAS. We will continue to adhere to our design philosophy, "simple and easy to use," and our technological pathway, "AI + data storage." Our investment in storage products will focus on software innovation, hardware design, and team building. On the software front, we will further enhance our proprietary UGOS Pro operating system to broaden application scenarios, including home gaming for individual and family users, and provide developer-oriented capabilities such as Docker-based application deployment and IoT application development.

  In terms of hardware design, we will strengthen computing power by adopting high-performance chips to support on-device AI computing, and refine our product matrix. For example, we plan to comprehensively upgrade our NAS hardware architecture and strengthen the local AI computing capabilities of our devices. These products will be equipped with high-performance processors and dedicated NPU execution units, delivering high aggregate AI computing power. In addition, they will feature high-frequency memory to enable enhanced Input/Output throughput, and support discrete GPU expansion to further unlock AI inference capabilities, such as semantic image search and intelligent classification. They will also incorporate high-speed interfaces to support faster data transfer and multi-display collaboration. For team building, we will recruit talents in agent engineering, model development, and Linux kernel optimization to build foundational low-level system capabilities. Through these efforts, we aim to enhance the scalability, data access efficiency, stability, security, and intelligent interaction capabilities of our NAS products.

(ii) Approximately [**REDACTED**]% or HK$[**REDACTED**] million of the [**REDACTED**] will be invested in the technology innovation and product development of smart home products. Smart home products represent a key step in constructing our consumer technology product portfolio. Our initial focus will be on three core subcategories of IPC products: outdoor smart cameras, smart video doorbells, and indoor smart cameras, positioned with "no subscription, data stays at home" — aligning with the needs of our existing NAS user base. After market validation, we plan to expand to a complete home security product system centered on local AI and NAS integration. Our investments will focus on software improvements, hardware advancements, and team building. On the software side, we will improve on-device AI detection accuracy and response speed, and advance lightweight vision language model inference locally. On the hardware side, we will overcome key challenges in ultra-low power standby and 24/7 power stability, while benchmarking industry leaders in image quality, battery life, and noise reduction. For team building, we will recruit talents in edge AI engineering and full-stack IPC firmware development to support product iteration. For details of our plans to develop smart home products, please refer to "Business — Our Strategies."

(iii) Approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**] million, will be allocated to promoting continuous iterative upgrades of our other product categories, which include charging products and accessories, office products and audio and visual products. Our investments will cover hardware, software, talent strategy, and overall objective. In hardware, we will enhance innovation and time-to-market capabilities for core categories such as docking stations, mobile storage, networking products, keyboards and mice, and audio-visual products, while proactively developing new categories like external AI computing boxes to enable interoperability between existing hardware and AI computing devices. On the software side, we will develop a proprietary desktop productivity tool to form a unified software platform for our peripherals, building capabilities in device connectivity, configuration, status management, and scenario automation to improve multi-device collaboration. For talent strategy, we will recruit talents in desktop systems, embedded systems, AI applications, firmware development, network protocols, and audio-video technology to support product upgrades and long-term technical capabilities. Our overall objective is to evolve into a desktop efficiency platform and an intelligent hardware platform, supported by integrated software-hardware capabilities and cross-category collaboration. Through these efforts, we will systematically promote product evolution and innovation driven by technological iteration and user insights, ensuring our products are adapted to diverse scenarios and continuously enhancing product value and competitiveness.

The following table sets forth a detailed implementation plans for R&D from 2026 to 2029:

Phase I (2026-2027)

For storage products, we will build out our UGOS Pro system, including standardized application programming interfaces and software development kits, bring in third-party developers, and improve our ability to run AI locally on devices. We will also upgrade our AI NAS product line, which is part of our broader NAS product category, and continue strengthening our algorithm and engineering capabilities. For

smart home products, we will move into mass production of both outdoor and indoor smart cameras and video doorbells, creating a connected system that combines front-end sensing, NAS storage and edge AI processing. For other product lines, our audio team will refine the modules used in true wireless earphones and begin developing AI-driven acoustic software. Our charging products team will adopt advanced gallium nitride and silicon carbide technologies while expanding its capabilities. Our electronic accessories team will build a software platform to enable connectivity across multiple product categories.

Phase II (2028-2029)

For storage products, we will launch a developer platform targeting multiple applications, further develop an AI assistant for complex skills execution, enhance file management and security capabilities, develop AI NAS products with higher processing capabilities, and expand the algorithm team. For smart home products, we will expand the home smart security portfolio to include door locks, sensors and lighting, and deploy lightweight visual models for cross-camera tracking. For other products lines, our acoustic team will develop high-end true wireless earphones with AI adjustment and health monitoring functions; our charging products team will develop wireless charging products and expand AI teams; our electronic accessories team will develop integrated desktop solutions enabling automated scenario-based functionality across docking stations, storage, network and input devices.

The following table sets forth a breakdown of details of our proposed allocation of [**REDACTED**] for R&D plans:

	Year ended December 31,				
	2026	**2027**	**2028**	**2029**	**Total**
			(HK$ in million)		
R&D personnel expenses	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
R&D equipment and materials	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
R&D laboratories	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Others (testing and certification)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

- Approximately [**REDACTED**]% of the [**REDACTED**] or HK$[**REDACTED**] million will be allocated to our brand building. We intend to increase our investment in brand building and communicate our brand story and values, strengthen emotional connections with consumers, cultivate a high-quality and high-value brand image. By doing so, we seek to enhance our global brand awareness and securing sustained consumer loyalty. In particular,

  (i) Approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**] million, will be allocated to the execution of our diversified brand building strategies. In particular, we plan to: (i) continuously conduct advertising campaigns in key markets to enhance our brand visibility; (ii) collaborate with celebrities, top-tier key opinion leaders, and IP holders to effectively engage target users and amplify our brand influence; (iii) continuously promote brand advertising campaigns tailored for young consumers to establish a strong

brand awareness among them; and (iv) actively participate in or host technical seminars, industry summits, and professional trade shows to showcase our product strengths and enhance our brand awareness.

The following table sets forth a breakdown of details of our proposed allocation of [**REDACTED**] for the above plans:

	Year ended December 31,				
	2026	**2027**	**2028**	**2029**	**Total**
			(HK$ in million)		
Advertising in key markets	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Collaboration with celebrities, KOLs and IP holders	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Brand promotion	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Technical seminars, summits and exhibitions	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

The following table sets forth the number of celebrities, KOLs and IP holders with whom we plan to cooperate:

Period	**Planned Celebrity and KOL Cooperation**	**Planned IP Cooperation**	**Total**
2026	[REDACTED]	[REDACTED]	[REDACTED]
2027	[REDACTED]	[REDACTED]	[REDACTED]
2028	[REDACTED]	[REDACTED]	[REDACTED]
2029	[REDACTED]	[REDACTED]	[REDACTED]

(ii) Approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**] million, will be used to recruit experienced professionals with in-depth understanding of market conditions and trends in selected key markets, expand and optimize our brand marketing team serving these key markets, and manage our global brand assets.

We plan to hire approximately [**REDACTED**] staff in 2026, 2027, 2028 and 2029, respectively, to fulfill various roles. These roles include, but are not limited to, (a) high-end brand marketing managers, who will build and implement high-end brand marketing systems and have over five years of consumer electronics or high-end brand marketing experience; (b) IP and cross-border collaboration managers, who will lead IP cooperation and cross-brand collaboration and have over five years of related brand IP experience; (c) digital marketing and KOL operations leads, who will develop digital marketing and KOL systems and have over six years of consumer electronics digital marketing experience; and (d) brand visual and terminal image design leads, who will upgrade and implement brand visual systems and have over six years of brand visual design experience.

The candidates we intend to recruit are generally expected to hold a bachelor's degree or above and possess more than three years of relevant experience in consumer technologies, high-end brand marketing, and/or brand IP cooperation. The average annual remuneration per employee is expected to range from [**REDACTED**], subject to potential adjustment in line with the market rate from time to time.

- Approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**] million, will be allocated to enhancing our sales channel development and market penetration. While brand building aims to cultivate brand awareness and consumer recognition, thereby generating consumer demand, sales channel development and market penetration focus on optimizing the pathways through which consumers can access our products and complete purchases, thereby converting such recognition and demand into actual sales revenue. We aim to continue diversifying our sales channels and driving sustained sales growth through an integrated online and offline strategy. In particular:

  (i) Approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**] million, will be used to strengthen our online sales channels. With respect to the Chinese mainland market, we will continue to deepen our cooperation with major e-commerce platforms and broaden traffic acquisition channels through on-platform and off-platform advertising, public platform promotions, and diversified online operational initiatives. Apart from established e-commerce platforms, we will also increase investment in new-generation social e-commerce platforms such as Douyin, TikTok Shop, and Xiaohongshu. With respect to international markets, we plan to gradually build live-commerce and video content operation capabilities to serve key markets, including Europe, the United States, and Southeast Asia, encompassing e-commerce operations, livestreaming, short-form video production, and digital marketing. At the same time, we will continue to strengthen the operation of our direct-to-consumer website by enhancing the user interface, shopping experience, membership program, and precision marketing capabilities, thereby improving traffic conversion and customer repurchase rates.

  (ii) Approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**] million, will be used to further develop our offline sales channels. We will strengthen our cooperation with offline distributors, in key international markets to enhance channel management, key account management, and retail operations capabilities, as well as improving logistics, order fulfillment, and after-sales service capabilities. In the Chinese mainland market, we plan to strengthen our distributor operation teams in selected new first-tier and prefecture-level cities and improve retail execution through measures such as optimizing in-store product displays and establishing dedicated brand zones, thereby enhancing sales efficiency at the point of sale. As part of this initiative, we have identified our target geographic markets for the next three years. Our core focus regions will be the Chinese mainland, North America (with emphasis on the United States), Europe (including Germany, the United Kingdom, France, Spain, Italy and the Netherlands), and Japan. Our strategic development regions will be Latin America (starting with Mexico), Southeast Asia (covering Indonesia, Thailand, Malaysia, Singapore, Vietnam and the Philippines), and the Middle East (including Saudi Arabia, the United Arab Emirates and Turkey). Our new pilot regions will be Latin America (further expanding into Peru, Brazil and Chile), South Korea, and Eastern Europe (notably Poland).

- Approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**] million, will be allocated to the intelligent evolution of our business processes. The term "intelligent evolution" refers to the systematic integration of artificial intelligence ("**AI**"), machine learning ("**ML**") and natural language processing ("**NLP**") into our internal business processes to enhance operational efficiency, automate manual tasks, improve data-driven decision-making and strengthen cross-departmental collaboration. To achieve this goal, we plan to review and analyze our existing systems and processes, and develop upgrade solutions aligned with our long-term strategies, including but not limited to:

  We aim to deploy ML technology for demand forecasting, which integrates historical sales data, seasonal trends and market factors to predict future sales volumes, achieving high accuracy in pilot runs. This system automatically adjusts replenishment plans, optimizes inventory levels in real time, identifies potential stock-out items and flags slow-moving products to reduce stock-out risks and minimize inventory write-downs. We have also built a centralized and shared finance service center that automates data cleansing, reconciliation and multi-system collaboration. Using rule-based engines, the system identifies and corrects abnormal financial data, achieving timely processing efficiency, and supports automatic matching of transactions across multiple accounts and platforms with high accuracy in pilot runs. In addition, we apply NLP to automatically analyze customer feedback through our Voice of Customer system, performing sentiment classification, theme extraction, automatic tagging, root cause analysis and generation of visualized insight reports to support management decision-making. Other digitalization initiatives include AI-assisted advertising placement, new product launch management, automated testing and market intelligence agents. Through these efforts, we aim to shorten the demand-to-task cycle and improve cross-departmental responsiveness, while enhancing system stability and ensuring accurate and consistent data across all interconnected systems.

  To achieve these goals, we plan to procure core software and systems, conduct customized secondary development and system iteration tailored to our specific business scenarios, and recruit experienced professionals in AI, big data analytics, financial digitalization and enterprise IT architecture.

  We plan to hire approximately [**REDACTED**] staff in 2026, 2027, 2028 and 2029, respectively, to fulfill various roles. These roles include, but are not limited to, (i) AI algorithm technology experts, who will develop AI-powered algorithms and possess rich experience in AI R&D and industry application; (ii) software product managers, who will lead business-end e-commerce product requirements and solution design and possess a bachelor's degree or above with at least five years of product experience; (iii) front-end development engineers, who will design and develop front-end architecture for internal systems and possess at least five years of front-end development experience; and (iv) Java development engineers, who will undertake core Java module development for key projects and possess at least five years of large or medium-sized project development experience.

  The aforementioned senior personnel will typically serve as core experts or team leaders to guide and lead the respective technical functions; however, the total recruitment plan also encompasses relatively junior team members who will execute specific operational tasks under their guidance. The candidates we intend to recruit are generally expected to hold a bachelor's degree or above, preferably in computer science or a related discipline for technical roles, and possess relevant experience in AI

R&D and industry application. The average annual remuneration per employee is expected to range from RMB400,000 to RMB600,000, subject to potential adjustment in line with the market rate from time to time.

- Approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**] million, will be allocated to working capital and other general corporate purposes.

We expect the proposed applications of the [**REDACTED**] to have various effects on our financial and operational profile:

Increased R&D expenses and capital expenditures are expected to impact our cost structure and cash flow in the near term. We intend to manage these effects through rigorous cost control and by adjusting the pace and scope of our R&D activities in light of the actual utilization of the [**REDACTED**], ensuring that our efforts are directed towards commercially viable products. Our experience with storage products, particularly NAS, demonstrates that although upfront R&D costs are significant, the resulting high-value-added products can be a new growth driver and promote cross-selling across our product categories, thereby delivering attractive long-term returns. We are also mindful of the inherent risks, including the possibility of failing to achieve technical breakthroughs or encountering insufficient market acceptance. To address these risks, we adopt a prudent, market-driven approach to product development.

Selling and distribution expenses will increase in the near term and may widen the gap between cash outflows and inflows. We will closely monitor these costs and scale back or suspend any campaigns that do not meet expectations, so as to protect our liquidity. Although these expenditures are likely to compress operating margins during the initial investment stage, we believe that the resulting enhancement in brand visibility and market penetration will drive revenue growth and support margin recovery over time. Risks such as slower-than-expected customer conversion, intensified competition or adverse macroeconomic conditions are managed through phased roll-outs, real-time performance analytics and periodic strategy reviews.

General and administrative expenses will increase as a result of these digitalization initiatives, which may also widen the gap between cash outflows and inflows. We will track these costs closely and adjust any digitalization measures that fail to achieve expected outcomes, in order to safeguard our liquidity. While the related spending may compress operating margins in the short term, the anticipated efficiency gains are expected to contribute to profit improvement. Risks, including employee unfamiliarity with new systems or tools, are mitigated through phased implementation, ongoing performance monitoring and regular strategic reassessments.

Through the above measures, we aim to balance short-term financial discipline with long-term value creation, ensuring that our investments strengthen our competitive position while preserving liquidity and profitability.

In the event that the [**REDACTED**] is set at the [**REDACTED**] or the [**REDACTED**] of the indicative [**REDACTED**] range, the [**REDACTED**] of the [**REDACTED**] will increase or decrease by approximately HK$[**REDACTED**] million, respectively.

The additional [**REDACTED**] that we would receive if the [**REDACTED**] is exercised in full would be (i) HK$[**REDACTED**] million (assuming an [**REDACTED**] of HK$[**REDACTED**] per H Share, being the [**REDACTED**]), (ii) HK$[**REDACTED**] million (assuming an [**REDACTED**] of HK$[**REDACTED**] per H Share, being the [**REDACTED**] of the [**REDACTED**] range) and (iii) HK$[**REDACTED**] million (assuming an [**REDACTED**] of HK$[**REDACTED**] per H Share, being the [**REDACTED**]).

To the extent that the [**REDACTED**] from the [**REDACTED**] (including the [**REDACTED**] from the exercise of the [**REDACTED**]) are either more or less than expected, we may adjust our allocation of the [**REDACTED**] for the above purposes on a pro rata basis.

To the extent that the [**REDACTED**] of the [**REDACTED**] are not immediately used for the above purposes, we will only hold such funds in short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the SFO or the applicable laws and regulations in other jurisdictions). In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

The following is the text of a report set out on pages I-1 to I-67, received from the Company's reporting accountants, Rongcheng (Hong Kong) CPA Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this Document. It is prepared and addressed to the directors of the Company and to the Sole Sponsor pursuant to the requirements of HKSIR 200 Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.

容诚 | RCHK

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF UGREEN GROUP LIMITED AND HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED

Introduction

We report on the historical financial information of Ugreen Group Limited (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages I-4 to I-67, which comprises the consolidated statements of financial position of the Group as at December 31, 2023, 2024 and 2025 and June 30, 2026, the statements of financial position of the Company as at December 31, 2023, 2024 and 2025 and June 30, 2026, and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026 (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 page I-4 to I-67 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 H shares of the Company on the [**REDACTED**].

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purpose of the accountants' report, a true and fair view of the Group's consolidated financial position as at December 31, 2023, 2024 and 2025 and June 30, 2026, the Company's financial position as at December 31, 2023, 2024 and 2025 and June 30, 2026, and of the consolidated financial performance and consolidated cash flows of the Group for the Track Record Period in accordance with the basis of presentation and preparation set out in Note 2 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six months ended June 30, 2025 and other explanatory information (the "**Stub Period Comparative Financial Information**"). The directors of the Company are responsible for the presentation and preparation of the Stub Period Comparative Financial Information in accordance with the basis of presentation and preparation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Auditing and Assurance Standards Board ("**IAASB**"). A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountant's report, is not prepared, in all material respects, in accordance with the basis of presentation and preparation set out in Note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-[4] have been made.

Dividends

We refer to Note 12 to the Historical Financial Information which contains information about the dividends declared and paid by the Company in respect of the Track Record Period.

Rongcheng (Hong Kong) CPA Limited
Certified Public Accountants
[●]
Practising Certificate Number: [●]
Hong Kong
[Date]

I. HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with IFRS Accounting Standards issued by International Accounting Standards Board ("**IASB**").

The Historical Financial Information is presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Year ended December 31,			Six months ended June 30,	
	Note	**2023**	**2024**	**2025**	**2025**	**2026**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Revenue	*5*	4,801,410	6,166,334	9,485,595	3,854,814	5,813,890
Cost of sales	*8*	(3,031,297)	(3,899,738)	(6,019,549)	(2,464,711)	(3,580,864)
Gross profit		1,770,113	2,266,596	3,466,046	1,390,103	2,233,026
Other income	*6*	28,605	26,060	29,038	13,574	13,178
Other gains/(losses), net	*7*	16,150	26,937	27,598	29,958	(35,186)
Research and development expenses	*8*	(215,891)	(304,116)	(437,808)	(173,515)	(349,130)
General and administrative expenses	*8*	(230,825)	(281,394)	(347,920)	(154,135)	(223,038)
Selling expenses	*8*	(911,823)	(1,204,832)	(1,894,923)	(790,839)	(1,151,785)
Net impairment losses (recognised)/reversed on financial assets		(3,829)	1,641	(16,644)	(5,623)	(9,497)
Finance costs	*10*	(6,915)	(5,909)	(6,359)	(3,136)	(3,258)
Profit before income tax		445,585	524,983	819,028	306,387	474,310
Income tax expense	*11*	(51,901)	(64,499)	(115,572)	(32,827)	(42,106)
Profit for the year/period		393,684	460,484	703,456	273,560	432,204
Profit for the year/period attributable to:						
Owners of the Company		387,518	462,280	704,594	274,678	430,981
Non-controlling interests		6,166	(1,796)	(1,138)	(1,118)	1,223
		393,684	460,484	703,456	273,560	432,204
Other comprehensive income for the year/period, net of tax						
Items that will not be reclassified subsequently to profit or loss:						
Changes in fair value of financial assets at fair value through other comprehensive income, net of tax		–	–	859	–	2,057
Total comprehensive income for the year/period		393,684	460,484	704,315	273,560	434,261
Total comprehensive income for the year/period attributable to:						
Owners of the Company		387,518	462,280	705,453	274,678	433,038
Non-controlling interests		6,166	(1,796)	(1,138)	(1,118)	1,223
		393,684	460,484	704,315	273,560	434,261
Earnings per share ("EPS") attributable to owners of the Company						
Basic EPS *(RMB per share)*	*13*	1.04	1.18	1.70	0.66	1.04
Diluted EPS *(RMB per share)*	*13*	1.04	1.18	1.70	0.66	1.04

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As at December 31, 2023	As at December 31, 2024	As at December 31, 2025	As at June 30, 2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
ASSETS AND LIABILITIES					
Non-current assets					
Property, plant and equipment	*14*	47,337	51,741	63,624	92,235
Right-of-use assets	*15*	116,260	106,464	131,570	135,626
Intangible assets	*16*	5,458	8,869	11,177	12,884
Financial assets at fair value through profit of loss	*17*	–	333,447	–	–
Financial assets at fair value through other comprehensive income	*18*	–	–	16,010	18,430
Prepayments, other receivables and other assets	*21*	6,753	5,236	10,381	114,654
Deferred tax assets	*23*	26,254	35,574	52,236	71,272
		202,062	541,331	284,998	445,101
Current assets					
Inventories	*19*	995,850	1,234,642	2,000,515	2,457,720
Trade and bills receivables	*20*	137,337	99,650	346,838	483,330
Prepayments, other receivables and other assets	*21*	120,752	135,033	471,694	406,370
Prepaid income tax		4,844	8	–	8,658
Financial assets at fair value through profit or loss	*17*	–	741,540	431,313	110,152
Restricted bank deposits	*22*	–	–	7,029	27,244
Cash and cash equivalents	*22*	992,314	1,142,738	1,386,529	1,173,738
		2,251,097	3,353,611	4,643,918	4,667,212
Current liabilities					
Trade payables	*24*	355,794	554,094	805,578	775,042
Contract liabilities	*25*	33,969	61,959	95,066	111,290
Other payables and accruals	*26*	129,448	200,282	402,303	402,444
Lease liabilities	*15*	31,887	22,698	40,499	47,262
Income tax payable		21,183	22,916	46,270	33,196
		572,281	861,949	1,389,716	1,369,234
Net current assets		1,678,816	2,491,662	3,254,202	3,297,978
Total assets less current liabilities		1,880,878	3,032,993	3,539,200	3,743,079
Non-current liabilities					
Lease liabilities	*15*	95,182	95,540	106,715	105,736
Provision	*27*	9,380	12,617	24,777	41,812
		104,562	108,157	131,492	147,548
Net assets		1,776,316	2,924,836	3,407,708	3,595,531
EQUITY					
Share capital	*28*	373,410	414,910	414,910	414,910
Other reserves	*30*	390,491	1,216,496	1,307,878	1,312,443
Retained earnings	*30*	982,727	1,265,538	1,658,166	1,840,201
Equity attributable to owners of the Company		1,746,628	2,896,944	3,380,954	3,567,554
Non-controlling interests		29,688	27,892	26,754	27,977
Total equity		1,776,316	2,924,836	3,407,708	3,595,531

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Note	As at December 31, 2023	As at December 31, 2024	As at December 31, 2025	As at June 30, 2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
ASSETS AND LIABILITIES					
Non-current assets					
Property, plant and equipment	*14*	27,252	26,190	27,827	51,554
Right-of-use assets	*15*	13,050	4,064	25,102	24,174
Intangible assets	*16*	3,861	5,829	7,434	9,041
Investment in subsidiaries	*32*	38,558	44,672	44,672	44,672
Financial assets at fair value through profit or loss	*17*	–	333,447	–	–
Financial assets at fair value through other comprehensive income	*18*	–		16,010	18,430
Prepayments, other receivables and other assets	*21*	10,155	5,020	31,966	133,136
Deferred tax assets	*23*	2,920	3,353	6,029	6,120
		95,796	422,575	159,040	287,127
Current assets					
Inventories	*19*	424,197	532,448	679,718	803,909
Trade and bills receivables	*20*	267,328	162,935	851,965	1,379,966
Prepayments, other receivables and other assets	*21*	119,765	63,900	203,656	204,242
Prepaid income tax		–	–	–	3,488
Dividends receivables		94,036	298,283	392,656	343,692
Financial assets at fair value through profit or loss	*17*	–	741,540	431,313	110,152
Cash and cash equivalents	*22*	860,797	965,362	1,075,510	695,091
		1,766,123	2,764,468	3,634,818	3,540,540
Current liabilities					
Trade payables	*24*	191,237	268,681	277,437	264,356
Contract liabilities	*25*	12,618	23,545	22,929	19,742
Other payables and accruals	*26*	97,805	120,617	216,628	212,395
Lease liabilities	*15*	18,183	4,271	16,578	18,374
Income tax payable		11,965	2,991	36,814	–
		331,808	420,105	570,386	514,867
Net current assets		1,434,315	2,344,363	3,064,432	3,025,673
Total assets less current liabilities		1,530,111	2,766,938	3,223,472	3,312,800
Non-current liabilities					
Lease liabilities	*15*	3,146	2,144	20,312	14,830
Provision	*27*	1,265	1,104	1,807	3,542
		4,411	3,248	22,119	18,372
Net assets		1,525,700	2,763,690	3,201,353	3,294,428
EQUITY					
Share capital	*28*	373,410	414,910	414,910	414,910
Other reserves	*30*	394,162	1,220,167	1,311,549	1,316,114
Retained earnings	*30*	758,128	1,128,613	1,474,894	1,563,404
Total equity		1,525,700	2,763,690	3,201,353	3,294,428

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company							
	Share capital	Capital reserve	Statutory reserve	Other comprehensive income reserve	Retained earnings	Sub-total	Non-controlling interests	Total
	RMB'000 *Note 28*	*RMB'000* *Note 30*	*RMB'000* *Note 30*	*RMB'000* *Note 30*	*RMB'000* *Note 30*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2023	373,410	282,118	53,569	–	631,080	1,340,177	25,322	1,365,499
Profit for the year	–	–	–	–	387,518	387,518	6,166	393,684
Total comprehensive income for the year	–	–	–	–	387,518	387,518	6,166	393,684
Appropriation of statutory reserve	–	–	35,871	–	(35,871)	–	–	–
Share-based payment expenses *(Note 29)*	–	18,933	–	–	–	18,933	–	18,933
Dividends declared to non-controlling interest in a subsidiary	–	–	–	–	–	–	(1,800)	(1,800)
As at December 31, 2023	373,410	301,051	89,440	–	982,727	1,746,628	29,688	1,776,316
As at January 1, 2024	373,410	301,051	89,440	–	982,727	1,746,628	29,688	1,776,316
Profit/(loss) for the year	–	–	–	–	462,280	462,280	(1,796)	460,484
Total comprehensive income/ (loss) for the year	–	–	–	–	462,280	462,280	(1,796)	460,484
Appropriation of statutory reserve	–	–	54,995	–	(54,995)	–	–	–
Share-based payment expenses *(Note 29)*	–	40,274	–	–	–	40,274	–	40,274
Issue of shares *(Note 28)*	41,500	730,736	–	–	–	772,236	–	772,236
Dividends declared *(Note 12)*	–	–	–	–	(124,474)	(124,474)	–	(124,474)
As at December 31, 2024	414,910	1,072,061	144,435	–	1,265,538	2,896,944	27,892	2,924,836

	Attributable to owners of the Company							
	Share capital	Capital reserve	Statutory reserve	Other comprehensive income reserve	Retained earnings	Sub-total	Non-controlling interests	Total
	RMB'000 *Note 28*	*RMB'000* *Note 30*	*RMB'000* *Note 30*	*RMB'000* *Note 30*	*RMB'000* *Note 30*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2025	414,910	1,072,061	144,435	–	1,265,538	2,896,944	27,892	2,924,836
Profit/(loss) for the year	–	–	–	–	704,594	704,594	(1,138)	703,456
Changes in fair value of financial assets at fair value through other comprehensive income, net of tax	–	–	–	859	–	859	–	859
Total comprehensive income/(loss) for the year	–	–	–	859	704,594	705,453	(1,138)	704,315
Appropriation of statutory reserve	–	–	63,020	–	(63,020)	–	–	–
Share-based payment expenses *(Note 29)*	–	27,503	–	–	–	27,503	–	27,503
Dividends declared *(Note 12)*	–	–	–	–	(248,946)	(248,946)	–	(248,946)
As at December 31, 2025	414,910	1,099,564	207,455	859	1,658,166	3,380,954	26,754	3,407,708
As at January 1, 2025	414,910	1,072,061	144,435	–	1,265,538	2,896,944	27,892	2,924,836
Profit/(loss) for the period *(unaudited)*	–	–	–	–	274,678	274,678	(1,118)	273,560
Total comprehensive income/(loss) for the period *(unaudited)*	–	–	–	–	274,678	274,678	(1,118)	273,560
Share-based payment expenses *(Note 29) (unaudited)*	–	20,223	–	–	–	20,223	–	20,223
Dividends declared *(Note 12) (unaudited)*	–	–	–	–	(248,946)	(248,946)	–	(248,946)
As at June 30, 2025 *(unaudited)*	414,910	1,092,284	144,435	–	1,291,270	2,942,899	26,774	2,969,673
As at January 1, 2026	414,910	1,099,564	207,455	859	1,658,166	3,380,954	26,754	3,407,708
Profit for the period	–	–	–	–	430,981	430,981	1,223	432,204
Changes in fair value of financial assets at fair value through other comprehensive income, net of tax	–	–	–	2,057	–	2,057	–	2,057
Total comprehensive income for the period	–	–	–	2,057	430,981	433,038	1,223	434,261
Share-based payment expenses *(Note 29)*	–	2,508	–	–	–	2,508	–	2,508
Dividends declared *(Note 12)*	–	–	–	–	(248,946)	(248,946)	–	(248,946)
As at June 30, 2026	414,910	1,102,072	207,455	2,916	1,840,201	3,567,554	27,977	3,595,531

Notes:

(a) Capital reserve mainly includes share premium and reserve recognised under share incentive schemes.

(b) It represents the statutory reserve of the Company in the People's Republic of China (the "**PRC**"). In accordance with the Company Law of the PRC, companies registered in the PRC are required to allocate 10% of the statutory after-tax profits to the statutory reserve until the cumulative total of the reserve reaches 50% of the companies' registered capital. Subject to approval from the relevant PRC authorities, the statutory reserve may be used to offset any accumulated losses or increase the registered capital of the companies. The statutory reserve is not available for dividend distribution to equity holders of the PRC companies.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Operating activities					
Profit before income tax	445,585	524,983	819,028	306,387	474,310
Adjustments for:					
Depreciation of property, plant and equipment *(Note 14)*	14,919	17,098	18,120	8,747	12,615
Depreciation of right-of-use assets *(Note 15)*	35,056	35,345	39,326	18,815	22,376
Amortisation of intangible assets *(Note 16)*	778	1,071	1,489	680	886
Fair value gains and investment income of financial assets at fair value through profit and loss *(Note 7)*	(6,433)	(11,755)	(17,035)	(10,761)	(3,398)
Net (gains)/losses on disposal of property, plant and equipment *(Note 7)*	(223)	(31)	26	(34)	–
Net impairment losses recognised on inventories	35,220	38,835	46,645	36,133	48,814
Finance costs *(Note 10)*	6,915	5,909	6,359	3,136	3,258
Net impairment losses recognised/(reversed) on financial assets	3,829	(1,641)	16,644	5,623	9,497
Share-based payment expenses *(Note 29)*	18,933	40,274	27,503	20,223	2,508
Increase in restricted bank deposits	–	–	(7,029)	–	(20,215)
(Increase)/decrease in trade and bills receivables	(84,462)	29,719	(266,357)	(99,739)	(121,480)
(Increase)/decrease in prepayments, other receivables and other assets	(11,325)	(14,956)	(297,913)	(62,151)	67,582
Increase in inventories	(291,695)	(277,627)	(812,518)	(307,947)	(506,019)
Increase/(decrease) in trade payables	57,384	198,300	251,484	104,119	(16,939)
Increase in other payables and accruals	18,255	74,381	202,654	12,540	6,605
(Decrease)/increase in contract liabilities	(16,553)	27,990	33,107	14,958	16,224
Increase in provision	4,675	3,237	12,160	4,111	17,035
Cash generated from operations	230,858	691,132	73,693	54,840	13,659
Income tax paid	(57,457)	(67,250)	(109,022)	(46,738)	(83,668)
Net cash flows generated from/(used in) operating activities	173,401	623,882	(35,329)	8,102	(70,009)

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Investing activities					
Purchase of property, plant and equipment and intangible assets	(23,920)	(28,085)	(47,250)	(20,403)	(49,378)
Proceeds from disposals of property, plant and equipment	612	52	105	92	–
Prepayment and deposits made for acquisition of a subsidiary	–	–	(15,000)	–	(91,000)
Payments of deposits for acquisition of other long-term assets	–	–	(12,840)	–	–
Purchase of financial assets at fair value through profit or loss	(2,990,000)	(2,980,711)	(2,981,664)	(1,050,000)	(662,000)
Proceeds from disposals of financial assets at fair value through profit or loss	2,990,000	1,910,710	3,621,332	1,300,000	982,333
Payments for financial assets at fair value through other comprehensive income	–	–	(15,000)	(15,000)	–
Investment income of financial assets at fair value through profit or loss	6,433	6,769	21,712	5,959	4,406
Other cash flows arising from investing activities	411	349	489	219	237
Net cash flows (used in)/generated from investing activities	(16,464)	(1,090,916)	571,884	220,867	184,598
Financing activities					
Dividends paid to non-controlling interests in a subsidiary	(1,800)	–	–	–	–
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Proceeds from issue of shares	–	808,215	–	–	–
Dividends paid to the shareholders of the Company	–	(124,474)	(248,946)	(248,946)	(248,946)
Payments for leases	(40,047)	(43,653)	(45,937)	(20,457)	(24,932)
Net cash flows (used in)/generated from financing activities	(45,052)	605,766	(299,191)	(269,403)	(291,577)
Net increase/(decrease) in cash and cash equivalents	111,885	138,732	237,364	(40,434)	(176,988)
Cash and cash equivalents at the beginning of the year/period	876,177	992,314	1,142,738	1,142,738	1,386,529
Effect of foreign exchange rate changes, net	4,252	11,692	6,427	13,527	(35,803)
Cash and cash equivalents at the end of the year/period	992,314	1,142,738	1,386,529	1,115,831	1,173,738

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company was a limited liability company incorporated in the PRC on March 16, 2012 and changed to a joint stock limited company on June 11, 2021. The Company's A shares are listed on ChiNext Market of Shenzhen Stock Exchange on July 26, 2024. The address of the Company's registered office and its principal place of business is 1st to 6th Floors, Building 7, 4th Floor, Building 6, Longcheng Industry & Trade Yu'an Plant, Gaofeng Community, Dalang Subdistrict, Longhua District, Shenzhen, Guangdong Province, China.

During the Track Record Period, the Company and its subsidiaries are principally engaged in the research and development, production and sales of charging products and accessories, office products, audio and visual products and storage products.

As at June 30, 2026, the Company's controlling shareholder is Zhang Qingsen ("**Mr. Zhang**"), directly holds approximately 45.27% of total share capital of the Company.

In this Historical Financial Information, certain English name of the companies referred herein represent the management's best effort to translate the Chinese name of the companies as no English name has been registered.

2. BASIS OF PRESENTATION AND PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards, which collective term includes all applicable individual International Financial Reporting Standards ("**IFRSs**"), International Accounting Standards and Interpretations approved by the IASB. In addition, the Historical Financial Information includes applicable disclosures required by the Listing Rules and by the Hong Kong Companies Ordinance.

The Historical Financial Information has been prepared on the historical cost basis except for certain financial assets which are stated at fair value.

It should be noted that accounting estimates and assumptions are used in preparation of the Historical Financial Information. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4.

The material accounting policy information that has been used in the preparation of this Historical Financial Information are disclosed in Note 3.2. These accounting policies have been consistently applied to all the periods presented in the Historical Financial Information, unless otherwise stated.

All IFRS Accounting Standards effective for the accounting period commencing from January 1, 2026, together with the relevant transitional provisions, have been adopted by the Group in the preparation of the Historical Financial Information throughout the Track Record Period. The adoption of the IFRS Accounting Standards do not have any significant impact on the financial positions or results of the Group during the Track Record Period.

3.1 ISSUED BUT NOT YET EFFECTIVE IFRS REPORTING STANDARDS

The Group has not early adopted the following new and amended IFRSs which have been issued but are not yet effective:

Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
IFRS 18	Presentation and Disclosure in Financial Statements[1]
IFRS 19	Subsidiaries without Public Accountability: Disclosures[1]
Amendments to IAS 21	Translation to Hyperinflationary Presentation Currency[1]
Amendments to Illustrative Examples on IFRS 7, IFRS 18, IAS 1, IAS 8, IAS36 and IAS 37	Disclosures about Uncertainties in the Financial Statements[1]
IFRS 20	Regulatory Assets and Regulatory Liabilities[2]

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1 Effective for accounting periods beginning on or after January 1, 2027
2 Effective for accounting periods beginning on or after January 1, 2029
3 Effective dates not yet determined

Except for new IFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of all the new and amendments to IFRS Accounting Standards will have no material impact on the Historical Financial Information of the Group in the foreseeable future.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 Presentation of Financial Statements. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Minor amendments to IAS 7 Statement of Cash Flows and IAS 33 Earnings per Share are also made.

IFRS 18, and amendments to other standards, will be effective for accounting periods beginning on or after January 1, 2027, with early application permitted. The application of IFRS 18 has no impact on the Group's financial positions and performance, but has impact on presentation of the consolidated statements of comprehensive income.

3.2 MATERIAL ACCOUNTING POLICY INFORMATION

Basis of consolidation

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group 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. Subsidiaries are consolidated fully from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intra-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated in preparing the Historical Financial Information. Where unrealised losses on sales of intra-group assets are reversed in consolidation, the underlying asset is also tested for impairment from the Group's perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of financial position, respectively.

In the Company's statement of financial position, subsidiaries are carried at cost less any impairment loss unless the subsidiary is held for sale or included in a disposal group. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

Foreign currency translation

The Historical Financial Information are presented in RMB, which is also the functional currency of the Company. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At the end of the reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from there translation of monetary assets and liabilities at the end of the reporting period are recognised in profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated (i.e., only translated using the exchange rates at the transaction date). When a fair value gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is also recognised in profit or loss. When a fair value gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is also recognised in other comprehensive income.

In the Historical Financial Information, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into RMB. Assets and liabilities have been translated into RMB at the closing rates at the end of the reporting period. Income and expenses have been converted into RMB at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been recognised in other comprehensive income and accumulated separately in the other comprehensive income reserve in equity.

Property, plant and equipment

Property, plant and equipment are initially recognised at acquisition cost and/or manufacturing cost (including any cost directly attributable to bringing the assets to the location and condition necessary for them to be capable of

operating in the manner intended by the Group's management, including costs of testing whether the related assets are functioning properly). They are subsequently stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets other than construction in progress less their residual values using the straight-line basis over their estimated useful lives as follow:

Machinery and equipment	5–10 years
Transportation equipment	4–5 years
Office equipment and others	3–5 years
Leasehold improvement	2–10 years

Estimates of residual value and useful life are reviewed, and adjusted if appropriate, at the end of each year/period for the Track Record Period.

Gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other costs, such as repairs and maintenance, are charged to profit or loss during the financial period in which they are incurred.

Right-of-use assets

Accounting policies of right-of-use assets are set out in "Leases" below.

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms. The Group's right-of-use assets mainly comprise buildings, the estimated useful lives of the assets are 2 to 10 years.

Intangible assets

Acquired intangible assets are recognised initially at cost. After initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on straight-line basis over their estimated useful lives. Amortisation commences when the intangible assets are available for use. The useful lives are as follows:

Software	2–10 years

The assets' amortisation methods and useful lives are reviewed, and adjusted if appropriate, at the end of each year/period for the Track Record Period.

Intangible assets are tested for impairment as described in "Impairment of non-financial assets" below.

Research and development

Costs associated with research activities are expensed in profit or loss as they incur. Costs that are directly attributable to development activities are recognised as intangible assets provided they meet all of the following recognition requirements:

(i) demonstration of technical feasibility of the prospective product for internal use or sale;

(ii) there is intention to complete the intangible asset and use or sell it;

(iii) the Group's ability to use or sell the intangible asset is demonstrated;

(iv) the intangible asset will generate probable economic benefits through internal use or sale;

(v) sufficient technical, financial and other resources are available for completion; and

(vi) the expenditure attributable to the intangible asset can be reliably measured.

Direct costs include employee costs incurred on development activities along with an appropriate portion of relevant overheads. The costs of development of internally generated software, products or know-how that meet the above recognition criteria are recognised as intangible assets. They are subject to the same subsequent measurement method as acquired intangible assets.

All other development costs are expensed as incurred.

Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all of its risks and rewards are transferred. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Financial assets

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15 "Revenue from Contracts with Customers", all financial assets are initially measured at fair value, in case of a financial asset not at fair value through profit or loss ("**FVTPL**"), plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

— amortised cost;

— FVTPL; or

— fair value through other comprehensive income ("**FVTOCI**").

The classification is determined by both:

— the Group's business model for managing the financial asset; and

— the contractual cash flow characteristics of the financial asset.

Subsequent measurement of financial assets

Debt instruments

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

— they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and

— the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Interest income from these financial assets is included other income or other gains in profit or loss. Discounting is omitted where the effect of discounting is immaterial. Our cash and cash equivalents, trade and bills receivables and other receivables fall into this category of financial instruments.

Financial assets at FVTPL

Financial assets that are held within a different business model other than "hold to collect" or "hold to collect and sell" are categorised at FVTPL. Further, irrespective of business model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements under IFRS 9 apply.

Equity instruments

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment, the Group elects to designate the investment at FVTOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income and accumulated in "other comprehensive income reserve" in equity. Such elections are made on an instrument-by-instrument basis but only be made if the investment meets the definition of equity from the issuer's perspective.

The equity instruments at FVTOCI are not subject to impairment assessment. The cumulative gain or loss in "other comprehensive income reserve" will not be reclassified to profit or loss upon disposal of the equity investments and will be transferred to retained earnings.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in "other income" in profit or loss.

Impairment of financial assets

IFRS 9's impairment requirements use forward-looking information to recognise ECL — the "ECL model". Instruments within the scope included cash and cash equivalents, trade receivables, bills receivables, other receivables and other financial assets measured at amortised cost.

The Group considers a broader range of information when assessing credit risk and measuring ECL, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs.

Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs.

Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs.

Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Cash and cash equivalents and bank deposits

Cash and cash equivalents and bank deposits are considered to have low credit risk because the counterparties are banks and have a low risk of default, and have a strong capacity to meet its contractual cash flow obligations in the near term. Cash and cash equivalents are also subject to the impairment requirements of IFRS 9, while the identified credit loss was immaterial.

Trade receivables and bills receivables

For trade and bills receivables, the Group applies a simplified approach in calculating ECL and recognises a loss allowance based on lifetime ECL at the end of each year/period for the Track Record Period. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. In calculating the ECL, the Group has established a provision matrix that is based on its historical credit loss experience and external indicators, adjusted for forward-looking factors specific to the debtors and the economic environment.

To measure the ECL, except for trade and bills receivables with significant outstanding balances which are assessed individually, the remaining trade and bills receivables have been grouped based on shared credit risk characteristics.

Other receivables and other financial assets measured at amortised cost

The Group measures the loss allowance for other receivables equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood of risk of default occurring since initial recognition.

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial assets at the end of each year/period for the Track Record Period with the risk of default occurring on the financial assets at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

— an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

— significant deterioration in external market indicators of credit risk, e.g., a significant increase in the credit spread and the credit default swap prices for the debtor;

— existing or forecast adverse changes in regulatory, business, financial, economic conditions, or technological environment that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations; and

— an actual or expected significant deterioration in the operating results of the debtor.

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Detailed analysis of the ECL assessment of trade and bills receivables and other financial assets measured at amortised cost are set out in Note 37.

Financial liabilities

Classification and measurement of financial liabilities

The Group's financial liabilities include trade payables, other payables and accruals and lease liabilities.

Financial liabilities (other than lease liabilities) are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at FVTPL.

Subsequently, financial liabilities (other than lease liabilities) are measured at amortised cost using the effective interest method except for derivatives which are not designated as hedging instruments in hedge relationships and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included in finance costs or other income.

Accounting policies of lease liabilities are set out in "Leases" below.

Trade payables, other payables and accruals

Trade payables, other payables and accruals are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method.

Inventories

Inventories are carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and applicable selling expenses. Cost is determined using the weighted average basis, and in the case of semi-finished goods and finished goods, comprise direct materials, direct labour and an appropriate proportion of overheads.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, demand deposits with banks and short-term highly liquid investments with original maturities of generally within three months or less or designated for meeting short-term cash needs and that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

Bank balances for which use by the Group is subject to third party contractual restrictions are included as part of cash unless the restrictions result in a bank balance no longer meeting the definition of cash. Contractual restrictions affecting use of bank balances are disclosed in Note 22.

Leases

Definition of a lease and the Group as a lessee

At inception of a contract, the Group considers whether a contract is, or contains a lease. A lease is defined as "a contract, or part of a contract, that conveys the right to use an identified asset (the underlying asset) for a period of time in exchange for consideration". To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the consolidated statements of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the underlying asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any lease incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term unless the Group is reasonably certain to obtain ownership at the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicator exists.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable payments based on an index or rate, and amounts expected to be payable under a residual value guarantee.

Subsequent to initial measurement, the liability will be reduced for lease payments made and increased for interest cost on the lease liability. It is remeasured to reflect any reassessment or lease modification, or if there are changes in in-substance fixed payments.

The Group remeasures lease liabilities whenever:

- there are changes in lease term or in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review/expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

For lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of modification.

When the lease is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit or loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these leases are recognised as an expense in profit or loss on a straight-line basis over the lease term. Short-term leases are leases with a lease term of 12 months or less.

Contract liabilities

Contract liabilities are recognised when the customer pays consideration before the Group recognises the related revenue. Contract liabilities would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract liabilities of unrelated contracts are not presented on a net basis. When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method.

Contingent liabilities

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 uncertain events not wholly within the control of the Group, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Revenue recognition

Revenue mainly arises from sales of goods to online retailers, offline distributors and direct sales to end customers.

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer

2. Identifying the performance obligations

3. Determining the transaction price

4. Allocating the transaction price to the performance obligations

5. Recognising revenue when or as performance obligations are satisfied

In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised at a point in time, when the Group satisfies performance obligations by transferring the promised goods to its customers.

Revenue from sale of goods

Revenue from sale of goods is recognised at a point in time when control of the assets is transferred to the customers upon proof of receipt at the delivery of the products.

Revenue for domestic and overseas sale of goods is recognised when the Group has delivered the products to the customers or other parties designated by the customers in accordance with the contract terms and has received receipt and other proof of receipt from the customers or other parties entrusted by the customers.

Sales with a right of return

For sales with a right of return, when the customer obtains the control of a product, the Group shall recognize revenue for the transferred products in the amount of consideration to which the Group expects to be entitled and a refund liability at the amounts receivable for which the Group does not expect to be entitled; meanwhile, an asset shall be recognized as other assets on the cost of return (i.e right of return assets) measured at the carrying amount of the product expected to be returned less any expected costs to recover those products including potential decreases in the value to the entity of returned products, and the net amount of the carrying amount of the product when transferred to the customer less above mentioned cost shall be recorded into the cost of sales. At the end of each reporting period, the Group shall assess the expectations about the sales return and remeasure above mentioned assets and liabilities.

Warranty

In accordance with the contract, the law or other requirements, the Group provides a warranty in connection with the sale of a product. For warranties which provide a customer with assurance that the related product will function as the parties intended because it complies with agreed-upon specifications, the Group not treat it as a performance obligation.

Interest income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Impairment of non-financial assets

The following assets are subject to impairment testing:

- Intangible assets;
- Property, plant and equipment;
- Right-of-use assets; and
- The Company's investments in subsidiaries.

Assets with indefinite useful life or those not yet available for use are tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. All other assets are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions 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 assessment of time value of money and the risk specific to the asset.

For the purpose of assessing impairment, 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 generate cash inflows independently (i.e., a cash-generated unit ("**CGU**")). As a result, some assets are tested individually for impairment and some are tested at CGU level. Corporate assets are allocated to individual CGUs, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Employee benefits

Short-term employee benefits

Salaries, discretionary bonuses, paid annual leave and the cost of non-monetary benefits are accrued and recognised in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Pension scheme

Retirement benefits to employees are provided through defined contribution plans. The employees of the Group's subsidiaries which operate in the PRC are required to participate in a central pension scheme operated by the local municipal government. This subsidiary is required to contribute a certain percentage of its payroll costs to the central pension scheme. Contributions are recognised as an expense in profit or loss as employees render services during the year. The Group's obligations under these plans are limited to the fixed percentage contributions payable.

Housing funds, medical insurances and other social insurances

Employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurance and other employee social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each year/period. Contributions to the housing funds, medical insurances and other social insurances are expensed is incurred.

Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

Share-based compensation

The Group operates share-based compensation plans for remuneration of its employees including share incentive plans.

All employee services received in exchange for the grant of any share-based compensation are measured at their fair values. These are indirectly determined by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets and performance conditions).

All share-based compensation is recognized as an expense in profit or loss over the vesting period if vesting conditions apply, or recognized as an expense in full at the grant date when the equity instruments granted vest immediately unless the compensation qualifies for recognition as asset, with a corresponding increase in the "share-based payment reserve" in equity. If vesting conditions apply, the expense is recognized over the vesting period based on the best available estimate of the number of equity instruments expected to vest. Non-market vesting conditions are included in assumptions about the number of equity instruments that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of equity instruments expected to vest differs from previous estimates. Any adjustment to cumulative share-based compensation resulting from a revision is recognized in the current period.

Income taxes

Income tax comprises current tax and deferred income tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the end of the reporting period. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in profit or loss.

Deferred income tax is calculated using the liability method on temporary differences at the end of the reporting period between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred income tax liabilities are generally recognised for all taxable temporary differences. Deferred income tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred income tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss and does not give rise to equal taxable and deductible temporary differences.

Deferred income tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and joint venture, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies the requirements in IAS 12 to the lease liabilities and the related assets separately. The Group recognises a deferred income tax asset related to the lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred income tax liability for all taxable temporary differences.

Deferred income tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the end of each year/period for the Track Record Period.

Changes in deferred income tax assets or liabilities are recognised in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity.

When different tax rates apply to different levels of taxable income, deferred income tax assets and liabilities are measured using the average tax rates that are expected to apply to the taxable income of the periods in which the temporary differences are expected to reverse.

The determination of the average tax rates requires an estimation of (i) when the existing temporary differences will reverse and (ii) the amount of future taxable profit in those years. The estimate of future taxable profit includes:

— income or loss excluding reversals of temporary differences; and

— reversals of existing temporary differences.

Current tax assets and current tax liabilities are presented in net if, and only if,

(a) the Group has the legally enforceable right to set off the recognised amounts; and

(b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Group presents deferred income tax assets and deferred income tax liabilities in net if, and only if,

(a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and

(b) the deferred income tax assets and the deferred income tax liabilities relate to income taxes levied by the same taxation authority on either:

(i) the same taxable entity; or

(ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred income tax liabilities or assets are expected to be settled or recovered.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of Historical Financial Information requires the use of accounting estimates which, by their nature, will seldom equal actual results. Management also exercises judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that have a financial impact on the entity and that are believed to be reasonable under the circumstances. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions, as well as forward-looking estimates at the end of each year/period for the Track Record Period. Details of the key assumptions and inputs used are disclosed in the tables in Note 37.

Inventory provision

Inventories are stated at the lower of cost and net realisable value. The 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. Even though the management of the Group has made the best estimate about the inventory write-down loss predicted to occur and provided allowance for write-down, the write-down assessment may still be significantly changed due to the change of market situation.

Fair value of financial assets at FVTPL and FVTOCI

The fair value of financial assets that are not traded in an active market is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each year/period for the Track Record Period. Changes in these assumptions and estimates could materially affect the respective fair value of these investments. Details of the assumptions and estimates in determination of the fair value is disclosed in Note 36.

Income taxes and deferred income taxations

There are many transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgements are required from the Group in determining the provisions for income taxes. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

The Group recognises deferred income tax assets based on estimates that it is probable to generate sufficient taxable profits in the foreseeable future against which the deductible losses will be utilised. The recognition of deferred income tax assets mainly involves management's judgements and estimations about the timing and the amount of taxable profits of the companies who has tax losses.

5. REVENUE AND SEGMENT INFORMATION

The Group's principal activities are disclosed in Note 1 to the Historical Financial Information. The Group's revenue derives from the transfer of goods were analysed as follows:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Types of goods:					
– Charging products and accessories	2,076,044	2,957,626	4,355,886	1,777,633	2,666,726
– Office products	1,446,986	1,756,799	2,431,563	1,032,210	1,500,369
– Audio and visual products	950,255	1,060,493	1,472,320	630,187	877,236
– Storage products	328,125	391,416	1,225,826	414,784	769,559
	4,801,410	6,166,334	9,485,595	3,854,814	5,813,890

The operating segment is reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group's management reviews the performance of the Group as a single operating segment based on the internal organization structure, management requirements and internal reporting system. Accordingly, only entity-wide disclosure, along with the Group's result and financial position as a whole, major customers and geographic information are presented.

All revenue from contracts with customers within the scope of IFRS 15 are recognized at a point in time. The Group has applied the practical expedient in paragraph 121 of IFRS 15 to its sales of goods delivered such that it does not disclose the information about its remaining performance obligations as the contracts have an original expected duration of one year or less.

The following table shows how much of the revenue recognised during the Track Record Periods relates to carried-forward contract liabilities:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Revenue recognised that was included in the contract liabilities balance at the beginning of the year/period	48,324	30,794	58,109	55,980	91,833

Geographical information

The following table sets out the information about the geographical location of the Group's revenue from external customers based on the geographical location of customers to which the goods are delivered:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Revenue from external customers					
Chinese mainland	2,381,861	2,622,656	3,664,224	1,560,179	1,926,243
Overseas					
– Asia (excluding Chinese mainland)	849,664	1,275,129	2,049,236	916,344	1,281,081
– Europe	810,289	1,181,429	2,075,340	740,962	1,402,422
– The Americas	692,092	968,361	1,502,142	559,364	1,068,349
– Other countries/regions	67,504	118,759	194,653	77,965	135,795
	2,419,549	3,543,678	5,821,371	2,294,635	3,887,647
	4,801,410	6,166,334	9,485,595	3,854,814	5,813,890

The geographical location of the Group's non-current assets (excluding financial assets and deferred tax assets), mainly comprised of the property, plant and equipment and right-of-use assets, is determined based on the physical location of these assets. As at the end of each year/period for the Track Record Period, the geographical breakdown of the Group's non-current assets is as follows:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets (excluding deferred tax assets and financial assets)				
– Chinese mainland	175,808	172,019	212,612	352,387
– Overseas	–	291	4,140	3,012
	175,808	172,310	216,752	355,399

Information about major customers

Revenue derived from customers individually contributed over 10% of the Group's revenue during the Track Record Period is as follows:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Customer A	785,238	795,024	1,118,763	479,591	N/A

N/A: The corresponding revenue for the customer didn't contribute over 10% of the total revenue of the Group for the six months ended June 30, 2026.

6. OTHER INCOME

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Government grants *(Note)*	18,034	14,802	19,294	8,125	9,438
Interest income	9,690	9,595	8,603	4,710	4,399
Others	881	1,663	1,141	739	(659)
	28,605	26,060	29,038	13,574	13,178

Note: During the Track Record Period, the government grants have no unfulfilled condition.

7. OTHER GAINS/(LOSSES), NET

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Fair value gains and investment income of financial assets at FVTPL	6,433	11,755	17,035	10,761	3,398
Net gains/(losses) on disposals of property, plant and equipment	223	31	(26)	34	–
Net foreign exchange gains /(losses)	5,710	9,742	4,893	15,256	(43,860)
Net compensation for lost goods	4,099	5,772	9,964	4,456	6,308
Others	(315)	(363)	(4,268)	(549)	(1,032)
	16,150	26,937	27,598	29,958	(35,186)

8. EXPENSES BY NATURE

Expenses included in cost of sales, research and development expenses, general and administrative expenses and selling expenses are analysed as follows:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Changes in finished goods and work in progress	(244,793)	(216,411)	(627,156)	(246,239)	(227,661)
Cost of purchased goods	2,090,412	2,608,713	4,425,935	1,774,838	2,504,747
Raw materials consumed for production	461,583	563,617	760,831	337,145	452,813
Employee benefit expenses	562,388	753,543	1,049,114	451,167	723,133
Platform service fees	328,669	469,485	755,916	300,166	511,840
Advertising, marketing and promotion expenses	361,652	424,132	712,518	302,878	364,398
Logistics fees	511,602	680,070	1,036,090	413,187	642,537
Processing fee for manufacturing	60,860	81,829	115,840	51,839	61,202
Net impairment losses recognised on inventories	35,220	38,835	46,645	36,133	48,814
Depreciation of right-of-use assets *(Note 15)*	35,056	35,345	39,326	18,815	22,376
Depreciation of property, plant and equipment *(Note 14)*	14,919	17,098	18,120	8,747	12,615
Amortisation of intangible assets *(Note 16)*	778	1,071	1,489	680	886
Customs duties	30,298	27,705	110,346	32,236	8,990
Design, testing and other development expenses	22,076	35,051	45,299	15,611	29,954
Research and development materials consumed	25,435	30,459	29,417	14,331	22,630
Travel and office expenses	20,164	27,552	46,603	20,756	26,266
Professional service fees	14,931	15,519	25,432	6,654	22,236
Tax and surcharges	14,376	16,445	23,660	9,538	12,261
Auditor's remuneration	–	–	1,500	1,500	1,500
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Others	44,210	80,022	83,275	33,218	62,733
	4,389,836	5,690,080	8,700,200	3,583,200	5,304,817

9. EMPLOYEE BENEFIT EXPENSES

(a) Employee benefit expenses are analysed as follows:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Salaries, allowances, discretionary bonuses and benefits in kind	520,763	681,039	972,388	409,075	684,340
Retirement scheme contributions	22,692	32,230	49,223	21,869	36,285
Share-based payment expenses	18,933	40,274	27,503	20,223	2,508
	562,388	753,543	1,049,114	451,167	723,133

(b) Directors' and supervisors' emoluments

Directors' and supervisors' emoluments for the Track Record Period, disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance, are as follows:

	Fees	Salaries, allowances, and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Share-based payment expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2023						
Executive directors						
Mr. Zhang Qingsen	–	525	254	36	330	1,145
Mr. Chen Junling	–	511	252	36	–	799
Mr. He Mengxin	–	765	406	36	2,335	3,542
Mr. Li Leijie	–	764	720	36	1,262	2,782
Mr. Tang Jian	–	765	660	36	729	2,190
Ms. Chen Yan	–	765	720	36	172	1,693
Independent directors						
Mr. Gao Haijun	100	–	–	–	–	100
Mr. Huang Jinye	100	–	–	–	–	100
Mr. Lai Xiaofan	100	–	–	–	–	100
Supervisors						
Mr. Lei Shubin	–	646	340	34	381	1,401
Ms. Peng Yanhua	–	440	95	15	129	679
Ms. Li Fei	–	246	45	15	64	370
	300	5,427	3,492	280	5,402	14,901

	Fees	Salaries, allowances, and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Share-based payment expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2024						
Executive directors						
Mr. Zhang Qingsen	–	705	369	43	673	1,790
Mr. Chen Junling	–	593	393	43	–	1,029
Mr. He Mengxin	–	825	300	43	6,160	7,328
Mr. Li Leijie	–	1,064	733	43	1,911	3,751
Mr. Tang Jian	–	1,065	671	43	1,359	3,138
Ms. Chen Yan	–	1,065	710	43	713	2,531
Independent directors						
Mr. Gao Haijun	100	–	–	–	–	100
Mr. Huang Jinye *(Note (i))*	72	–	–	–	–	72
Mr. Lai Xiaofan	100	–	–	–	–	100
Mr. Wen Guang *(Note (ii))*	29	–	–	–	–	29
Supervisors						
Mr. Lei Shubin	–	826	374	40	1,004	2,244
Ms. Peng Yanhua	–	464	144	16	190	814
Ms. Li Fei	–	276	54	16	128	474
	301	6,883	3,748	330	12,138	23,400
Year ended December 31, 2025						
Executive directors						
Mr. Zhang Qingsen	–	714	920	59	333	2,026
Mr. Chen Junling	–	593	940	59	–	1,592
Mr. He Mengxin	–	836	420	59	3,046	4,361
Mr. Li Leijie *(Note (iii))*	–	1,253	2,100	59	945	4,357
Mr. Tang Jian	–	1,254	1,800	59	674	3,787
Ms. Chen Yan	–	1,254	2,100	59	5,088	8,501
Ms. Nie Xingxing *(Note (iv))*	–	244	502	16	–	762
Independent directors						
Mr. Gao Haijun *(Note (v))*	100	–	–	–	–	100
Mr. Lai Xiaofan	100	–	–	–	–	100
Mr. Wen Guang	100	–	–	–	–	100
Supervisors						
Mr. Lei Shubin *(Note (vi))*	–	591	652	39	497	1,779
Ms. Peng Yanhua *(Note (vi))*	–	340	133	12	118	603
Ms. Li Fei *(Note (vi))*	–	222	55	12	64	353
	300	7,301	9,622	433	10,765	28,421

	Fees	Salaries, allowances, and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Share-based payment expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Six months ended June 30, 2025 ***(unaudited)***						
Executive directors						
Mr. Zhang Qingsen	–	356	184	28	333	901
Mr. Chen Junling	–	296	196	28	–	520
Mr. He Mengxin	–	418	150	28	3,046	3,642
Mr. Li Leijie	–	625	367	28	945	1,965
Mr. Tang Jian	–	626	335	28	674	1,663
Ms. Chen Yan	–	625	355	28	358	1,366
Independent directors						
Mr. Gao Haijun	48	–	–	–	–	48
Mr. Lai Xiaofan	48	–	–	–	–	48
Mr. Wen Guang *(Note (ii))*	48	–	–	–	–	48
Supervisors						
Mr. Lei Shubin	–	416	187	27	497	1,127
Ms. Peng Yanhua	–	238	72	9	94	413
Ms. Li Fei	–	151	27	9	64	251
	144	3,751	1,873	213	6,011	11,992
Six months ended June 30, 2026						
Executive directors						
Mr. Zhang Qingsen	–	360	307	30	–	697
Mr. Chen Junling	–	300	313	30	–	643
Mr. He Mengxin	–	420	143	30	–	593
Mr. Tang Jian	–	630	600	30	–	1,260
Ms. Chen Yan	–	630	700	30	–	1,360
Ms. Nie Xingxing *(Note (iv))*	–	479	573	29	–	1,081
Independent directors						
Mr. Lai Xiaofan	48	–	–	–	–	48
Mr. Wen Guang	48	–	–	–	–	48
Mr. Leung Wai Fung Joseph *(Note (vii))*	74	–	–	–	–	74
	170	2,819	2,636	179	–	5,804

Notes:

(i) Mr. Huang Jinye resigned as an independent non-executive director of the Company on September 13, 2024.

(ii) Mr. Wen Guang was appointed as an independent non-executive director of the Company on September 13, 2024.

(iii) Mr. Li Leijie resigned as an executive director of the Company on September 15, 2025.

(iv) Ms. Nie Xingxing was appointed as an executive director of the Company on September 15, 2025.

(v) Mr. Gao Haijun resigned as an independent non-executive director of the Company on December 27, 2025.

(vi) Mr. Lei Shubin, Ms. Peng Yanhua and Ms. Li Fei ceased to serve as the supervisors of the Company on September 15, 2025. This change follows the amendments to the Company Law of the PRC enacted from July 1, 2024, which stipulate that the supervisory functions of the Company shall be performed and exercised by independent directors.

(vii) Mr. Leung Wai Fung Joseph was appointed as an independent director of the Company in January 2026.

(viii) The directors' and supervisors' emoluments represented the amounts paid or payable for their services rendered to the Group since their appointment as directors or supervisors. The emoluments paid to them for service rendered as management prior to their appointments as directors or supervisors are not included in the above tables.

(ix) Fees, salaries, allowances and benefits in kind paid to or for the executive directors, independent directors of the Company and supervisors are generally emoluments paid or receivable in respect of services in connection with the management of the affairs of the Company and its subsidiaries.

(x) Save as disclosed above, there was no arrangement under which directors of the Company and supervisors waived or agreed to waive any remuneration during the Track Record Period. No emolument was paid by the Group to the directors of the Company and supervisors as an inducement to join or upon joining the Group or as compensation for loss of office for the Track Record Period.

(c) Five highest paid individuals

During the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026, the five highest paid individuals included 4, 4, 4, 4 (unaudited) and 3 directors respectively, whose emoluments are reflected in Note 9(b) above. The aggregate emoluments payable to the remaining 1, 1, 1, 1 (unaudited) and 2 individuals during the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026 are as follows:

	Year ended December 31,			Six months ended June 30,	
	2023	**2024**	**2025**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Salaries, allowances, discretionary bonuses and benefits in kind	984	1,200	1,753	603	2,384
Retirement scheme contributions	36	43	59	28	50
Share-based payment expenses	635	1,674	828	828	–
	1,655	2,917	2,640	1,459	2,434

The discretionary bonus is determined by reference to individual performance of the employees and approved by the management of the Group. The emoluments of the remaining highest paid individual fell within the following bands:

	Year ended December 31,			Six months ended June 30,	
	2023	**2024**	**2025**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Hong Kong Dollar ("**HKD**")					
HKD1,000,001–HKD1,500,000	–	–	–	–	1
HKD1,500,001–HKD2,000,000	1	–	–	1	1
HKD2,000,001–HKD2,500,000	–	–	–	–	–
HKD2,500,001–HKD3,000,000	–	–	1	–	–
HKD3,000,001–HKD3,500,000	–	1	–	–	–
	1	1	1	1	2

10. FINANCE COSTS

	Year ended December 31,			Six months ended June 30,	
	2023	**2024**	**2025**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Interest expense on lease liabilities	6,915	5,909	6,359	3,136	3,258

11. INCOME TAX EXPENSE

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Current income tax	57,740	73,819	132,385	42,233	61,505
Deferred income tax *(Note 23)*	(5,839)	(9,320)	(16,813)	(9,406)	(19,399)
Income tax expenses	51,901	64,499	115,572	32,827	42,106

Taxes on profits assessable have been calculated at the rate of tax prevailing in the jurisdictions in which relevant entities operate.

(a) PRC Enterprise Income Tax ("EIT")

Under the PRC Enterprise Income Tax Law and the respective regulations, the EIT for the certain of the Company's subsidiaries are calculated at a statutory rate of 25%, on their estimated taxable profits for the year based on the existing legislations, interpretations and practices in respect thereof.

Pursuant to the relevant laws and regulations in the PRC and with approval from the tax authorities in charge, the Company was qualified as "High and New Technology Enterprises (HNTE)" and are therefore entitled to a preferential tax rate of 15% from 2023 to 2025.

Pursuant to the relevant laws and regulations in the PRC and with approval from the tax authorities in charge, certain subsidiaries of the Company were qualified HNTE and are therefore entitled to a preferential tax rate of 15% from 2023 to 2025 or 2024 to 2026.

Pursuant to Caishui [2022] No. 13 "Announcement on Further Implementing the Income Tax Preferential Policies for Small Meager-profit Enterprises" (關於進一步實施小微企業所得稅優惠政策的公告), certain subsidiaries were qualified for Small Meager-profit Enterprises and entitled to a preferential income tax rate of 20% on the 25% of taxable income exceeding RMB1,000,000 but less than RMB3,000,000 from January 1, 2022 to December 31, 2024.

Pursuant to Caishui [2023] No. 6 "Announcement on the Income Tax Preferential Policies for Small Meager-profit Enterprises and Self-employed Businesses" (關於小微企業和個體工商戶所得稅優惠政策的公告), certain subsidiaries were qualified for Small Meager-profit Enterprises and entitled to a preferential income tax rate of 20% on the 25% of taxable income not exceeding RMB1,000,000 from January 1, 2023 to December 31, 2027.

(b) Hong Kong Profits Tax

Hong Kong profits tax has been provided at the rate of 16.5% during the Track Record Period on the estimated assessable profit for the year.

Following the enactment of the Inland Revenue (Amendment) (No. 3) Ordinance 2018 on March 29, 2018, amongst all the other group companies, the Company has selected Hong Kong Ugreen Limited to use the two-tiered profits tax rates whereby Hong Kong Ugreen Limited's first 2 million Hong Kong dollars of assessable profits will be taxed at 8.25% and the remaining profits will be taxed at the standard rate of 16.5%.

(c) Corporate income tax in other jurisdictions

Taxation for other overseas subsidiaries are charged at the appropriate current rates of taxation ruling in the relevant countries.

(d) Organization for Economic Cooperation and Development Pillar Two Model Rules

Amendments to IAS 12 "International Tax Reform — Pillar Two Model Rules" were issued on May 23, 2023 which are effective upon issuance and require retrospective application. The amendments provide a temporary exception from deferred tax accounting for the income tax arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organization for Economic Cooperation and Development ("**OECD**").

The Group is within the scope of Global Minimum Tax ("**GMT**") under the OECD Pillar Two model rules ("**Pillar Two**"). Subject to tax legislation enacting Pillar Two Being passed in the jurisdictions where the Company and its subsidiaries operate, the Group is liable to pay a top-up tax for any deficiency between the minimum tax rate of 15% and the effective tax rate per respective jurisdiction. The Group applies the IAS 12 exception to recognition and disclosure information about deferred tax assets and liabilities relating to Pillar Two income taxes.

For those jurisdictions where the Pillar Two legislation was enacted but not effective at the reporting date, the Group has no related current tax exposure. However, certain subsidiaries of the Group are located in jurisdictions mainly including Germany and Japan, where Pillar Two legislation was effective since January 1, 2024, and the Group's assessment indicates that there is no material related current tax exposure in these jurisdictions during the year ended December 31, 2024 and 2025 and the six months ended June 30, 2025 and 2026.

Reconciliation between the income tax expense and profit before income tax in the consolidated statements of comprehensive income is as follows:

	Year ended December 31,			Six months ended June 30,	
	2023	**2024**	**2025**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Profit before income tax	445,585	524,983	819,028	306,387	474,310
Tax at the preferential tax rate of 15%	66,838	78,747	122,854	45,958	71,147
Tax effect of					
– different tax rates of the subsidiaries	11,376	17,380	17,875	7,076	6,221
– non-deductible expenses	4,433	10,339	7,029	4,158	1,926
– deductible temporary differences and unused tax losses for which no deferred tax assets are recognised	–	–	5,049	–	2,078
– adjustments to current tax relating to previous years	(205)	–	14,441	658	66
– additional deduction of research and development expenses *(Note)*	(30,541)	(41,967)	(51,676)	(25,023)	(39,332)
	51,901	64,499	115,572	32,827	42,106

Note:

According to the relevant laws and regulations promulgated by the State Administration of Taxation of the PRC that have been effective from 2018 onwards, if the research and development expenses actually incurred by enterprises in carrying out research and development activities are not recognised as intangible assets and are not amortised in the current period's profit and loss, on the basis of actual deduction according to regulations, enterprises are entitled to claim an additional deduction of 100% of the actual amount. For intangible assets, enterprises are entitled to 200% deduction of the amortisation of intangible assets.

12. DIVIDENDS

	Year ended December 31,			Six months ended June 30,	
	2023	**2024**	**2025**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Interim dividends	–	124,474	–	–	–
Final dividends	–	–	248,946	248,946	248,946
	–	124,474	248,946	248,946	248,946

The interim dividends of RMB3.00 per 10 shares (tax inclusive) aggregating approximately RMB124,474,000 in respect of six months ended June 30, 2024 were approved at the Company's 2024 half year general meeting held on September 13, 2024. The interim dividends were paid on September 27, 2024.

The final dividends of RMB6.00 per 10 shares (tax inclusive) aggregating approximately RMB248,946,000 in respect of the year ended December 31, 2024 were approved at the Company's 2024 annual general meeting held on May 14, 2025. The Group had not recognised such dividends as a liability as at December 31, 2024. The final dividends were paid on May 27, 2025.

The final dividends of RMB6.00 per 10 shares (tax inclusive) aggregating approximately RMB248,946,000 in respect of the year ended December 31, 2025 were approved at the Company's 2025 annual general meeting held on April 20, 2026. The Group had not recognised such dividends as a liability as at December 31, 2025. The final dividends were paid on May 14, 2026.

13. EPS ATTRIBUTABLE TO OWNERS OF THE COMPANY

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
				(Unaudited)	
Profit attributable to owners of the Company used in calculating basic EPS *(RMB'000)*	387,518	462,280	704,594	274,678	430,981
Weighted average number of ordinary shares in issue *(thousand shares)*	373,410	390,701	414,910	414,910	414,910
Basic and diluted EPS *(RMB per share)*	1.04	1.18	1.70	0.66	1.04

Since there were no dilutive potential ordinary shares for the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026, the diluted EPS is equal to the basic EPS.

14. PROPERTY, PLANT AND EQUIPMENT

The Group

	Machinery and equipment	Transportation equipment	Office equipment and others	Leasehold improvement	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2023					
Cost	20,268	1,128	24,519	31,027	76,942
Accumulated depreciation	(7,217)	(793)	(11,763)	(11,482)	(31,255)
Net carrying amount	13,051	335	12,756	19,545	45,687
Year ended December 31, 2023					
Opening net carrying amount	13,051	335	12,756	19,545	45,687
Additions	5,501	1,000	6,046	4,540	17,087
Disposals	(219)	–	(299)	–	(518)
Depreciation	(2,536)	(319)	(5,358)	(6,706)	(14,919)
Closing net carrying amount	15,797	1,016	13,145	17,379	47,337
As at December 31, 2023					
Cost	24,622	1,641	29,933	35,567	91,763
Accumulated depreciation	(8,825)	(625)	(16,788)	(18,188)	(44,426)
Net carrying amount	15,797	1,016	13,145	17,379	47,337
Year ended December 31, 2024					
Opening net carrying amount	15,797	1,016	13,145	17,379	47,337
Additions	5,963	183	7,784	7,674	21,604
Disposals	(102)	–	–	–	(102)
Depreciation	(2,959)	(410)	(5,683)	(8,046)	(17,098)
Closing net carrying amount	18,699	789	15,246	17,007	51,741

	Machinery and equipment	Transportation equipment	Office equipment and others	Leasehold improvement	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at December 31, 2024					
Cost	30,384	1,824	37,652	43,241	113,101
Accumulated depreciation	(11,685)	(1,035)	(22,406)	(26,234)	(61,360)
Net carrying amount	18,699	789	15,246	17,007	51,741
Year ended December 31, 2025					
Opening net carrying amount	18,699	789	15,246	17,007	51,741
Additions	8,441	64	11,808	9,900	30,213
Disposals	(16)	(13)	(181)	–	(210)
Depreciation	(3,555)	(358)	(7,334)	(6,873)	(18,120)
Closing net carrying amount	23,569	482	19,539	20,034	63,624
As at December 31, 2025					
Cost	38,559	1,846	49,193	53,141	142,739
Accumulated depreciation	(14,990)	(1,364)	(29,654)	(33,107)	(79,115)
Net carrying amount	23,569	482	19,539	20,034	63,624
Six months ended June 30, 2026					
Opening net carrying amount	23,569	482	19,539	20,034	63,624
Additions	5,251	64	24,991	10,920	41,226
Depreciation	(2,014)	(158)	(5,797)	(4,646)	(12,615)
Closing net carrying amount	26,806	388	38,733	26,308	92,235
As at June 30, 2026					
Cost	43,789	1,910	74,162	64,061	183,922
Accumulated depreciation	(16,983)	(1,522)	(35,429)	(37,753)	(91,687)
Net carrying amount	26,806	388	38,733	26,308	92,235

Notes:

(a) Depreciation expenses have been charged to the consolidated statements of comprehensive income as follows:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Cost of sales	1,683	2,052	3,051	1,385	1,873
Research and development expenses	3,411	4,068	4,579	2,154	3,391
General and administrative expenses	9,106	9,922	9,783	4,882	6,911
Selling expenses	719	1,056	707	326	440
	14,919	17,098	18,120	8,747	12,615

The Company

	Machinery and equipment	Transportation equipment	Office equipment and others	Leasehold improvement	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2023					
Cost	7,255	639	18,474	20,792	47,160
Accumulated depreciation	(2,515)	(551)	(9,956)	(7,281)	(20,303)
Net carrying amount	4,740	88	8,518	13,511	26,857
Year ended December 31, 2023					
Opening net carrying amount	4,740	88	8,518	13,511	26,857
Additions	1,522	1,000	4,297	3,343	10,162
Disposals	(79)	–	(12)	–	(91)
Depreciation	(1,091)	(218)	(4,010)	(4,357)	(9,676)
Closing net carrying amount	5,092	870	8,793	12,497	27,252
As at December 31, 2023					
Cost	8,587	1,151	22,735	24,135	56,608
Accumulated depreciation	(3,495)	(281)	(13,942)	(11,638)	(29,356)
Net carrying amount	5,092	870	8,793	12,497	27,252
Year ended December 31, 2024					
Opening net carrying amount	5,092	870	8,793	12,497	27,252
Additions	632	–	5,987	3,421	10,040
Disposals	(97)	–	–	–	(97)
Depreciation	(1,021)	(280)	(4,120)	(5,584)	(11,005)
Closing net carrying amount	4,606	590	10,660	10,334	26,190
As at December 31, 2024					
Cost	9,037	1,152	28,673	27,556	66,418
Accumulated depreciation	(4,431)	(562)	(18,013)	(17,222)	(40,228)
Net carrying amount	4,606	590	10,660	10,334	26,190
Year ended December 31, 2025					
Opening net carrying amount	4,606	590	10,660	10,334	26,190
Additions	1,713	–	8,033	2,710	12,456
Disposals	–	–	(24)	–	(24)
Depreciation	(953)	(278)	(5,403)	(4,161)	(10,795)
Closing net carrying amount	5,366	312	13,266	8,883	27,827
As at December 31, 2025					
Cost	10,750	1,152	36,680	30,266	78,848
Accumulated depreciation	(5,384)	(840)	(23,414)	(21,383)	(51,021)
Net carrying amount	5,366	312	13,266	8,883	27,827
Six months ended June 30, 2026					
Opening net carrying amount	5,366	312	13,266	8,883	27,827
Additions	1,363	–	23,280	6,960	31,603
Depreciation	(414)	(124)	(4,418)	(2,920)	(7,876)
Closing net carrying amount	6,315	188	32,128	12,923	51,554
As at June 30, 2026					
Cost	12,113	1,152	59,960	37,226	110,451
Accumulated depreciation	(5,798)	(964)	(27,832)	(24,303)	(58,897)
Net carrying amount	6,315	188	32,128	12,923	51,554

15. LEASES

The Group as a leasee

The Group has lease contracts for buildings used in its operations. Leases of buildings generally have lease terms between 2 to 10 years.

The Group

(a) Right-of-use assets

The movements in the net carrying amount of right-of-use assets are analysed as follows:

	Buildings
	RMB'000
As at January 1, 2023	141,296
Additions	10,339
Depreciation	(35,056)
Lease modification	(319)
As at December 31, 2023	116,260
As at January 1, 2024	116,260
Additions	26,147
Depreciation	(35,345)
Lease modification	(598)
As at December 31, 2024	106,464
As at January 1, 2025	106,464
Additions	65,362
Depreciation	(39,326)
Lease modification	(930)
As at December 31, 2025	131,570
As at January 1, 2026	131,570
Additions	26,578
Depreciation	(22,376)
Lease modification	(146)
As at June 30, 2026	135,626

Depreciation expenses have been charged to the consolidated statements of comprehensive income as follows:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Cost of sales	3,209	2,848	4,440	2,973	3,795
Research and development expenses	2,241	3,560	3,949	1,680	2,296
General and administrative expenses	29,606	24,593	25,790	13,024	14,262
Selling expenses	–	4,344	5,147	1,138	2,023
	35,056	35,345	39,326	18,815	22,376

(b) Lease liabilities

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total minimum lease payments	148,105	135,312	161,288	166,184
Future interest expense on lease liabilities	(21,036)	(17,074)	(14,074)	(13,186)
	127,069	118,238	147,214	152,998
Current	31,887	22,698	40,499	47,262
Non-current	95,182	95,540	106,715	105,736
	127,069	118,238	147,214	152,998

The maturity analysis of lease liabilities is disclosed in Note 37 to the Historical Financial Information.

(c) The amounts recognised in the consolidated statements of comprehensive income in relation to leases are as follows:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Interest expenses	6,915	5,909	6,359	3,136	3,258
Depreciation of right-of-use assets	35,056	35,345	39,326	18,815	22,376
Expense relating to short-term leases and leases of low-value assets	1,222	2,383	3,445	1,538	1,765
	43,193	43,637	49,130	23,489	27,399

The Company

(a) Right-of-use assets

The movements in the net carrying amount of right-of-use assets are analysed as follows:

	Buildings
	RMB'000
As at January 1, 2023	24,226
Additions	636
Depreciation	(11,258)
Lease modification	(554)
As at December 31, 2023	13,050
As at January 1, 2024	13,050
Additions	3,697
Depreciation	(11,604)
Lease modification	(1,079)
As at December 31, 2024	4,064
As at January 1, 2025	4,064
Additions	46,766
Depreciation	(11,513)
Lease modification	(14,215)
As at December 31, 2025	25,102
As at January 1, 2026	25,102
Additions	5,303
Depreciation	(6,231)
As at June 30, 2026	24,174

(b) Lease liabilities

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total minimum lease payments	22,006	6,619	38,210	34,190
Future interest expense on lease liabilities	(677)	(204)	(1,320)	(986)
	21,329	6,415	36,890	33,204
Current	18,183	4,271	16,578	18,374
Non-current	3,146	2,144	20,312	14,830
	21,329	6,415	36,890	33,204

The Group as a lessor

No significant properties were rent out by the Group during the Track Record Period.

16. INTANGIBLE ASSETS

The Group

	Software
	RMB'000
As at January 1, 2023	
Cost	5,071
Accumulated amortisation	(1,667)
Net carrying amount	3,404
Year ended December 31, 2023	
Opening net carrying amount	3,404
Additions	2,832
Amortisation	(778)
Closing net carrying amount	5,458
As at December 31, 2023	
Cost	7,903
Accumulated amortisation	(2,445)
Net carrying amount	5,458
Year ended December 31, 2024	
Opening net carrying amount	5,458
Additions	4,482
Amortisation	(1,071)
Closing net carrying amount	8,869
As at December 31, 2024	
Cost	12,385
Accumulated amortisation	(3,516)
Closing net carrying amount	8,869
Year ended December 31, 2025	
Opening net carrying amount	8,869
Additions	3,797
Amortisation	(1,489)
Closing net carrying amount	11,177
As at December 31, 2025	
Cost	16,182
Accumulated amortisation	(5,005)
Closing net carrying amount	11,177
Six months ended June 30, 2026	
Opening net carrying amount	11,177
Additions	2,593
Amortisation	(886)
Closing net carrying amount	12,884
As at June 30, 2026	
Cost	18,775
Accumulated amortisation	(5,891)
Closing net carrying amount	12,884

Note:

Amortisation expenses have been charged to the consolidated statements of comprehensive income as follows:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Cost of sales	45	140	186	94	107
Research and development expenses	354	478	584	268	374
General and administrative expenses	367	434	663	291	376
Selling expenses	12	19	56	27	29
	778	1,071	1,489	680	886

The Company

	Software
	RMB'000
As at January 1, 2023	
Cost	3,783
Accumulated amortisation	(1,139)
Net carrying amount	2,644
Year ended December 31, 2023	
Opening net carrying amount	2,644
Additions	1,686
Amortisation	(469)
Closing net carrying amount	3,861
As at December 31, 2023	
Cost	5,469
Accumulated amortisation	(1,608)
Net carrying amount	3,861
Year ended December 31, 2024	
Opening net carrying amount	3,861
Additions	2,658
Amortisation	(690)
Closing net carrying amount	5,829
As at December 31, 2024	
Cost	8,127
Accumulated amortisation	(2,298)
Closing net carrying amount	5,829
Year ended December 31, 2025	
Opening net carrying amount	5,829
Additions	2,577
Amortisation	(972)
Closing net carrying amount	7,434
As at December 31, 2025	
Cost	10,704
Accumulated amortization	(3,270)
Closing net carrying amount	7,434

	Software
	RMB'000
Six months ended June 30, 2026	
Opening net carrying amount	7,434
Additions	2,196
Amortisation	(589)
Closing net carrying amount	9,041
As at June 30, 2026	
Cost	12,900
Accumulated amortisation	(3,859)
Closing net carrying amount	9,041

17. FINANCIAL ASSETS AT FVTPL

The Group and the Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current				
– Transferrable large denomination certificates of deposits *(Note (a))*	–	333,447	–	–
Current				
– Transferrable large denomination certificates of deposits *(Note (a))*	–	50,226	50,797	–
– Structured deposits and bank wealth management products ("**WMPs**") *(Note (b))*	–	691,314	380,516	110,152
	–	741,540	431,313	110,152

Notes:

(a) The management classified transferable large denomination certificates of deposits as financial assets at FVTPL as the Group's holding purpose is neither to collect contractual cash flows, nor to hold them for both collecting contractual cash flows and selling financial assets.

(b) Structured deposits and bank WMPs are mainly managed by reputable banks in the PRC to invest principally in certain financial assets. They are classified as financial assets at FVTPL as their contractual cash flows are not solely payments of principal and interest.

The structured deposits and bank WMPs are classified as current assets as the Group expects to realize these financial assets within twelve months after each reporting period.

18. FINANCIAL ASSETS AT FVTOCI

The Group and the Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Unlisted equity instruments *(Note)*	–	–	16,010	18,430

Note:

These investments are not held for trading purpose, instead, they are held for long-term strategic purposes. The management of the Company has elected to designate these investments as measured at FVTOCI as they believe that recognising short-term fair value fluctuations of these instruments in profit or loss would not be consistent with the Group's strategy of holding these instruments for long-term purposes and realising their performance potential in the long run.

19. INVENTORIES

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	99,525	131,086	285,010	525,202
Work in progress	5,194	6,227	12,649	16,575
Finished goods	935,289	1,150,667	1,771,401	1,995,136
	1,040,008	1,287,980	2,069,060	2,536,913
Less: provision for impairment *(Note)*	(44,158)	(53,338)	(68,545)	(79,193)
	995,850	1,234,642	2,000,515	2,457,720

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	30,966	46,379	162,831	361,796
Finished goods	406,207	511,542	550,392	473,711
	437,173	557,921	713,223	835,507
Less: provision for impairment *(Note)*	(12,976)	(25,473)	(33,505)	(31,598)
	424,197	532,448	679,718	803,909

Note:

Inventories are stated at the lower of cost and net realizable value at the end of each reporting period. The net realizable value is the estimated selling price in the current course of business, less applicable costs, selling expenses and tax charges. Management of the Group and the Company make the best estimate on the net realizable value and the corresponding impairment of inventory, while the impairment assessment may still be significantly changed due to the change of market conditions.

20. TRADE AND BILLS RECEIVABLES

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	144,572	103,674	365,416	509,799
Bills receivables	–	1,269	991	294
Less: allowance for impairment	(7,235)	(5,293)	(19,569)	(26,763)
	137,337	99,650	346,838	483,330

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables				
– Due from subsidiaries	198,394	152,955	755,391	1,265,690
– Due from other parties	72,569	10,546	101,861	120,495
	270,963	163,501	857,252	1,386,185
Less: allowance for impairment	(3,635)	(566)	(5,287)	(6,219)
	267,328	162,935	851,965	1,379,966

The credit period granted to customers is generally within 90 days during the Track Record Period.

The ageing analysis of trade receivables based on recognition date is as follows:

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	144,437	101,913	363,510	508,394
Over 1 year but within 2 years	135	1,652	1,702	1,139
Over 2 years but within 3 years	–	109	204	159
Over 3 years	–	–	–	107
	144,572	103,674	365,416	509,799

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	219,090	163,168	832,633	1,308,776
Over 1 year but within 2 years	51,873	224	24,415	77,205
Over 2 years but within 3 years	–	109	204	97
Over 3 years	–	–	–	107
	270,963	163,501	857,252	1,386,185

As at December 31, 2023, 2024 and 2025 and June 30, 2026, the aging of bills receivables are all within one year.

The movements in the impairment allowance for trade receivables are as follows:

The Group

	Year ended December 31,			Six months ended June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the year/period	3,285	7,235	5,293	19,569
Impairment recognised/(reversed), net	3,959	(1,774)	14,276	7,194
Written off	(9)	(168)	–	–
At the end of the year/period	7,235	5,293	19,569	26,763

The Company

	Year ended December 31,			Six months ended June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the year/period	1,266	3,635	566	5,287
Impairment recognised/(reversed), net	2,369	(3,069)	4,721	932
At the end of the year/period	3,635	566	5,287	6,219

Detailed information on the impairment of trade receivables and the Group's exposure to credit risk is set out in Note 37.

21. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current				
Prepayment for acquisition of long-term assets and services	6,456	4,632	9,287	7,792
Prepayment for acquisition of a subsidiary	–	–	–	106,000
Long-term receivables	297	604	1,094	862
	6,753	5,236	10,381	114,654
Current				
Other receivables				
– Deposits receivables	15,622	18,594	52,769	98,944
– Tax rebate receivables	–	–	174,988	–
– Others	2,397	3,459	15,585	14,558
Less: allowance for impairment	(970)	(1,103)	(3,469)	(5,771)
	17,049	20,950	239,873	107,731
Value added tax ("**VAT**") recoverable	56,607	75,401	134,392	166,170
Prepayments for materials and services	26,565	22,791	62,142	70,316
[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Right of return assets	4,248	4,684	10,073	15,263
Others	8,389	11,207	16,745	23,977
	120,752	135,033	471,694	406,370

The information about the credit risk exposure on the Group's other receivables is disclosed in Note 37.

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current				
Prepayment for acquisition of long-term assets and services	3,837	3,059	5,861	4,215
Prepayment for acquisition of a subsidiary	–	–	–	106,000
Amounts due from subsidiaries	6,318	1,961	26,105	22,921
	10,155	5,020	31,966	133,136
Current				
Other receivables				
– Amounts due from subsidiaries	54,123	11,152	81,168	25,154
– Amounts due from other parties				
– Deposits receivables	7,064	7,888	35,529	70,323
– Others	1,556	2,455	4,820	7,125
Less: allowance for impairment	(500)	(518)	(2,068)	(3,966)
	62,243	20,977	119,449	98,636
VAT recoverable	8,379	8,053	8,378	8,317
Prepayments for materials and services	21,512	20,047	44,967	45,093
[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Right of return assets	874	710	1,172	2,049
Advance to subsidiaries for purchase of goods	14,204	8,440	11,462	12,119
Others	4,659	5,673	9,759	15,115
	119,765	63,900	203,656	204,242

The movements in the impairment allowance for other receivables are as follows:

The Group

	Year ended December 31,			Six months ended June 30,
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the year/period	1,175	970	1,103	3,469
Impairment (reversed)/recognized, net	(130)	133	2,368	2,303
Written off	(75)	–	(2)	(1)
At the end of the year/period	970	1,103	3,469	5,771

The Company

	Year ended December 31,			Six months ended June 30,
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the year/period	634	500	518	2,068
Impairment (reversed)/recognized, net	(134)	18	1,550	1,898
At the end of the year/period	500	518	2,068	3,966

22. CASH AND CASH EQUIVALENTS AND RESTRICTED BANK DEPOSITS

(a) Cash and cash equivalents

The Group

	As at December 31,			As at June 30,
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash on hand	90	140	125	227
Cash in bank	992,224	1,142,598	1,386,404	1,173,511
	992,314	1,142,738	1,386,529	1,173,738

Denominated in:

	As at December 31,			As at June 30,
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
RMB	882,526	1,004,590	1,158,443	813,885
United States Dollar ("**USD**")	71,559	64,007	155,847	156,475
Euro ("**EUR**")	5,445	6,383	8,551	92,528
Mexican Peso ("**MXN**")	10,076	29,903	4,927	1,891
Japanese Yen ("**JPY**")	10,095	16,985	14,516	36,068
Pound Sterling	3,692	11,050	6,985	17,182
Others	8,921	9,820	37,260	55,709
	992,314	1,142,738	1,386,529	1,173,738

RMB is not freely convertible into other currencies, however, under Chinese mainland's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business. Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

The Company

	As at December 31,			As at June 30,
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash on hand	20	2	1	16
Cash in bank	860,777	965,360	1,075,509	695,075
	860,797	965,362	1,075,510	695,091

Denominated in:

	As at December 31,			As at June 30,
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
RMB	832,355	964,295	1,045,737	693,309
USD	28,437	1,067	29,773	1,782
Others	5	–	–	–
	860,797	965,362	1,075,510	695,091

(b) Restricted bank deposits

The Group

	As at December 31,			As at June 30,
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Pledged cash balances for letter of credit	–	–	7,029	27,244

Note:

As at December 31, 2025 and June 30, 2026, the restricted bank deposits of the Group are denominated in USD. The deposits were held at bank as security deposits for letter of credit.

23. DEFERRED INCOME TAX

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes assets and liabilities relate to the same tax authority.

The Group

The net amounts of deferred tax assets and liabilities after offsetting are as follows:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deferred tax assets	51,668	62,171	83,276	102,308
Offset by deferred tax liabilities	(25,414)	(26,597)	(31,040)	(31,036)
Net deferred tax assets	26,254	35,574	52,236	71,272
Deferred tax liabilities	25,414	26,597	31,040	31,036
Offset by deferred tax assets	(25,414)	(26,597)	(31,040)	(31,036)
Net deferred tax liabilities	–	–	–	–

(a) Deferred tax assets

The movements in deferred tax assets during the Track Record Period, before offsetting of balances within the same tax jurisdiction, are as follows:

	Impairment provision	Tax losses	Unrealised profit on intra-group transactions	Lease liabilities	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2023	7,914	3,771	7,037	1,650	43	20,415
Credited to profit or loss	1,342	829	3,214	25,852	16	31,253
As at December 31, 2023 and January 1, 2024	9,256	4,600	10,251	27,502	59	51,668
Credited to profit or loss	1,118	7,492	813	1,077	3	10,503
As at December 31, 2024 and January 1, 2025	10,374	12,092	11,064	28,579	62	62,171
Credited to profit or loss	5,867	1,562	7,646	5,741	289	21,105
As at December 31, 2025 and January 1, 2026	16,241	13,654	18,710	34,320	351	83,276
Credited to profit or loss	4,665	3,673	10,279	128	287	19,032
As at June 30, 2026	20,906	17,327	28,989	34,448	638	102,308

(b) Deferred tax liabilities

The movements in deferred tax liabilities during the Track Record Period, before offsetting of balances within the same tax jurisdiction, are as follows:

	Fair value changes of financial assets at FVTPL	Right-of-use assets	Fair value changes of financial assets at FVTOCI	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2023	–	–	–	–
Charged to profit or loss	–	25,414	–	25,414
As at December 31, 2023 and January 1, 2024	–	25,414	–	25,414
Charged to profit or loss	748	435	–	1,183
As at December 31, 2024 and January 1, 2025	748	25,849	–	26,597
(Credited)/charged to profit or loss	(601)	4,893	–	4,292
Charged to other comprehensive income	–	–	151	151
As at December 31, 2025 and January 1, 2026	147	30,742	151	31,040
Credited to profit or loss	(124)	(243)	–	(367)
Charged to other comprehensive income	–	—	363	363
As at June 30, 2026	23	30,499	514	31,036

(c) Tax losses and deductible temporary differences with deferred tax assets not recognized

Deferred tax assets are recognized to the extent that the realization of the related tax benefit through future taxable profits is probable. Deferred tax assets have not been recognized in respect of the following items:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Tax losses	–	–	29,196	33,468
Deductible temporary differences	–	–	4,467	9,029
	–	–	33,663	42,497

The Group had unused tax losses of approximately RMB30,262,000, RMB73,065,000, RMB112,625,000 and RMB133,965,000 as at December 31, 2023, 2024 and 2025 and June 30, 2026, respectively, which are available for offset against future taxable profits. No deferred tax assets have been recognized in respect of these tax losses due to the unpredictability of future profit streams. Included in unrecognized tax losses are amounts of approximately nil, nil, RMB29,196,000 and RMB33,468,000, respectively.

Deductible tax losses in respect of which no deferred tax assets have been recognized will expire as follows:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
2031	–	–	–	4,272
2032	–	–	154	154
2033	–	–	1,547	1,547
2034	–	–	18,214	18,214
2035	–	–	9,281	9,281
	–	–	29,196	33,468

The Company

The net amounts of deferred tax assets and liabilities after offsetting are as follows:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deferred tax assets	4,878	5,005	11,758	11,472
Offset by deferred tax liabilities	(1,958)	(1,652)	(5,729)	(5,352)
Net deferred tax assets	2,920	3,353	6,029	6,120
Deferred tax liabilities	1,958	1,652	5,729	5,352
Offset by deferred tax assets	(1,958)	(1,652)	(5,729)	(5,352)
Net deferred tax liabilities	–	–	–	–

(a) Deferred tax assets

The movements in deferred tax assets during the Track Record Period, before offsetting of balances within the same tax jurisdiction, are as follows:

	Impairment provision	Lease liabilities	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2023	2,889	3,910	43	6,842
(Charged)/credited to profit or loss	(322)	(1,658)	16	(1,964)
As at December 31, 2023 and January 1, 2024	2,567	2,252	59	4,878
Credited/(charged) to profit or loss	1,417	(1,290)	–	127
As at December 31, 2024 and January 1, 2025	3,984	962	59	5,005
Credited to profit or loss	2,145	4,572	36	6,753
As at December 31, 2025 and January 1, 2026	6,129	5,534	95	11,758
Credited/(charged) to profit or loss	139	(554)	129	(286)
As at June 30, 2026	6,268	4,980	224	11,472

(b) Deferred tax liabilities

The movements in deferred tax liabilities during the Track Record Period, before offsetting of balances within the same tax jurisdiction, are as follows:

	Fair value changes of financial assets at FVTPL	Fair value changes of financial assets at FVTOCI	Right-of-use assets	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2023	–	–	3,634	3,634
Charged to profit or loss	–	–	(1,676)	(1,676)
As at December 31, 2023 and January 1, 2024	–	–	1,958	1,958
Charged to profit or loss	748	–	(1,054)	(306)
As at December 31, 2024 and January 1, 2025	748	–	904	1,652
(Credited)/charged to profit or loss	(601)	–	4,527	3,926
Charged to other comprehensive income	–	151	–	151
As at December 31, 2025 and January 1, 2026	147	151	5,431	5,729
Credited to profit or loss	(124)	–	(616)	(740)
Charged to other comprehensive income	–	363	–	363
As at June 30, 2026	23	514	4,815	5,352

24. TRADE PAYABLES

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	355,794	554,094	805,578	775,042

The carrying amounts of the Group's trade payables approximated their fair values as at the end of the reporting periods.

The credit period granted by suppliers is generally within 90 days.

The ageing analysis of the Group's trade payables as at December 31, 2023, 2024 and 2025 and June 30, 2026 based on the recognition date is as follows:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	355,568	553,737	805,420	775,031
Over 1 year but within 2 years	31	185	86	4
Over 2 years but within 3 years	152	4	22	7
Over 3 years	43	168	50	–
	355,794	554,094	805,578	775,042

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables				
– Due to subsidiaries	26,206	27,495	18,828	16,802
– Due to other parties	165,031	241,186	258,609	247,554
	191,237	268,681	277,437	264,356

The ageing analysis of the Company's trade payables as at December 31, 2023, 2024 and 2025 and June 30, 2026 based on the recognition date is as follows:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	191,103	268,561	277,364	264,356
Over 1 year but within 2 years	16	2	21	–
Over 2 years but within 3 years	118	–	2	–
Over 3 years	–	118	50	–
	191,237	268,681	277,437	264,356

25. CONTRACT LIABILITIES

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Advance payments from customers	33,969	61,959	95,066	111,290

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Advance payments from customers				
– Advance from subsidiaries	–	9,000	659	–
– Advance from other parties	12,618	14,545	22,270	19,742
	12,618	23,545	22,929	19,742

Contract liabilities of the Group and the Company mainly comprise advance payments from customers for goods which are normally settled upon delivery of the related products.

26. OTHER PAYABLES AND ACCRUALS

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Payroll and welfare payables	97,082	123,877	206,219	205,501
Deposits received	1,793	1,000	11,180	12,144
Other tax liabilities	17,940	43,540	126,819	117,573
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Accrued other expenses	12,566	31,320	53,054	64,455
Others	67	545	870	683
	129,448	200,282	402,303	402,444

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Payroll and welfare payables	79,445	104,342	172,398	175,564
Deposits received	1,163	570	10,253	10,889
Other tax liabilities	11,470	8,221	18,878	9,390
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Accrued other expenses	5,660	7,025	10,708	13,940
Others	67	459	230	524
	97,805	120,617	216,628	212,395

27. PROVISIONS

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Warranties	–	–	3,814	4,889
Refund liabilities	9,380	12,617	20,963	35,667
Outstanding litigation	–	–	–	1,256
	9,380	12,617	24,777	41,812

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Refund liabilities	1,265	1,104	1,807	3,046
Outstanding litigation	–	–	–	496
	1,265	1,104	1,807	3,542

The movements of provisions during the Track Record Period are as follows:

The Group

	Year ended December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the year/period	4,705	9,380	12,617	24,777
Net provision during the year/period	4,675	3,237	12,160	17,035
At the end of the year/period	9,380	12,617	24,777	41,812

The Company

	Year ended December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the year/period	861	1,265	1,104	1,807
Net provision/(utilization) during the year/period	404	(161)	703	1,735
At the end of the year/period	1,265	1,104	1,807	3,542

28. SHARE CAPITAL

The Group and the Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Share capital	373,410	414,910	414,910	414,910

The changes in the Company's authorised, issued and fully paid share capital are as follows:

	Number of shares	Share capital
	'000	*RMB'000*
Ordinary shares of RMB1 each		
As at January 1, 2023, December 31, 2023 and January 1, 2024	373,410	373,410
Issue of shares *(Note)*	41,500	41,500
As at December 31, 2024, January 1, 2025, December 31, 2025, January 1, 2026, June 30, 2025 *(unaudited)* and June 30, 2026	414,910	414,910

Note:

The Company completed its initial public offering of 41,500,000 ordinary A shares on the Shenzhen Stock Exchange on July 26, 2024 at RMB21.21 per share (face value of RMB1.00 each). The excess of issue price to face value net of expenses were credited to capital reserves.

29. SHARE-BASED EMPLOYEE COMPENSATIONS

(a) Share-based payment expenses during the Track Record Period were as follows:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Equity settled share-based payment expenses	18,933	40,274	27,503	20,223	2,508

(b) Share incentive schemes

In July 2020, the shareholders approved an Employee Share Ownership Plan ("**ESOP A Plan**") which proposes to grant certain incentive shares of the Company to certain directors, executives and employees (the "**Grantees**") in the form of a capital increase.

In July 2020, Shenzhen Ugreen Heshun Management Consulting Partnership (Limited Partnership) was incorporated in the PRC under the Company Law of the PRC as a vehicle for holding ordinary shares ("**Restricted Shares**") for the Grantees of the Company, pursuant to ESOP A Plan. 668,721 equity shares were granted to the Grantees under the ESOP A Plan through an equity transfer with a vesting commencement date of July 2020. These awards were made at a consideration of RMB14.9539 per share and included a service period condition as follow: from grant date until 1 year of service from the date of successful listing.

In May 2021, pursuant to the resolution of the general meeting of shareholders, all shareholders (including the Grantees under the ESOP A Plan) of the Company converted their equity into the Company's total share capital of 250,000,000 shares. Among them, the shares granted under the ESOP A Plan were converted into 12,500,000 shares from 668,721 shares. The conversion had been completed in June 2021.

In June 2021, the shareholders approved an Employee Share Ownership Plan ("**ESOP B Plan**") which proposes to grant certain incentive shares of the Company to Grantees in the form of a capital increase.

In February 2021, Shenzhen Heshun II Management Consulting Partnership Enterprise (Limited Partnership), Shenzhen Heshun III Management Consulting Partnership Enterprise (Limited Partnership) and Shenzhen Heshun IV Management Consulting Partnership Enterprise (Limited Partnership) were incorporated in the PRC under the Company Law of the PRC as vehicles for holding Restricted Shares for the Grantees of the Company, pursuant to ESOP B Plan. 3,385,226 equity shares were granted to the Grantees under the ESOP B Plan through an equity transfer with a vesting commencement date of June 2021. These awards were made at a consideration of RMB1.973 per share and included a service period condition as follow: from grant date until 1 year of service from the date of successful listing.

In July 2021, the extraordinary general meeting of shareholders resolved to implement a conversion from share premium to share capital for all shareholders, including the Grantees under both the ESOP A and ESOP B Plans, based on the share premium as of June 30, 2021, with a ratio of 4 shares for every 10 existing shares. After the conversion, the share number under the ESOP A Plan increased to 17,500,000 shares, and that under the ESOP B Plan increased to 4,739,316 shares.

In March 2022, the shareholders approved an Employee Share Ownership Plan ("**ESOP C Plan**") which proposes to grant certain incentive shares of the Company to certain Grantees at a later date by way of transfer of shares held by Mr. Zhang.

In February and March 2022, Shenzhen Heshun V Management Consulting Partnership Enterprise (Limited Partnership), Shenzhen Heshun VI Management Consulting Partnership Enterprise (Limited Partnership), Shenzhen Heshun VII Management Consulting Partnership Enterprise (Limited Partnership) and Shenzhen Heshun VIII Management Consulting Partnership Enterprise (Limited Partnership) were incorporated in the PRC under the Company Law of the PRC as vehicles for holding Restricted Shares for the Grantees of the Company, pursuant to ESOP C Plan. 2,778,000 equity shares were granted to the Grantees under the ESOP C Plan through an equity transfer with a vesting commencement date of March 2022. These awards were made at a consideration of RMB2.80 per share and included a service period condition as follow: from grant date until 3 years of service from the date of successful listing.

Set out below are the movements in the number of awarded restricted shares under the ESOP plans A, B and C:

	ESOP A Plan	**ESOP B Plan**	**ESOP C Plan**
	'000	*'000*	*'000*
As at January 1, 2023	17,500	4,739	2,433
Granted	–	114	–
Forfeited	–	(114)	(283)
As at December 31, 2023	17,500	4,739	2,150
As at January 1, 2024	17,500	4,739	2,150
Granted	–	25	–
Forfeited	–	(25)	(111)
As at December 31, 2024	17,500	4,739	2,039
As at January 1, 2025	17,500	4,739	2,039
Granted	–	71	–
Forfeited	–	(71)	(15)
Exercised	(17,290)	(4,668)	–
As at December 31, 2025, January 1, 2026 and June 30, 2026	210	71	2,024
As at January 1, 2025	17,500	4,739	2,039
Forfeited *(unaudited)*	–	–	(15)
As at June 30, 2025 ***(unaudited)***	17,500	4,739	2,024

The share-based payment expense was determined based on the fair value and grant price at the grant date and other related estimates.

30. RESERVES

The Group

During the Track Record Period, the amounts of the Group's reserves and the changes therein are presented in the consolidated statements of changes in equity.

The Company

	Capital reserves	Statutory reserve	Other comprehensive income reserve	Retained earnings	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2023	285,789	53,569	–	435,294	774,652
Profit for the year	–	–	–	358,705	358,705
Total comprehensive income for the year	–	–	–	358,705	358,705
Appropriation of statutory reserve	–	35,871	–	(35,871)	–
Share-based payment expenses	18,933	–	–	–	18,933
As at December 31, 2023	304,722	89,440	–	758,128	1,152,290
As at January 1, 2024	304,722	89,440	–	758,128	1,152,290
Profit for the year	–	–	–	549,954	549,954
Total comprehensive income for the year	–	–	–	549,954	549,954
Appropriation of statutory reserve	–	54,995	–	(54,995)	–
Dividends declared	–	–	–	(124,474)	(124,474)
Share-based payment expenses	40,274	–	–	–	40,274
Issue of shares	730,736	–	–	–	730,736
As at December 31, 2024	1,075,732	144,435	–	1,128,613	2,348,780
As at January 1, 2025	1,075,732	144,435	–	1,128,613	2,348,780
Profit for the year	–	–	–	658,247	658,247
Other comprehensive income for the year	–	–	859	–	859
Total comprehensive income for the year	–	–	859	658,247	659,106
Appropriation of statutory reserve	–	63,020	–	(63,020)	–
Share-based payment expenses	27,503	–	–	–	27,503
Dividends declared	–	–	–	(248,946)	(248,946)
As at December 31, 2025	1,103,235	207,455	859	1,474,894	2,786,443

	Capital reserves	Statutory reserve	Other comprehensive income reserve	Retained earnings	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2025	1,075,732	144,435	–	1,128,613	2,348,780
Profit for the period *(unaudited)*	–	–	–	302,828	302,828
Total comprehensive income for the period *(unaudited)*	–	–	–	302,828	302,828
Share–based payment expenses *(unaudited)*	20,223	–	–	–	20,223
Dividends declared *(unaudited)*	–	–	–	(248,946)	(248,946)
As at June 30, 2025 *(unaudited)*	1,095,955	144,435	–	1,182,495	2,422,885
As at January 1, 2026	1,103,235	207,455	859	1,474,894	2,786,443
Profit for the period	–	–	–	337,456	337,456
Other comprehensive income for the period	–	–	2,057	–	2,057
Total comprehensive income for the period	–	–	2,057	337,456	339,513
Share-based payment expenses	2,508	–	–	–	2,508
Dividends declared	–	–	–	(248,946)	(248,946)
As at June 30, 2026	1,105,743	207,455	2,916	1,563,404	2,879,518

31. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

Reconciliation of liabilities arising from financing activities

Reconciliation of lease liabilities arising from financing activities during the Track Record Period are as follows:

	Lease liabilities	Dividends payable	Total
	RMB'000	*RMB'000*	*RMB'000*
As at December 31, 2022 and January 1, 2023	149,745	–	149,745
Cash flows	(40,047)	–	(40,047)
Interest expense	6,915	–	6,915
New leases and modification	10,020	–	10,020
Other non-cash movement	436	–	436
As at December 31, 2023 and January 1, 2024	127,069	–	127,069
Cash flows	(43,653)	(124,474)	(168,127)
Interest expense	5,909	–	5,909
New leases and modification	25,549	–	25,549
Dividends declared	–	124,474	124,474
Other non-cash movement	3,364	–	3,364
As at December 31, 2024 and January 1, 2025	118,238	–	118,238
Cash flows	(45,937)	(248,946)	(294,883)
Interest expense	6,359	–	6,359
New leases and modification	64,432	–	64,432
Dividends declared	–	248,946	248,946
Other non-cash movement	4,122	–	4,122
As at December 31, 2025 and January 1, 2026	147,214	–	147,214
Cash flows	(24,932)	(248,946)	(273,878)
Interest expense	3,258	–	3,258
New leases and modification	26,432	–	26,432
Dividends declared	–	248,946	248,946
Other non-cash movement	1,026	–	1,026
As at June 30, 2026	152,998	–	152,998
As at January 1, 2025	118,238	–	118,238
Cash flows *(unaudited)*	(20,457)	(248,946)	(269,403)
Interest expense *(unaudited)*	3,136	–	3,136
New leases and modification *(unaudited)*	50,061	–	50,061
Dividends declared *(unaudited)*	–	248,946	248,946
Other non-cash movement *(unaudited)*	564	–	564
As at June 30, 2025 *(unaudited)*	151,542	–	151,542

32. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Unlisted investments, at cost	38,558	44,672	44,672	44,672

As at the date of this report, the Company's principal subsidiaries are as follows:

Name of entity	Place of incorporation/ operation	Registered share capital	Effective interest held by the Company					Principal activities
			As at December 31,			As at June 30,	As at the date of this report	
			2023	2024	2025	2026		
Directly held:								
Shenzhen Ugreen Trading Ltd. *(Note (b), (i))*	The PRC	RMB5,000,000	100%	100%	100%	100%	100%	Product sales
Shenzhen Ugreen Industrial Co., Ltd. *(Note (b),(f))*	The PRC	RMB5,000,000	100%	100%	100%	100%	100%	Product sales
Ugreen Import & Export Co., Ltd. *(Note (b), (i))*	The PRC	RMB1,000,000	100%	100%	100%	100%	100%	Product sales
Shenzhen Ugreen Intelligent Storage Co., Ltd. *(Note (b),(f))*	The PRC	RMB1,000,000	100%	100%	100%	100%	100%	Product sales
Wuhan Ugreen E-commerce Co., Ltd. *(Note (b), (h), (i))*	The PRC	RMB1,000,000	N/A	100%	100%	100%	100%	After sales services
Shenzhen Zhize Technology Co., Ltd. *(Note (b), (i))*	The PRC	RMB10,000,000	60%	60%	60%	60%	60%	Research and development ("**R&D**") and manufacturing of product
Shenzhen Haiying Zhilian Industrial Co., Ltd. *(Note (b), (i))*	The PRC	RMB1,666,700	70%	70%	70%	70%	70%	R&D and manufacturing of product
Dongguan Ugreen Supply Chain Co., Ltd. *(Note (b), (i))*	The PRC	RMB1,000,000	100%	100%	100%	100%	100%	Warehousing services
Hong Kong Ugreen Limited *(Note (c))*	Hong Kong	HKD100,000	100%	100%	100%	100%	100%	Product sales
Ugreen Group (Singapore) Pte. Ltd. *(Note (d))*	Singapore	USD30,000	N/A	100%	100%	100%	100%	Product sales
America Ugreen Limited *(Note (f))*	United States of America	USD10,000	100%	100%	100%	100%	100%	Product sales
Zhongzhi Real Estate (Shenzhen) Co., Ltd. ("**Zhongzhi**") *(Note (n))*	The PRC	RMB200,000,000	N/A	N/A	N/A	N/A	100%	Property development
Indirectly held:								
Huizhou Zhize Technology Co., Ltd *(Note (b), (i))*	The PRC	RMB10,000,000	60%	60%	60%	60%	60%	Manufacturing
Ji'an Haiying Technology Co., Ltd. *(Note (b), (h), (i))*	The PRC	RMB5,000,000	N/A	70%	70%	70%	70%	Manufacturing
Shenzhen Ugreen Preferred Selection Technology Co., Ltd. *(Note (b),(f))*	The PRC	RMB100,000	N/A	100%	100%	100%	100%	Product sales
Shenzhen Ugreen Strict Selection Technology Co., Ltd. *(Note (b),(f))*	The PRC	RMB100,000	N/A	100%	100%	100%	100%	Product sales
Shenzhen Ugreen Premium Selection Technology Co., Ltd. *(Note (b),(f))*	The PRC	RMB100,000	N/A	100%	100%	100%	100%	Product sales
PT Ugreen Group Indonesia *(Note (f))*	Indonesia	Indonesian Rupiah ("**IDR**") 10,000,000,000	100%	100%	100%	100%	100%	Product sales
PT Ugreen Indonesia Trading *(Note (f))*	Indonesia	IDR10,000,000,000	100%	100%	100%	100%	100%	Product sales
Ugreen Japan Co. Ltd. *(Note (f))*	Japan	JPY90,000,000	100%	100%	100%	100%	100%	Product sales
Ugreen Group GmbH *(Note (f))*	Germany	EUR25,000	100%	100%	100%	100%	100%	Product sales
Ugreen Korea Co., Ltd. *(Note (f))*	Korea	Korean Won100,000,000	N/A	100%	100%	100%	100%	Product sales

Name of entity	Place of incorporation/ operation	Registered share capital	Effective interest held by the Company					Principal activities
			As at December 31,			As at June 30,	As at the date of this report	
			2023	2024	2025	2026		
Ugreen Group Vietnam Company Limited *(Note (e))*	Vietnam	USD100,000	N/A	100%	100%	100%	100%	Product sales
Ugreen Group (Malaysia) Sdn. Bhd. *(Note (f), (k))*	Malaysia	Malaysian Ringgit1,000,000	N/A	100%	100%	100%	100%	Product sales
The Ugreen Mea Limited Technology – Fzco *(Note (f), (j))*	United Arab Emirates	United Arab Emirates Dirham375,000	N/A	100%	100%	100%	100%	Product sales
Hongkong Zezk Technology Limited *(Note (g))*	Hong Kong	HKD100,000	N/A	N/A	60%	60%	60%	Product sales
Haiying SmartLink (HK) Co. Limited *(Note (g), (l))*	Hong Kong	HKD10,000	N/A	N/A	70%	70%	70%	Product sales
UGREEN BRAZIL LTDA *(Note (f), (g))*	Brazil	Brazilian Reais850,000	N/A	N/A	100%	100%	100%	Product sales
UGREEN TRADING (THAILAND) CO., LTD. *(Note (m))*	Thailand	Thai Baht100,000,000	N/A	N/A	N/A	100%	100%	Product sales
LVLIAN MÉXICO S.A. de C.V. *(Note (m))*	Mexico	MXN50,000	N/A	N/A	N/A	100%	100%	Product sales
UGREEN GROUP (UK) LIMITED *(Note (m))*	United Kingdom	Pound Sterling10,000	N/A	N/A	N/A	N/A	100%	Product sales

Notes:

(a) The English name of the subsidiaries with Chinese names represents the best effort by the management of the Group in translating their Chinese names as they do not have an official English name.

(b) The financial statements of the entity for the years ended December 31, 2023 and 2024 were audited by RSM China CPA LLP.

(c) The financial statements of the entity for the years ended December 31, 2023, 2024 and 2025 were audited by Shine Wise & Co. CPA.

(d) No audited financial statements of this subsidiary for the year ended December 31, 2023 as it was newly incorporated in 2024. The financial statements of the entity for the years ended December 31, 2024 and 2025 were audited by OA Assurance PAC.

(e) No audited financial statements of this subsidiary for the year ended December 31, 2023 as it was newly incorporated in 2024. The financial statements of the entity for the years ended December 31, 2024 and 2025 were audited by Crown Audit And Advisory Company Limited.

(f) No audited financial statements of these subsidiaries for the years ended December 31, 2023, 2024 or 2025 as they were not required to issue audited financial statements under the statutory requirements.

(g) No audited financial statements of these subsidiaries for the years ended December 31, 2023 or 2024 as they were newly incorporated in 2025.

(h) No audited financial statements of these subsidiaries for the year ended December 31, 2023 as they were newly incorporated in 2024.

(i) The financial statements of the entity for the year ended December 31, 2025 were audited by RSM China CPA LLP.

(j) The financial statements of the entity for the year ended December 31, 2025 were audited by Tradex Auditing of Accounts L.L.C.

(k) The financial statements of the entity for the year ended December 31, 2025 were audited by ABACUS MALAYSIA PLT.

(l) The financial statements of the entity for the year ended December 31, 2025 were audited by Shine Wise & Co. CPA.

(m) No audited financial statements of these subsidiaries for the years ended December 31, 2023, 2024 and 2025 as they were newly incorporated in 2026.

(n) In July 2026, the Group acquired 100%of the equity interest of Zhongzhi from an independent third party. The information about the acquisition is disclosed in Note 39.

(o) The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results during the Track Record Period or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

(p) All the subsidiaries of the Company are limited liability companies. All subsidiaries have adopted December 31, as their financial year end date.

(q) Save as disclosed above, no audited financial statements have been prepared by the subsidiaries in respect of the year ended December 31, 2025 and as at the date of this report.

(r) None of the subsidiaries had issued any debt securities during the Track Record Period.

33. COMMITMENTS

At the end of each reporting period, the Group's capital commitments contracted but not provided for in the Historical Financial Information were as follows:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contracted, but not provided for, net of deposits/investments paid				
– Acquisition of a subsidiary *(Note (39))* . . .	–	–	–	170,000

34. RELATED PARTY TRANSACTIONS

The Group entered into the following related party transactions during the Track Record Period:

(a) Transactions with related parties

There were no related party transactions during the Track Record Period.

(b) Balances with related parties

There were no related party balances at the end of each year/period for the Track Record Period.

(c) Compensation of key management personnel of the Group:

Key management includes directors (executive and non-executive) and the senior management of the Group. The compensation paid or payable to key management for employee services is shown below:

	Year ended December 31,			Six months ended June 30,	
	2023	**2024**	**2025**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Fees	300	301	300	144	170
Salaries, allowances, discretionary bonuses and benefits in kind	8,091	9,693	16,683	5,136	6,182
Retirement scheme contributions	252	301	429	196	209
Share-based payment expenses	5,463	12,490	10,914	6,184	–
	14,106	22,785	28,326	11,660	6,561

35. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each financial instrument as at the end of each year/period for the reporting period are as follows:

	As at December 31,			As at June 30,
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Financial assets at amortised cost				
– Trade and bills receivables	137,337	99,650	346,838	483,330
– Other receivables and long-term receivables	17,346	21,554	240,967	108,593
– Restricted bank deposits	–	–	7,029	27,244
– Cash and cash equivalents	992,314	1,142,738	1,386,529	1,173,738
Financial assets at FVTPL				
– Transferable large denomination certificates of deposits	–	383,673	50,797	–
– Structured deposits and bank WMPs	–	691,314	380,516	110,152
Financial assets at FVTOCI				
– Unlisted equity investments	–	–	16,010	18,430
	1,146,997	2,338,929	2,428,686	1,921,487
Financial liabilities				
Financial liabilities measured at amortised cost				
– Trade payables	355,794	554,094	805,578	775,042
– Other payables and accruals (excluding payroll and welfare payables and other tax liabilities)	14,426	32,865	69,265	79,370
	370,220	586,959	874,843	854,412
Lease liabilities	127,069	118,238	147,214	152,998

36. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Financial assets and liabilities measured at fair value in the consolidated statements of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability and significance of inputs to the measurements, as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and not using significant unobservable inputs.

Level 3: significant unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which the financial asset or liability is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

The table below analyses the Group's financial instruments carried at fair value as at December 31, 2024 and 2025 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

– Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

– Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and

– Inputs for the asset or liability that are not based on observable market data (that is, significant unobservable inputs) (Level 3).

(a) Fair value hierarchy

As at December 31, 2024 and 2025 and June 30, 2026, the financial assets measured at fair value on a recurring basis by the above three levels were analysed below:

	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*
As at December 31, 2024			
Financial assets at FVTPL			
– Transferable large denomination certificates of deposits	383,673	–	383,673
– Structured deposits and bank WMPs	–	691,314	691,314
	383,673	691,314	1,074,987
As at December 31, 2025			
Financial assets at FVTPL			
– Transferable large denomination certificates of deposits	50,797	–	50,797
– Structured deposits and bank WMPs	–	380,516	380,516
	50,797	380,516	431,313
Financial assets at FVTOCI			
– Unlisted equity instruments	–	16,010	16,010
	50,797	396,526	447,323
As at June 30, 2026			
Financial assets at FVTPL			
– Structure deposits and bank WMPs	–	110,152	110,152
Financial assets at FVTOCI			
– Unlisted equity instruments	–	18,430	18,430
	–	128,582	128,582

(b) Valuation techniques used to determine fair values

The fair value of financial instruments traded in an active market is determined at the quoted market price; and the fair value of those not traded in an active market is determined by the Group using valuation technique. The valuation models used mainly discounted cash flow approach and market approach. The inputs of the valuation technique mainly include expected rate of return, recent transaction price and discount rate.

Assets subject to Level 2 fair value measurement were mainly included transferable large denomination certificates of deposits at FVTPL. These assets are valued using valuation techniques to determine its fair value. The valuation model used is the market quotation or trader quotation of the same type of instrument. The input values of valuation techniques mainly include the expected rate of return agreed upon in the contract.

Assets subject to Level 3 fair value measurement were mainly included structured deposits and bank WMPs at FVTPL and equity investments in unlisted entity at FVTOCI. These assets were measured mainly using discounted cash flow method and market approach. The judgement of Level 3 of the fair value hierarchy is based on the materiality of unobservable inputs towards calculation of whole fair value.

During the Track Record Period, there was no transfer between Level 1 and Level 2 and into or out of Level 3.

The following table summarises the quantitative information about the significant unobservable inputs of major financial assets used in Level 3 fair value measurements:

						Range of input(s)			
	Fair value hierarchy	As at December 31, 2024	As at December 31, 2025	As at June 30, 2026	Valuation technique and key input(s)	As at December 31, 2024	As at December 31, 2025	As at June 30, 2026	Impact of significant unobservable input(s)
		RMB'000	*RMB'000*	*RMB'000*					
Financial assets at FVTPL									
– Transferable large denomination certificates of deposits	Level 2	383,673	50,797	–	Expected rate of return	Not applicable	Not applicable	Not applicable	The higher the expected rate of return, the higher the fair value
– Structured deposits and bank WMPs	Level 3	691,314	380,516	110,152	Expected rate of return	1.20%-3.56%	0.65%-1.69%	0.65%-2.02%	The higher the interest return rate, the higher the fair value
Financial assets at FVTOCI									
– Unlisted equity instruments	Level 3	–	16,010	18,430	Market approach, Enterprise value to sales ratio ("**EV/S Multiple**")	N/A	20.18	25.45	The higher the EV/S Multiple, the higher the fair value
					Market approach, Discount for Lack of Marketability ("**DLOM**")	N/A	26%	26%	The higher the DLOM, the lower the fair value

As of December 31, 2024 and 2025 and June 30, 2026, increasing/decreasing interest return rate by 5% would increase/decrease the fair value of structured deposits and bank WMPs at FVTPL by RMB65,000, RMB26,000 and RMB8,000, respectively.

As of December 31, 2025 and June 30, 2026, increasing/decreasing EV/S Multiple by 5% would increase/decrease the fair value of financial assets at FVTOCI by RMB801,000 and RMB943,000, respectively. Increasing/decreasing DLOM by 5% would decrease/increase the fair value by RMB281,000 and RMB324,000, respectively.

The fair value of trade and bills receivables, other receivables, cash and cash equivalents, restricted bank deposits, trade payables, other payables and accruals (excluding payroll and welfare payables and other tax liabilities) and lease liabilities approximated their carrying amounts due to their short maturities or interest bearing.

The movement during the Track Record Period in the balance of Level 3 fair value measurements is as follows:

	Year ended December 31,			Six months ended June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at FVTPL – Structured deposits and bank WMPs				
At the beginning of the year/period	–	–	691,314	380,516
Additions	2,990,000	2,600,000	2,888,333	662,000
Disposals	(2,990,000)	(1,910,000)	(3,198,797)	(932,000)
Changes in fair value	–	1,314	(334)	(364)
At the end of the year/period	–	691,314	380,516	110,152
Financial assets at FVTOCI – Unlisted equity instruments				
At the beginning of the year/period	–	–	–	16,010
Additions	–	–	15,000	–
Changes in fair value	–	–	1,010	2,420
At the end of the year/period	–	–	16,010	18,430

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The financial instruments of the Group mainly comprise cash and cash equivalents, financial assets at FVTPL, financial assets at FVTOCI and lease liabilities, the main purpose of which is to support for the operations of the Group. The Group has various other financial assets and liabilities such as trade and bills receivables, other receivables, trade payables and other payables and accruals, which arise directly from its operations.

The risks of the Group's financial instruments are mainly arising from foreign currency risk, price risk, credit risk and liquidity risk. The directors of the Company review and agree policies for managing each of these risks and they are summarised below.

Foreign currency risk

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

As at December 31, 2023, 2024 and 2025 and June 30, 2026, the Group's major monetary assets and liabilities exposed to foreign currency risk are listed below:

	USD	EUR
	RMB'000	*RMB'000*
As at December 31, 2023		
Assets	92,126	18,440
Liabilities	(9,892)	(2,680)
Net exposure	82,234	15,760
As at December 31, 2024		
Assets	84,277	25,022
Liabilities	(34,010)	(9,831)
Net exposure	50,267	15,191
As at December 31, 2025		
Assets	234,328	96,418
Liabilities	(63,491)	(16,047)
Net exposure	170,837	80,371
As at June 30, 2026		
Assets	355,438	177,455
Liabilities	(67,650)	(17,280)
Net exposure	287,788	160,175

Sensitivity analysis

As shown in the table above, the Group is primarily exposed to changes in USD and EUR exchange rates. The sensitivity of profit before income tax to changes in the exchange rates arising from USD and EUR denominated financial instruments is as below:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
USD exchange rate				
– Increase 10%	8,223	5,027	17,084	28,779
– Decrease 10%	(8,223)	(5,027)	(17,084)	(28,779)
EUR exchange rate				
– Increase 10%	1,576	1,519	8,037	16,018
– Decrease 10%	(1,576)	(1,519)	(8,037)	(16,018)

Price risk

The Group is exposed to price risk in respect of financial assets at FVTPL, which mainly include investments in structured deposits and bank WMPs. The Group is not exposed to commodity price risk.

Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group's exposure to credit risk mainly arises from granting credit to customers in the ordinary course of its operations and from its investing activities.

The Group's maximum exposure to credit risk is represented by the carrying amount of each financial asset measured at amortised cost as disclosed in trade and bills receivables, other receivables, long-term receivables, cash and cash equivalents and restricted bank deposits to the Historical Financial Information. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

As at December 31, 2023, 2024 and 2025 and June 30, 2026, The Group have no credit risk other than financial assets whose carrying amounts best represent the maximum exposure to credit risk.

(a) Cash and cash equivalents and restricted bank deposits

To manage risk arising from cash and cash equivalents and restricted bank deposits, the Group only transacts with state-owned or reputable financial institutions. There has been no recent history of default in relation to these financial institutions. These instruments are considered to have low credit risk because they have a low risk of default and the counterparties have a strong capacity to meet their contractual cash flow obligations in the near term. Cash and cash equivalents and restricted bank deposits are also subject to the impairment requirements of IFRS 9, while the identified credit loss was immaterial.

(b) Trade receivables

The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and ageing.

The expected loss rates are based on the credit rating of counter parties and the payment profiles of sales and probability of default of counter parties on an ongoing basis throughout each year/period for the Track Record Period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the Gross Domestic Product (GDP), inflation rates, and unemployment rates to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The Group's trade receivables as described in Note 20 mainly represented receivables received from the sales of goods to customers.

Except for trade receivables assessed for credit risk on an individual basis, the Group groups its trade receivables into one portfolio based on common credit risk characteristics.

Individually impaired trade receivables are related to customers who are experiencing unexpected economic difficulties. The Group expects that the amounts of the receivables will partially or entirely have difficulty to be recovered and has recognized impairment losses.

As of December 31, 2023, 2024 and 2025 and June 30, 2026, the allowance for impairment for the trade receivables were determined as follows:

	Gross carrying amount	Allowance for impairment	Expected loss rate
	RMB'000	*RMB'000*	
As at December 31, 2023			
Assessed based on grouping	144,572	(7,235)	5.00%
As at December 31, 2024			
Assessed based on grouping	103,674	(5,293)	5.11%
As at December 31, 2025			
Assessed based on grouping	364,079	(18,232)	5.01%
Assessed individual	1,337	(1,337)	100.00%
	365,416	(19,569)	5.36%
As at June 30, 2026			
Assessed based on grouping	508,462	(25,426)	5.00%
Assessed individual	1,337	(1,337)	100.00%
	509,799	(26,763)	5.25%

(c) Bills receivables

The Group measured provisions for impairment of bills receivables based on the lifetime ECL and assessed that there was no significant credit risk associated with its bank acceptance bills issued by large-size banks as the Group did not expect that there would be any significant losses from non-performance by these reputable banks.

(d) Other receivables

The other receivables mainly comprise deposits and other assets accounted as amortised cost. Over the term of deposits and other assets accounted as amortised cost, the Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. To assess whether there is a significant increase in credit risk in deposits and other assets accounted as amortised cost, the Group compares the risk of a default occurring on the financial assets at the end of each year/period for the Track Record Period with the risk of default at the date of initial recognition. It considers available, reasonable, supportive forward-looking information. Especially, the following indicators are incorporated:

- external credit rating of the counterparty (as far as available);
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations;
- actual or expected significant changes in the operating results of the counterparty; and
- significant expected changes in the performance and behaviour of the counterparty, including changes in the payment status of the counterparty.

Impairment on deposits and other assets accounted as amortised cost is measured as either 12-month ECL or lifetime ECL. On such basis, there is no ECL provided for long-term receivables and the following table sets forth the ECL allowance for deposits and other assets as at December 31, 2023, 2024 and 2025 and June 30, 2026:

	Gross carrying amount	ECL allowance	Expected loss rate
	RMB'000	*RMB'000*	
As at December 31, 2023			
Other receivables	18,019	(970)	5.38%
As at December 31, 2024			
Other receivables	22,053	(1,103)	5.00%
As at December 31, 2025			
Other receivables	243,342	(3,469)	1.43%
As at June 30, 2026			
Other receivables	113,502	(5,771)	5.08%

Liquidity risk

The Group aims to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining adequate balances of such. The table below analyses the Group's financial liabilities by relevant maturity groupings based on the remaining period since the end of each year/period for the Track Record Period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows or the carrying amount of the financial liabilities to be delivered.

	Within 1 year and on demand	1 to 2 years	2 to 3 years	Over 3 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at December 31, 2023					
Trade payables	355,794	–	–	–	355,794
Other payables and accruals (excluding payroll and welfare payables and other tax liabilities)	14,426	–	–	–	14,426
Lease liabilities	37,096	19,400	17,860	73,749	148,105
	407,316	19,400	17,860	73,749	518,325
As at December 31, 2024					
Trade payables	554,094	–	–	–	554,094
Other payables and accruals (excluding payroll and welfare payables and other tax liabilities)	32,865	–	–	–	32,865
Lease liabilities	27,720	23,162	22,538	61,892	135,312
	614,679	23,162	22,538	61,892	722,271
As at December 31, 2025					
Trade payables	805,578	–	–	–	805,578
Other payables and accruals (excluding payroll and welfare payables and other tax liabilities)	69,265	–	–	–	69,265
Lease liabilities	45,981	46,022	27,785	41,500	161,288
	920,824	46,022	27,785	41,500	1,036,131

	Within 1 year and on demand	1 to 2 years	2 to 3 years	Over 3 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at June 30 2026					
Trade payables	775,042	–	–	–	775,042
Other payables and accruals (excluding payroll and welfare payables and other tax liabilities)	79,370	–	–	–	79,370
Lease liabilities	52,729	46,327	26,965	40,163	166,184
	907,141	46,327	26,965	40,163	1,020,596

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern by pricing products commensurately with the level of risk so that it can continue to provide returns and benefits to the shareholders and other stakeholders.

The Group sets the amount of capital in proportion to risk. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the subject assets. In order to maintain or adjust the capital structure, the Group may adjust the amounts of dividends paid to the shareholders or return capital to the shareholders. The Group is not subject to any external capital requirements. During the Track Record Period, there are no changes in capital management objectives, policies or procedures.

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total assets	2,453,159	3,894,942	4,928,916	5,112,313
Total liabilities	676,843	970,106	1,521,208	1,516,782
Liability-to-asset ratio	27.59%	24.91%	30.86%	29.67%

38. CONTINGENCIES

As of December 31, 2023, 2024 and 2025 and June 30, 2026, the Group has no significant outstanding litigation or contingent liability that in the opinion of the directors of the Company would have material impact to the Group's financial position.

39. EVENT AFTER THE END OF THE REPORTING PERIOD

In July 2026, the Group acquired 100% of the equity interest in Zhongzhi from an independent third party for a consideration of RMB276,000,000. The directors are of the opinion that the acquisition of Zhongzhi constitute an asset acquisition for accounting purpose. This is because Zhongzhi had not commenced any business operation, and substantially all the fair value of the gross assets acquired is concentrated in its land use right.

Assets acquired and liabilities recognised at the date of acquisition are as follows:

	RMB'000
Right-of-use assets — land use rights	299,749
Income tax payable	(23,749)
Net asset	276,000

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies comprising the Group in respect of any period subsequent to June 30, 2026.

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

SHARE ISSUANCE

Shares of the Company shall be issued in an open, fair and impartial manner, and each Share of the same class shall have the same rights.

Shares issued at the same time and within the same class must be issued on the same conditions and at the same price for each Share; the subscriber shall pay the same price for each Share it/he/she subscribes for.

INCREASE, REDUCTION AND REPURCHASE OF SHARES

Based on its operational and development needs, the Company may, pursuant to the provisions of the laws and regulations, securities regulatory rules of the place where the Shares of the Company are listed, and with the approval by a resolution at the Shareholders' meeting, increase its capital by the following ways:

(I) issuing Shares to non-specific investors;

(II) issuing Shares to specific investors;

(III) issuing bonus Shares to existing Shareholders;

(IV) converting reserve fund into share capital;

(V) other means as stipulated by laws, administrative regulations and approved by the stock exchange where the Shares of the Company are listed and other competent regulatory authorities.

The Company may reduce its registered capital. Any reduction in the registered capital of the Company shall comply with the procedures stipulated in the Company Law, securities regulatory rules of the place where the Shares of the Company are listed, other relevant provisions and the Articles of Association.

The Company shall not purchase its own Shares, except under any of the following circumstances:

(I) to reduce the registered capital of the Company;

(II) to merge with other companies that hold the Shares of the Company;

(III) to use the Shares for employee stock ownership plans or as equity incentive;

(IV) to purchase its own Shares at the request made by Shareholders who have dissenting views on any resolutions adopted at the Shareholders' meeting concerning the merger or division of the Company;

(V) to use Shares for conversion of corporate bonds issued by the listed company which are convertible into Shares;

(VI) it is necessary for the Company to maintain its value and safeguard Shareholders' interests;

(VII) other circumstances as permitted by laws, administrative regulations and regulatory rules of the place where the Shares of the Company are listed.

The Company may purchase its own Shares through centralized public trading, or through any other means permitted by laws, administrative regulations and the securities regulatory authority of the place where the Shares of the Company are listed.

The purchase by the Company of its own Shares under any of the circumstances specified in items (III), (V) and (VI) of the first paragraph above shall be made through public centralized trading and other means permitted by laws and regulations, the CSRC, and other securities regulatory authority of the place where the Shares of the Company are listed.

The purchase by the Company of its own Shares under any of the circumstances specified in items (I) and (II) of the first paragraph above shall be subject to resolution passed by the Shareholders' meeting. The purchase by the Company of its own Shares under any of the circumstances specified in items (III), (V) and (VI) of the first paragraph above shall be subject to a Board resolution approved by more than two-thirds of Directors attending the Board meeting in accordance with the provisions of the Articles of Association.

After purchasing its own Shares in accordance with the provisions of the first paragraph above, subject to the applicable securities regulatory rules of the place where the Shares of the Company are listed and under the circumstances specified in item (I) above, the Shares shall be canceled by the Company within 10 days from the date of purchase; under the circumstances specified in items (II) and (IV), the Shares shall be transferred or canceled by the Company within six months; under the circumstances specified in items (III), (V) and (VI), the total number of Shares of the Company held by the Company shall not exceed 10% of the total issued Shares of the Company and the Shares shall be transferred or canceled within three years. Notwithstanding the above provisions, where otherwise provided for by applicable laws and regulations, and the securities regulatory authority of the place where the Shares of the Company are listed in relation to matters regarding share repurchases, such provisions shall prevail. After purchasing its own Shares, the Company shall perform the information disclosure obligations as stipulated in the Securities Law and the securities regulatory rules of the place where the Shares of the Company are listed.

SHARE TRANSFER

The Shares of the Company shall be transferred in accordance with laws. All transfers of H Shares shall be effected by instruments of transfer in writing in an ordinary or regular form or in any other form acceptable to the Board (including the standard transfer format or transfer form as prescribed by the Hong Kong Stock Exchange from time to time); and such instruments of transfer may only be executed by hand or under the valid seal of the Company (if the transferor or transferee is a company). If the transferor or transferee is a recognized clearing house (hereinafter referred to as the "**Recognized Clearing House**") or its agent as defined by relevant provisions of the Hong Kong laws in force from time to time, the instrument of transfer may be signed by hand or by machine-printed signatures. All the instruments of transfer shall be maintained at the legal address of the Company or the address as the Board may specify from time to time.

The Company shall not accept its own Shares as the subject of a pledge.

Shares issued by the Company prior to [**REDACTED**] of Shares shall not be transferred within one year from the date on which the Shares of the Company are listed and traded on a stock exchange.

Directors and senior management of the Company shall declare to the Company their shareholdings in the Company and any changes of such shareholdings; they shall not transfer more than 25% of all the Shares they hold in the Company annually during their term of office as determined at the time of his/her assumption of office; and they shall not transfer the Shares they hold in the Company within one year from the date on which the Shares of the Company are listed and traded. The aforesaid persons are not allowed to transfer their Shares of the Company within half a year from the date of their resignation.

If the securities regulatory rules of the place where the Shares of the Company are listed have additional provisions on the restrictions on the transfer of the Company's Shares, the relevant parties shall also comply with such provisions.

Where Shareholders who hold more than 5% of the Shares of the Company, Directors or the senior management sell the Shares or any other securities of the Company that are equity in nature held by them within six months after the purchase, or purchase them again within six months after the sale, the proceeds received therefrom shall belong to the Company, and the Board of the Company shall recover such proceeds, except where a securities company holds more than 5% of the Shares due to its purchase of any unsubscribed Shares in an underwriting transaction, and under other circumstances stipulated by the securities regulatory authority of the place where the Shares of the Company are listed.

The Shares or any other securities that are equity in nature held by the Directors, senior management and natural person shareholders mentioned in the preceding paragraph include those held by their spouses, parents, children, as well as those held through other parties' accounts.

In the event that the Board of the Company fails to comply with the preceding provisions, Shareholders have the right to require the Board to implement such provisions within 30 days. If the Board of the Company fails to take action within such time limit, Shareholders are entitled to institute proceedings directly in their own names before the people's court for the benefit of the Company.

In the event that the Board of the Company fails to comply with the above provisions, the Directors who are responsible for the matter shall assume joint and several liability under laws.

SHAREHOLDERS AND SHAREHOLDERS' MEETINGS

The Company shall establish a register of members based on the vouchers provided by the securities registration and clearing institution. The register of members shall be the sufficient evidence proving the Shareholders' holding of the Shares of the Company. The original register of members of H Shares shall be kept in Hong Kong and is available for Shareholders' inspection, but the Company may close the register of members in accordance with the provisions of applicable laws and regulations and the securities regulatory rules of the place where the Shares of the Company are listed. Shareholders enjoy rights and assume obligations according to the class of Shares held by them; Shareholders who hold Shares of the same class enjoy equal rights and assume equal obligations.

When the Company convenes a Shareholders' meeting, distributes dividends, conducts liquidation or is engaged in any other acts requiring the identification of Shareholders, the Board or the convener of the Shareholders' meeting shall determine the record date. Shareholders whose names appear on the register of members after the trading hours of the record date are those entitled to the relevant rights and interests. If the Hong Kong Listing Rules have provisions on the period of closure of the register of members before the convening of a Shareholders' meeting or before the Company determines the record date for dividend payment, such provisions shall prevail.

Any Shareholder whose name is recorded in the register of members of H Shares or any person who requests to have his/her name recorded in the register of members of H Shares may apply to the Company for the re-issue of new share certificate in respect of the Shares if his/her share certificate is lost. If a Shareholder of overseas-listed foreign Shares loses his/her share certificate, he/she may apply for re-issue in accordance with the laws, the rules of the stock exchange or other relevant provisions of the place where the original copy of the register of members of overseas-listed foreign Shares is kept. The rights of the Company's Shareholders are as follows:

(I) to receive distribution of dividends and other forms of benefits in proportion to the number of Shares held by them;

(II) to demand, convene, preside, attend or appoint proxy(ies) to attend the Shareholders' meetings in accordance with laws and to exercise corresponding voting rights;

(III) to supervise the operations of the Company, provide suggestions or raise queries;

(IV) to transfer, grant or pledge the Shares held in accordance with the provisions of laws, administrative regulations and the Articles of Association;

(V) to inspect and copy the Articles of Association, register of members, minutes of Shareholders' meetings, resolutions of the Board meetings, and financial and accounting reports. Shareholders who meet the requirements may inspect the Company's accounting books and accounting vouchers;

(VI) in the event of the termination or liquidation of the Company, to participate in the distribution of the remaining property of the Company in proportion to the number of Shares held by them;

(VII) for Shareholders who have dissenting views on the resolutions of merger or division made by the Shareholders' meeting, to request the Company to purchase their Shares;

(VIII) any other rights as provided for by laws, administrative regulations, departmental rules or the Articles of Association, and the provisions of the securities regulatory authority of the place where the Shares of the Company are listed.

Where any Shareholder requests to inspect or copy the relevant information, he/she shall comply with the provisions of Company Law, the Securities Law and other laws, administrative regulations and the Hong Kong Listing Rules, and provide written documents proving the classes and numbers of Shares of the Company they hold to the Company. The Company shall provide such information after Shareholder's identity is verified.

Where the content of a resolution of the Shareholders' meeting and the Board of the Company violates laws or administrative regulations, the Shareholders are entitled to request the people's court to hold it invalid.

If the convening procedures or voting methods of the Shareholders' meeting and the meeting of the Board violates laws, administrative regulations or the Articles of Association, or if the content of a resolution violates the Articles of Association, the Shareholders are entitled to request the people's court to revoke the resolution within 60 days from the date it is passed, except where there are only minor defects in the convening procedures or voting methods of the Shareholders' meeting and the meeting of the Board, which do not materially affect the resolution(s).

Where the Board, Shareholders and other relevant parties dispute the validity of a resolution of the Shareholders' meeting, they may file a lawsuit with the people's court in a timely manner. Before the people's court makes a judgement or ruling, the relevant parties shall implement the resolution of the Shareholders' meeting. The Company, the Directors and the senior management shall perform their duties diligently to ensure the normal operation of the Company.

Where the people's court makes a judgement or ruling on the relevant matter, the Company shall perform its information disclosure obligations in accordance with the laws, administrative regulations, the requirements of the CSRC and the stock exchange, fully explain the impact, and actively cooperate with the enforcement of the judgement or ruling after it has come into effect. Where rectification to prior actions is involved, such rectification is required to be implemented in a timely manner and the corresponding information disclosure obligations shall be fulfilled.

The resolution of a Shareholders' meeting or the Board of the Company shall be invalid under any of the following circumstances:

(I) the resolution was not passed by a Shareholders' meeting or a Board meeting;

(II) the resolution was not voted on at a Shareholders' meeting or a Board meeting;

(III) the number of attendees of the meeting or their voting rights do not meet the quorum or the number of voting rights as required by the Company Law or the Articles of Association;

(IV) the number of attendees voting in favor of the resolution or their voting rights does not meet the quorum or the number of voting rights as required by the Company Law or the Articles of Association.

In the event of any loss caused to the Company as a result of violation of any laws, administrative regulations, the securities regulatory rules of the place where the Shares of the Company are listed or the Articles of Association by the Directors other than the members of the Audit Committee or senior management members when performing duties of the Company, the Shareholders individually or jointly holding 1% or more Shares of the Company for over 180 consecutive days are entitled to request the Audit Committee in writing to initiate proceedings before the people's court; in the event of any loss caused to the Company as a result of violation of any laws, administrative regulations or the Articles of Association by the members of the Audit Committee when performing duties of the Company, the aforementioned Shareholders may request the Board in writing to initiate proceedings before the people's court.

In the event that the Audit Committee or the Board refuses to initiate proceedings upon receipt of the Shareholders' written request specified in the preceding paragraph, or fails to initiate proceedings within 30 days upon receipt of such request, or in the event that the failure to immediately initiate proceedings in an emergency case will cause irreparable damage to the interests of the Company, the Shareholders specified in the preceding paragraph may, in their own name, directly initiate proceedings before a people's court for the interests of the Company.

If any people infringes upon the legitimate rights and interests of, and cause losses to, the Company, the Shareholders as stipulated in the first paragraph above may initiate proceedings before a people's court in accordance with the provisions of the preceding two paragraphs.

If any directors, supervisors or senior management members of a wholly-owned subsidiary of the Company causes any loss to the Company as a result of violation of the laws, administrative regulations, the securities regulatory rules of the place where the Shares of the Company are listed

or the Articles of Association when performing their duties, or in the event of any loss caused by an individual as a result of the infringement upon legitimate rights and interests of a wholly-owned subsidiary of the Company, the Shareholders individually or jointly holding 1% or more of the Company's Shares for more than 180 consecutive days may, in accordance with the provisions of the first three paragraphs of Article 189 of the Company Law, request the board of supervisors and the board of directors of the wholly-owned subsidiary of the Company in writing to initiate proceedings before a people's court or directly initiate proceedings before a people's court in their own names.

Where a wholly-owned subsidiary of the Company does not have a board of supervisors or supervisors and has an audit committee, the provisions of the first and second paragraphs above shall apply.

If any Directors or senior management members violate the laws, administrative regulations, or the Articles of Association and harm the interests of the Shareholders, the Shareholders may initiate proceedings before a people's court.

Shareholders of the Company shall assume the following obligations:

(I) to abide by the laws, administrative regulations, the securities regulatory rules of the place where the Shares of the Company are listed and the Articles of Association;

(II) to pay subscription monies according to the number of Shares they subscribed for and the method of subscription;

(III) not to divest the Shares capital except as required by the laws and regulations;

(IV) not to abuse the rights of Shareholders to damage the interests of the Company or other Shareholders; not to abuse the independent status of the Company as a legal person and the limited liability of Shareholders to damage the interests of the creditors of the Company;

(V) to fulfil any other obligations imposed by the laws, administrative regulations and the Articles of Association, and the securities regulatory rules of the place where the Shares of the Company are listed.

If a Shareholder of the Company abuses the rights as Shareholder and causes losses to the Company or other Shareholders, he/she shall be liable for compensation in accordance with the laws. If a Shareholder of the Company abuses the independent status of the Company as a legal person and the limited liability of Shareholders to evade debts, seriously harming the interests of the Company's creditors, he/she shall bear joint and several liabilities for the Company's debts.

CONTROLLING SHAREHOLDERS AND DE FACTO CONTROLLERS

The controlling shareholders and de facto controllers of a company shall exercise their rights and fulfil their obligations in accordance with the laws, administrative regulations, requirements of the CSRC and the stock exchange to safeguard the interests of the listed company.

The controlling shareholders and the de facto controllers of the Company shall comply with the following provisions:

(I) to exercise their rights as Shareholders in accordance with the laws, and not to abuse their controlling power or to use their connected relationship to prejudice the legitimate interests of the Company or other Shareholders;

(II) to strictly implement the public statements and undertakings made and shall not change or waive them without authorization;

(III) to fulfill information disclosure obligations in strict accordance with relevant regulations, to proactively cooperate with the Company in information disclosure and to inform the Company in a timely manner of material events that have occurred or are about to occur;

(IV) not to appropriate the Company's funds in any way;

(V) not to order, instruct or request the Company and relevant personnel to provide guarantees in violation of the laws and regulations;

(VI) not to make use of the Company's undisclosed material information to gain benefits, not to divulge in any way undisclosed material information relating to the Company, and not to engage in insider trading, short-swing trading, market manipulation and other illegal and unlawful acts;

(VII) not to prejudice the legitimate rights and interests of the Company and other Shareholders through unfair related transactions, profit distribution, asset restructuring, external investment or any other means;

(VIII) to ensure the integrity of the Company's assets, and the independence of personnel, finance, organization and business, and not to affect the independence of the Company in any way;

(IX) to act in accordance with other provisions of the laws, administrative regulations, the securities regulatory rules of the place where the Shares of the Company are listed and the Articles of Association.

Where a controlling Shareholder or a de facto controller of the Company does not act as a Director of the Company but actually carries out the affairs of the Company, the provisions of the Articles of Association relating to the duties of loyalty and diligence of Directors shall apply.

Where a controlling Shareholder or a de facto controller of the Company instructs a Director or a senior management member to engage in an act that is detrimental to the interests of the Company or the Shareholders, he/she shall assume joint and several liabilities with such Director or such senior management member.

Where a controlling Shareholder or a de facto controller pledges the Shares of the Company that he/she holds or actually controls, he/she shall maintain his/her control over the Company and the stability of its production and operations.

Where a controlling Shareholder or a de facto controller transfers the Shares of the Company held by him/her, he/she shall comply with the restrictive provisions on the transfer of Shares under the laws, administrative regulations, and the securities regulatory rules of the place where the Shares of the Company are listed, as well as his/her undertakings in respect of the restriction on the transfer of Shares.

GENERAL PROVISIONS OF THE SHAREHOLDERS' MEETING

The Company's Shareholders' meeting shall be composed of all Shareholders. The Shareholders' meeting is the Company's power organ and shall exercise the following functions and powers in accordance with the law:

(I) to elect and replace Directors and decide on matters concerning the remuneration of the Directors;

(II) to consider and approve the reports of the Board;

(III) to consider and approve the Company's profit distribution plan and loss recovery plan;

(IV) to resolve on the increase or decrease of the Company's registered capital;

(V) to resolve on the issuance of corporate bonds;

(VI) to resolve on the merger, division, dissolution, liquidation or change in the form of the Company;

(VII) to amend the Articles of Association;

(VIII) to resolve on the appointment and dismissal of the accounting firm that undertakes the Company's auditing engagement;

(IX) to consider and approve the guarantees as stipulated in Article 47 and the transactions as stipulated in Article 48 of the Articles of Association;

(X) to consider any purchase or sale of major assets within a year with a value exceeding 30% of the Company's latest audited total assets;

(XI) transactions between the Company and related parties (excluding providing guarantees) with an amount of more than RMB30 million and accounting for more than 5% of the absolute value of the Company's latest audited net assets. Transactions with the same related party or transactions with different related parties related to the same transaction subject shall be calculated on a cumulative basis over 12 consecutive months;

(XII) to consider and approve the changes in the use of proceeds raised;

(XIII) to consider the equity incentive plans and the employee stock ownership plan;

(XIV) the annual Shareholders' meeting of the Company may authorize the Board to decide to issue Shares with a total financing amount not exceeding RMB300 million and no more than 20% of the net assets as at the end of the prior year to specific subscriber(s). Such authorization shall expire on the convention date of the next annual Shareholders' meeting.

(XV) to consider other matters that shall be decided at the Shareholders' meeting as stipulated by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's Shares are listed or the Articles of Association.

The Shareholders' meeting may authorize the Board to resolve on the issuance of corporate bonds.

The Company may issue Shares and corporate bonds convertible into Shares upon the resolution of the Shareholders' meeting or upon the resolution of the Board authorized by the Articles of Association. The specific implementation shall comply with the provisions of laws, administrative regulations, the CSRC and the stock exchange.

Unless otherwise provided by laws, administrative regulations, or the securities regulatory rules of the place where the Company's Shares are listed, the above-mentioned powers and functions of the Shareholders' meeting shall not be exercised by the Board or other institutions and individuals through authorization.

Shareholders' meetings are divided into annual Shareholders' meetings and extraordinary Shareholders' meetings. The annual Shareholders' meeting shall be convened once a year and shall be held within six months after the end of the prior financial year.

In any of the following circumstances, the Company shall convene an extraordinary Shareholders' meeting within two months from the date when the circumstance arises:

(I) when the number of Directors is less than the number specified in the Company Law or two-thirds of the number specified in the Articles of Association;

(II) when aggregate uncovered losses of the Company reach one-third of the total paid-in share capital;

(III) when Shareholders individually or jointly holding more than 10% of the Company's Shares so request;

(IV) when deemed necessary by the Board;

(V) when proposed by the Audit Committee;

(VI) other circumstances stipulated by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's Shares are listed, or the Articles of Association.

The place for convening the Company's Shareholders' meeting shall be the domicile of the Company or the meeting location clearly stated in the notice of the Shareholders' meeting. The Shareholders' meeting shall have a venue for convening the meeting on-site. The Company shall also provide online voting method for facilitating shareholders to participate in the Shareholders' meeting. Shareholders who participate in the Shareholders' meeting in the above ways shall be deemed present.

CONVENING OF THE SHAREHOLDERS' MEETING

The Board shall convene the Shareholders' meeting on time within the prescribed time limit.

With the consent of more than half of all independent Directors, independent Directors shall have the right to propose to the Board to convene an extraordinary Shareholders' meeting. Regarding the proposal made by independent Directors to convene an extraordinary Shareholders' meeting, the Board shall, in accordance with the provisions of the laws, administrative regulations and the Articles of Association, reply in writing within ten days after receiving the proposal, indicating whether it agrees or disagrees to convene an extraordinary Shareholders' meeting. If the Board agrees to convene an extraordinary Shareholders' meeting, it shall issue a notice to convene the Shareholders' meeting within five days after the resolution of the Board; if the Board disagrees to convene an extraordinary Shareholders' meeting, it shall state the reasons and make an announcement.

The Audit Committee has the right to propose to the Board to convene an extraordinary Shareholders' meeting and shall submit such a proposal to the Board in writing. The Board shall, in accordance with the provision of the laws, administrative regulations, the securities regulatory rules of the place where the Company's Shares are listed and the Articles of Association, reply in writing within ten days after receiving the proposal, indicating whether it agrees or disagrees to convene the extraordinary Shareholders' meeting.

If the Board agrees to convene the extraordinary Shareholders' meeting, it shall issue a notice to convene the Shareholders' meeting within five days after the resolution of the Board. Any changes to the original proposal in the notice shall be subject to the consent of the Audit Committee.

If the Board disagrees to convene the extraordinary Shareholders' meeting or fails to reply within ten days after receiving the proposal, the Board shall be deemed as unable or unwilling to perform its duty of convening the Shareholders' meeting, and the Audit Committee may convene and preside over the meeting on its own.

Shareholders individually or jointing holding more than 10% of the Company's Shares shall have the right to request the Board to convene an extraordinary Shareholders' meeting and shall submit such a request to the Board in writing. The Board shall, in accordance with the provisions of the laws, administrative regulations, the securities regulatory rules of the place where the Company's Shares are listed and the Articles of Association, reply in writing within ten days after receiving the request, indicating whether it agrees or disagrees to convene the extraordinary Shareholders' meeting.

If the Board agrees to convene the extraordinary Shareholders' meeting, it shall issue a notice to convene the Shareholders' meeting within five days after the resolution of the Board. Any changes to the original request in the notice shall be subject to the consent of the relevant shareholders.

If the Board disagrees to convene the extraordinary Shareholders' meeting or fails to reply within ten days after receiving the request, shareholders individually or jointing holding more than 10% of the Company's Shares shall have the right to propose to the Audit Committee to convene an extraordinary Shareholders' meeting and shall submit such request to the Audit Committee in writing.

If the Audit Committee agrees to convene the extraordinary Shareholders' meeting, it shall issue a notice to convene the Shareholders' meeting within five days after receiving the request. Any changes to the original proposal in the notice shall be subject to the consent of the relevant Shareholders.

If the Audit Committee fails to issue the notice of the Shareholders' meeting within the specified time limit, the Audit Committee shall be deemed as failure to convene and preside over the Shareholders' meeting. Shareholders individually or jointing holding more than 10% of the Company's Shares for more than 90 consecutive days may convene and preside over the meeting on their own.

If the Audit Committee or the Shareholders decide to convene the Shareholders' meeting on their own, they must notify the Board in writing and, in accordance with the securities regulatory rules of the place where the Company's Shares are listed and the rules of the stock exchange, complete the necessary reporting, announcements, or filings.

When issuing the notice of the Shareholders' meeting and the announcement of the resolution of the Shareholders' meeting, the Audit Committee or the convening shareholders shall submit relevant supporting materials to the stock exchange in accordance with the provisions of the securities regulatory rules of the place where the Company's Shares are listed and the rules of the stock exchange.

Before the announcement of the resolution of the Shareholders' meeting, the shareholding of the convening shareholders shall not be less than 10%.

For the Shareholders' meeting convened by the Audit Committee or the shareholders on their own, the Board and the secretary of the Board shall co-operate. The Board shall provide the register of members as of the record date.

For the Shareholders' meeting convened by the Audit Committee or the Shareholders on their own, the necessary expenses for the meeting shall be borne by the Company.

PROPOSALS AND NOTICES OF THE SHAREHOLDERS' MEETING

The content of a proposal shall fall within the scope of authority of the Shareholders' meeting, have clear topics and specific resolution matters, and comply with the relevant provisions of the laws, administrative regulations, the securities regulatory rules of the place where the Company's Shares are listed and the Articles of Association.

When the Company convenes a Shareholders' meeting, the Board, the Audit Committee and Shareholders individually or jointly holding more than 1% of the Company's Shares shall have the right to submit proposals to the Company.

Shareholders individually or jointly holding more than 1% of the Company's Shares may put forward a temporary proposal and submit it in writing to the convener ten days before the convening of the Shareholders' meeting. The convener shall issue a supplementary notice of the Shareholders' meeting within two days after receiving the proposal, announce the content of the temporary proposal, and submit the temporary proposal to the Shareholders' meeting for deliberation, unless the proposal violates the provisions of the laws, administrative regulations, the securities regulatory rules of the place where the Company's Shares are listed or the Articles of Association, or does not fall within the scope of authority of the Shareholders' meeting. If, in accordance with the securities regulatory rules of the place where the Company's Shares are listed, the Shareholders' meeting needs to be postponed due to the publication of the supplementary notice of the Shareholders' meeting, the holding of the Shareholders' meeting shall be postponed as required by the securities regulatory rules of the place where the Company's Shares are listed.

Except as otherwise provided in the preceding paragraph, after issuing the notice of the Shareholders' meeting, the convener shall not modify the proposals listed in the notice of the Shareholders' meeting or add new proposals.

Proposals not listed in the notice of the Shareholders' meeting or not meeting the requirements of the Articles of Association shall not be voted on and resolved at the Shareholders' meeting.

The convener shall notify all Shareholders by announcement twenty days prior to the convening of the annual Shareholders' meeting or within the time required by the place where the Company's Shares are listed (whichever is earlier), and fifteen days prior to the convening of the extraordinary Shareholders' meeting. If laws, regulations, and the securities regulatory authority of the place where the Company's Shares are listed stipulate otherwise, such provisions shall prevail.

The date of the meeting shall not be included when calculating the starting period.

The notice of the Shareholders' meeting shall include the following contents:

(I) the time, place, and duration of the meeting;

(II) the matters and proposals to be submitted to the meeting for deliberation;

(III) a clear written statement that all Shareholders shall have the right to attend the Shareholders' meeting and may appoint a proxy in writing to attend the meeting and vote, and such proxy need not to be a Shareholder of the Company;

(IV) the record date for determining Shareholders who are entitled to attend the Shareholders' meeting;

(V) the name and telephone number of the standing contact person for the meeting;

(VI) the voting time and voting procedures via the Internet or other means.

The notice and supplementary notice of the Shareholders' meeting shall fully and completely disclose details of all proposals.

The start time for online or other means of voting at the Shareholders' meeting shall not be earlier than 3:00 p.m. on the day before the on-site Shareholders' meeting, and shall not be later than 9:30 a.m. on the date of the on-site Shareholders' meeting. The conclusion time shall not be earlier than 3:00 p.m. on the day when the on-site Shareholders' meeting concludes.

The interval between the record date and the meeting date shall not exceed seven working days. Once the record date is confirmed, it shall not be changed.

After the notice of the Shareholders' meeting is issued, without justifiable reasons, the Shareholders' meeting shall not be postponed or canceled, and the proposals listed in the notice of the Shareholders' meeting shall not be canceled. In case of postponement or cancellation, the convener shall make an announcement and explain at least two working days before the original date of convening. If the securities regulatory rules of the place where the Company's Shares are listed have special provisions on the procedures for postponing or cancelling the Shareholders' meeting, such provisions shall prevail on the premise of not violating domestic regulatory requirements.

HOLDING OF THE SHAREHOLDERS' MEETING

All shareholders or their proxies registered on the record date are entitled to attend the Shareholders' meeting and exercise their voting rights in accordance with relevant laws, regulations, the securities regulatory rules of the place where the Company's Shares are listed and the Articles of Association.

Shareholders may attend the Shareholders' meeting in person or appoint a proxy to attend and vote on their behalf.

If the Shareholders' meeting requires Directors and senior management personnel to attend the meeting as non-voting delegates, such Directors and senior management personnel shall attend the meeting and accept inquiries from Shareholders.

The Shareholders' meeting shall be presided over by the chairman of the Board. When the chairman of the Board is unable to or fails to perform his or her duties, the vice chairman of the Board shall preside over the meeting. When the vice chairman of the Board is unable to or fails to perform his or her duties, a director jointly elected by more than half of the Directors shall preside over the meeting.

The Shareholders' meeting convened by the Audit Committee on its own shall be presided over by the convener of the Audit Committee. When the convener of the Audit Committee is unable to or fails to perform his or her duties, an Audit Committee member jointly elected by more than half of the Audit Committee members shall preside over the meeting.

The Shareholders' meeting convened by Shareholders on their own shall be presided over by the convener or the representative elected by the convener.

In a Shareholders' meeting, if the chairman of the meeting violates the rules of procedure, making the Shareholders' meeting impossible to proceed, with the consent of shareholders representing more than half of the voting rights present at the Shareholders' meeting, the Shareholders' meeting may elect one person to serve as the chairman of the meeting and continue the meeting.

The Company shall formulate rules of procedure for the Shareholders' meeting, which shall specify in detail the procedures for convening, holding and voting at the Shareholders' meeting, including notice, registration, consideration of proposals, voting, vote counting, announcement of voting results, formation of meeting resolutions, meeting minutes and their signing, announcements, etc., as well as the principles of delegating powers to the Board by the Shareholders' meeting. The authorization shall be clear and specific. The rules of procedure for the Shareholders' meeting shall be formulated by the Board and approved by the Shareholders' meeting as an appendix to the Articles.

VOTING AT AND RESOLUTIONS OF THE SHAREHOLDERS' MEETING

Resolutions of the Shareholders' meeting are divided into ordinary resolutions and special resolutions.

An ordinary resolution of the Shareholders' meeting shall be adopted by more than half of the voting rights held by the Shareholders (including their proxies) present at the Shareholders' meeting.

A special resolution of the Shareholders' meeting shall be adopted by more than two-thirds of the voting rights held by the shareholders (including their proxies) present at the Shareholders' meeting.

In accordance with applicable laws, regulations and the Hong Kong Listing Rules, if any shareholder is required to abstain from voting on a resolution, or if any shareholder is restricted to only vote for (or against) a resolution, the votes cast by such shareholder or its proxy in violation of such regulations or restrictions shall not be included in the total number of voting Shares.

The following matters shall be approved by an ordinary resolution of the Shareholders' meeting:

(I) the work report of the Board;

(II) the profit distribution plan and loss recovery plan formulated by the Board;

(III) the appointment and removal of members of the Board, and their remuneration and payment methods;

(IV) other matters other than those to be approved by a special resolution as stipulated by the provisions of laws, administrative regulations, the securities regulatory rules of the place where the Company's Shares are listed or the Articles of Association.

The following matters shall be approved by a special resolution of the Shareholders' meeting:

(I) the increase or decrease of the Company's registered capital;

(II) the division, spin-off, merger, dissolution and liquidation of the Company;

(III) amendments to the Articles of Association;

(IV) the purchase or sale of major assets or provision of guarantees by the Company within a year for an amount exceeding 30% of the Company's latest audited total assets;

(V) equity incentive plans;

(VI) other matters stipulated by laws, administrative regulations, the securities regulatory rules of the place where the Company's Shares are listed or the Articles of Association, and those determined by ordinary resolutions of the Shareholders' meeting that will have a significant impact on the Company and need to be approved by special resolutions.

Shareholders (including proxies) shall exercise their voting rights in accordance with the number of voting Shares they represent, with each share carrying one vote, unless individual Shareholders are required to abstain from voting on individual matters in accordance with the securities regulatory rules of the place where the Company's Shares are listed. When voting, Shareholders (including proxies) with two or more votes are not required to cast all their votes in the same way of pros, cons or abstention.

When the Shareholders' meeting deliberates on major matters that affect the interests of small and medium-sized investors, the votes of small and medium-sized investors shall be counted separately. The results of the separate vote counting shall be promptly disclosed to the public.

The Company's Shares held by the Company do not carry voting rights, and such Shares are not included in the total number of voting Shares represented by shareholders attending the Shareholders' meeting.

A Shareholder who purchases the Company's voting Shares in violation of the provisions of Paragraphs 1 and 2 of Article 63 of the Securities Law shall not exercise voting rights of the Shares exceeding the specified proportion within 36 months after the purchase and such Shares shall not be included in the total number of voting Shares represented by Shareholders attending the Shareholders' meeting. In accordance with applicable laws, regulations, and the Hong Kong Listing Rules, if any shareholder is required to abstain from voting on a resolution or is restricted to voting only for (or against) a resolution, the votes cast by such Shareholder or its proxy in violation of such provisions or restrictions shall not be counted.

The Company's Board, independent Directors, Shareholders holding more than 1% of the voting Shares, or investor protection institutions established in accordance with laws, administrative regulations or the regulations of the CSRC may publicly solicit Shareholders' voting rights. When soliciting Shareholders' voting rights, specific voting intentions and other information shall be fully disclosed to the solicited person. It is prohibited to solicit Shareholders' voting rights in a paid or disguised paid manner. Except for statutory conditions, the Company shall not impose any minimum shareholding requirement on the solicitation of voting rights.

When the Shareholders' meeting deliberates on connected transactions, connected Shareholders shall not participate in the voting, and the number of voting Shares they represent shall not be included in the total number of valid votes. The announcement of the resolution of the Shareholders' meeting shall fully disclose the voting situation of non-connected Shareholders.

Before the Shareholders' meeting deliberates on connected transactions, connected Shareholders should proactively explain the nature of such relationship to the Shareholders' meeting and abstain from voting failing which, other Shareholders may request such Shareholder to explain the same and abstain from voting. The convener shall investigate whether such Shareholder is a connected Shareholder and determine whether such Shareholder should abstain from voting in accordance with relevant provisions. When the convener cannot determine whether the Shareholder requested to abstain from voting should abstain, or when relevant Shareholders have objections regarding whether the Shareholder requested to abstain from voting should abstain, the decision shall be made by a majority vote of the voting rights held by the Shareholders (including proxies) present at the Shareholders' meeting. If a connected Shareholder fails to apply for abstention voluntarily, other Shareholders or proxies attending the Shareholders' meeting shall have the right to request the abstention of connected Shareholder. If other Shareholders or proxies make such request and the requested Shareholder believes that he does not fall within the scope of abstention, the chairman of the Shareholders' meeting shall consult with the attending Directors and relevant Shareholders and decide on whether abstention is required.

Connected Shareholders who should abstain from voting may participate in the deliberation of connected transactions involving themselves and explain and clarify to the Shareholders' meeting whether such connected transactions are fair and legal and the reasons for their occurrence. However, such Shareholders shall have no right to participate in the voting on such matters.

If a connected Shareholder cannot abstain from voting under special circumstances, the Company may proceed with the voting in the normal procedures after obtaining the consent of the securities regulatory authority where the Company's Shares are listed and explain in details in the resolution of the Shareholders' meeting.

After the Shareholders' meeting, if any Shareholder finds that a connected Shareholder has participated in the voting on a connected transaction, or has an objection over the application of the abstention, such Shareholder shall have the right to file a lawsuit with the people's court regarding the relevant resolution in accordance with the relevant provisions of the Articles of Association.

DIRECTORS AND THE BOARD

General Provisions on Directors

The Directors of the Company may also include executive Directors, non-executive Directors, and independent Directors. Non-executive Director refer to a Director who does not hold positions in the operation and management of the Company. The Directors of the Company shall be natural persons. The Directors shall possess the qualifications for appointment as required by laws, administrative rules and regulations, and the securities regulatory rules of the place where the Shares of the Company are listed. A person shall not be able to serve as Director of the Company under any of the following circumstances:

(I) any person without capacity or with limited capacity for civil acts;

(II) any person who was sentenced for corruption, bribery, encroachment or embezzlement of properties or disruption of the socialist market economic order, or any person who was deprived of political rights for committing a crime, where five years have not lapsed following the serving of the sentence, or in the case of a suspended sentence, where less than two years have passed since the end of the period of suspended sentence;

(III) directors, factory heads or managers who assume individual responsibility for the bankruptcy or liquidation of their companies or enterprises where three years have not lapsed following the date of completion of such bankruptcy or liquidation;

(IV) the legal representatives of companies or enterprises that had their business licenses revoked and ordered to be closed for violation of the law, where such representatives assume individual responsibility and three years have not lapsed following the date of revocation of such business licenses or the companies or enterprises being ordered to be closed;

(V) any person with relatively significant individual debt(s) that has/have not been settled upon maturity and has been listed by the people's court as a judgment defaulter subject to enforcement;

(VI) any person who has been banned from the securities market by the CSRC, other competent regulatory authorities, or the stock exchange where the relevant period remains unexpired;

(VII) any person who has been publicly determined by the stock exchanges as not suitable to serve as a director or a senior manager of a listed company and the time limit has not expired;

(VIII) any other circumstances stipulated by laws, administrative regulations, departmental rules or the securities regulatory rules of the place where the Shares of the Company are listed.

If a Director is elected or appointed in violation of the provisions of this article, such election, appointment or employment shall be null and void. The Company shall remove a Director from his/her position and terminate his/her duties if any of the circumstances set out in this article occurs during his/her term of office.

Directors shall be elected or replaced at a Shareholders' meeting and may be removed from their positions at a Shareholders' meeting before the expiration of their terms of office. Each term of office of a Director shall be three years, upon the expiration of which the Director may be re-elected and re- appointed for a consecutive term, provided that it does not violate laws, administrative regulations, departmental rules, or the securities regulatory rules of the place where the Shares of the Company are listed.

The term of office of a Director shall be calculated from the date of his/her assumption of office until the expiration of the term of the current Board. If a Director is not re-elected in a timely manner upon the expiration of his/her term of office, the original Director shall continue to perform his/her duties as a Director in accordance with laws, administrative regulations, departmental rules, and the Articles of Association before the newly-elected Director assumes office.

The Company shall have one employee representative serving as Director. The employee representative in the Board shall be elected by the employees of the Company at an employee representative meeting, for which no further consideration by a Shareholders' meeting is required.

A Director may concurrently serve as a senior management, provided that the aggregate number of Directors who concurrently serve as senior management and Directors who are employee representatives shall not exceed one half of all Directors of the Company.

Any person appointed by the Board as a Director to fill a casual vacancy or as an addition to the Board shall hold office only until the first annual meeting of the Company after his/her appointment, and shall then be eligible for re-election.

Directors shall abide by the provisions of the laws, administrative regulations, the securities regulatory rules of the place where the Shares of the Company are listed and the Articles of Association. They shall assume duty of loyalty to the Company, take measures to avoid any conflicts between the interests of their own and those of the Company, and shall not seek improper benefits by abusing their powers.

A Director shall assume the following duty of loyalty to the Company:

(I) shall not misappropriate the property of the Company or embezzle the funds of the Company;

(II) shall not deposit the funds of the Company in an account opened under his/her own name or under the name of any other individual;

(III) shall not engage in bribery or accept other illegal income by taking advantage of his/her position;

(IV) shall not enter into contracts or conduct transactions directly or indirectly with the Company without reporting to the Board or a Shareholders' meeting and obtaining the approval by the Board or by a resolution at the Shareholders' meeting in accordance with the Articles of Association;

(V) shall not, by taking advantage of his/her position, pursue business opportunities that belong to the Company for their own account or for the account of any other person, except when such business opportunities cannot be used after being reported to the Board or a Shareholders' meeting and approved by a resolution of the Shareholders' meeting as such, or as a result of the incapacity of Company in accordance with the provisions of the laws, administrative regulations, or the Articles of Association;

(VI) shall not engage in any businesses of the same kind as those of the Company either for their own account or for the account of any other person without reporting to the Board or a Shareholders' meeting and obtaining approval by a resolution of the Shareholders' meeting;

(VII) shall not accept and possess commissions paid by others for transactions conducted with the Company as their own;

(VIII) shall not disclose the confidential information of the Company without authorization;

(IX) shall not use his/her connected relationship to damage the interests of the Company;

(X) other duty of loyalty stipulated by laws, administrative regulations, departmental rules, and the Articles of Association.

Any income obtained by a Director in violation of the provisions of this article shall belong to the Company. If any resulting losses are caused to the Company, the Director shall be liable for compensation.

For contracts or transactions entered into between the Company and the close relatives of Directors and senior management, enterprises directly or indirectly controlled by Directors, senior management, or their close relatives, and connected parties who have other connected relationships with Directors and senior management, the provisions of item (IV) of the second paragraph above shall apply.

Directors shall abide by the provisions of the laws, administrative regulations, the securities regulatory rules of the place where the Shares of the Company are listed and the Articles of Association. They shall have the duty of diligence to the Company and exercise the reasonable care normally expected of a manager in the best interests of the Company in the performance of their duties.

Directors shall have the following duty of diligence to the Company:

(I) shall exercise the rights granted to them by the Company with prudence, earnestness, and diligence to ensure that the business conducts of the Company comply with national laws, administrative regulations, and various national economic policies, and that its business activities are not conducted beyond the scope of business activities stipulated in the business license;

(II) shall treat all Shareholders fairly;

(III) shall timely keep abreast of the business operation and management of the Company;

(IV) shall sign a written confirmation in respect of the regular reports of the Company, ensuring the truthfulness, accuracy and completeness of the information disclosed by the Company;

(V) shall truthfully provide relevant information and materials to the Audit Committee and shall not obstruct the exercise by the Audit Committee of its powers;

(VI) other duty of diligence as stipulated by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Shares of the Company are listed and the Articles of Association.

The Company has established the Director resignation management system to clarify the safeguard measures for accountability and compensation for unfulfilled public commitments and other unaccomplished matters. When the resignation of a Director takes effect or his/her term of office expires, the Director shall complete all handover procedures with the Board. The duty of loyalty of a Director to the Company and Shareholders will not automatically terminate after the expiry of his/her term of office but remains valid for a reasonable period as stipulated in the Articles of Association. The responsibilities assumed by a Director as a result of his/her performance of duties during his/her term of office shall not be relieved or terminated upon his/her resignation.

If a Director causes damage to other individuals while performing his/her duties for the Company, the Company shall be liable for compensation; if the Director has intentional misconduct or gross negligence, he/she shall also be liable for compensation.

If a Director violates the provisions of the laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Shares of the Company are listed or the Articles of Association while performing his/her duties for the Company, and causes losses to the Company, he/she shall be liable for compensation.

Board

The Company shall have a Board, which consists of 9 Directors, including 1 employee Director and 3 independent Directors. The Board shall have a chairman and a vice chairman. The chairman and the vice chairman shall be elected by the Board with a majority vote of all Directors.

The Board shall exercise the following powers:

(I) to convene a Shareholders' meeting and report work to the Shareholders' meeting;

(II) to implement the resolution of the Shareholders' meeting;

(III) to determine the operation plan and investment plan of the Company;

(IV) to formulate the profit distribution plan and loss recovery compensation plan of the Company;

(V) to formulate proposals for the increase or decrease of the registered capital of the Company, the issuance of bonds or other securities and the listing of the Company;

(VI) to develop plans for substantial acquisition, repurchase of Shares, or merger, division, dissolution and change of company form of the Company;

(VII) to decide on matters such as the external investments, acquisition and disposal of assets, pledge of assets, external guarantees, entrusted wealth management, related-party transactions and external donations of the Company in accordance with the provisions of the Articles of Association or within the scope of authorization granted by the Shareholders' meeting;

(VIII) to decide on the establishment of the internal management organ of the Company;

(IX) to decide on the appointment or dismissal of the general manager, Board secretary, and other senior management of the Company, as well as matters regarding their remuneration, rewards and punishments; to decide on the appointment or dismissal of senior management such as the deputy general manager and financial officer of the Company upon the nomination of the general manager, as well as matters regarding their remuneration, rewards and punishments;

(X) to formulate the basic management system of the Company;

(XI) to formulate proposals for the amendments to the Articles of Association;

(XII) to manage the information disclosures of the Company;

(XIII) to propose at the Shareholders' meeting on the engagement or replacement of the accounting firm for the audit of the Company;

(XIV) to listen to the work report from the general manager of the Company and inspect the work of the general manager;

(XV) other powers conferred by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Shares of the Company are listed or the Articles of Association.

Matters beyond the scope of authorization granted by the Shareholders' meeting shall be submitted by the Board to the Shareholders' meeting for consideration.

The chairman shall exercise the following powers:

(I) to preside over a Shareholders' meeting and convene and preside over a Board meeting;

(II) to supervise and inspect the implementation of resolution of the Board;

(III) other powers granted by the Board.

The vice chairman of the Company shall assist the chairman in work. If the chairman is unable or fails to perform his/her duties, the vice chairman shall perform the duties; if the vice chairman is unable or fails to perform his/her duties, a Director jointly recommended by a majority of Directors shall perform the duties.

The Board shall hold at least four meetings each year, approximately a meeting every quarter. The meetings shall be convened by the chairman with a notice of 14 days in writing to all Directors before the meeting.

Shareholders representing more than one-tenth of the voting rights, more than one-third of the Directors or the Audit Committee may propose to convene an extraordinary meeting of the Board. The chairman shall convene and preside over a Board meeting within 10 days upon receipt of the proposal.

A Board meeting shall be held only when a majority of Directors are present. Resolutions of the Board must be passed by a majority of all Directors. Where otherwise provided in the Articles of Association and relevant laws and regulations, such provisions shall prevail.

Voting on resolutions of the Board shall be carried out on a one-vote per Share basis.

If a Director is connected to the enterprise or individual involved in the resolution of a Board meeting, the Director shall promptly report it in writing to the Board. The connected Director shall not exercise the right to vote on such resolution, nor shall he/she exercise the right to vote on behalf of another Director. A Board meeting may be convened when a majority of the non-connected Directors are present, and the resolutions made at the Board meeting must be passed upon approval of a majority of the non-connected Directors. If the number of non-connected Directors present at the Board meeting is less than three, the matter shall be submitted to a Shareholders' meeting for consideration.

Independent Directors

As members of the Board, independent Directors assume duty of loyalty and duty of diligence to the Company and all Shareholders, and shall prudently perform the following duties:

(I) to participate in the decision-making of the Board and express clear opinions on the matters discussed;

(II) to supervise matters involving potential major conflicts of interest between the Company and its Controlling Shareholders, actual controllers, Directors and senior management, and protect the legitimate rights and interests of minority Shareholders;

(III) to provide professional and objective recommendations on the operation and development of the Company to improve the decision-making level of the Board;

(IV) other duties stipulated by laws, administrative regulations, the CSRC, the securities regulatory rules of the place where the Shares of the Company are listed and the Articles of Association.

Independent Directors shall exercise the following special powers:

(I) to independently engage intermediary institutions to audit, consult on, or investigate specific matters of the Company;

(II) to propose to the Board to convene an extraordinary Shareholders' meeting;

(III) to propose to convene a Board meeting;

(IV) to solicit Shareholders' rights publicly from Shareholders in accordance with law;

(V) to express independent opinions on matters that may prejudice the rights and interests of the Company or minority Shareholders;

(VI) other powers stipulated by laws, administrative regulations, the CSRC, the securities regulatory rules of the place where the Shares of the Company are listed and the Articles of Association.

The exercise of the powers listed in aforementioned items I to III by an independent Director shall be subject to the approval by a majority of all independent Directors.

The following matters shall be submitted to the Board for consideration after being approved by a majority of all independent Directors of the Company:

(I) discloseable and connected transactions;

(II) plans on the change or exemption of commitments made by the Company and relevant parties;

(III) decisions made and measures taken by the Board of the listed company to be acquired in response to the acquisition;

(IV) other matters stipulated by laws, administrative regulations, the CSRC, the securities regulatory rules of the place where the Shares of the Company are listed and the Articles of Association.

The Company shall establish a mechanism for special meetings attended exclusively by independent Directors. Matters such as connected transactions to be considered by the Board shall obtain prior approval at a special meeting of independent Directors.

The Company shall convene special meetings of independent Directors on a regular or ad-hoc basis. Matters specified in items (I) to (III) of paragraph 1 of Article 131 and Article 132 of the Articles of Association shall be considered at a special meeting of independent Directors.

The special meetings of independent Directors may study and discuss other matters of the Company as needed.

A special meeting of independent Directors shall be convened and presided over by an independent Director jointly recommended by a majority of independent Directors; when the convener fails or is unable to perform his/her duties, two or more independent Directors may convene the meeting on their own and recommend a representative to preside over the meeting.

The special meeting of independent Directors shall prepare a meeting minutes as required, and the opinions of independent Directors shall be recorded in the meeting minutes. Independent Directors shall sign to confirm the meeting minutes.

The Company shall provide convenience and support for the convening of the special meetings of independent Directors.

Special Committees of the Board

The Board shall establish an Audit Committee to exercise the powers and functions of the board of supervisors stipulated in the Company Law.

The Board of the Company shall establish the Remuneration and Appraisal Committee, the Nomination Committee, the Strategy and ESG Committee, which shall perform their duties in accordance with the Articles of Association and the authorization of the Board. The proposals of the special committees shall be submitted to the Board for consideration and decision. The rules of procedure of the special committees shall be formulated by the Board. Such committees shall have an odd number of members, which is not less than three. The majority of the members of the Nomination Committee and the Remuneration and Appraisal Committee shall be independent Directors, and the convener shall be an independent Director. The chairman of the Board shall serve as the convener of the Strategy and ESG Committee.

Senior Management

The Company shall have one general manager, one chief financial officer, and one Board secretary, whose appointment or dismissal shall be decided by the Board.

The Company may have several deputy general managers, whose appointment and dismissal shall be decided by the Board.

The general manager, deputy general managers, the chief financial officer and the Board secretary of the Company are the senior management of the Company.

The general manager shall be liable to the Board and exercise the following powers and functions:

(I) to preside over the production, operation and management of the Company, to organize the implementation of the resolutions of the Board, and to report his/her work to the Board;

(II) to organize the implementation of the annual business plans and investment proposals of the Company;

(III) to prepare the proposal on the setup of the Company's internal management structure;

(IV) to formulate the Company's basic management system;

(V) to develop the specific rules for the Company;

(VI) to request the Board to appoint or dismiss the senior management such as the deputy general managers and the chief financial officer of the Company;

(VII) to decide on the appointment or dismissal of management personnel other than those who should be appointed or dismissed by the Board;

(VIII) other functions and powers granted by the securities regulatory rules of the place where Shares of the Company are listed, the Articles of Association or the Board.

The general manager shall attend the meetings of the Board.

The general manager shall formulate working rules of the general manager, which shall come into force after being approved by the Board.

The senior management of the Company shall faithfully perform their duties and safeguard the best interests of the Company and all Shareholders. If the senior management of the Company fails to perform their duties faithfully or violates the fiduciary duty, causing damage to the interests of the Company and the public Shareholders, they shall be liable for compensation in accordance with the laws.

FINANCIAL AND ACCOUNTING SYSTEM, PROFIT DISTRIBUTION AND AUDIT

Financial and Accounting System

The Company establishes its financial and accounting system according to the laws, administrative regulations and the requirements of the relevant governmental authorities.

Disclosure of regular reports of A Shares: The Company shall submit and disclose its annual reports to the local offices of the CSRC and the stock exchange within 4 months after the end of each fiscal year, and submit and disclose its interim reports to the local offices of the CSRC and the stock exchanges within 2 months after the end of the first half of each fiscal year.

Disclosure of regular reports of H Shares: The regular reports of H Shares of the Company include annual reports and interim reports. The Company shall disclose a preliminary announcement of its annual results within three months after the end of each financial year, and prepare and disclose its annual report within four months after the end of each financial year and at least 21 days before the date of the annual general meeting. The Company shall disclose a preliminary announcement of its interim results within two months after the end of the first six months of each financial year, and prepare and disclose its interim report within three months after the end of the first six months of each financial year.

The above financial and accounting reports, annual reports, annual results, interim reports and interim results shall be prepared in accordance with the requirements of relevant laws, administrative regulations, the CSRC and the securities regulatory rules of the place where the Shares of the Company are listed.

The Company shall have no other accounting books except the statutory accounting books. Its funds shall not be deposited in any accounts opened in the name of any individual.

When the Company distributes the after-tax profits of the current year, it shall appropriate 10% of the profits to its statutory reserve fund. The Company may cease the appropriation to such statutory reserve fund if the cumulative amount has exceeded 50% of the Company's registered capital.

Where the statutory reserve fund of the Company is insufficient to recover its losses in the previous years, the profits of the current year shall be used to make up for the losses before being appropriated to the statutory reserve fund in accordance with the above provisions.

After the Company appropriates the profits after tax to the statutory reserve fund, it may appropriate further to the discretionary reserve from the profits after tax with the resolution of the Shareholders' meeting.

The Company may distribute the profits after tax according to the proportion of shareholdings after making up for losses and appropriating to the statutory reserve fund.

If the Shareholders' meeting distributes profits to Shareholders in violation of the Company Law, the Shareholders shall return the profits distributed in violation of the provisions to the Company; if losses are caused to the Company, the Shareholders and the responsible Directors and senior management shall be liable for compensation.

The Company's Shares held by the Company shall not participate in the distribution of profits.

The Company shall appoint one or more receiving agents in Hong Kong for H Shareholders. The receiving agents shall receive and safekeep the dividends distributed and other amounts payable by the Company in respect of the H Shares on behalf of the relevant H Shareholders before payment is made to such H Shareholders. The receiving agents appointed by the Company shall meet the requirements of laws, regulations and the securities regulatory rules of the place where the Shares of the Company are listed.

The Company's reserves may be used to make up for the Company's losses, expand the Company's production and operations or be converted to increase the Company's registered capital.

When making up for the Company's losses with reserves, the discretionary reserve and statutory reserve fund should be used first; if it is still insufficient, the capital reserve can be used in accordance with relevant provisions.

When the statutory reserve fund is converted to increase the registered capital, the amount of such reserve fund retained shall be no less than 25% of the Company's registered capital before the conversion.

The Company may distribute dividends in the form of cash, Shares, a combination of cash and Shares or other means permitted by laws. Cash dividends shall take precedence over the Share dividends. If the conditions for cash dividends are met, cash dividends shall be given priority for profit distribution.

Internal Audit

The Company implements an internal audit system, which shall specify the leadership structure, responsibilities and authorities, staffing, funding guarantee, utilization of audit results, and accountability mechanisms for internal audit work.

The Company's internal audit system shall be implemented after being approved by the Board and disclosed to the public.

The internal audit department of the Company shall supervise and inspect the Company's business activities, risk management, internal control, financial information and other matters.

The internal audit department shall be responsible to the Board.

During the process of supervision and inspection of the Company's business activities, risk management, internal control and financial information, the internal audit department shall accept the supervision and guidance of the Audit Committee. If the internal audit department discovers relevant major issues or clues, it shall immediately report directly to the Audit Committee.

Engagement of an Accounting Firm

The Company shall engage an accounting firm that complies with the provisions of the Securities Law and the securities regulatory rules of the place where the Shares of the Company are listed to conduct accounting statement auditing, net asset verification and other related consulting services. The term of engagement is 1 year and can be renewed.

The engagement and dismissal of an accounting firm shall be decided by the Shareholders' meeting, and the Board shall not appoint an accounting firm before the decision of the Shareholders' meeting.

The Company guarantees to provide true and complete accounting vouchers, accounting books, financial and accounting reports and other accounting data to the accounting firm it engages, without any refusal, withholding or misrepresentation.

The audit fees of the accounting firm shall be determined by the Shareholders' meeting.

In the event of dismissal or termination of the renewal of the accounting firm, the Company shall notify the accounting firm 15 days in advance. The accounting firm should be allowed to make representations when the Shareholders' meeting of the Company conducts a vote on the dismissal of the accounting firm.

If an accounting firm proposes to resign, it shall explain to the Shareholders' meeting whether there is any misconduct in the Company.

NOTICES AND ANNOUNCEMENTS

Notices

The Company's notices shall be issued by the following means:

(I) by hands;

(II) by mail, fax, or email;

(III) by announcement;

(IV) other means recognized by laws, administrative regulations, rules, relevant regulatory authorities of the place where the Shares of the Company are listed, or stipulated in the Articles of Association.

The notice of convening the Shareholders' meeting of the Company shall be given at least by way of announcement or other means recognized by the stock exchange where the Shares of the Company are listed (in case of other means, it shall not be earlier than the time of the announcement).

The notice of convening the Board meeting of the Company shall be given by hand, through communication means (telephone, fax, letter, email) or in writing.

Announcements

The Company shall regard the disclosure media designated by the CSRC, the website of the Shenzhen Stock Exchange and the website of the Hong Kong Stock Exchange as the designated media for the Company to publish its announcements and other discloseable information.

MERGER, DIVISION, CAPITAL INCREASE AND REDUCTION, DISSOLUTION AND LIQUIDATION

Merger, Division, Capital Increase and Reduction

The Company may effect a merger by way of absorption or new establishment.

A company absorbing other companies is a merger by adsorption, and the absorbed companies shall be dissolved. The merger of two or more companies to establish a new company is a merger by new establishment, and the merging parties shall be dissolved.

If the consideration paid by the Company for a merger does not exceed 10% of the Company's net assets, it may not be subject to a resolution of the Shareholders' meeting, unless otherwise provided in the Articles of Association.

Where the merger of the Company pursuant to the preceding paragraph is not subject to a resolution of the Shareholders' meeting, it shall be subject to a resolution of the Board of Directors.

In the case of a merger, a merger agreement shall be signed by all parties, and the balance sheet and inventory list shall be prepared. The Company shall notify its creditors within 10 days since the date of making the merger resolution and make an announcement on the disclosure media designated by the Company or the National Enterprise Credit Information Publicity System and the website of the Hong Kong Stock Exchange within 30 days. Creditors may, within 30 days since the date of receiving the notice, or, if not receiving the notice, within 45 days since the date of the announcement, request the Company to pay off its debts or provide corresponding guarantees.

If the Company merges, the credits and debts of the merging parties shall be assumed by the surviving company or the newly established company upon merging.

If the Company is to be divided, its property shall be divided accordingly.

In the case of a division, the balance sheet and inventory list shall be prepared. The Company shall notify its creditors within 10 days since the date of making the division resolution and make an announcement on the disclosure media designated by the Company or the National Enterprise Credit Information Publicity System and the website of the Hong Kong Stock Exchange within 30 days.

The debts of the Company which have accrued prior to the division shall be jointly borne by the divided companies, unless it is otherwise agreed by way of an agreement in writing with the creditors in respect of the settlement of debts before the Company's division.

If the Company needs to reduce its registered capital, it shall prepare a balance sheet and an inventory list.

The Company shall notify its creditors within 10 days since the date of making the resolution on reducing the registered capital by the Shareholders' meeting and make an announcement on the disclosure media designated by the Company or the National Enterprise Credit Information Publicity System and the website of the Hong Kong Stock Exchange within 30 days. Creditors shall, within 30 days since the date of receiving the notice, or, if not receiving the notice, within 45 days since the date of the announcement, have the right to require the Company to pay off its debts or provide corresponding guarantees.

If the Company reduces its registered capital, it shall correspondingly reduce the amount of capital contributions or Shares in proportion to the Shares held by Shareholders, unless otherwise provided by laws or the Articles of Association.

If the Company still has losses after making up for its losses in accordance with the provisions of paragraph 2 of Article 159 of the Articles of Association, it may reduce its registered capital to make up for losses. If the registered capital is reduced to make up for losses, the Company shall not distribute to Shareholders, nor shall it exempt Shareholders from their obligations to pay the capital contributions or share payments.

Where the registered capital is reduced in violation of the Company Law and other relevant regulations, Shareholders shall return the funds they have received, and the reduction or exemption of capital contributions from Shareholders shall be restored to the original state; if losses are caused to the Company, Shareholders and the responsible Directors and the senior management shall be liable for compensation.

When the Company issues new shares to increase its registered capital, Shareholders shall have no pre-emptive rights, unless otherwise provided by the Articles of Association or decided by a resolution of the Shareholders' meeting.

Dissolution and Liquidation

The Company shall be dissolved for the following reasons:

(I) the business term stipulated in the Articles of Association expires or other events of dissolution stipulated in the Articles of Association occur;

(II) the Shareholders' meeting makes a resolution to dissolve;

(III) dissolution is required due to the merger or division of the Company;

(IV) the business license is revoked, or the Company is ordered to close or is deregistered in accordance with the laws;

(V) if the Company encounters serious difficulties in its operation and management, and its continued existence will cause significant losses to the interests of its Shareholders, which cannot be resolved through other means, Shareholders holding more than 10% of the voting rights of the Company may request the People's Court to dissolve the Company.

In the event of dissolution of the Company as stipulated in the preceding paragraph, it shall announce such event of dissolution through the National Enterprise Credit Information Publicity System within 10 days.

Where the circumstances described in items (I) and (II) above and property is not yet distributed to Shareholders, the Company may carry on its existence by amending the Articles of Association or through a resolution of the Shareholders' meeting.

Any amendment to the Articles of Association or resolution of the Shareholders' meeting in accordance with the provisions of the preceding paragraph shall be passed by more than two-thirds of the voting rights held by Shareholders present at the Shareholders' meeting.

Where the Company is to be dissolved pursuant to the provisions of items (I), (II), (IV) and (V) above, it shall be liquidated. Directors are the liquidation obligors of the Company and shall establish a liquidation team within 15 days from the date when the events for dissolution occur to conduct liquidation.

The liquidation team shall be composed of Directors, unless otherwise provided in the Articles of Association or the Shareholders' meeting resolves to elect another person.

If the liquidation obligors fail to perform their liquidation obligations in a timely manner, causing losses to the Company or its creditors, they shall be liable for compensation.

During the liquidation period, the liquidation team shall exercise the following powers and functions:

(I) to dispose of the Company's property and prepare the balance sheet and inventory list, respectively;

(II) to notify the creditors through notice or announcement;

(III) to handle the outstanding business of the Company related to the liquidation;

(IV) to settle all tax overdue and taxes incurred during the liquidation process;

(V) to settle credits and debts;

(VI) to distribute the remaining property of the Company after paying off its debts;

(VII) to represent the Company in civil lawsuits.

The liquidation team shall notify the creditors within 10 days upon its establishment and make an announcement on the disclosure media designated by the Company or the National Enterprise Credit Information Publicity System and the Hong Kong Stock Exchange within 60 days. Creditors shall submit their claims to the liquidation team within 30 days from the date of receiving the notice, or, if not receiving the notice, within 45 days from the date of announcement.

A creditor shall state all matters related to his/her/its creditor rights in making his/her/its claims and furnish evidence. The liquidation team shall register such claims.

During the period of claim submission, the liquidation team shall not make settlements with the creditors.

Upon disposal of the Company's property and preparation of the balance sheet and inventory list, the liquidation team shall formulate a liquidation plan and submit it to the Shareholders' meeting or the people's court for verification.

After paying off the liquidation expenses, employees' salaries, social insurance contribution and statutory compensation, overdue taxes and the Company's debts, the remaining property of the Company shall be distributed to Shareholders in proportion to their shareholdings.

During the liquidation period, the Company shall continue to exist, but shall not carry out business activities unrelated to the liquidation.

The Company's property shall not be distributed to Shareholders until it is settled pursuant to the provisions of the preceding paragraph.

Upon disposal of the Company's property and preparation of the balance sheet and inventory list, if the liquidation team finds that the Company's property is insufficient to pay off its debts, it shall apply to the people's court for bankruptcy liquidation in accordance with the laws.

After the people's court accepts the bankruptcy application, the liquidation team shall hand over the liquidation affairs to the bankruptcy administrator designated by the people's court.

Upon completion of the liquidation of the Company, the liquidation team shall prepare a liquidation report and submit it to the Shareholders' meeting or the people's court for verification, and file with the company registration authority for deregistration of the Company.

Members of the liquidation team shall perform their liquidation obligations with duties of loyalty and diligence.

Where a member of the liquidation team causes losses to the Company due to negligence in performing liquidation obligations, he/she shall be liable for compensation, or where the member causes losses to the creditors due to intent or gross negligence, he/she shall be liable for compensation.

Amendments to the Articles

The Company shall amend the Articles under any of the following circumstances:

(I) after amendments are made to the Company Law or relevant laws, administrative regulations or securities regulatory rules of the place where the Company's shares are listed, the matters stipulated in the Articles contradict with the provisions of the amended laws, administrative regulations or securities regulatory rules of the place where the Company's shares are listed;

(II) the Company's situation changes and is inconsistent with the matters recorded in the Articles;

(III) the Shareholders' meeting decides to amend the Articles.

If the amendments to the Articles passed by the resolution of the Shareholders' meeting are subject to the approval of the competent authorities, they shall be reported to the competent authorities for approval; if matters relate to company registration, registration of the changes shall be made in accordance with the laws.

The Board of Directors shall amend the Articles of Association in accordance with the resolution of the Shareholders' meeting on the amendments to the Articles and the approval opinions of the relevant competent authorities.

Where the amendments to the Articles are information required to be disclosed by laws and regulations, such amendments shall be announced as required.

1. FURTHER INFORMATION ABOUT OUR COMPANY

A. Establishment of our Company

Our history can be traced back to March 16, 2012, when UGREEN Limited, our predecessor, was established as a limited liability company in Shenzhen. At the time of establishment, UGREEN Limited had a registered capital of RMB1 million, and was principally engaged in the research, design and sales of consumer electronics products under the "UGREEN 綠聯" brand. Since establishment, the company continued to expand its product categories, marketing channels and overseas presence. In June 2021, following approval from the Shenzhen Municipal Administration for Market Regulation, UGREEN Limited was converted into a joint stock limited company and renamed UGREEN Group Limited. (深圳市綠聯科技股份有限公司). Upon the conversion, the registered capital of our Company was set at RMB250 million. Our Group was listed on the Shenzhen Stock Exchange on July 26, 2024. See "— Major Historical Shareholding Changes of Our Company" in the section headed "History, Development and Corporate Structure" in this Document for more details.

Our registered office is located at 1st to 6th Floors, Building 7, 4th Floor, Building 6, Longcheng Industry & Trade Yu'an Plant, Gaofeng Community, Dalang Subdistrict, Longhua District, Shenzhen, Guangdong Province, China. Our company has established a place of business in Hong Kong at Room 1919, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong and has been registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on February 9, 2026. Mr. So, one of our joint company secretaries, has been appointed as the authorized representative in Hong Kong and our agent for the acceptance of service of process in Hong Kong whose correspondence address is the same as our place of business in Hong Kong.

As we are established in the PRC, our corporate structure and Articles of Association are subject to the relevant laws and regulations of the PRC. A summary of the relevant provisions of our Articles of Association is set out in "Summary of the Articles of Association" in Appendix III. A summary of certain relevant aspects of the laws and regulations of the PRC is set out in "Regulatory Overview — Laws, Regulations and Policies of the PRC."

B. Changes in the Share Capital of our Company

There has been no other alteration in the share capital of our Company during the two years immediately preceding the date of this Document.

C. Changes in the Share Capital of Our Subsidiaries

Save for (i) the increase in the registered capital of our subsidiary, Ugreen Group (Malaysia) Sdn. Bhd., from Malaysian Ringgit 1,000 to Malaysian Ringgit 1,000,000 on September 2, 2025; (ii) the increase in the registered capital of our subsidiary, Ugreen Japan, from Japanese Yen 1,000,000 to Japanese Yen 90,000,000 on March 19, 2026; (iii) the increase in the registered capital of our subsidiary, UGREEN TRADING (THAILAND) CO., LTD. from Thai Baht 1,000,000 to Thai Baht 100,000,000 on May 12, 2026; and (iv) the increase in the registered capital of our subsidiary, UGREEN BRAZIL LTDA, from Brazilian Real 10,000 to Brazilian Real 850,000 on June 3, 2026, there has been no other alterations in the share capital of our subsidiaries within the two years preceding the date of this Document.

D. Resolutions of our Shareholders in Relation to the [REDACTED]

At the extraordinary Shareholders' meeting of our Company held on January 12, 2026, the following resolutions, among other things, were duly passed:

(a) the issue by our Company of H Shares of nominal value of RMB1.00 each and such H Shares be [**REDACTED**] on the [**REDACTED**];

(b) the number of H Shares to be [**REDACTED**] before the exercise of the [**REDACTED**] shall not exceed [**REDACTED**]% of the [**REDACTED**] of our Company upon completion of the [**REDACTED**] and granting the [**REDACTED**] the [**REDACTED**] of no more than [**REDACTED**]% of the above number of H Shares to be [**REDACTED**];

(c) subject to the completion of the [**REDACTED**], the conditional adoption of the Articles of Association, which shall become effective on [**REDACTED**]; and

(d) authorization of the Board or its authorized individual to handle all matters relating to, among other things, the [**REDACTED**], the issue and [**REDACTED**] of H Shares on the [**REDACTED**].

2. FURTHER INFORMATION ABOUT OUR BUSINESS

A. Summary of Material Contracts

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this Document that is or may be material:

(a) the [**REDACTED**].

B. Intellectual Property Rights

As of the Latest Practicable Date, our Group has registered or has applied for the registration of the following intellectual property rights which were material to our Group's business.

(a) Trademarks

As of the Latest Practicable Date, we have registered the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Registration Number	Owner	Date of Protection	Expiry Date	Class	Place of Registration
1.	UGREEN	41329152	Company	October 28, 2020	October 27, 2030	9	PRC
2.	UGREEN 绿联	41316562	Company	October 28, 2020	October 27, 2030	9	PRC
3.	绿联	41310734	Company	October 28, 2020	October 27, 2030	9	PRC
4.	绿联	73955792	Company	June 7, 2024	June 6, 2034	9	PRC

No.	Trademark	Registration Number	Owner	Date of Protection	Expiry Date	Class	Place of Registration
5.		65120608	Company	February 21, 2023	February 20, 2033	9	PRC
6.	UGREEN	90000082	Company	November 24, 2020	November 24, 2030	9	United States
7.	UGREEN	3079920	Company	January 3, 2024	May 15, 2034	9	Mexico
8.	UGREEN	2022-059061	Company	May 11, 2023	May 11, 2033	9	Japan
9.	UGREEN	306265279	Company	June 9, 2023	June 8, 2033	9	Hong Kong
10.	UGREEN 绿联	307097833	Company	November 19, 2025	November 18, 2035	9	Hong Kong
11.	UGREEN	018681053	Company	April 3, 2022	April 3, 2032	9	European Union
12.	UGREEN	UK00003771265	Company	March 29, 2022	March 29, 2032	9	United Kingdom
13.	UGREEN	1763207	Company	August 18, 2023	August 18, 2033	9	Indonesia
14.	UGREEN	TM2025013414	Company	April 28, 2025	April 28, 2035	9	Malaysia
15.	UGREEN	1856733	Company	March 27, 2019	March 27, 2034	9	Canada
16.	UGREEN	380995	Company	August 10, 2022	August 10, 2032	9	United Arab Emirates
17.	UGREEN	347882	Company	May 12, 2022	January 22, 2032	9	Saudi Arabia
18.	UGREEN	220119590	Company	June 7, 2022	June 6, 2032	9	Thailand
19.	UGREEN	1763207	Company	August 18, 2023	August 18, 2033	9	Russia
20.	UGREEN	913444928	Company	January 29, 2019	January 29, 2029	9	Brazil
21.	UGREEN	1872258	Company	September 11, 2017	September 11, 2027	9	Australia

As of the Latest Practicable Date, we had applied for the registration of the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Applicant	Place of Application	Application Number	Application Date
1.	UGREEN	Company	Vietnam	4-2025-15447	April 11, 2025

Patents

As of the Latest Practicable Date, we have registered the following patents which we consider to be or may be material to our business:

No.	Patent	Type	Patent number	Registered Owner	Place of Registration	Application Date
1	A device network connection method, apparatus, electronic device, server, and system (一種設備網絡連接方法、裝置、電子設備、服務器及系統)	Invention	ZL202211053059.8	Company	PRC	August 31, 2022
2	A method, apparatus, and electronic device for uploading files (一種上傳文件的方法、裝置以及電子設備)	Invention	ZL202210534590.0	Company	PRC	May 17, 2022
3	A method, apparatus, and electronic device for displaying list data by sliding (一種滑動展示列表數據的方法、裝置以及電子設備)	Invention	ZL202210582317.5	Company	PRC	May 26, 2022
4	A document scanning method, apparatus, electronic device, and storage medium (一種文件掃描方法、裝置、電子設備以及存儲介質)	Invention	ZL202210377071.8	Company	PRC	April 12, 2022
5	A multifunctional docking station (一種多功能擴展塢)	Invention	ZL202110267032.8	Company	PRC	March 11, 2021
6	USB interface chip circuit, a docking station, a firmware authentication method and device (一種USB接口芯片電路、擴展塢、固件鑒權方法和裝置)	Invention	ZL202011250350.5	Company	PRC	November 10, 2020
7	A method, apparatus, system, and electronic device for transmitting composite photograph data (一種傳輸複合照片數據的方法、裝置、系統以及電子設備)	Invention	ZL202210403529.2	Company	PRC	April 18, 2022
8	A power control device and method for USB-C interface devices (一種用於USB-C接口設備的電源控制裝置和方法)	Invention	ZL201910550010.5	Company	PRC	June 24, 2019
9	A power supply circuit, a terminal accessory and method for preventing voltage reverse current (一種供電電路、防止電壓倒流的終端附件和方法)	Invention	ZL202010743303.8	Company	PRC	July 29, 2020
10	Data transmission line adapter (數據傳輸線轉接口)	Invention	ZL201910334980.1	Haiying Zhilian	PRC	April 24, 2019
11	A data transmission connector (一種數據傳輸連接器)	Invention	ZL201910413693.X	Haiying Zhilian	PRC	May 17, 2019
12	A method for controlling and suppressing interference in wire signals (一種線材信號控制和抗干擾方法)	Invention	ZL202510102581.8	Zhize Technology	PRC	January 22, 2025

No.	Patent	Type	Patent number	Registered Owner	Place of Registration	Application Date
13	A two-way communication system with transmission channel selection function (具有傳輸信道選擇功能的雙向通訊系統)	Invention	ZL202110989255.5	Zhize Technology	PRC	August 26, 2021
14	Data cable and its injection molding method (數據線及其注塑方法)	Invention	ZL201911344801.9	Company	PRC	December 24, 2019
15	A data rendering method, apparatus, computer device, and storage medium (一種數據渲染的方法、裝置、計算機設備以及存儲介質)	Invention	ZL202111384586.2	Company	PRC	November 19, 2021
16	A data processing method, apparatus, and electronic device for cross-system communication (一種用於跨系統通訊的數據處理方法、裝置及電子設備)	Invention	ZL202210281205.6	Company	PRC	March 22, 2022
17	A protocol-based communication method, apparatus, electronic device, and storage medium (一種基於協議的通信方法、裝置、電子設備和存儲介質)	Invention	ZL202210515023.0	Company	PRC	May 12, 2022
18	A control circuit, control method, and electronic device (一種控制電路、控制方法及電子設備)	Invention	ZL202210842283.9	Company	PRC	July 18, 2022
19	A network storage device (一種網絡存儲裝置)	Utility	ZL202421131700.X	Company	PRC	May 22, 2024
20	A power supply circuit and NAS device (一種供電電路及NAS設備)	Utility	ZL202421144084.1	Company	PRC	May 22, 2024
21	Network storage device (DXP6800DXP8800) (網絡存儲器（DXP6800-DXP8800）)	Design	ZL202430219484.3	Company	PRC	April 18, 2024
22	Network storage device (CM814) (網絡存儲器(CM814))	Design	ZL202430316326.X	Company	PRC	May 27, 2024
23	An audio and video signal acquisition and processing circuit and device for wireless screen casting (一種用於無線投屏的音視頻信號採集與處理電路及設備)	Utility	ZL202322229445.4	Company	PRC	August 18, 2023
24	A data cable and a video signal transmission device (一種數據線以及視頻信號傳輸裝置)	Utility	ZL202222119487.8	Company	PRC	August 11, 2022
25	A signal conversion circuit and a signal adapter cable (一種信號轉換電路和信號轉接線)	Utility	ZL202020618472.4	Company	PRC	April 22, 2020
26	A switching circuit and switcher for switching among multiple devices (一種用於多設備間的切換電路及切換器)	Utility	ZL202020845014.4	Company	PRC	May 19, 2020
27	An audio separation and switching circuit and switcher (一種音頻分離切換電路及切換器)	Utility	ZL202421063168.2	Company	PRC	May 15, 2024

No.	Patent	Type	Patent number	Registered Owner	Place of Registration	Application Date
28	A charger (一種充電器)	Utility	ZL202420266247.7	Company	PRC	February 1, 2024
29	A power adapter (一種電源適配器)	Utility	ZL202421224309.4	Company	PRC	May 30, 2024
30	A charging control circuit and a multi-port charger (一種充電控制電路及其多口充電器)	Utility	ZL202422348629.7	Company	PRC	September 25, 2024
31	A map data aggregation and display method, system, electronic device and storage medium (地圖數據的聚合顯示方法、系統、電子設備和存儲介質)	Invention	ZL202510499607.7	Company	PRC	April 18, 2025
32	Card reader (讀卡器)	Design	29659809	Company	United States	August 13, 2018
33	Converter (轉換器)	Design	29752380	Company	United States	September 27, 2020
34	Socket (插座)	Design	29789920	Company	United States	October 25, 2021
35	Storage Device (存儲設備)	Design	29821797	Company	United States	January 3, 2022
36	Wireless network card (無線網卡)	Design	29848485	Company	United States	August 3, 2022
37	Charger (充電器)	Design	29848489	Company	United States	August 3, 2022
38	Mobile Power Device (移動電源)	Design	29905753	Company	United States	October 25, 2023
39	Docking Station (擴展塢)	Design	29905839	Company	United States	October 26, 2023
40	Charger (充電器)	Design	29875078	Company	United States	April 28, 2023
41	Charger (充電器)	Design	29875074	Company	United States	April 28, 2023
42	Solid state drive memory device (固態硬盤存儲設備)	Design	29878957	Company	United States	June 29, 2023
43	Mobile power device (移動電源)	Design	29942227	Company	United States	May 14, 2024
44	Docking station (擴展塢)	Design	29957005	Company	United States	August 10, 2024
45	Mobile power device (移動電源)	Design	29983630	Company	United States	January 10, 2025
46	Data transmission devices [data processing] (數據傳輸裝置[資料處理])	Design	015026444-0002	Company	European Union	June 29, 2023
47	Data transmission devices [data processing] (數據傳輸裝置[資料處理])	Design	6293016	Company	United Kingdom	June 29, 2023
48	A stowable power plug, power strip and electrical appliance (一種可收納的電力插頭、插綫板和電器)	Invention	2119101.0	Company	United Kingdom	December 29, 2021
49	Plug with linked flipping pins (一種插腳聯動翻轉插頭)	Invention	GB2639701	Company	United Kingdom	October 4, 2024
50	A method, apparatus, system and electronic device for transmitting composite image data (一種傳輸複合照片數據的方法、裝置、系統以及電子設備)	Invention	18673368	Company	United States	May 24, 2024
51	A method, apparatus, system and electronic device for transmitting composite image data (一種傳輸複合照片數據的方法、裝置、系統以及電子設備)	Invention	112022004725	Company	Germany	May 29, 2024
52	A method, apparatus, system and electronic device for transmitting composite image data (一種傳輸複合照片數據的方法、裝置、系統以及電子設備)	Invention	2024-534103	Company	Japan	June 6, 2024

As of the Latest Practicable Date, we had applied for the registration of the following patents which we consider to be or may be material to our business:

No.	Patent	Type	Applicant	Place of Application	Application Date
1.	An intelligent request distribution method, apparatus and network attached storage device (一種智能化的請求分發方法、裝置及網絡附加存儲設備)	Invention	Company	PRC	March 14, 2025
2.	A rich text intelligent processing method, apparatus, network attached storage device and system (富文本智能處理方法、裝置、網絡附加存儲設備和系統)	Invention	Company	PRC	April 1, 2025
3.	A network disk suite integration method, apparatus and system for network attached storage devices (網絡附加存儲設備的網盤套件集成方法、裝置及系統)	Invention	Company	PRC	May 29, 2025
4.	A power adapter (一種電源適配器)	Invention	Company	PRC	March 7, 2025
5.	A model training and recognition method, apparatus, device and system for facial classification (人臉分類的模型訓練、識別方法、裝置、設備及系統)	Invention	Company	PRC	June 3, 2025
6.	An AI model-based development method and apparatus, electronic device and system (一種基於AI模型的開發方法及裝置、電子設備及系統)	Invention	Company	PRC	June 9, 2025
7.	A fast charging method, system, energy storage device and its control circuit, and storage medium (一種快速充電方法、系統、儲能設備及其控制電路、介質)	Invention	Company	PRC	August 14, 2025
8.	A method for controlling NAS devices based on large models and a network attached storage device (基於大模型對NAS設備實現控制的方法及網絡附加存儲設備)	Invention	Company	PRC	November 10, 2025
9.	A multi-port charging device and its charging control method, and storage medium (一種多口充電設備及其充電控制方法、存儲介質)	Invention	Company	PRC	November 10, 2025
10.	A charging control method for a power bank and the power bank, and storage medium (一種移動電源的充電控制方法及移動電源、存儲介質)	Invention	Company	PRC	November 10, 2025

(b) Copyrights

As of the Latest Practicable Date, we have registered the following copyrights which we consider to be or may be material to our business:

No.	Copyright	Owner	Registration Number	Registration Date	Place of Registration
1.	UGREEN Cloud Car Infotainment App V1.0.0 (綠聯雲車機 APP V1.0.0)	Company	2025SR1441912	August 04, 2025	PRC
2.	UGREEN Cloud tvOS App V1.0.0 (綠聯雲 tvOS端 APP V1.0.0)	Company	2024SR1303359	September 04, 2024	PRC
3.	UGREEN (Android) App V1.0 (綠聯(Android) APP V1.0)	Company	2024SR0047355	January 08, 2024	PRC
4.	UGREEN (iOS) App V1.0 (綠聯(iOS) APP V1.0)	Company	2024SR0047814	January 08, 2024	PRC
5.	UGREEN Cloud iOS App V1.0.0 (綠聯雲 iOS APP V1.0.0)	Company	2023SR1218329	October 11, 2023	PRC
6.	UGREEN Cloud Windows App V1.0.0 (綠聯雲 Windows APP V1.0.0)	Company	2023SR1218217	October 11, 2023	PRC
7.	UGREEN Private Cloud Android App V4.4.0 (綠聯私有雲 Android APP V4.4.0)	Company	2023SR1153318	September 25, 2023	PRC
8.	UGREEN Private Cloud iOS App V4.4.0 (綠聯私有雲 iOS APP V4.4.0)	Company	2023SR1152476	September 25, 2023	PRC
9.	UGREEN Private Cloud Mac App V4.4.0 (綠聯私有雲 Mac APP V4.4.0)	Company	2023SR1152473	September 25, 2023	PRC
10.	UGREEN Private Cloud TV App V4.4.0 (綠聯私有雲 TV APP V4.4.0)	Company	2023SR1153316	September 25, 2023	PRC
11.	UGREEN Private Cloud Windows App V4.4.0 (綠聯私有雲 Windows APP V4.4.0)	Company	2023SR1143920	September 22, 2023	PRC
12.	UGREEN CM608 90810 KVM 4-in-1-out 4K30Hz Control Software V0.0.5 (綠聯 CM608 90810 KVM切換器 四進一出 4K30Hz控制軟件 V0.0.5)	Company	2023SR0756154	June 29, 2023	PRC
13.	UGREEN CM610 90812 HDMI 1080P 60m Ethernet Extender Control Software V0.0.1 (綠聯 CM610 90812 HDMI 1080P 60米網線延長器控制軟件 V0.0.1)	Company	2022SR1371847	September 23, 2022	PRC
14.	UGREEN Cloud TV Client Software V1.0.0 (綠聯雲 TV客戶端軟件 V1.0.0)	Company	2022SR0585128	May 16, 2022	PRC
15.	UGREEN Cloud NAS Server Software V2.4.0 (綠聯雲 NAS Server軟件 V2.4.0)	Company	2022SR0058996	January 10, 2022	PRC
16.	UGREEN Cloud uGreen-Cloud Software V2.1.0 (綠聯雲 uGreen-Cloud軟件 V2.1.0)	Company	2022SR0059002	January 10, 2022	PRC

No.	Copyright	Owner	Registration Number	Registration Date	Place of Registration
17.	Intelligent Manufacturing Integrated MES System V1.0 (智能製造集成 MES系統 V1.0)	Zhize Technology	2025SR0297221	February 20, 2025	PRC
18.	Apple & Android 2-in-1 Data Cable Intelligent Monitoring System V1.0 (蘋果安卓二合一數據線智能監控系統 V1.0)	Zhize Technology	2017SR711820	December 21, 2017	PRC
19.	Haiying USB Intelligent Charging Control Software V1.0 (海盈 USB智能充電控制軟件 V1.0)	Haiying Zhilian	2021SR0105202	January 20, 2021	PRC
20.	Haiying Type-C HD Dock Control Software V1.0 (海盈 Type-C高清拓展塢控制軟件 V1.0)	Haiying Zhilian	2021SR0105203	January 20, 2021	PRC
21.	Haiying Computer Data Converter Control Software V1.0 (海盈電腦數據轉換器控制軟件 V1.0)	Haiying Zhilian	2021SR0104214	January 19, 2021	PRC
22.	Haiying USB Splitter Control Software V1.0 (海盈 USB分配器控制軟件 V1.0)	Haiying Zhilian	2020SR1834793	December 16, 2020	PRC

(c) Domain Names

As of the Latest Practicable Date, we have registered the following internet domain names which we consider to be or may be material to our business:

No.	Domain Name	Registered Owner	Registration Date	Expiry Date
1.	lulian.cn	Company	December 12, 2010	December 12, 2027
2.	ugreen.jp	Ugreen Hong Kong	October 30, 2018	October 31, 2026
3.	ugreen.hk	Ugreen Hong Kong	October 30, 2018	October 29, 2026
4.	ugreen.com	Ugreen USA	October 28, 1999	October 28, 2030

Save as the above, as of the Latest Practicable Date, there were no other intellectual property rights which were material to our business.

3. FURTHER INFORMATION ABOUT OUR DIRECTORS, CHIEF EXECUTIVE AND SUBSTANTIAL SHAREHOLDERS

A. Disclosure of interests of Directors and chief executive of our Company

Save as disclosed below, immediately following the completion of the [**REDACTED**] and assuming that the [**REDACTED**] is not exercised, and no other changes were made to the issued share capital of our Company between the Latest Practicable Date and [**REDACTED**], none of our Directors has any interest and/or short position in the Shares, underlying Shares and debentures of our Company or our associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short position which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of [**REDACTED**] as set out in Appendix C3 to the Listing Rules to be notified to our Company, once the H Shares are [**REDACTED**] on the [**REDACTED**].

Name of the Director	Position	Shares to be held after the [REDACTED]	Nature of interest	Number of A Shares	Approximate percentage of shareholding in the A Shares immediately after the [REDACTED]	Approximate interest in [REDACTED] of our Company immediately after the [REDACTED][1]
Mr. Zhang	Chairman of the Board and Executive Director	A Shares	Beneficial Owner	187,832,050	[**REDACTED**]%	[**REDACTED**]%
Mr. Chen	Vice chairman of the Board and Executive Director	A Shares	Beneficial Owner	72,023,350	[**REDACTED**]%	[**REDACTED**]%
Ms. Chen Yan (陳艷)	Executive Director and Deputy General Manager	A Shares	Interest in controlled corporation[(2)]	48,700,387	[[**REDACTED**]%	[**REDACTED**]%
Mr. He Mengxin (何夢新)	Executive Director and General Manager	A Shares	Interest in controlled corporation[(3)]	13,351,034	[**REDACTED**]%	[**REDACTED**]%

Notes:

(1) The calculation is based on the assumption that no new Shares are issued under the [**REDACTED**], and no other changes were made to the issued share capital of our Company between the Latest Practicable Date and [**REDACTED**].

(2) Ms. Chen Yan is the general partner of Ugreen Consulting and Heshun IV, holding 18.45% and 72.87% partnership interests therein, respectively. Accordingly, Ms. Chen Yan is deemed to be interested in 48,438,867 and 261,520 A Shares held by Ugreen Consulting and Heshun IV, respectively, by virtue of the SFO.

(3) Mr. He Mengxin is a limited partner of Ugreen Heshun, holding 41.54% partnership interests therein. Accordingly, Mr. He Mengxin is deemed to be interested in 13,351,034 A Shares held by Ugreen Heshun, by virtue of the SFO.

B. Interests of Substantial Shareholders in Shares of Our Company and/or Members of Our Group

(i) Interests in Our Company

Save as disclosed in "Substantial Shareholders," our Directors were not aware of any persons who would, immediately following the completion of the [**REDACTED**] (assuming (i) the [**REDACTED**] is not exercised and (ii) no other changes were made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**]), having interests or short positions in our Shares or underlying Shares which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, 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 Shareholders' meetings of our Company.

(ii) Interests of Substantial Shareholders in Members of Our Group (Excluding Our Company)

Save as disclosed below and the disclosure in the section headed "Substantial Shareholders", our Directors are not aware of any other person who will, immediately following completion of the [**REDACTED**] and assuming that no new Shares are issued under the [**REDACTED**], and no other changes were made to the issued share capital of our Company between the Latest Practicable Date and [**REDACTED**], have an interest or short position in our Shares or underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 10% or more of the issued voting shares of our Company or any other member of our Group.

Member of our Group	Name of substantial shareholder	Approximate % held by the substantial shareholder
Zhize Technology	Wang Guozheng (王國政)	10.00%
	Yang Xiaofei (楊曉飛)	30.00%
Haiying Zhilian	Zhang Weixiang (張煒翔)	30.00%

C. Particulars of Directors' Service Contracts and Appointment Letters

Each of the Directors has entered into a service contract with our Company. The principal particulars of these service contracts and letters of appointment include (a) the term of service, (b) subject to termination in accordance with their respective term, and (c) a dispute resolution provision. The service contracts and letters of appointment may be renewed in accordance with our Articles of Association and the applicable laws, rules and regulations from time to time.

Save as disclosed above, we have not entered into, and do not propose entering into any service contracts with any of our Directors in their respective capacities as Directors (excluding agreements expiring or determinable by any member of our Group within one year without payment of compensation other than statutory compensation).

D. Remuneration of Directors

Save as disclosed in "Directors, and Senior Management" and Note 9 to the Accountants' Report set out in Appendix I for the financial years ended December 31, 2023, 2024 and 2025 and for the six months ended June 30, 2026, none of our Directors received other remunerations of benefits in kind from us.

E. Directors' Competing Interests

None of our Directors is interested in any business apart from our Group's business which competes or is likely to compete, directly or indirectly, with the business of our Group and is required to be disclosed under Rule 8.10 of the Listing Rules.

F. Disclaimers

Save as disclosed in this Document:

(a) none of our Directors or our chief executive has any interest or short position in our Shares, underlying Shares or debentures of our Company or any of our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to us and the Stock Exchange pursuant to Model Code for Securities Transactions by Directors of [**REDACTED**] once the H Shares are [**REDACTED**];

(b) none of our Directors is aware of any person (not being a Director or chief executive of our Company) who will, immediately following the completion of the [**REDACTED**] and the conversion of Unlisted Shares into H Shares (without taking into account any H Shares which may be [**REDACTED**] and [**REDACTED**] pursuant to the exercise of the [**REDACTED**]), have an interest or short position in our Shares or underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO or who is interested, directly or indirectly, in 10% or more of the issued voting shares of any member of our Group;

(c) none of our Directors, their respective close associates (as defined under the Listing Rules) or Shareholders who own more than 5% of the number of issued shares of our Company have any interests in the five largest customers or the five largest suppliers of our Group in each year during the Track Record Period;

(d) none of our Directors or any of the parties listed in "— Qualifications of Experts" in this Appendix is:

  i. interested in our promotion, or in any assets which have been, within two years immediately preceding the date of this Document, acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to any member of our Group; or

  ii. materially interested in any contract or arrangement subsisting at the date of this Document which is significant in relation to our business;

(e) save in connection with the [**REDACTED**], none of the persons listed in "— Qualifications of Experts" in this Appendix has any shareholding in any member of our Group or the right (whether legally enforceable or not) to [**REDACTED**] for or to nominate persons to [**REDACTED**] for securities in any member of our Group; and

(f) none of our Directors has entered or has proposed to enter into any service agreements with our Company or any member of our Group (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

4. OTHER INFORMATION

A. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries under the laws of the PRC.

B. Litigation

Save as disclosed in the sections headed "Business" and "Financial Information" in this Document, no member of our Group is engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against our Company that would have a material adverse effect on our Company's results of operations or financial condition.

C. Sole Sponsor

Huatai Financial Holdings (Hong Kong) Limited satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

The Sole Sponsor will receive an aggregate fee of US$500,000 for acting as sponsor for the [**REDACTED**].

D. Preliminary Expenses

As of the Latest Practicable Date, our Company has not incurred any material preliminary expenses.

E. Promoters

The promoters of our Company comprise all five shareholders of UGREEN Limited prior to its conversion into a joint stock limited liability company in 2021, namely, Mr. Zhang, Mr. Chen, Ugreen Consulting, Hillhouse Xiheng, and Ugreen Heshun. Within two years immediately preceding the date of this Document, no cash, securities or other benefit has been paid, allotted or given nor is any proposed to be paid, allotted or given to any promoters in connection with the [**REDACTED**] and the related transactions described in this Document.

F. Taxation of Holders of H Shares

The [**REDACTED**], [**REDACTED**] and [**REDACTED**] of H Shares registered with our [**REDACTED**] of members will be subject to Hong Kong stamp duty. The current rate charged on each of the purchaser and seller is 0.1% of the consideration of or, if higher, of the fair value of our Shares being [**REDACTED**] or [**REDACTED**].

G. No Material Adverse Change

Our Directors confirm that up to the date of this Document, there has been no material adverse change in our financial, operational or trading positions or prospects since June 30, 2026, being the end of the period reported on as set out in the Accountants' Report included in Appendix I to this Document.

H. Qualifications of Experts

The qualifications of the experts (as defined under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) who have given their opinion and/or advice in this Document are as follows:

Name	Qualification
Huatai Financial Holdings (Hong Kong) Limited	A licensed corporation under the SFO for type 1 (dealing in securities), type 2 (dealing in futures contracts), type 3 (leveraged foreign exchange trading), type 4 (advising on securities), type 6 (advising on corporate finance), type 7 (providing automated trading services) and type 9 (asset management) of the regulated activities as defined under the SFO
Rongcheng (Hong Kong) CPA Limited	Certified Public Accountants and Registered Public Interest Entity Auditor
Sundial Law Firm	Legal advisor as to PRC laws and PRC data compliance laws
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Independent industry consultant
Li & Partners	Legal advisor as to Hong Kong laws in relation to certain business operations in Hong Kong
Nishimura & Asahi (Gaikokuho Kyodo Jigyo)	Legal advisor as to Japan laws
Cross-Border Counselor LLP	Legal advisor as to United States laws in relation to certain business operations in the United States
PELTZER SUHREN Rechtsanwälte GbR	Legal advisor as to German laws
King & Wood	Legal advisor as to International Sanctions Compliance
Deloitte Consulting (Shanghai) Co., Ltd. Shenzhen Branch	Independent transfer pricing advisor

As of the Latest Practicable Date, none of the experts named above had any shareholding interest in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to [**REDACTED**] for or to nominate persons to [**REDACTED**] for securities in any member of our Group.

I. Consents of Experts

Each of the experts as referred to "— Qualifications of Experts" in this Appendix has given and has not withdrawn their respective written consents to the issue of this Document with the inclusion of their reports and/or letters (as the case may be) and the references to their names included in the form and context in which they are respectively included.

J. Binding Effect

This Document shall have the effect, if an application is made in pursuance of it, of rendering all persons concerned bound by all 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.

K. Bilingual Document

The English and Chinese language versions of this Document are being published separately, in reliance upon the exemption provided under section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

L. Miscellaneous

Save as otherwise disclosed in this Document:

(a) within the two years preceding the date of this Document: (i) save for the 41,500,000 A Shares issued for the listing of our A Shares on the Shenzhen Stock Exchange on July 26, 2024, we have not issued nor agreed to issue any share or loan capital fully or partly paid either for cash or for a consideration other than cash; and (ii) no commissions, discounts, brokerage fee or other special terms have been granted in connection with the issue or sale of any shares of our Company;

(b) no share or loan capital of our Company is under option or is agreed conditionally or unconditionally to be put under option;

(c) we have not issued nor agreed to issue any founder shares, management shares or deferred shares;

(d) there are no arrangements under which future dividends are waived or agreed to be waived;

(e) there are no procedures for the exercise of any right of pre-emption or transferability of subscription rights;

(f) there are no contracts for hire or hire purchase of plant to or by us for a period of over one year which are substantial in relation to our business;

(g) there have been no interruptions in our business which may have or have had a significant effect on our financial position in the last 12 months;

(h) there are no restrictions affecting the remittance of profits or repatriation of capital by us into Hong Kong from outside Hong Kong;

(i) no part of the equity or debt securities of our Company, if any, is currently listed on or dealt in on any stock exchange or trading system, and no such [**REDACTED**] or permission to [**REDACTED**] on any stock exchange other than the [**REDACTED**] is currently being or agreed to be sought;

(j) our Company has no outstanding convertible debt securities or debentures;

(k) our Company is a joint stock limited company and is subject to the PRC Company Law; and

(l) our Company has adopted a code of conduct regarding Directors' securities transactions on terms no less than those as required under the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Hong Kong Listing Rule.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The document attached to a copy of this Document and delivered to the Registrar of Companies in Hong Kong for registration were:

(i) a copy of each of the material contracts referred to in "Statutory and General Information — Further Information about our Business — Summary of Material Contracts" in Appendix IV to this Document; and

(ii) the written consents referred to in "Statutory and General Information — Other Information — Consents of Experts" in Appendix IV to this Document.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be published on the Stock Exchange's website at **www.hkexnews.hk** and **www.lulian.cn** during a period of 14 days from the date of this Document:

(a) the Articles of Association;

(b) the accountant's report from Rongcheng (Hong Kong) CPA Limited, the text of which is set out in Appendix I to this Document;

(c) the audited consolidated financial statements of our Group for the years ended December 31, 2023, 2024 and 2025 and for the six months ended June 30, 2026;

(d) the report from Rongcheng (Hong Kong) CPA Limited on the unaudited [**REDACTED**] financial information of our Group, the text of which is set out in Appendix II to this Document;

(e) the industry report issued by Frost & Sullivan referred to in "Industry Overview" in this Document;

(f) the PRC legal opinion issued by Sundial Law Firm, our PRC Legal Advisor, in respect of, among other things, certain general corporate matters and property interests matters of our Group;

(g) the legal opinion issued by Li & Partners, our Hong Kong legal advisor as to Hong Kong laws in relation to certain business operations in Hong Kong;

(h) the legal opinion issued by Nishimura & Asahi (Gaikokuho Kyodo Jigyo), our Japan legal advisor, in respect of certain aspects of Japan laws;

(i) the legal opinion issued by Cross-Border Counselor LLP, our United States legal advisor as to United States laws in relation to certain business operations in the United States;

(j) the legal opinion issued by PELTZER SUHREN Rechtsanwälte GbR, our German legal advisor, in respect of certain aspects of German laws;

(k) the memorandum issued by King & Wood, our legal advisor as to international sanctions compliance;

(l) the transfer pricing report issued by Deloitte Consulting (Shanghai) Co., Ltd. Shenzhen Branch, our Independent transfer pricing advisor;

(m) the material contracts referred to in "Statutory and General Information — Further Information about our Business — Summary of Material Contracts" in Appendix IV to this Document;

(n) the written consents referred to in "Statutory and General Information — Other Information — Consents of Experts" in Appendix IV to this Document;

(o) the contracts and appointment letters referred to in the section headed "Further Information About Our Director and Senior Management And Substantial Shareholders — Particulars of Directors' Contracts and Appointment Letters" in Appendix IV to this Document; and

(p) the PRC Company Law, Securities Law, and the Trial Measures for the Administration Related to the Overseas Securities Offering and Listing by Domestic Companies, together with unofficial English translations thereof.