Application Proof of

Onyx International Inc.
廣州文石信息科技股份有限公司

(the "**Company**")

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

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Onyx International Inc.
廣州文石信息科技股份有限公司

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

[REDACTED]

Number of [REDACTED] under the [REDACTED]	**:**	**[REDACTED] H Shares (subject to the [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to the [REDACTED] and [REDACTED])**
[REDACTED]	**:**	**HK$[REDACTED] per H Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Hong Kong Stock Exchange trading fee of 0.00565% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal value	**:**	**RMB[0.25] per H Share**
[REDACTED]	**:**	**[REDACTED]**

***Sole Sponsor,* [REDACTED]**

中信建投國際
CHINA SECURITIES INTERNATIONAL

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IMPORTANT

[**REDACTED**]

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[**REDACTED**]

EXPECTED TIMETABLE[1]

[**REDACTED**]

[**REDACTED**]

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This summary aims to give you an overview of the information contained in this document and is qualified in its entirety by, and should be read in conjunction with, the more detailed information and financial information appearing elsewhere in this document. As this is a summary, it does not contain all the information that may be important to you and we urge you to read the entire document carefully before making your [**REDACTED**] *decision. There are risks associated with any* [**REDACTED**]. *Some of the particular risks in* [**REDACTED**] *in the* [**REDACTED**] *are set out in the section headed "Risk Factors" in this document. You should read that section carefully before you decide to* [**REDACTED**] *in the* [**REDACTED**].

OVERVIEW

Who We Are

We are a global consumer technology electronics brand operating in the knowledge-driven productivity tools industry, dedicated to helping knowledge workers worldwide to efficiently acquire text-based information through smart devices with a paper-like reading and writing experience, focus and portability features, in order to present high-value content through summarization, search and editing management functions. We deliver this through an offering of smart hardware devices and read-write efficiency software. Our smart hardware devices comprise two categories: e-paper tablets and e-notes, all powered by our in-house developed open operating system, BOOX OS. During the Track Record Period, our products were sold in multiple countries and regions, including the PRC, Europe, the U.S., Asia (excluding the PRC) and other countries and regions. According to Frost & Sullivan, in terms of retail value in 2025, we ranked as the largest knowledge-driven productivity tool brand in China and the second largest globally, based on the knowledge-driven productivity tools market, a sub-segment of the broader knowledge-driven intelligent tools market, which accounted for nearly half of the overall market by retail value in 2025. Our global market share was 4.2%, while the highest market share in the same market was 13.1%, according to the same source.

COMPETITION

Market share is increasingly concentrated among leading players with accumulated technical capabilities and strong brand recognition. According to Frost & Sullivan, the global knowledge-driven productivity tools market expanded from RMB13.8 billion in 2021 to RMB35.3 billion in 2025, representing a CAGR of approximately 26.5%. It is projected to further increase from RMB44.4 billion in 2026 to RMB80.4 billion in 2030, representing a CAGR of approximately 16.0%.

According to Frost & Sullivan, in terms of retail value in 2025, we ranked as the second-largest global brand in the knowledge-driven productivity tools market, based on the knowledge-driven productivity tools market, a sub-segment of the broader knowledge-driven intelligent tools market, which accounted for nearly half of the overall market by retail value in 2025. Additionally, we also operate in both the open-system segment and the color segment of the knowledge-driven productivity tools market. We were also the top knowledge-driven productivity tools brand in China and the highest-ranked China-based company among the top five global market participants.

Our competitiveness is driven by several key factors, including (i) our system-level capabilities in display driving and algorithms, handwriting input technology, color and optical design, and power consumption control, (ii) our closed-loop management from solution design to mass-production consistency, (iii) our commitment to data privacy and security compliance, (iv) the breadth and quality of our product portfolio, (v) our brand recognition and (vi) an efficient distribution network.

WHY KNOWLEDGE WORKERS WORLDWIDE CHOOSE US

Our product portfolio of knowledge-driven productivity tools includes consumer-grade, eye-friendly, read-write smart devices and vertical applications dedicated to reading and writing. Our core value proposition to users includes the following points: (i) value of our knowledge-driven productivity tools; (ii) capabilities across a broad range of use scenarios; (iii) user privacy protection; (iv) trusted knowledge brand; (v) wide user base; and (vi) revenue growth performance and profitability.

For further details, see "Business — Why Knowledge Workers Worldwide Choose Us".

OUR BUSINESS MODEL

Our business model consists of (i) our self-developed product technological capability, (ii) a hybrid production model combining in-house and outsourced manufacturing and (iii) product commercialization capability, which is our ability to leverage user insights, sales network and digital infrastructure to transform our products and technological capabilities into marketable offerings. Leveraging our product R&D capabilities, an integrated supply chain system combining in-house manufacturing with deep collaboration, and global online and offline sales channels, we continuously develop and upgrade a portfolio of productivity tools — spanning both hardware and software — designed to cover various application scenarios (such as reading, writing, listening, and note-taking) for knowledge workers worldwide.

Our Technology Capability

Our research and development team and continued investment in research and development underpin the successful commercialization of our products. Our technological capabilities are primarily reflected in the following areas, including (i) a range of consumer smart devices namely, e-paper tablets and e-notes, designed to address reading and writing needs across different scenarios; (ii) the BOOX OS, our in-house developed open operating system which is installed across all of our smart devices and is capable of optimizing and enhancing e-ink display clarity, color performance and refresh responsiveness, while integrating AI and cloud-service capabilities; and (iii) StarNote — a standalone read-write application which allows users to synchronize, retain and access notes and annotations across different smart devices.

Our Commercialization Capability

Our commercialization capability is driven by user insights, and it plays a key role in guiding our technologies and solutions. We are committed to expanding and strengthening our brand influence through ongoing engagement with our users. To achieve this, we reach a broader user base through: (i) user insight and engagement, where we integrate feedback from BOOX OS, private community interactions, sales channels and social media commentary into a multi-touchpoint user communication system; (ii) global sales channels, where we have developed global offline and online sales channels, and we adopt inventory strategies to ensure a stable supply of products; and (iii) our integrated in-house manufacturing and supply chain operations, together with our digital infrastructure, enable timely market responses such that our product update cycle has been streamlined to deliver new releases as fast as in four weeks.

Application Scenarios and Expanding Ecosystem Reach

In order to target global knowledge workers, we have built a portfolio of hardware and software products centered on reading, writing and deep thinking experiences, which serves as the users' access point to our ecosystem services. Through this product portfolio, BOOX OS, the operating system embedded in our hardware products, had over 1.2 million monthly active users as of June 30, 2026. We have continuously launched new hardware products, which have served as an important channel for acquiring new users, and our new products contributed 36.9%, 26.3%, 33.2% and 10.5%, respectively, to our total revenue in 2023, 2024, 2025 and for the six months ended June 30, 2026. In addition, the user base of StarNote has continued to grow, with cumulative downloads reaching approximately 2.0 million as of June 30, 2026.

For further details on our business model, see "Business — Our Business Model".

OUR COMPETITIVE STRENGTHS

We believe our success and our ability to distinguish ourselves from our competitors are driven by our: (i) global consumer technology electronics brand focused on providing knowledge-driven productivity tools with a consumer-grade, eye-friendly, read-write product portfolio in open systems, color displays and fast-refresh; (ii) global brand influence, which supports user trust and user acquisition and maintains customer relationships; (iii) technological capabilities that support continuous product iteration and respond to evolving user needs; (iv) global sales network enabling our products to rapidly reach users worldwide; (v) hardware product portfolio covering multiple product sizes that meets the needs of knowledge workers across different usage scenarios worldwide; (vi) management team with a forward-looking vision, relevant industry experience and execution capabilities.

For more details, please refer to "Business — Our Competitive Strengths".

OUR DEVELOPMENT STRATEGIES

Our strategy focuses on four key areas: (i) driving technological innovation to capture opportunities from the AI wave; (ii) expanding product and service boundaries to build growth across multiple areas; (iii) strengthening brand influence and enhancing efficient, reliable service response worldwide; and (iv) investing in talent acquisition and team development to drive future innovation and growth.

For more details, please refer to "Business — Our Development Strategies".

OUR PRODUCTS

We have established a product portfolio comprising three main categories: (1) e-paper tablets, (2) e-notes, and (3) other products and services, which primarily include accessories for our products, external e-ink monitors, StarNote application and content revenue-sharing with third-party content providers. Other revenue included the resale of raw materials, which were third-party manufactured chips, during the Track Record Period. The following table sets forth a breakdown of our revenue by product category for the years/periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*% of total*	*RMB'000*	*% of total*	*RMB'000*	*% of total*	*RMB'000*	*% of total*	*RMB'000*	*% of total*
							(unaudited)			
E-paper tablets	214,966	26.8	409,481	40.2	381,085	33.8	221,280	41.4	104,336	18.2
E-notes	544,175	67.7	558,689	54.9	692,052	61.3	290,749	54.4	383,711	66.9
Others[(1)]	44,439	5.5	49,349	4.9	55,048	4.9	22,163	4.2	85,541	14.9
Total	**803,580**	**100.0**	**1,017,519**	**100.0**	**1,128,185**	**100.0**	**534,192**	**100.0**	**573,588**	**100.0**

Note:

(1) Others include other products and services, primarily including accessories for our products, external e-ink monitors, StarNote application, content revenue-sharing with third-party content providers and the resale of third-party manufactured chips.

The following table sets forth the sales volume and ASP of our e-paper tablets and e-notes during the Track Record Period.

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	Sales volume (units)	*ASP (RMB)*	*Sales volume (units)*	*ASP (RMB)*	*Sales volume (units)*	*ASP (RMB)*	*Sales volume (units)*	*ASP (RMB)*	*Sales volume (units)*	*ASP (RMB)*
E-paper tablets	254,577	844	383,968	1,066	359,870	1,059	203,651	1,087	116,568	895
E-notes	224,173	2,427	215,950	2,587	322,471	2,146	121,257	2,398	205,267	1,869

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

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	Gross Profit RMB'000	*Gross Profit Margin %*	*Gross Profit RMB'000*	*Gross Profit Margin %*	*Gross Profit RMB'000*	*Gross Profit Margin %*	*Gross Profit RMB'000*	*Gross Profit Margin %*	*Gross Profit RMB'000*	*Gross Profit Margin %*
							(unaudited)			
E-paper tablets	64,262	29.9	149,651	36.5	134,083	35.2	79,109	35.8	27,364	26.2
E-notes	182,826	33.6	201,342	36.0	261,387	37.8	111,989	38.5	141,326	36.8
Others	21,865	49.2	24,593	49.8	29,884	54.3	11,481	51.8	40,653	47.5
Total	**268,953**	**33.5**	**375,586**	**36.9**	**425,354**	**37.7**	**202,579**	**37.9**	**209,343**	**36.5**

In terms of sales channels, our products were sold globally through direct sales and distributors located in over 70 countries and regions. The table below sets forth a breakdown of our revenue by geographical location, based on the locations of our customers, including direct sales customers and distributors, for the years/periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*% of total*	*RMB'000*	*% of total*	*RMB'000*	*% of total*	*RMB'000*	*% of total*	*RMB'000*	*% of total*
							(unaudited)			
PRC[1]	351,795	43.8	413,070	40.6	461,656	40.9	220,542	41.3	260,518	45.4
– Hong Kong	12,778	1.6	22,333	2.2	45,085	4.0	10,714	2.0	42,685	7.4
Europe	193,094	24.0	196,945	19.4	248,830	22.1	111,741	20.9	115,184	20.1
U.S.	146,987	18.3	195,316	19.2	198,627	17.6	97,119	18.2	101,684	17.7
Asia (excluding the PRC[1])	80,753	10.0	165,551	16.3	162,291	14.4	80,009	15.0	75,742	13.2
Other countries/regions[2]	30,951	3.9	46,637	4.5	56,781	5.0	24,781	4.6	20,460	3.6
Total	**803,580**	**100.0**	**1,017,519**	**100.0**	**1,128,185**	**100.0**	**534,192**	**100.0**	**573,588**	**100.0**

In terms of users, based on information available to the Company, including login records reflecting the geographic locations of registered user accounts, our products have been provided globally to users in over 100 countries and regions during the Track Record Period.

Notes:

(1) For the purpose of this table, PRC includes Hong Kong, Macau and Taiwan.

(2) Other countries and regions primarily include Canada, Australia and the Middle East.

For more details, please refer to "Business — Our Products".

OUR SIGNIFICANT MARKET OPPORTUNITIES

Compared with traditional general-purpose computing devices such as laptops and tablets, as well as traditional reading-focused tools with closed systems such as conventional e-readers, users are increasingly seeking products that integrate the advantages of both categories. Therefore, the market of knowledge-driven productivity tools with open systems or external input features is gaining momentum within the knowledge-driven intelligent tools market. According to Frost & Sullivan, the penetration rate of knowledge-driven productivity tools reached 51.8% in 2025 and is expected to increase to 68.0% by 2030. With the growth in demand of AI and cloud services, the market for knowledge-driven productivity tools, which will become increasingly integrated with AI capabilities and cloud services, is expected to expand significantly. The market size is projected to increase from RMB44.4 billion in 2026 to RMB80.4 billion by 2030, representing a CAGR of 16.0% from 2026 to 2030, according to the same source.

For further details, see "Business — Our Significant Market Opportunities".

PRODUCTION AND ASSEMBLY

During the Track Record Period, we operated the Nansha production base, a production and assembly facility located in the Nansha district of Guangzhou, Guangdong Province, with a total gross floor area of approximately 9,609.3 square meters. Our Nansha production base commenced operation in 2021 and currently has two production and assembly lines, one inspection line and two packaging lines. We adopt a hybrid production model, under which final assembly, testing and quality control are primarily conducted at our Nansha production base, while certain capital-intensive and standardized processes, such as SMT for PCBAs and other component processing, are outsourced to qualified third-party manufacturing partners. During the Track Record Period, we engaged an aggregate of 23 independent third-party manufacturers for different processes. Our production capacity is measured by volume, expressed in units.

The following table sets forth the production capacity, production volume and utilization rate data of our Nansha production base for the years/periods indicated.

Year	**Production Capacity**[(1)]	**Actual Production Volume**	**Utilization Rate**[(2)]
	(unit)	*(unit)*	*(%)*
2023	565,500	498,735	88.2
2024	715,500	671,419	93.8
2025	762,000	670,239	88.0
Six months ended June 30, 2026	390,750	358,451	91.7

Notes:

(1) Annual production capacity is determined based on the actual hourly operating capacity of our production personnel, multiplying by eight hours of daily operating time and 250 working days in a year. For the six months ended June 30, 2026, we have assumed that the production capacity is 50% of the annual production capacity.

(2) Utilization rate is calculated by dividing the actual production volume by the designed production capacity of the year/period.

For further details, see "Business — Production and Assembly".

SALES AND DISTRIBUTION

We have established a multi-channel sales and distribution network that combines direct sales and sales through distributors to reach a global customer base. The table below sets forth the revenue contribution by our sales channels 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* (unaudited)	*%*	*RMB'000*	*%*
Direct sales[1]	**429,395**	**53.4**	**491,496**	**48.3**	**581,951**	**51.6**	**273,889**	**51.3**	**279,734**	**48.8**
Online:										
E-commerce platforms	179,655	22.4	275,478	27.1	313,018	27.7	145,445	27.3	153,618	26.8
Official brand storefront	85,494	10.6	120,922	11.9	125,856	11.2	63,240	11.8	61,798	10.8
Offline:										
Enterprise customers[2]	156,067	19.4	84,561	8.3	137,175	12.2	62,613	11.7	58,400	10.2
Individual customers	8,179	1.0	10,535	1.0	5,902	0.5	2,591	0.5	5,918	1.0
Sales to distributors	**374,185**	**46.6**	**526,023**	**51.7**	**546,234**	**48.4**	**260,303**	**48.7**	**238,109**	**41.5**
Online distributors	101,252	12.6	126,656	12.4	132,180	11.7	62,187	11.6	45,930	8.0
Offline distributors	272,933	34.0	399,367	39.3	414,054	36.7	198,116	37.1	192,179	33.5
Resale of raw materials (third-party manufactured chips)[3]	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**55,745**	**9.7**
Total	**803,580**	**100.0**	**1,017,519**	**100.0**	**1,128,185**	**100.0**	**534,192**	**100.0**	**573,588**	**100.0**

Notes:

(1) Our direct sales revenue is presented by sales channel, comprising (i) online direct sales, including sales through e-commerce platforms and our official brand storefronts; and (ii) offline direct sales, including sales to enterprise customers and individual customers.

(2) Enterprise customers comprise customers with operations across various industries, including outdoor technology, education and cultural sectors and healthcare, with additional contributions from other sectors.

(3) For more details, please refer to "Business — Sales and Distribution — Resale of raw materials (third-party manufactured chips) to customers".

Direct Sales

Our direct sales channels are designed to capture opportunities in the growing e-commerce market and offer a convenient, direct shopping experience for our customers. These channels include our official brand storefronts and our presence on major third-party e-commerce platforms. In the Chinese mainland, we sell directly to consumers through our official online store, zh.boox.com as well as on platforms such as Tmall, Pinduoduo and Douyin. Internationally, our primary channel is our official online store, www.shop.boox.com, which offers our full line-up of products directly to users worldwide, serving as a central hub for our brand and allowing us to control the end-to-end customer experience. In addition, we operate our own official brand stores on third-party platforms, such as Amazon, in key markets to reach a broad audience. During the Track Record Period, we also conducted offline direct sales to certain enterprise and individual customers.

We enter into cooperative agreements with third-party e-commerce platforms to promote and sell our products through direct sales rather than consignment arrangements, which are typically in the standard form provided by such platforms. Pursuant to those agreements and subject to the policies released by the platforms from time to time, we pay them a transaction-based processing fee. The settlement method for each platform is governed by its own specific settlement policies. These platforms deploy the online payment systems certified by them and collect payments from online users. During the Track Record Period and up to the Latest Practicable Date, we had not received any material claims against our product quality and safety.

Our Distribution Network for BOOX Products

We generally enter into distribution agreements or purchase orders with our distributors, which set out the rights and obligations of both parties. We have no ownership or management control over any of our distributors, and they operate independently from our Group. We partner with third-party online distributors, including e-commerce companies and distributors of consumer electronics, for their customer base, brand recognition, and logistics capabilities. We also engage with capable offline distributors, which we consider fundamental to our business growth strategy. The following table sets forth the changes in the number of our online and offline distributors of BOOX products for the years/periods indicated.

	Year ended December 31,						Six months ended June 30,	
	2023		2024		2025		2026	
	Online distributors	Offline distributors	Online distributors	Offline distributors	Online distributors	Offline distributors	Online distributors	Offline distributors
As of the beginning of the period	1	56	1	59	1	71	2	81
Addition of new distributors	0	5	0	17	1	17	0	1
Number of distributors terminated during the period	0	2	0	5	0	7	0	4
Net increase/(decrease) in distributors	0	3	0	12	1	10	0	(3)
As of the end of the period	1	59	1	71	2	81	2	78

Resale of raw materials (third-party manufactured chips) to customers

During the Track Record Period, we resold certain raw materials, namely third-party manufactured chips, to customers primarily engaged in the trading and sale of electronic products. These sales were generally conducted on a purchase-order basis and were intended to optimize cash flow and alleviate inventory pressure. As advised by Frost & Sullivan, the resale of raw materials is a customary practice for consumer electronics manufacturers in the PRC.

For more details, please refer to "Business — Sales and Distribution".

CUSTOMERS

Our customer base is comprised of two primary channels: (i) third-party distributors and (ii) direct sales to customers. During the Track Record Period, revenue derived from our top five customers in each period during the Track Record Period amounted to RMB271.0 million, RMB268.9 million, RMB287.7 million and RMB151.4 million in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively, representing 33.8%, 26.3%, 25.5% and 26.4% of our total revenue for the respective period. Revenue derived from the respective largest customer in each period during the Track Record Period amounted to RMB101.3 million, RMB126.7 million, RMB129.9 million and RMB45.9 million, respectively, representing 12.6%, 12.4%, 11.5% and 8.0% of our total revenue for the respective periods. We have cultivated long-term and stable relationships with our major distributors, and certain of our key distributors have partnered with us for over 10 years, growing alongside our Group. All our five largest customers during the Track Record Period were Independent Third Parties.

For more details, please refer to "Business — Customers".

Some of our sales have previously involved a region subject to international sanctions, and some of our business activities have previously, and may continue to be impacted by U.S. tariff regulations. In relation to the aforementioned matters:

- We have been advised by our International Sanctions Legal Advisor that during the Track Record Period, our Group's sales to Russia (i) did not constitute a Primary Sanctioned Activity or a violation of the U.S. primary sanctions and (ii) the overall U.S. secondary sanctions risk of our Group is low and immaterial.

- As advised by our International Sanctions Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, the impact of the changes in U.S. tariff regulations on our business operations is limited. In light of recent geopolitical developments and escalating trade tensions between China and the United States, we have carefully reviewed the potential impact of such factors on our operations and financial performance. None of our direct upstream raw material suppliers are U.S. suppliers. Therefore, although several countries, including the U.S. and China, have recently introduced or adjusted tariffs and related policies on goods and technologies, as advised by our International Sanctions Legal Advisor, our Directors are of the view that these measures have not had a material adverse effect on our operations, financial condition or prospects. We will continue to monitor relevant developments and assess their potential impact on our business.

For more details, please refer to "Business — Business Activities in Region Subject to International Sanctions", "Business — Impact of Recent Regulations in relation to Trade Restrictions", and "Business — Impact of U.S. Tariff Regulations".

SUPPLIERS

Our suppliers primarily consist of (1) providers of raw materials and components for the production of our products and (2) manufacturing partners for the production of our e-ink products. During the Track Record Period, purchases from our top five third-party suppliers in each period during the Track Record Period amounted to RMB305.8 million, RMB367.5 million, RMB499.0 million and RMB397.1 million in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively, representing 48.3%, 44.7%, 47.1% and 55.9% of our total purchase costs for the respective periods. Purchases from the respective largest supplier in each period during the Track Record Period amounted to RMB183.7 million, RMB230.7 million, RMB229.9 million and RMB166.4 million, respectively, representing 29.1%, 28.1%, 21.7% and 23.4% of our total purchase costs for the respective periods. Notwithstanding that E Ink Holdings became our shareholder through its indirectly wholly-owned subsidiary Transcend Optronics with 4.9% equity interest in 2024, all our five largest suppliers during the Track Record Period were Independent Third Parties.

During the Track Record Period, E Ink Holdings and its affiliates were one of our five largest suppliers in each period, accounting for 29.1%, 28.1%, 21.7% and 12.9% of our total purchase costs in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively. We principally procure e-ink screens from E Ink Holdings and its affiliates. We had not experienced any incidents of failure to secure supply from E Ink Holdings and its affiliates that had a material adverse impact on our operations, and our average purchase price of e-ink screens remained generally stable, with no material changes to commercial terms during the Track Record Period. According to Frost & Sullivan, the supply of key upstream raw materials for e-ink products is highly concentrated, with limited reliable alternatives for certain critical components, and procuring such key materials from leading suppliers is in line with industry practice, with E Ink Holdings holding a dominant position in the global market for electronic ink materials used in e-paper displays, with a market share of approximately 90% in terms of revenue in 2025. As such, while our Directors are of the view that it is likely to be difficult for us to procure e-ink screens from alternative suppliers, our Directors are of the view that our relationship with E Ink Holdings and its affiliates is unlikely to be subject to material adverse change or termination because (i) we have maintained stable cooperation since

2016; (ii) there were no material disputes with E Ink Holdings and its affiliates during the Track Record Period and up to the Latest Practicable Date; and (iii) E Ink Holdings, through its indirect wholly-owned subsidiary Transcend Optronics, is also an equity investor in the Company. Moreover, we have developed a close strategic relationship with E Ink Holdings through frequent technical exchanges, collaboration and performance feedback. To further mitigate any supply concentration risks associated with e-ink screens and other critical components, we have implemented, amongst others, inventory strategies across raw materials to ensure a stable supply of critical components, supported by a digitally enabled infrastructure that allows timely market responses and a stable supply chain.

Providers of Raw Materials and Components

Our primary cost component consists of our raw materials and components costs. The key raw materials and components for the production of our products primarily consist of screens, PCBAs (including chips), Wi-Fi/Bluetooth modules, lithium batteries, custom structural components like casings and frames and stylus components. In 2023, 2024, 2025 and the six months ended June 30, 2026, our costs of raw materials amounted to RMB406.9 million, RMB502.9 million, RMB558.1 million and RMB312.4 million, respectively, representing 76.1%, 78.3%, 79.4% and 85.8%, respectively, of total cost of sales for the same periods.

For more details, please refer to "Business — Suppliers".

RISK FACTORS

There are certain risks and uncertainties involved in our operations as set out in "Risk Factors". These risks can be categorized into (i) risks related to our business and industry; (ii) risks relating to doing business in the jurisdiction where we operate; and (iii) risks relating to the [**REDACTED**]. Some of the material risks we face include: (i) We participate in a highly competitive market, our failure to compete successfully, including failing to retain research and development talent or to continuously improve our research and development capabilities, could materially and adversely affect our prospects, business, financial condition and results of operations; (ii) Demand for knowledge-driven productivity tools may not grow as rapidly as we anticipate due to various factors, including market conditions, which would materially and adversely affect our business, financial condition and results of operations; (iii) Our historical business growth, revenue and profitability may not predict our future performance, and our success largely depends on our ability to execute our business strategy; (iv) We depend on the stability of our supply chain and a limited number of suppliers. Any failure by them to maintain their supply or quality, or unexpected disruptions, delays, or disputes — particularly with overseas suppliers — could adversely affect our production, increase costs, or impact product quality; and (v) Maintaining our brand image is critical to our success, and our marketing campaigns may not be effective in attracting or retaining customers, which would have a material adverse effect on our business, financial condition and results of operations.

For more details, please refer to "Risk Factors".

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, (i) Ms. Dan controlled 69.38% of the total voting rights of our Company, both directly, and indirectly through Gongchuang Onyx, our Company's employee incentive platform which is controlled by Gongyi Onyx as its general partner; (ii) Mr. Zhu was directly interested in 12.62% of the total issued share capital of our Company; and (iii) Mr. Zhai was directly interested in 2.10% of the total issued share capital of our Company. It is expected that Ms. Dan, Mr. Zhu, Mr. Zhai, Gongchuang Onyx and Gongyi Onyx will constitute a group of Controlling Shareholders of our Company upon [**REDACTED**]. Pursuant to the Concert Party Agreement dated March 20, 2024 entered into by and among Ms. Dan, Mr. Zhu and Mr. Zhai, the parties agreed that (i) they shall consult each other and seek consensus in advance on certain material operational and corporate governance matters in relation to such matters, and shall form a unified position prior to casting votes at any shareholders' meeting or board meeting, and (ii) where consensus cannot be reached after consultation, the proposal supported by the party holding the highest equity percentage in our Company shall prevail and be implemented, and the other parties shall vote accordingly. The parties further agreed that for a period of five years following the [**REDACTED**], the parties shall keep in sync with each other in any transfer or reduction of their holding of Shares acquired before the [**REDACTED**], and any proposed transfer or reduction of such Shares shall be (i) subject to the prior written consent of Ms. Dan, and (ii) conducted in accordance with their respective shareholding percentage.

In light of the Concert Party Agreement, as of the Latest Practicable Date, our Controlling Shareholders were able to exercise 84.10% of the voting rights in our Company. Immediately upon the completion of the Share Subdivision, the [**REDACTED**] (assuming the [**REDACTED**] is not exercised) and the Conversion of [**REDACTED**] Shares into H Shares, our Controlling Shareholders will be interested in and control approximately [**REDACTED**]% of the total issued share capital of our Company and it is expected that they will remain as a group of Controlling Shareholders of our Company.

[REDACTED] INVESTMENTS

Between May 2024 and July 2024, the introduction of several [**REDACTED**] Investors had been completed. Our [**REDACTED**] Investors include Lenovo Tianjin, Transcend Optronics, Taicang Jingbai, Chuangyu Mingguan, Chuangyu Mingrui and Qianzhou Investment. For more details, please refer to "History, Development and Corporate Structure — [**REDACTED**] Investments".

SUMMARY OF KEY FINANCIAL INFORMATION

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

Summary of Consolidated Statements of Profit or Loss

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

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000*	*% of revenue*
							(unaudited)			
Revenue	803,580	100.0	1,017,519	100.0	1,128,185	100.0	534,192	100.0	573,588	100.0
Cost of sales	(534,627)	(66.5)	(641,933)	(63.1)	(702,831)	(62.3)	(331,613)	(62.1)	(364,245)	(63.5)
Gross profit	**268,953**	**33.5**	**375,586**	**36.9**	**425,354**	**37.7**	**202,579**	**37.9**	**209,343**	**36.5**
Other income and gains	6,257	0.8	7,397	0.7	8,660	0.8	3,128	0.6	1,182	0.2
Selling and distribution expenses	(73,174)	(9.1)	(144,437)	(14.2)	(157,132)	(13.9)	(74,470)	(13.9)	(82,910)	(14.5)
Administrative expenses	(23,056)	(2.9)	(29,988)	(2.9)	(46,004)	(4.1)	(14,122)	(2.6)	(20,564)	(3.6)
Research and development expenses	(37,737)	(4.7)	(55,729)	(5.5)	(64,441)	(5.7)	(28,814)	(5.4)	(33,621)	(5.9)
Impairment losses on financial assets, net	(16)	(0.0)	(312)	(0.0)	(203)	(0.0)	(2)	(0.0)	126	0.0
Other expenses	(395)	(0.0)	(7,655)	(0.8)	(1,960)	(0.2)	(74)	(0.0)	(4,282)	(0.7)
Finance costs	(732)	(0.1)	(9,409)	(0.9)	(15,352)	(1.4)	(7,614)	(1.4)	(9,373)	(1.6)
Profit before tax	**140,100**	**17.4**	**135,453**	**13.3**	**148,922**	**13.2**	**80,611**	**15.2**	**59,901**	**10.4**
Income tax expense	(16,045)	(2.0)	(14,269)	(1.4)	(18,193)	(1.6)	(10,554)	(2.0)	(6,631)	(1.1)
Profit for the year/period	**124,055**	**15.4**	**121,184**	**11.9**	**130,729**	**11.6**	**70,057**	**13.2**	**53,270**	**9.3**

For more details, please refer to "Financial Information — Consolidated Statements of Profit or Loss".

Non-HKFRS Measure

To supplement our consolidated financial statements of profit or loss presented in accordance with HKFRS, we also use a non-HKFRS measure, namely adjusted net profit (non-HKFRS measure), as an additional financial measure, which is not required by or presented in accordance with HKFRS. We believe that such non-HKFRS measure facilitates comparisons of operating performance from period to period by eliminating potential impacts of certain items. We believe that such measure provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as it helps our management. However, our presentation of adjusted net profit (non-HKFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of such non-HKFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, our results of operations or financial conditions as reported under HKFRS.

We define adjusted net profit (non-HKFRS measure) as profit excluding the effects of share-based payment expenses, interest on redemption liabilities on ordinary shares and [**REDACTED**]. Share-based payment expenses are employee-related expenses arising from grant of awards under the Employee Incentive Scheme (see "History, Development and Corporate Structure — Employee Shareholding Platform" for details) and are non-cash in nature. Interest on redemption liabilities on ordinary shares refers to the interests we incur related to the liabilities we have assumed for the redemption rights of our [**REDACTED**] Investors that have been terminated on the date preceding the first submission of the [**REDACTED**] to the Stock Exchange for the purpose of the [**REDACTED**] (see "History, Development and Corporate Structure — [**REDACTED**] Investments" for details), and is non-cash in nature. Such redemption liabilities on ordinary shares will be converted into equity of our Company upon [**REDACTED**]. [**REDACTED**] represent expenses relating to the [**REDACTED**].

The following table sets forth the reconciliation of net profit to adjusted net profit (non-HKFRS measure) 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* *(unaudited)*	*RMB'000*
Profit for the year/period	**124,055**	**121,184**	**130,729**	**70,057**	**53,270**
Adjustments:					
Share-based payment expenses	–	1,009	12,768	6,052	6,848
Interest on redemption liabilities on ordinary shares	–	9,024	12,997	6,588	6,360
[**REDACTED**]	–	–	13,411	–	1,774
Adjusted net profit (non-HKFRS measure)	**124,055**	**131,217**	**169,905**	**82,697**	**68,252**

Selected Items from Our Consolidated Statements of Financial Position

The following table sets forth a summary of our consolidated statements of financial position as of the dates indicated.

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total non-current assets	51,270	19,417	22,108	30,074
Total current assets	506,873	577,722	759,042	1,040,210
Total current liabilities	175,756	510,926	636,856	864,044
Net current assets	**331,117**	**66,796**	**122,186**	**176,166**
Total assets less current liabilities	**382,387**	**86,213**	**144,294**	**206,240**
Total non-current liabilities	1,919	6,422	5,106	6,954
Net assets	**380,468**	**79,791**	**139,188**	**199,286**

We had net assets of RMB380.5 million, RMB79.8 million, RMB139.2 million and RMB199.3 million in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively. The decrease in net assets from RMB380.5 million as of December 31, 2023 to RMB79.8 million as of December 31, 2024 was primarily due to the capital reduction in the amount of RMB181.8 million (see "History, Development and Corporate Structure — Corporate Development and Major Shareholding Changes — 3. Reduction of Registered Capital in March 2024" for details), the recognition of redemption liabilities on ordinary shares of RMB162.2 million and dividend declared of RMB90.0 million in 2024, partially offset by our profit and total comprehensive income for 2024 of RMB121.2 million. The increase in net assets to RMB139.2 million as of December 31, 2025 was primarily due to our profit and total comprehensive income of RMB130.7 million, partially offset by our dividend declared of RMB100.0 million and share-based payment of RMB12.8 million. The increase in net assets to RMB199.3 million in the six months ended June 30, 2026 was primarily due to our profit for the period of RMB53.3 million and increase in share-based payment reserves of RMB6.8 million.

For more details, please refer to "Financial Information — Discussion of Certain Key Items from Our Consolidated Statements of Financial Position".

Summary of Consolidated Statements of Cash Flows

The following table sets forth a summary of our cash flows 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* *(unaudited)*	*RMB'000*
Net cash flows from/(used in) operating activities	106,114	132,824	(70,987)	(14,141)	(198,689)
Net cash flows (used in)/from investing activities	(840)	(3,137)	27,977	29,991	(5,838)
Net cash flows (used in)/from financing activities	(36,480)	(144,551)	(5,068)	(646)	187,152

	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*
Net increase/(decrease) in cash and cash equivalents	68,794	(14,864)	(48,078)	15,204	(17,375)
Cash and cash equivalents at the beginning of year/period	131,000	200,766	187,301	187,301	137,126
Effect of foreign exchange rate changes, net	972	1,399	(2,097)	(455)	(2,207)
Cash and cash equivalents at the end of year/period	**200,766**	**187,301**	**137,126**	**202,050**	**117,544**

We recorded net cash used in operating activities of RMB71.0 million in 2025 and RMB198.7 million in the six months ended June 30, 2026, primarily attributable to (i) the increase in our inventories and inventory turnover days during the respective periods, and (ii) the cash flow mismatch resulting from the difference between our inventory turnover days and our trade and bills payables turnover days over the Track Record Period. Our inventory turnover days remained relatively stable at 153 days and 155 days in 2023 and 2024, respectively, and increased to 209 days in 2025 and 313 days in the six months ended June 30, 2026, which was primarily due to the increase in our inventories because we anticipated future sales growth and built strategic reserves of key components in order to mitigate the impact of price volatility and the risks associated with long lead times, including risks arising from global trade frictions and potential supply chain uncertainties. In contrast, our trade and bills payables turnover days were 47 days, 41 days, 42 days and 51 days in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively. Such mismatch between our inventory turnover days and our trade and bills payables turnover days contributed to our net operating cash outflows position in 2025 and the six months ended June 30, 2026. We have adopted liquidity management measures to manage the foregoing mismatch, improve our net operating cash outflows position, reduce our overall liquidity risk and enhance our working capital efficiency. See "Financial Information — Liquidity and Capital Resources — Cash Flows — Liquidity Management Measures" for details.

For more details, please refer to "Financial Information — Liquidity and Capital Resources — Cash Flows".

KEY FINANCIAL RATIOS

	As of/for the year ended December 31,			As of/ for the six months ended June 30,
	2023	2024	2025	2026
Net profit margin[(1)]	15.4%	11.9%	11.6%	9.3%
Return on equity[(2)]	38.4%	52.7%	119.4%	31.5%
Return on total assets[(3)]	24.8%	21.0%	19.0%	5.8%
Trade receivables turnover days[(4)]	10	8	9	9
Gearing ratio[(5)]	1.4%	215.0%	214.7%	253.1%
Adjusted net profit margin (non-HKFRS measure)[(6)]	15.4%	12.9%	15.1%	11.9%

Notes:

(1) Net profit margin is calculated by dividing profit for the year/period by total revenue of the corresponding year/period.

(2) Return on equity is calculated by dividing profit for the year/period attributable to owners of the parent by the average balance of equity attributable to owners of the parent as of the relevant year/period end.

(3) Return on total assets is calculated by dividing profit for the year/period by the average total assets as of the relevant year/period end.

(4) Trade receivables turnover days are calculated using the average of opening balance and closing balance of trade receivables for the year divided by revenue for the relevant year and multiplied by 365 or 183 days (as the case may be).

(5) Gearing ratio is calculated by dividing total interest-bearing debt (being redemption liabilities on ordinary shares, interest-bearing bank loans and lease liabilities) by total equity attributable to owners of the parent as of the relevant year/period end.

(6) Adjusted net profit margin (non-HKFRS measure) is calculated by dividing adjusted net profit (non-HKFRS measure) by total revenue of the corresponding year/period.

For more details, please refer to "Financial Information — Key Financial Ratios".

DIVIDENDS AND DIVIDEND POLICY

We declared dividends of RMB10.0 million and RMB90.0 million in 2023 and 2024, respectively, all of which had been fully paid. We also declared dividends of RMB100.0 million in 2025, which will be settled with our internal resources. No other dividend was declared or paid by our Company or other entities comprising our Group during the Track Record Period.

We do not currently have a formal dividend policy or any predetermined dividend payout ratio. Any dividend we pay in the future will be at the discretion of our Directors and will depend on our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors which our Directors consider relevant. Our shareholders in a general meeting may approve any declaration of dividends, which must not exceed the amount recommended by our Board. As advised by our PRC Legal Advisor, no dividend shall be declared or payable, unless we have profits and reserves lawfully available for distribution.

For more details, please refer to "Financial Information — Dividends and Dividend Policy".

FUTURE PLANS AND [REDACTED]

Assuming an [**REDACTED**] of HK$[**REDACTED**] per H Share (being the mid-point of the [**REDACTED**] stated in this document), and that the [**REDACTED**] is not exercised, we estimate that the [**REDACTED**] of the [**REDACTED**] will be approximately HK$[**REDACTED**], after deducting the estimated [**REDACTED**] fees, commissions and other estimated expenses paid and payable by us in connection with the [**REDACTED**]. We currently intend to use the [**REDACTED**] from the [**REDACTED**] for the purposes and in the amounts as set out below:

- Approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**], will be used for upgrading our technological R&D and product iteration capabilities.

- Approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**], will be used for strengthening our sales and marketing capabilities to drive market share growth.

- Approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**], will be used for pursuing M&A and investment opportunities guided by the principles of expanding our hardware and software product matrix and integrating strategic resources.

- Approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**], will be used for upgrading our production facilities and supply chain.

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

For more details, please refer to "Future Plans and [**REDACTED**]".

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Recent Developments

On August 13, 2026, in accordance with the capital reduction agreement entered into between our Company and our then shareholders (as supplemented and modified by a supplemental agreement entered into among the parties to the capital reduction agreement on August 12, 2026), we had fully settled all outstanding balances with Youngy Group, including other receivables of RMB18.4 million and capital reduction payables of RMB59.8 million. For more details, please refer to "History — Corporate Development and Major Shareholding Changes — 3. Reduction of Registered Capital in March 2024".

No Material Adverse Change

After due and careful consideration, our Directors confirm that, as of the date of this document, (i) there has been no material adverse change in our financial and trading position or prospects since June 30, 2026, being the end of the reporting period as set out in the Accountants' Report in Appendix I to this document and (ii) save as disclosed above, there has been no event since June 30, 2026 that would materially affect the information shown in the Accountants' Report set forth in Appendix I to this document.

[REDACTED]

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

	Based on [REDACTED] of HK$[REDACTED] per H Share	Based on [REDACTED] of HK$[REDACTED] per H Share
[**REDACTED**] of our Shares[1]	HK$[**REDACTED**]	HK$[**REDACTED**]
Unaudited [**REDACTED**] adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share as at June 30, 2026[2][3]	HK$[**REDACTED**]	HK$[**REDACTED**]

Notes:

(1) The calculation of [**REDACTED**] of our H Shares is based on [**REDACTED**] H Shares expected to be in issue immediately following the completion of the Share Subdivision and the [**REDACTED**] (assuming the [**REDACTED**] is not exercised).

(2) The unaudited [**REDACTED**] adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share are arrived at after adjustments referred to in Appendix II, and on the basis that [**REDACTED**] Shares are in issue immediately following the completion of the Share Subdivision and the [**REDACTED**], without taking into account of any Shares which may be allotted and issued upon the exercise of the [**REDACTED**].

(3) No adjustment has been made to the unaudited [**REDACTED**] statement of adjusted consolidated net tangible assets of the Group to reflect any trading results or other transactions for the Group entered into subsequent to June 30, 2026.

[REDACTED]

The estimated total [**REDACTED**], which are non-recurring in nature, are RMB[**REDACTED**] (assuming an [**REDACTED**] of HK$[**REDACTED**] per H Share (being the mid-point of the indicative [**REDACTED**])), representing approximately [**REDACTED**]% of the estimated [**REDACTED**] from the [**REDACTED**] assuming that the [**REDACTED**] is not exercised. The expenses consist of (i) [**REDACTED**], including [**REDACTED**] commissions and fees, of approximately RMB[**REDACTED**], (ii) [**REDACTED**]-related expenses of approximately RMB[**REDACTED**], comprising (a) fees paid and payable to legal advisors and Reporting Accountants of RMB[**REDACTED**] and (b) other fees and expenses of RMB[**REDACTED**]. During the Track Record Period, (i) RMB13.4 million were charged to our consolidated statements of profit or loss for the year ended December 31, 2025, (ii) RMB1.8 million were charged to our consolidated statements of profit or loss for the six months ended June 30, 2026 and (iii) RMB2.6 million were capitalized to our consolidated statements of financial position as of June 30, 2026, which are expected to be deducted from equity upon [**REDACTED**]. Among the estimated remaining [**REDACTED**], approximately RMB[**REDACTED**] is expected to be charged to our profit or loss, and approximately RMB[**REDACTED**] is expected to be deducted from equity. The [**REDACTED**] above are the best estimate as of the Latest Practicable Date and for reference only. The actual amount may differ from this estimate.

In this document, unless the context otherwise requires, the following terms shall have the meanings set out below. Certain technical terms are explained in the section headed "Glossary of Technical Terms" in this document.

"Accountants' Report"	the accountants' report prepared by Ernst & Young, 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"	Accounting and Financial Reporting Council of Hong Kong
"Articles of Association" or "Articles"	the articles of association of our Company, as amended from time to time, which shall become effective on the [**REDACTED**], a summary of which is set out in Appendix III to this document
"ASP"	average selling price
"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
"BOOX Co"	BOOX CO., LIMITED (文石科技有限公司), a company incorporated under the laws of Hong Kong with limited liability on May 24, 2019, one of our wholly-owned subsidiaries
"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
"CAGR"	compound annual growth rate, measures an average annual growth over a given period

[**REDACTED**]

"China" or "PRC"	the People's Republic of China, which only in the context of describing PRC rules, laws, regulations, regulatory authority, and any PRC entities or citizens under such rules, laws and regulations and other legal or tax matters in this document, excludes Taiwan, Hong Kong and the Macau Special Administrative Region of the People's Republic of China
"Chuangyu Mingguan"	Guangzhou Chuangyu Mingguan Venture Capital Partnership (Limited Partnership) (廣州創鈺銘冠創業投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on March 10, 2022, and one of our [**REDACTED**] Investors
"Chuangyu Mingrui"	Guangzhou Chuangyu Mingrui Venture Capital Partnership (Limited Partnership) (廣州創鈺銘瑞創業投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on December 18, 2023, and one of our [**REDACTED**] Investors
"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", "our Company", or "the Company"	Onyx International Inc. (廣州文石信息科技股份有限公司), a limited liability company incorporated in the PRC on December 16, 2008, with the name Onyx International Inc. (廣州文石信息科技有限公司) and converted into a joint stock limited liability company on November 18, 2025
"Concert Party Agreement"	the concert party agreement dated March 20, 2024 entered into by and among Ms. Dan, Mr. Zhu and Mr. Zhai, pursuant to which the parties agreed, among others, that they as Shareholders and Directors of our Company shall consult each other and seek consensus in advance on certain material operational and corporate governance matters of our Company
"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(s)"	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Ms. Dan, Mr. Zhu, Mr. Zhai, Gongchuang Onyx and Gongyi Onyx, which are regarded as a group of Controlling Shareholders, details of which are set forth in the section headed "Relationship with Our Controlling Shareholders" in this document
"Conversion of [**REDACTED**] Shares into H Shares"	the conversion of [**REDACTED**] Shares in aggregate (immediately following the Share Subdivision) held by the existing Shareholders into H Shares upon the completion of [**REDACTED**]. Such conversion of [**REDACTED**] Shares into H Shares has been approved by the CSRC on [●] and an application for H Shares to be [**REDACTED**] on the Stock Exchange has been made to the Listing Committee
"core connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Corporate Governance Code" or "CG Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)
"Director(s)" or "our Director(s)"	the director(s) of our Company
"E Ink Holdings"	E Ink Holdings Inc. (元太科技工業股份有限公司), a company incorporated in Taiwan, China and the shares of which are listed on the Taipei Exchange (stock code: 8069)
"EIT"	the enterprise income tax
"EIT Law"	the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》), as amended, supplemented or otherwise modified from time to time
"ESG"	environmental, social and governance
"Extreme Conditions"	extreme conditions caused by a super typhoon as announced by the government of Hong Kong

[**REDACTED**]

"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an independent market research and consulting company
"Frost & Sullivan Report"	an industry report commissioned by us and independently prepared by Frost & Sullivan

[**REDACTED**]

"Gongchuang Onyx"	Guangzhou Gongchuang Onyx Enterprise Management Partnership Enterprise (Limited Partnership) (廣州市共創文石企業管理合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on June 15, 2016, which is our employee shareholding platform and a member of the group of Controlling Shareholders of our Company
"Gongyi Onyx"	Guangzhou Gongyi Onyx Enterprise Management Co., Ltd. (廣州市共益文石企業管理有限公司), a limited liability company established under the laws of the PRC on May 13, 2016, the general partner of Gongchuang Onyx, and a member of the group of Controlling Shareholders of our Company
"Greater China Region"	for the purpose of this document, the PRC, Taiwan, Hong Kong and the Macau Special Administrative Region of the PRC
"Group", "our Group", "our", "we", or "us"	our Company and its subsidiaries (or our Company and any one or more of its subsidiaries, as the context may require)
"Guide"	the Guide for New Listing Applicants published by the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"H Share(s)"	the ordinary share(s) in the share capital of our Company with a nominal value of RMB0.25 per H Share, which is/are to be [**REDACTED**] for and [**REDACTED**] in HK dollars and to be [**REDACTED**] on the Hong Kong Stock Exchange

[**REDACTED**]

"HKFRS Accounting Standards"	include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and interpretations issued by the Hong Kong Institute of Certified Public Accountants

DEFINITIONS

[**REDACTED**]

"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollar" or "HK dollar" 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**]

DEFINITIONS

"International Sanctions Legal Advisor"	Zhong Lun Law Firm LLP, our legal advisor as to U.S. international sanctions law
"Independent Third Party(ies)"	any person(s) or entity(ies) who, to the best of Directors' knowledge, information and belief having made all reasonable enquiries is not a connected person of our Company within the meaning of the Listing Rules

[**REDACTED**]

"ITAO"	ITAO Co., Limited (意拓科技有限公司), a company incorporated under the laws of Hong Kong with limited liability on August 27, 2024, one of our wholly-owned subsidiaries
"Latest Practicable Date"	September 18, 2026, being the latest practicable date for the purpose of ascertaining certain information contained in this document prior to its publication
"Lenovo Tianjin"	Lenovo SME Development Venture Capital Fund Lenovo (Tianjin) Partnership (Limited Partnership) (聯想中小企業發展創業投資基金(天津)合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on December 7, 2021, and one of our [**REDACTED**] Investors

[**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 Hong Kong Stock Exchange, as amended, supplemented or otherwise modified from time to time
"Macau"	the Macau Special Administrative Region of the People's Republic of China
"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 Growth Enterprise Market of the Hong Kong Stock Exchange
"MIIT"	Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)
"MOF"	Ministry of Finance of the PRC (中華人民共和國財政部)
"MOFCOM"	Ministry of Commerce of the PRC (中華人民共和國商務部)
"Ms. Dan"	Ms. Dan Yuting (淡玉婷), the Chairperson of our Board, executive Director and general manager of our Group, and a member of the group of Controlling Shareholders of our Company
"Mr. Zhai"	Mr. Zhai Yongtai (翟永泰), executive Director and deputy general manager of our Group, and a member of the group of Controlling Shareholders of our Company
"Mr. Zhu"	Mr. Zhu Zeng (朱增), executive Director, deputy general manager, chief operating officer and chief technology officer of our Group, and a member of the group of Controlling Shareholders of our Company
"NDRC"	National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"Nomination Committee"	the nomination committee of the Board
"NPC"	the National People's Congress of the PRC (中華人民共和國全國人民代表大會)
"OFAC"	the U.S. Treasury Department's Office of Foreign Assets Control, the principal U.S. regulator implementing and enforcing U.S. international sanctions programs and policies

DEFINITIONS

[**REDACTED**]

"Overseas Listing Trial Measures"	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》) effective on March 31, 2023, as amended, supplemented or otherwise modified from time to time
"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》), as amended, supplemented or otherwise modified from time to time
"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 Data Compliance Counsel"	Zhong Lun Law Firm, our legal advisor as to PRC data compliance matters
"PRC Legal Advisor"	Zhong Lun Law Firm, our legal advisor as to PRC laws

"PRC 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
"[**REDACTED**] Investment(s)"	the investment(s) in our Company undertaken by the [**REDACTED**] Investor(s) pursuant to the relevant equity transfer agreement(s), details of which are set out in the section headed "History, Development and Corporate Structure — [**REDACTED**] Investments" in this document
"[**REDACTED**] Investor(s)"	the investor(s) who acquired interest in our Company pursuant to the relevant equity transfer agreement(s), details of which are set out in the section headed "History, Development and Corporate Structure — [**REDACTED**] Investments" in this document

[**REDACTED**]

"Primary Sanctioned Activity"	means 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 entity incorporated or located in a Relevant Jurisdiction (if applicable) 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
"document"	this document being issued in connection with the [**REDACTED**]
"province"	a province or, where the context requires, a provincial level autonomous region or municipality, under the direct supervision of the central government of the PRC
"Qianzhou Investment"	Nanjing Qianzhou Investment Consulting Management Co., Ltd. (南京千舟投資諮詢管理有限責任公司), a limited liability company established under the laws of the PRC on January 8, 2024, and one of our [**REDACTED**] Investors
"R&D"	research and development
"Regulation S"	Regulation S under the U.S. Securities Act

DEFINITIONS

"Relevant Jurisdiction"	any jurisdiction that is relevant to the [**REDACTED**] 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. For the purposes of this document, Relevant Jurisdiction includes the U.S.
"Relevant Person(s)"	our Group, our investors and Shareholders and persons who might, directly or indirectly, be involved in permitting the [**REDACTED**], [**REDACTED**], clearing and settlement of our shares, including the Sole Sponsor, the [**REDACTED**], the Stock Exchange, [**REDACTED**] and the SFC
"Remuneration Committee"	the remuneration committee of the Board
"Reporting Accountants"	Ernst & Young
"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)
"SAMR"	the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)
"Sanctioned Country(ies)"	Cuba, Iran, North Korea, Syria, the Crimea region of Ukraine, Luhansk People's Republic and Donetsk People's Republic
"Sanctioned Target(s)"	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)
"SDN"	Specially Designated Nationals and Blocked Persons
"SDN List"	the list of SDN maintained by OFAC, which sets forth individuals and entities that are subject to its sanctions and restricted from dealing with U.S. Persons
"Securities and Futures Ordinance" or "SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"SFC"	Securities and Futures Commission of Hong Kong

DEFINITIONS

"Share(s)"	ordinary share(s) in the share capital of our Company with a nominal value of RMB0.25 each upon the completion of the Share Subdivision and of RMB1.00 each before the completion of the Share Subdivision, referring to [**REDACTED**] Shares before the [**REDACTED**] and H Shares following the [**REDACTED**]
"Shareholder(s)"	holder(s) of the Share(s)
"Share Subdivision"	the sub-division of our Shares by our Company where our Company subdivided its Share from one Share of RMB1.00 each into four Shares of RMB0.25 each, which will become effective upon the [**REDACTED**]

[**REDACTED**]

"Sole Sponsor"	the sole sponsor as named in the section headed "Directors and Parties Involved in the [**REDACTED**]" in this document

[**REDACTED**]

"STA"	State Taxation Administration of the PRC (中華人民共和國國家稅務總局)

[**REDACTED**]

"State Council"	the State Council of the PRC (中華人民共和國國務院)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Taicang Jingbai"	Taicang Jingbai Jinghe Venture Capital Partnership (Limited Partnership) (太倉景柏靜合創業投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on January 16, 2024, and one of our [**REDACTED**] Investors

"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
"Tax Advisor"	KPMG Advisory (China) Limited Beijing Branch, our advisor as to transfer pricing matters
"Track Record Period"	the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026
"Transcend Optronics"	Transcend Optronics (Yangzhou) Co., Ltd. (川奇光電科技(揚州)有限公司), a limited liability company established under the laws of the PRC on May 21, 2002, and one of our [**REDACTED**] Investors
"U.S." or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"U.S. Securities Act"	the United States Securities Act of 1933, as amended and supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder

[**REDACTED**]

"[**REDACTED**] Share(s)"	ordinary share(s) issued by our Company with a nominal value of RMB0.25 each (upon the completion of the Share Subdivision), which is/are not [**REDACTED**] on any stock exchange; before the completion of the Share Subdivision, ordinary share(s) issued by our Company with a nominal value of RMB1.00 each, which is/are not [**REDACTED**] on any stock exchange
"US dollar", "U.S. dollar", "US$" or "USD"	United States dollars, the lawful currency of the United States
"U.S. Persons"	means (i) any individual who is a U.S. citizen or legal permanent resident of the United States, including dual citizens, regardless of his or her current location in the world; (ii) any individual, regardless of his or her nationality, while physically located in the U.S.; (iii) any corporation, partnership, association, or other organization organized under the laws of the United States or of any state, territory, possession, or district of the United States; and (iv) the foreign branches of any U.S. corporation, partnership, association or other organization organized under the laws of the United States or of any state, territory, possession or district of the United States

"VAT"	value-added tax
"Youngy Group"	Youngy Investment Holding Group Co., Ltd. (融捷投資控股集團有限公司), a limited liability company established under the laws of the PRC on April 18, 1995, and one of our former Shareholders
"sq.m."	square meter(s)
"%"	per cent

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.

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

This glossary of technical terms contains explanations of certain terms used in this document in connection with our Group and our business. The meaning of these terms may not necessarily correspond to standard industry meaning or the usage of these terms.

"active user"	a user whose device was frequently connected to the network at a specified period of time
"AI"	artificial intelligence
"AI+ reading assistant"	AI-powered reading functionalities enable users to organize and manage notes, documents and other content in a unified manner, and to efficiently search relevant information. It supports content summarization and extraction of key points to enhance users' understanding and facilitate effective use of stored content
"AI BOOX computing terminals"	a locally deployable AI device, which integrates the Group's BOOX engine and large language models. It supports the processing of data in multiple formats and provides AI computing capabilities without requiring a connection to external networks, with all data stored and processed locally
"annual new user"	a user whose account was newly registered during a specified year
"API"	application programming interface
"app"	application
"ARPPU"	average revenue per paying user
"BOOX AI+ assistant"	functionalities incorporating AI agent-based features that use user data and preferences to support our BOOX product series devices' automated content search, organization and updates based on user instructions. These functionalities retrieve and process information from user-generated content and update it accordingly. They support scenarios such as periodic summarization and delivery of processed information to users or designated recipients
"BOOX Engines"	a large language model deployed on the server side that serves as the underlying technology supporting basic functionalities in the BOOX series such as OCR, handwriting recognition, speech recognition and translation, text-to-speech, and content summarization

GLOSSARY OF TECHNICAL TERMS

"BSR"	BOOX Super Refresh, our proprietary technology that reduces ghosting while delivering faster and smoother refresh rates
"cloud sync"	synchronization of reading position, annotations, and files across devices via cloud services
"contrast"	the difference in luminance or grayscale between the color of content and its background
"CPU"	central processing unit
"DTC"	direct-to-customer; a sales model where a manufacturer sells directly to end users, often via e-commerce
"e-ink"	an electrophoretic e-paper display technology that mimics the appearance of ink on paper
"e-ink screen"	a display panel using electrophoretic e-paper technology, commonly used in e-paper and e-note devices
"emissive display"	a technology that creates and emits direct light of its own without any sort of filter
"EMR stylus"	a battery-free electromagnetic resonance pen used for precise handwriting on e-paper devices
"e-note"	an e-paper device focused on reading and handwriting workflows (annotation, note-taking, organizing), often with EMR stylus support
"e-paper"	a reflective display technology that mimics paper
"e-paper tablet"	a portable device with e-paper for sustained reading that reflects ambient light to mimic the appearance of ordinary ink on paper
"e-reader"	a dedicated portable device for long-form reading with reflective e-paper
"front-light uniformity"	a metric measuring the consistency of front-light distribution across the screen
"front-light"	illumination projected across the display surface that aids reading in low light
"general-purpose computing device"	laptops and tablets with mature OS/app ecosystems and backlit or emissive displays, supporting diverse applications for multimedia, content creation, and cross-system collaboration

GLOSSARY OF TECHNICAL TERMS

"ghosting"	residual images that are left after refresh
"iteration cadence"	the planned frequency and timing of product, firmware, or feature releases across development cycles
"knowledge-driven intelligent tool"	devices using consumer-grade electrophoretic displays to enhance text-based information processing, emphasizing reflective viewing, low stimulation and distraction, and comfort for extended use
"knowledge-driven productivity tool"	e-paper devices with an integrated read-write experience and open OS, enabling continuous on-device workflows with multi-input, file management and sync to increase text-processing efficiency in knowledge-intensive tasks
"LED"	light-emitting diode
"MAU"	monthly active users, the number of unique users who access an app at least once during a calendar month
"OCR"	optical character recognition
"on-device inference"	local operation of artificial intelligence functions on the device to reduce latency and enhance privacy
"paper-like writing film"	a screen film tuned for friction/texture to simulate paper feel and control glare
"PCBA"	printed circuit board assembly
"PDF reflow"	PDF content that is re-designed to fit screen size and improve readability without constant zoom/pan
"PPI"	pixels per inch
"pressure sensitivity"	sensitivity of a stylus to applied pressure, which affects line thickness and writing feel
"reading-focused tools"	devices optimized for sustained text consumption and comprehension, emphasizing eye comfort, low distraction, and long battery life
"reflective display"	a display mode that relies on ambient light rather than backlight
"refresh algorithm"	display update strategies that reduce ghosting and shorten stabilization time after page turns/scrolling
"registered user paid conversion rate"	the rate at which registered users of StarNote paid for in-app templates

GLOSSARY OF TECHNICAL TERMS

"SDK"	software development kit
"SMT"	Surface Mount Technology
"SLA"	service-level agreement; agreements that set contractual performance targets for uptime, response and repair times
"tablet"	a general-purpose liquid crystal display (LCD)/active-matrix organic light-emitting diode (AMOLED) tablet
"tilt recognition"	ability of a stylus to detect surface angle for more natural handwriting
"yield"	proportion of manufactured components that meet quality standards

FORWARD-LOOKING STATEMENTS

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

This document contains forward-looking statements and information relating to our Group 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," "aspire," "believe," "could," "estimate," "expect," "going forward," "intend," "may," "might," "ought to," "outlook," "plan," "potential," "predict," "project," "schedules," "seek," "should," "target," "vision," "will," "would," "wish," "forecast," 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 are not historical facts and 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, by their nature, are subject to certain risks, uncertainties and assumptions, including but not limited to the risk factors as described in "Risk Factors" and elsewhere in this document, some of which are beyond our control and which are difficult to predict. Accordingly, these factors could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements. The risks and uncertainties facing us which could affect the accuracy of forward-looking statements include, but are not limited to, the following: (i) our operations and business prospects; (ii) our business strategies and plans to achieve these strategies; (iii) future developments, trends and conditions in the industries and markets in which we operate or plan to operate; (iv) general economic, political and business conditions in the markets in which we operate, including but not limited to interest rates, foreign exchange rates; (v) changes to the regulatory environment in the industries and markets in which we operate; (vi) our ability to maintain relationships with, and the actions and developments affecting, our major customers and suppliers; (vii) our ability to maintain the market positions and the actions and developments of our competitors; (viii) our ability to effectively control costs and operating expenses; (ix) our ability to retain senior management and key personnel and recruit qualified staff; (x) our expectations with respect to our ability to acquire and maintain regulatory licenses and permits; and (xi) all other risks and uncertainties described in "Risk Factors".

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. In this document, statements of or references to our intentions or those of our Directors are made as of the date of this document. Any such information may change in light of future developments. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. Moreover, the inclusion of forward-looking statements should not be regarded as representations by us that our plans and objectives will be achieved or realized.

All forward-looking statements in this document are qualified by reference to the cautionary statements in this section as well as the risks and uncertainties discussed in "Risk Factors" in this document.

An [**REDACTED**] *in our H Shares may involve significant risks. Potential* [**REDACTED**] *should read and consider carefully all the information set out in this document, and, in particular, should evaluate the following risks and uncertainties before deciding to make any* [**REDACTED**] *in our H Shares. You should pay particular attention to the fact that we primarily conduct our operations in China, the legal and regulatory environment of which in some respects may differ from that in Hong Kong. Any of the risks and uncertainties listed below could have a material adverse effect on our business, results of operations, financial condition or on the* [**REDACTED**] *of our H Shares, and could cause you to 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 "Forward-looking Statements."*

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

We participate in a highly competitive market, and our failure to compete successfully, including failing to retain research and development talent or to continuously improve our research and development capabilities, could materially and adversely affect our prospects, business, financial condition and results of operations.

We compete in highly competitive markets characterized by brand recognition, perceived product quality, price, performance, product features and enhancements, frequent introduction of new products, rapid adoption of technological and product advancements. According to Frost & Sullivan, the global top five market participants accounted for approximately 27.4% of market share in aggregate, and the competitive landscape was relatively fragmented. Significant new competitors or increased competition from existing ones may adversely affect our business, results of operations and financial condition.

Our competitors may compete with us by offering lower selling prices or forming alliances to provide more competitive solutions. Some of our competitors have greater experience, brand recognition, product breadth and distribution channels than we do. Our competition is intensifying as technology and markets mature. Existing competitors and new market entrants may also seek to develop new product offerings, technologies or capabilities that could render many of our product offerings obsolete or less competitive and may adopt more aggressive pricing strategies or allocate more resources to marketing and promotional campaigns. If we fail to respond to these challenges in a timely and effective manner, our business, results of operations, financial condition and prospects may be materially and adversely affected.

In addition, our research and development staff is one of our core competencies for the success of our business operations. However, the high demand for experienced specialists indicates our competitors may solicit key members of our team, leading to staff turnover. Finding equivalent and suitable replacements for our research and development staff can be challenging. During this process, our research and development capacity could be materially and adversely impaired.

Maintaining and improving the competitive edge of our technology capability is also subject to external factors, including new industry standards and practices, regulatory changes and emerging technologies. We cannot assure you that we will stay ahead of our competitors. If we are unable to adapt and retain our technical competitive edge, our results of operations and overall business prospects may be materially and adversely affected.

Demand for knowledge-driven productivity tools may not grow as rapidly as we anticipate due to various factors, including market conditions, which would materially and adversely affect our business, financial condition and results of operations.

The future demand for knowledge-driven productivity tools may be difficult to anticipate as it depends on several variables largely beyond our control, including market recognition, competing technologies and the industry's growth. Moreover, if any manufacturers in the industry face product liability disputes, it may negatively affect other players in the industry if, for example, such disputes negatively affect customers' perceptions of similar products, potentially resulting in deterioration in business. If the demand for knowledge-driven productivity tools fails to increase as rapidly as we anticipate, our business, financial condition, results of operations and prospects may be materially and adversely affected.

Our historical business growth, revenue and profitability may not predict our future performance, and our success largely depends on our ability to execute our business strategy.

We experienced growth from 2023 to 2025 and continued to deliver growth in the six months ended June 30, 2026. Our revenue increased by 26.6% from RMB803.6 million in 2023 to RMB1,017.5 million in 2024 and further increased by 10.9% to RMB1,128.2 million in 2025. For the six months ended June 30, 2026, our revenue amounted to RMB573.6 million, representing an increase from RMB534.2 million for the six months ended June 30, 2025. Going forward, we may face slower-than-expected growth rates, business stagnation, or even a decline in revenue. If we fail to recover or increase our revenue at the anticipated rate or if the increases in our costs and expenses outpace the growth in our revenue, we may fail to achieve or maintain profitability.

Our ability to achieve profitability and positive cash flow will largely depend on the successful execution of our business strategies, which is influenced by several factors, including our ability to: (i) innovate and develop new technologies and products; (ii) develop functionalities and features that meet market demand and preferences; (iii) enhance our production capacity and efficiency; (iv) increase market acceptance of our products; and (v) improve our brand recognition and reputation.

We may also encounter unforeseen costs and expenses, difficulties, complications, delays and other unknown events. Additionally, our ability to execute our business strategy is subject to various factors beyond our control, such as changes in the macroeconomic and regulatory landscape, as well as competitive dynamics. We cannot guarantee that we will be able to respond to these changes in a timely and effective manner, the failure of which could adversely affect our business, results of operations and financial condition.

We depend on the stability of our supply chain and a limited number of suppliers. Any failure by them to maintain their supply or quality, or unexpected disruptions, delays, or disputes could adversely affect our production, increase costs, or impact product quality.

Our success depends in part on our ability to manage the supply chain to manufacture in a timely manner and with quality. We source the raw materials and components for our products from third-party suppliers. Purchase amounts from our five largest suppliers in each period during the Track Record Period accounted for 48.3%, 44.7%, 47.1% and 55.9% of our total purchase amount for the respective periods. Purchase amounts from our largest supplier in each year during the Track Record Period accounted for 29.1%, 28.1%, 21.7% and 23.4% of our total purchase amount for the respective periods. Due to the industry structure and technical requirements of electronic paper display products, E Ink Holdings is our largest supplier for e-ink screens. We procure a substantial amount of our electronic paper display from it for most of our products. We expect that purchases from E Ink Holdings and its affiliates will remain as a significant portion of our total purchase in the near future, as according to Frost & Sullivan, E Ink Holdings holds a dominant position in the global market for electronic ink materials used in e-paper displays.

Our major suppliers' stable relationship with us and consistent supply of raw materials are crucial to our business. If all or a significant number of our suppliers for any particular raw materials are unable or unwilling to meet our requirements for quantity, quality or timing, we could suffer supply shortages or procurement cost increases. Our suppliers could fail to meet our needs for various reasons beyond our control, including fires, natural disasters, extreme weather, manufacturing problems, epidemics, transportation interruptions or governmental regulations. A failure of supply could also occur due to suppliers' financial difficulties, including bankruptcy.

Changing suppliers may require a long lead time. We may not be able to locate alternative suppliers in sufficient quantities, of suitable quality, or at an acceptable price within a reasonable period, or at all. Continued supply disruptions could exert pressure on our costs, and we cannot assure you that all or part of any increased costs can be passed along to our customers in a timely manner or at all, which could negatively affect our business, overall profitability and financial performance.

Maintaining our brand image is critical to our success, and our marketing campaigns may not be effective in attracting or retaining customers, which would have a material adverse effect on our business, financial condition and results of operations.

Our "BOOX" brand name and related brand images are integral to the growth of our business, as well as to the implementation of our strategies for expanding into new categories and markets.

Our brands, reputation and product sales could be harmed if our products fail to meet the expectations of our customers. Misleading adverse publicity about regulatory (including but not limited to non-mandatory certifications or quality standards) or legal action against us could damage our reputation and brand image. Further, our success in maintaining and improving our brand image depends on our ability to adapt to a rapidly changing media ecosystem. This includes our increasing reliance on social media and the online dissemination of advertising campaigns. Negative posts or comments about us on social media platforms and websites, even if inaccurate, can spread quickly and significantly damage our reputation and brand image. Our future growth, in part, relies on attracting and retaining consumers, we may need to substantially increase our expenditure to create and maintain brand loyalty and attract consumers through our direct sales channels. As a result, our sales and marketing-related expenses may increase significantly.

In addition, we rely on tailored marketing efforts for our target end-user groups to increase brand awareness and boost our sales. We market our brand and products across traditional and online media. As we continue to build our online presence, we expect our marketing expenses relating to cooperation with online channels to increase. For the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our selling and distribution expenses amounted to RMB73.2 million, RMB144.4 million, RMB157.1 million, RMB74.5 million and RMB82.9 million, respectively, representing approximately 9.1%, 14.2%, 13.9%, 13.9% and 14.5%, respectively, of total revenue over the same periods. Also, marketing trends and approaches in our industry are evolving, which requires us to enhance our marketing approaches and experiment with new methods to keep pace with industry developments and user preferences. However, we cannot guarantee that our marketing efforts will be well-received by target end-users and result in higher sales.

We may not be able to launch and diversify new product categories to adapt to changing customer needs in a timely manner, which may expose us to new challenges and risks.

We may develop new products not only to adapt to evolving customer needs and preferences, but also to influence market trends through innovation, while also developing new brands to explore more market opportunities. In light of the highly competitive and volatile environment, our future growth depends on our ability to introduce products continuously and build a brand portfolio that is welcomed by the market. Introducing new products or developing new software resources involves significant development and research costs on one hand, and inherent risks on the other, such as overestimated market demand, unsatisfactory product quality, and unsuccessful pricing strategy. Failure to successfully diversify and expand our product and brand portfolio to adapt to the constantly changing learning needs and preferences and market trends may cause our results of operations to decrease as we will not be able to recoup the associated costs, may jeopardize our competitive advantage and market share, and may result in continued reliance on our existing products and brands. Any of these events could materially and adversely affect our business, financial condition, results of operations and prospects.

We have limited control over the operations and actions of our distributors, and our efforts to manage them may not be effective. Our distributors may underperform or engage in actions that could have a material adverse effect on our business, prospects and reputation.

In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, we generated 46.6%, 51.7%, 48.4%, 48.7% and 41.5% of our total revenue from sales to distributors, respectively. Our financial results significantly depend on the performance of our distributors. We enter into distribution agreements or purchase orders with our distributors. For distributors with which we enter into distribution agreements, we rely on these distribution agreements to govern our relationships, including their compliance with applicable laws, rules, regulations and our policies. Therefore, our ability to manage the activities of our distributors may be limited. Our distributors may engage in actions that could have a material adverse effect on our business, prospects and reputation, including, among others: (i) breaching our agreements, including by selling our products to outside designated territories; or (ii) failing to adequately promote our products.

Our distributors may engage sub-distributors to distribute our products to end customers, and we do not enter into distributor agreements with the sub-distributors. Accordingly, we generally rely on our distributors to manage and control the sub-distributors. Our management of these sub-distributors is inherently attenuated. Actions of sub-distributors could also result in reputational damage, regulatory penalties, or disruptions to our distribution network, which could result in a material adverse effect on our business, financial condition, results of operations and prospects. Any violation or alleged violation by our distributors of these distribution agreements or any applicable laws and regulations could damage our reputation, decrease the market value of our brand, and lead to negative public perception about the quality of our products, which could result in a material adverse effect on our business, financial condition, results of operations and prospects.

Our efforts to manage and expand our direct sales channels may not be successful.

We sell our products to end consumers worldwide through our web stores on e-commerce platforms. If we are unable to drive traffic to, and increase sales through our direct sales channels, our business, financial condition and results of operations could be harmed. In addition, the success of our direct sales is subject to risks associated with the e-commerce marketplace, many of which are outside our control. We may not be able to adequately respond to these risks and uncertainties or to successfully maintain and expand our direct business, which may have an adverse impact on our business, financial condition and results of operations.

Furthermore, our direct sales rely on online channels to reach customers. During the Track Record Period, revenue generated from e-commerce platforms, which form part of our direct sales channels, amounted to RMB179.7 million, RMB275.5 million, RMB313.0 million, RMB145.4 million and RMB153.6 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively, representing 22.4%, 27.1%, 27.7%, 27.3% and 26.8% of our total revenue for the respective periods. We currently operate online stores on e-commerce platforms such as Amazon and Tmall, and there can be no assurance that we will be able to maintain or expand these collaborations on commercially reasonable terms, or at all, in the future. If we are unable to maintain our collaboration with these platforms, our sales volume may decrease significantly, which could adversely affect our business and results of operations.

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

We use third-party logistics service providers to ship our products. There can be no assurance that we can continue or extend relationships with our current logistics service providers on terms acceptable to us, or that we will be able to establish relationships with new logistics service providers. If we are unable to maintain or develop good relationships with logistics service providers, it may inhibit our ability to offer products in sufficient quantities, on a timely basis, or at prices acceptable to our customers. We cannot guarantee that interruptions will not occur which could materially and adversely affect our business, prospects or results of operations. In addition, as we do not have any direct control over these logistics service providers, we cannot guarantee the quality of their services. If there is any delay in delivery, damage to products or any other issue, we may lose consumers and sales and our brand image may be tarnished.

Some of our products and services contain open-source software, which may pose a particular risk to our proprietary software, products and services in a manner that negatively affects our business, financial condition and results of operations.

Android, an open-source software operating system, is being used in many of our products and services. Our self-developed BOOX OS is an operating system based on Android. This practice will continue in the future. Our use of Android does not constitute undue reliance and is consistent with industry practice, given the limited availability of mature and commercially viable operating system platforms for smart devices and the widespread market adoption of Android, according to Frost & Sullivan. We have not experienced material operational or security issues attributable to the platform. For further details of how BOOX OS is built and operates within the Android-based open operating system, please refer to "Business — Research and Development — Our Core Technologies". However, there is a risk that open-source software licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our ability to provide or distribute our products or services. Additionally, we may face claims from third parties claiming ownership of, or demanding release of, the open-source software or derivative works that we developed using such software. These claims could result in litigation and could require us to make our software source code freely available, purchase a costly license or cease offering the implicated products or services unless and until we can re-engineer them to avoid infringement. This re-engineering process could require significant additional research and development resources, and we may not be able to complete it successfully.

We are subject to a variety of costs and risks due to our continued expansion internationally that could adversely affect our profitability and operating results.

We may enter into new geographic markets without experience in marketing, selling, localizing, and deploying our products. International expansion has required, and will continue to require, us to invest significant capital and other resources, and our efforts may not be successful. International sales and operations may be subject to risks such as: (i) limited brand recognition; (ii) costs associated with our promotional efforts, expanding our DTC channels and our distribution network; (iii) foreign consumers' preferences and customs; (iv) difficulties in staffing and managing foreign operations; (v) adverse tax effects and foreign exchange controls making it difficult to repatriate earnings and cash; (vi) political and economic instability; (vii) trade restrictions; (viii) differing employment practices and laws and labor disruptions; (ix) the imposition of government controls; (x) lesser degrees of intellectual property protection; (xi) adverse changes in, or the failure of our suppliers to comply with, customs laws, regulations, tariffs, and quotas set by the local government and PRC Government when we import raw materials and components or export our products among the different countries or jurisdictions where we do business; and (xii) a legal system subject to undue influence or corruption.

The occurrence of any of these risks could negatively affect our international business and consequently our business and operating results. In addition, the concern over these risks may also prevent us from entering into or releasing certain of our products in certain markets.

Our intellectual property rights are fundamental to our business. Our failure to protect our intellectual property rights, including our trademarks and trade names, may undermine our competitive position and name recognition in our target markets, and litigation to protect our intellectual property rights or defend against third-party allegations of infringement may be costly and ineffective.

We regard our trademarks, copyrights, patents, domain names, proprietary technologies, and similar intellectual property as critical to our success, and we rely on copyright, trademark and patent law and confidentiality, invention assignment and non-compete agreements with our employees and others to protect our proprietary rights. As of June 30, 2026, our intellectual property portfolio included over 160 patents, of which 92 were authorized invention patents, and 423 registered trademarks across various jurisdictions globally. We may become an attractive target for counterfeiting and intellectual property theft activity because of our brand recognition. Any of our intellectual property rights could be challenged, invalidated, circumvented or misappropriated, or such intellectual property may not be sufficient to provide us with competitive advantages. In addition, there can be no assurance that our patent applications will be approved, that any issued patents will adequately protect our intellectual property, or that such patents will not be challenged by third parties or found by a judicial authority to be invalid or unenforceable. From time to time, we may utilize technologies developed or licensed by third parties due to the rapid pace of technological change in our industry. However, we may not be able to obtain or continue to obtain such technologies from third parties at all or on reasonable terms.

We own several trademarks in China and other jurisdictions. However, our registered or unregistered trademarks or trade names may be challenged, infringed, circumvented or declared generic or determined to be infringing on other marks. We may not be able to protect our rights to these trademarks and trade names, which we need to build name recognition among potential partners or customers in our target markets. Competitors may occasionally adopt trade names or trademarks similar to ours, thereby impeding our ability to build brand identity and possibly leading to market confusion. In addition, there could be potential trade name or trademark infringement claims brought by owners of other registered trademarks or trademarks that incorporate variations of our registered or unregistered trademarks or trade names.

Nevertheless, we cannot assure you that we can prevent third parties from infringing upon our intellectual property rights. Unauthorized use of our intellectual properties, unfair competition, defamation or other violations of our rights by our customers, employees and/or third parties may harm our brand and reputation, and the expenses incurred in protecting our intellectual property rights may materially and adversely affect our business.

We may, from time to time, be required to institute litigation, arbitration or other proceedings to enforce our intellectual property rights, which would be time-consuming and expensive to resolve and would divert our management's time and attention regardless of its outcome, materially and adversely affecting our business, financial condition and results of operations. Preventing any unauthorized use of our intellectual properties is difficult and costly and the steps we take may be inadequate to prevent the misappropriation of our intellectual properties. If we resort to litigation to enforce our intellectual property rights, such litigation could result in substantial costs and a diversion of our managerial and financial resources. In addition, our trade secrets may be leaked or otherwise become available to, or be independently discovered by, our competitors. Any failure in protecting or enforcing our intellectual property rights may have a material and adverse effect on our business, financial condition, results of operations and prospects. Over the long term, if we are unable to establish name recognition based on our trademarks and trade names, then we may not be able to compete effectively, and our business may be adversely affected.

We have insurance policies subject to limits to cover our potential losses and claims, but any claims beyond our insurance coverage may result in us incurring substantial costs and a diversion of resources.

We maintained limited statutory insurance, which we believe is customary for businesses of our size and type and in line with the standard commercial practice in our industry. See "Business — Insurance" for more details on our insurance policies. If we were held liable for uninsured losses, our business and results of operations may be materially and adversely affected. In addition, we are not insured against product liability or business interruptions resulting from natural disasters such as droughts, floods, earthquakes or severe weather conditions, any suspension or cessation in the supply of utilities or other calamities. Any liability claims for damages relating to our products, interruption to our operations, and the resulting losses or damages, could materially and adversely affect our business, results of operations and financial condition.

We maintain industry-standard benefit plans in accordance with relevant laws and regulations, based on our assessment of our operational needs and industry practice. Our insurance coverage includes employee-related insurance, credit risk insurance, and logistics and inventory insurance. In line with general market practice, we have elected not to maintain certain types of insurances, such as business interruption insurance or key man insurance. Our existing insurance coverage may prove to be inadequate or could cease to be available to us on acceptable terms, if at all. A claim brought against us that is uninsured or under-insured could harm our business, financial condition and results of operations. Any liability or damage to, or caused by, our facilities or our personnel beyond our insurance coverage may result in our incurring substantial costs and a diversion of resources.

Misbehavior or unsatisfactory behaviors by KOLs or public figures, regardless of whether we have engaged them, could harm our reputation as well as potentially our business, financial condition and results of operations.

KOLs or public figures are critical to the quality of our offerings and our reputation. However, we cannot assure you that such reviews and evaluations are effective to ensure the content produced by the KOLs or public figures is appropriate and professional. Any alleged misbehaviour or unsatisfactory performance by them, negative claims or publicity arising from the content they produced, or otherwise, could seriously damage our reputation and brand image, regardless of whether such allegations or claims are accurate. In addition, our brand and reputation could also be harmed by our inability to address such allegations or complaints. Failure to maintain and enhance our brand and corporate reputation could have an adverse effect on the size and loyalty of our user base and result in decreased revenue, which could have an adverse effect on our business, financial condition, and operating results.

Our reputation and profitability may be adversely affected if our products and accessories are counterfeited or imitated in the market.

Our products and accessories may be counterfeited in the market, such as unauthorized imitations, replication of our design, infringement of trademarks, or labeling by third parties, which may affect our reputation and profitability. We cannot assure you that counterfeiting and imitation would not occur, or if it does occur, that we would be able to detect and address the problem effectively. A significant presence of counterfeit products or accessories in the market could have a negative impact on the value and image of our brand, leading to loss of consumer confidence in our brand. Eventually, it would adversely affect our business, results of operations and financial condition.

If we fail to grow or retain our consumer base, or if consumer satisfaction declines, our business and operating results may be materially and adversely affected.

A broad consumer base and a high level of consumer satisfaction are critical to our success. Our business has depended and will continue to significantly depend on our consumers and their loyalty in and level of satisfaction with our products. If consumers no longer view our products as useful and attractive as compared to competing offerings, we may not be able to increase or maintain our consumer base and the level of satisfaction. A number of factors could negatively affect consumer growth, retention and satisfaction, including:

- We may be unable to identify and meet evolving consumer demands;
- We may not be able to timely develop and introduce new or updated products, or the new or updated products we introduce may not be favorably received by consumers;
- We may fail to update existing technology or develop new technology in time to stay ahead or abreast of market advances;

- We may not be able to continue to successfully drive organic growth of consumer base, which may require us to devote more additional resources to acquire consumers;

- We may be unable to prevent or combat inappropriate use of our products, which may lead to negative public perception of us and damage our brand or reputation;

- We may encounter technical or other problems that prevent our products from operating in a smooth and reliable manner or otherwise adversely affect consumer experience;

- Our competitors may launch or develop similar or disruptive products with better consumer experience, which may result in loss of existing consumers or decline in new consumer growth; and

- We may fail to address consumer concerns related to privacy and communication, data safety, security or other factors.

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

Companies operating in the PRC have to participate in various employee benefit plans required by the government, including certain social insurance, housing provident funds and other welfare-oriented payment obligations. The requirement and implementation of employee benefit plans may vary, considering the different levels of economic development in different locations in the PRC, and the relevant government authorities may examine whether an employer has made adequate payments of the requisite employee benefit payments. Recently, the PRC Government has enhanced its measures relating to social insurance collection, leading to stricter enforcement. From time to time, the Supreme People's Court may also issue judicial interpretations of existing laws and regulations relating to contributions to the social insurance and the housing provident funds. For example, according to the Interpretation II of the Supreme People's Court of Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》) (the "**New Judicial Interpretation**") promulgated by the Supreme People's Court on July 31, 2025 and effective on September 1, 2025, where an employer and an employee agree or the employee undertakes that social insurance contributions need not be paid, the court shall deem such agreement or undertaking invalid, where an employer fails to pay social insurance premiums in accordance with the law, and the employee requests to terminate the employment contract and for the employer to pay economic compensation, the people's court shall uphold such requests in accordance with the law. If an employer has lawfully made social insurance contributions under the above circumstances and subsequently requests the employee to return any social insurance compensation that has already been paid, the court will uphold such a request in accordance with the law. The introduction of new judicial interpretations or changes in regulatory guidance in the future may result in certain aspects of our operations being deemed not fully compliant with evolving labor laws and regulations. We could be subject to orders by the competent labor authorities for rectification, and failure to comply with such orders may further subject us to administrative fines. There is no assurance that our current practice will at all times be deemed in full compliance with relevant laws and regulations by government authorities. As at June 30, 2026, we had a total of 478 full-time employees. During the Track Record Period, there are instances where social insurance and housing provident fund contributions for some of our employees were not fully based on their actual salary levels, and for a portion of our employees, the housing provident fund contribution procedures are not yet fully in place. As a result, we may be required to pay any shortfall in social insurance and housing provident fund contributions within a prescribed time period.

As the interpretation and implementation of the Labor Contract Law, the Social Insurance Law and other labor-related regulations are evolving, we cannot assure you that our employment practices are, or will in the future be, fully in compliance with labor-related laws and regulations in the PRC, which may subject us to labor disputes or government investigations. We cannot assure that such risks we may be exposed to will not have any adverse effect on our reputation, business, results of operations and financial condition or otherwise divert our resources in handling any lawsuits, legal proceedings or complaints.

We may not be able to maintain effective quality control over our products.

The quality of our products significantly depends on the effectiveness of our quality control and quality assurance, which in turn depends on factors such as the production processes in our manufacturing facilities, the quality and reliability of equipment, the quality of our staff and related training programs, and our ability to ensure that our employees adhere to our quality control and quality assurance protocol. Based on our internal records, the units of products returned by our customers due to quality defects accounted for approximately 0.4%, 0.5%, 0.4% and 0.5% of our total sales volume in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively. However, we cannot assure you that our quality control and quality assurance procedures will be effective in consistently preventing and resolving deviations from our quality standards or that our standard operating procedures will be complete or updated at all times. Any significant failure or deterioration of our quality control and quality assurance protocol or standard operating procedures could render our products unsuitable for use, result in gaps in the audit of our processes, and harm our market reputation and relationship with business partners. Any such developments may have a material adverse effect on our business, financial condition and results of operations.

We are exposed to potential product liability claims.

We may be exposed to product liability claims for the devices we manufacture and market. If our devices have latent quality issues, we may be subject to product liability claims. Additionally, if any devices we develop cause injury or are otherwise found unsuitable, we may be held liable. As some of our product lines were developed relatively recently, latent defects or risks may not have been identified at the current stage. We cannot assure you that our devices have no latent quality issues or disadvantages that are not discernible or foreseeable. Our products might prove to be less effective than they currently appear to be or even prove to be defective to a certain extent at a later stage. In addition, our customers may consider that the expected results have not been achieved. In such cases, the consumers may initiate legal proceedings against us, and they may claim, with or without merit, that our products have latent defects. We cannot rule out the possibility of incurring liabilities or suffering losses due to similar product liability claims. These proceedings could be expensive and time-consuming to defend and may have a material adverse impact on our business, reputation, financial condition and results of operations. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material product liability claims, or other disputes arising from alleged product quality defects.

However, there can be no assurance that we will be able to maintain our product liability insurance on acceptable terms, or that our insurance coverage will be sufficient to cover any or all of our potential losses in product liability claims. If a product liability claim or a series of claims is brought against us and we are ultimately held liable, our reputation, business, results of operations or financial condition will be materially and adversely affected.

Our products are complex and could have unknown defects or errors. We may be subject to warranty claims that could result in significant direct or indirect costs, which may diminish our brand or divert our resources from other purposes.

Our products are controlled by a combination of hardware and software based on rule-based algorithms. Our new or existing products have contained defects and errors and may in the future contain defects, errors or performance problems when first introduced, when new versions or enhancements are released, or even after these products have been used by our consumers for a period of time. These problems could result in expensive and time-consuming design modifications or warranty charges, delays in the introduction of new products or enhancements, significant increases in our service and maintenance costs, our exposure to liability for damages, damaged consumer relationships and harm to our reputation, any of which could materially harm our results of operations and ability to achieve market acceptance. In addition, increased development and warranty costs could be substantial and could reduce our operating margins. The existence of any defects, errors, or failures in our products could also lead to warranty claims or lawsuits against us. A successful warranty claim could result in substantial costs, diminish our brand and divert management's attention and resources, which could have a negative impact on our business, financial condition and results of operations.

Any product recall would damage our brand and could have a material adverse effect on our reputation, business, financial condition and results of operations.

Electronic devices, such as our e-book devices, can occasionally encounter problems related to product performance, as well as how consumers use them. In both cases, this requires reviews and possible corrective actions by the manufacturer. Component failures, manufacturing errors or design defects could result in danger or injuries to consumers. Any serious failures or defects could cause us to recall products, which could result in significant costs. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material product return or replacement claims, nor did we receive any material warranty claims or conduct any product recalls. We cannot assure you that there would be no market withdrawals or product recalls of our devices. The occurrence of such market withdrawals or product recalls would damage our brand and would have a material adverse effect on our business, financial condition and results of operations.

Failure to manage our inventory effectively to accurately forecast consumer demand could materially and adversely affect our business, financial condition and results of operations.

Maintaining an optimal level of inventory is important for the success of our business. As of December 31, 2023, 2024, 2025, June 30, 2026, we had inventories of RMB241.9 million, RMB304.7 million, RMB499.1 million and RMB748.8 million, respectively. However, we may be exposed to risks of overstocking or understocking inventories as a result of a variety of factors beyond our control, including changes in customer needs and the inherent uncertainty of successful product launches. We cannot assure you that we can accurately predict these trends and events, or that our inventory management measures will be implemented effectively to avoid significant levels of excess or shortage. As a result of any unforeseen or sudden events, we may experience slow movement of our inventories or fail to utilize our inventories swiftly.

Moreover, as we plan to continue expanding our product offerings, we may increase our inventory level, which will make it more challenging for us to manage inventory effectively. This is because such expansion will put more pressure on our warehousing system. If we fail to manage our inventory effectively, we may be subject to a heightened risk of inventory obsolescence, a decline in inventory values, and significant inventory write-downs or write-offs. High inventory levels may also require us to commit substantial capital resources, preventing us from using that capital for other important purposes. On the other hand, if we underestimate the demand for our products, or if our suppliers fail to supply raw materials in a timely manner, we may experience inventory shortages, which might result in delayed delivery, missed sales, diminished brand loyalty and lost revenue. Any of the above may materially and adversely affect our business, financial condition and results of operations.

Share-based payment expenses may cause shareholding dilution to our existing Shareholders and potentially have a material and adverse effect on our financial performance.

During the Track Record Period, we made share-based payments to our employees for their contributions to us and provided them with an incentive for future performance. For the periods ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our share-based payment was nil, RMB1.0 million, RMB12.8 million, RMB6.1 million and RMB6.8 million, respectively. To further motivate our directors, senior management and key employees to contribute to us, we may grant additional share-based compensation in the future. Issuance of additional Shares with respect to such share-based payment may dilute the shareholding percentage of our existing Shareholders. Expenses incurred with respect to such share-based payment may also increase our operating expenses and therefore have a material and adverse effect on our financial performance.

Our leased properties may be subject to non-compliance or challenges that could potentially affect our future use of them.

We have leased certain properties in China as our office premises, production and assembly facility, warehouses and dormitories. As of the Latest Practicable Date, we leased ten properties in the PRC with a total gross floor area of approximately 16,274 square meters. Some of these properties do not meet certain property-related requirements under PRC laws and regulations. For example, as of the Latest Practicable Date, two of our leases had not been registered and filed with the competent PRC government authorities as required by applicable PRC laws and regulations, and two of our leased properties were subject to discrepancies between their actual use and the use descriptions reflected in the relevant property certificates. We cannot assure you that the lessors will cooperate and complete the registration in a timely manner. Our PRC Legal Advisor has advised us that failure to complete the registration and filing of lease agreements will not affect the validity of such lease agreements, but could result in the imposition of fines up to RMB10,000 for each leased property that is unregistered if we fail to rectify the noncompliance within the time frame prescribed by the relevant authorities. During the Track Record Period and up to the Latest Practicable Date, we were not subject to any penalties arising from the non-registration of lease agreements. However, we cannot assure you that we will not be subject to any penalties and/or requests from local authorities to fulfill the registration requirements, which may increase our costs in the future. If any of our leases is terminated or becomes unenforceable as a result of challenges from third parties, we would need to seek alternative properties and incur relocation costs. Any relocation could lead to disruptions to our operations and adversely affect our business, financial condition and results of operations.

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

Our business is subject to seasonal fluctuations. Our sales are generally higher in the second and fourth quarters. The increase in the second quarter is largely driven by major online shopping campaigns, such as the 618 shopping festival in China and Amazon's Prime Day in our key overseas markets. The fourth quarter is consistently our strongest sales period, benefiting from a convergence of major global promotional events, while the third quarter typically generates the lowest sales. In addition, any one of the factors below, or the cumulative effect of some of these factors, may result in significant fluctuations in our operating results. Many of these factors are outside of our control and may be difficult to predict, including:

- Seasonal promotional activities on e-commerce platforms;
- Fluctuations in demand for our products, including seasonal variations;
- The timing and success of new product introductions, which initially tend to have a lower gross margin;
- The timing and success of new product introductions by our competitors;
- Promotional events hosted by our distributors;
- Fluctuations in levels of channel inventory; and
- The amount and timing of sales and marketing and other operating expenses related to maintenance and expansion of our business.

Furthermore, our rapid growth may obscure the extent to which seasonality trends have affected our business. Accordingly, yearly or quarterly comparisons of our operating results may not be useful, and our results in any particular period will not necessarily be indicative of the results to be expected for any future period.

Higher U.S. tariffs applicable to our products will negatively affect us, and any general deterioration in economic conditions, including as a result of escalating trade tensions, may adversely affect our business.

We sell our products globally, and higher tariff rates, such as those imposed by the U.S., could negatively affect competitiveness in the U.S. market, and eventually negatively affect our revenue and profitability. During the Track Record Period, our revenue from the U.S. market amounted to RMB147.0 million, RMB195.3 million, RMB198.6 million, RMB97.1 million and RMB101.7 million, accounting for 18.3%, 19.2%, 17.6%, 18.2% and 17.7% of our total revenue in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. U.S. tariff policies have undergone significant changes in recent years and remain subject to continuing policy and regulatory developments. In early April 2025, the U.S. tariff increases on goods from China were particularly high, with tariffs announced on most goods of 145%, which was a combined rate consisting of the 125% IEEPA-based reciprocal tariffs and the existing 20% tariffs related to fentanyl control. China responded to the U.S. actions with retaliatory tariffs on most U.S. goods of 125% from April 12, 2025; China also implemented export restrictions on certain critical minerals and related products and took other regulatory measures aimed at the U.S. On May 12, 2025, China and the U.S. issued a joint statement announcing an agreement to cut reciprocal tariffs for 90 days, effective on May 14, 2025. Specifically, the United States would remove a total of 91% additional tariffs on Chinese products and China would accordingly cut 91% countermeasure additional tariffs against U.S. imports. The United States would suspend a 24% "reciprocal tariff" and China likewise would suspend a 24% countermeasure tariff. In October 2025, the U.S. authorities announced an escalation of tariff measures against imports from China. Pursuant to such announcement, an additional 100% tariff would be imposed on all PRC-origin goods exported to the U.S. with effect from November 1, 2025. However, a new round of economic and trade consultations was held in Malaysia during October 25 and 26, 2025 between the U.S. and China. The U.S. and China reached a preliminary consensus under which the U.S. would no longer consider imposing an additional 100% tariff on Chinese goods. On November 4, 2025, the U.S. government issued an Executive Order titled "Modifying Reciprocal Tariff Rates Consistent with the Economic and Trade Arrangement Between the U.S. and the People's Republic of China," which continued the suspension of the heightened PRC-specific reciprocal tariffs until November 10, 2026; during this suspension, the 10% reciprocal tariff on PRC-origin goods remains in effect. On November 7, 2025, the U.S. government published a Federal Register notice reducing the additional fentanyl-related tariff under Executive Order 14195 from 20% to 10%, effective November 10, 2025. In February 2026, the U.S. Supreme Court held that the International Emergency Economic Powers Act did not authorize the President to impose tariffs, resulting in significant changes to the tariff measures previously imposed under IEEPA. In response to the ruling, the U.S. President Trump issued Executive Order 14389 on February 20, 2026, terminating IEEPA based additional ad valorem duties while preserving tariffs under Section 232 and Section 301.

In addition, the U.S. government imposed a temporary 10% import surcharge under Section 122 of the Trade Act of 1974, which was effective from February 24, 2026 to July 24, 2026. On July 23, 2026, the U.S. Trade Representative took final action under Section 301 of the Trade Act of 1974 in response to the failure of certain economies to prohibit and effectively enforce a prohibition on imports of goods produced with forced labor, imposing a 12.5% tariff on products of China, subject to specified product exemptions. In addition, existing tariff measures, product-specific exclusions and exemptions, and other trade measures may be modified, expanded or replaced from time to time.

There is therefore uncertainty regarding the tariff rates and other trade measures applicable to our products exported to the U.S. Changes in U.S. trade policies, including changes in tariff rates or product-specific exemptions, may adversely affect our sales and profit margins. Furthermore, heightened trade tensions between the United States and China or a broader deterioration in global economic conditions may adversely affect our business, financial condition and results of operations.

Our business faces various legal, regulatory, political, economic, commercial, financial markets and other risks associated with operations across multiple jurisdictions.

We derive a significant portion of our revenue overseas. Overseas markets contributed to 56.2%, 59.4%, 59.1%, 58.7% and 54.6% of our total revenue in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. Accordingly, we continue to face numerous risks, including legal, regulatory, political, economic, commercial and other risks associated with conducting operations in various jurisdictions, any of which could negatively affect our financial performance. These risks include the following:

- Legal, regulatory, political, economic and commercial instability and uncertainty;
- Changes in foreign tax rules, regulations and other requirements, such as changes in tax rates and statutory and judicial interpretations of tax laws;
- Changes in international trade policies and regulations, including those related to economic sanctions, export controls, import restrictions, and trade barriers such as the imposition of tariffs;
- Difficulty in coping with possible conflict of laws resulting from import/export control measures of different jurisdictions where we operate;
- Changes in foreign country regulatory requirements, including data privacy laws;
- Complexities relating to compliance with foreign anti-bribery, anti-corruption, anti-money laundering regulations, and antitrust laws;
- Difficulty in obtaining or enforcing intellectual property rights;
- Difficulty in enforcing agreements and collecting overdue receivables through local legal systems;
- Changes in geopolitical situations, especially those in jurisdictions where we do business;
- Strict foreign exchange controls and cash repatriation restrictions;
- Inflation and/or deflation, and changes in interest rates;
- Trade customer insolvency and the inability to collect accounts receivable;
- Misconduct by our customers beyond our control, including but not limited to breaching agreements and violating laws and regulations of various jurisdictions applicable to them;
- Labor disputes and work stoppages at our operations and suppliers; and
- Increased costs associated with maintaining the ability to understand local markets and follow their trends.

In addition, our operation in different jurisdictions means that we have conducted cross-border-related party transactions in our ordinary course of business. This may result in an increased likelihood of tax audits, possibly leading to challenges in relation to, among other things, tax residence, permanent establishment and transfer pricing.

If we become a party to material litigation, arbitration, legal disputes, claims or administrative proceedings, it may divert our management's attention, result in costs and liabilities and damage our reputation.

We may be involved in litigation, arbitration, legal disputes, claims or administrative proceedings arising in the ordinary course of business with our customers, suppliers, business partners, employees, competitors, regulatory agencies, or other parties in respect of contractual, commercial, labor, intellectual property, or other matters. Such involvement can distract our management's attention, time and resources. Furthermore, any litigation, arbitration, legal disputes, claims or administrative proceedings which are initially not of material importance may escalate due to various factors, such as the facts and circumstances of the cases, the likelihood of winning or losing, the monetary amount at stake and the parties concerned, and such factors may result in these cases becoming of material importance to us.

Negative publicity arising from litigation, arbitration, legal disputes, claims or administrative proceedings may damage our reputation and adversely affect the image of our brands and products. In addition, if any verdict or award is rendered against us, we could be required to pay significant monetary damages, assume other liabilities, and suspend or terminate the related business ventures or projects. Consequently, our business, financial condition and results of operations may be materially and adversely affected.

We recorded negative cash flows from operating activities during the Track Record Period and are subject to liquidity risk arising from cash flow mismatch and long cash conversion cycle, which may have an adverse effect on our business, financial condition, results of operations and prospects.

We recorded net cash used in operating activities of RMB71.0 million in 2025 and RMB198.7 million in the six months ended June 30, 2026. Our net operating cash outflows position in 2025 and the six months ended June 30, 2026 was primarily attributable to (i) the increase in our inventories and inventory turnover days during the respective periods, and (ii) the cash flow mismatch resulting from the difference between our inventory turnover days and our trade and bills payables turnover days over the Track Record Period. Our inventory turnover days remained relatively stable at 153 days and 155 days in 2023 and 2024, respectively, and increased to 209 days in 2025 and 313 days in the six months ended June 30, 2026, which was primarily due to the increase in our inventories due to our strategic procurement of key raw materials, such as screens and chips, to build strategic reserves of key components in order to mitigate the impact of price volatility and the risks associated with long lead times, including risks arising from global trade frictions and potential supply chain uncertainties. In contrast, our trade and bills payables turnover days were 47 days, 41 days, 42 days and 51 days in 2023, 2024, 2025 and June 30, 2026, respectively. Such mismatch between our inventory turnover days and our trade and bills payables turnover days contributed to our net operating cash outflows position in 2025 and the six months ended June 30, 2026. For further details, please refer to the section headed "Financial Information – Liquidity and Capital Resources – Cash flows" in this document.

Net operating cash outflow could impair our ability to make necessary capital expenditures and constrain our operational flexibility, as well as adversely affect our ability to meet our liquidity requirements. If we are unable to maintain adequate working capital or manage the timing and amount of cash to be received from our product sales and the timing and amount of cash to be paid to our suppliers in an effective manner, we may be subject to tightened liquidity and fail to maintain sufficient working capital to support our daily operations, and we may not be able to meet our capital expenditure requirements or pursue our growth strategies, which may have a material adverse effect on our business, financial condition, results of operations and prospects.

Our operations may be subject to transfer pricing adjustment.

During the Track Record Period, our Company and our subsidiaries in Hong Kong engaged in certain Intra-Group Transactions, which primarily consisted of buy-sell transactions involving raw materials and finished products. Our Company and subsidiaries conduct intra-group transactions in accordance with our Group's transfer pricing policy, which requires that all such transactions be conducted on an arm's length basis.

There is no assurance that competent tax authorities will not subsequently challenge our transfer pricing arrangement or that the relevant regulations or standards governing such arrangement will not be subject to future changes. Also, we have engaged an independent transfer pricing consultant to conduct benchmarking studies on the Intra-Group Transactions during the Track Record Period, and determined that the transaction net margin method was the most appropriate testing method. However, if a competent tax authority later determines that the transfer prices and terms that we have applied are not in compliance with the applicable transfer pricing rules and regulations, such authority may require us to re-assess the transfer prices, re-allocate the income, and/or adjust the taxable income, in order to reflect the accurate taxable income and/or pay all outstanding tax and statutory interest, if any. Any such reallocation or adjustment may result in a higher overall tax liability for us and may adversely affect our business, operations and financial results.

Our potential engagement in acquisitions in the future may increase our capital requirements, cause dilution for our Shareholders, cause us to incur debt or assume contingent liabilities, and subject us to other risks.

We may explore merger and acquisition opportunities in the future to expand our business and overseas footprint. Any potential acquisition may entail numerous risks, including but not limited to:

- Substantial time and expenses incurred during negotiation, which do not guarantee the successful consummation of an acquisition;
- Impact on our financial results, such as occurrence of goodwill impairment charges and amortization expenses for intangible assets;
- Increased operating expenses, including research and development expenses due to an increased number of products, administrative expenses, as well as selling and distribution expenses, which result in increased cash requirements;
- The assumption of additional indebtedness or contingents;
- The issuance of our equity securities resulting in dilution to our Shareholders;
- Integration of operations, intellectual property and products of an acquired company, including difficulties associated with integrating new personnel, or failure to otherwise achieve intended synergies in the combined operations;
- The diversion of our management's attention from our existing product programs and initiatives in pursuing such a strategic merger or acquisition;
- Retention of key employees, the loss of key personnel, and uncertainties in our ability to maintain key business relationships;
- Risks and uncertainties associated with the other party to such a transaction, including the prospects of that party and their existing products and regulatory approvals;

- Our inability to generate revenue from acquired technology and/or products sufficient to meet our objectives in undertaking the acquisition or even to offset the associated acquisition and maintenance costs; and/or

- Deficiencies in internal controls, data adequacy and integrity, product quality and regulatory compliance, and product liabilities in the acquired business we discover after such acquisition, which may subject us to penalties, lawsuits or other liabilities.

Furthermore, any difficulties in the integration of acquired businesses, products or technologies or unexpected penalties, lawsuits or liabilities in connection with such acquisition could have a material adverse effect on our reputation, business, financial condition and results of operations.

We may be subject to natural disasters, health epidemics, acts of war or terrorism or other factors beyond our control.

Natural disasters, health epidemics, acts of war or terrorism or other factors beyond our control may adversely affect the economy, infrastructure and livelihood of the people in the regions where we conduct our business. Our operations may be under the threat of natural disasters, such as floods, earthquakes, sandstorms, snowstorms, fire or drought; the outbreak of a widespread health epidemic, such as swine flu, avian influenza, severe acute respiratory syndrome, or SARS, Ebola, Zika, COVID-19; and operational disruptions, such as power, water or fuel shortages, failures, malfunction and breakdown of information management systems, unexpected maintenance or technical problems, as well as potential wars or terrorist attacks.

The occurrence of a disaster or a prolonged outbreak of an epidemic illness or other adverse public health developments in which we operate our business could materially disrupt our business and operations. Such events may also significantly affect our industry. It may even cause a temporary closure of the facilities we or our business partners use for our operations, which would severely disrupt our operations and have a material adverse effect on our business, financial condition and results of operations. Our operations could be disrupted if any of our employees or employees of our business partners were suspected of having any of the epidemic or pandemic illnesses, since this could require us or them to quarantine some or all employees or disinfect the facilities used for our operations. In addition, our revenue and profitability could be materially reduced to the extent that a natural disaster, health epidemic or pandemic or other outbreaks harm the global or PRC economy in general.

Acts of war or terrorism may also injure our employees, cause loss of lives, disrupt our business network and destroy our markets. Any of the foregoing events and other events beyond our control could have an adverse effect on the overall business sentiment and environment, cause uncertainties in the regions where we conduct business, cause our business to suffer in ways that we cannot predict and materially and adversely impact our business, financial condition and results of operations.

Our success depends on the continuing efforts of our Directors, key management and experienced and capable personnel, as well as our ability to recruit new talent. If we fail to hire, train, retain or motivate our staff, our business may suffer.

Our future success is significantly dependent upon the continuous service of our Directors, key management, and experienced and capable personnel generally. If we lose the services of those, we may not be able to locate suitable or qualified replacements, and may incur additional expenses to recruit and train new staff, which could severely disrupt our business and growth. If any of those join a competitor or form a competing business, we may lose customers, know-how and key professionals and staff members.

Our growth also requires us to hire, train, and retain a wide range of talents who can adapt to a dynamic, competitive and challenging business environment and are capable of helping us stay at the forefront of technological advancement, develop products in response to market needs, and conduct effective branding and marketing activities, among others. We will need to continue to attract, train and retain talent at all levels, as we expand our business and operations globally. We may need to offer attractive compensation and other benefits packages, including share-based compensation, to attract and retain them. We also need to provide our employees with sufficient training to help them to realize their career development and grow with us. Any failure to attract, train, retain or motivate key management and experienced and capable personnel could severely disrupt our business and growth.

We benefit from certain preferential tax treatments and government grants, the expiration of or changes to which could adversely affect our profitability.

We currently benefit from certain preferential tax treatments. According to the EIT Law and its relevant regulations, entities that qualified as High and New Technology Enterprise ("**HNTE**") are entitled to a preferential income tax rate of 15%. We renewed our certificates of High and New Technology Enterprise in 2022 and 2025, respectively, and were entitled to preferential income tax of 15% during the Track Record Period. These HNTE qualifications are subject to renewal review by the relevant PRC tax authority every three years. However, we cannot assure you that these preferential tax treatments will continue to be available to us in the future, or that these preferential tax treatments will not be changed, as a result of changes in government policy, administrative decisions or otherwise, in which case our financial condition and results of operations may be adversely affected.

Moreover, we recorded government grants of RMB3.0 million, RMB2.4 million, RMB5.0 million, RMB0.9 million and RMB0.2 million for the periods ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. These government grants primarily represent government subsidies from local governments to support our operating and R&D activities. These government grants are provided at the discretion of the relevant government authorities, who could determine to eliminate or reduce these financial incentives at any time and may, therefore, vary from year to year going forward. For more details, see "Financial Information — Consolidated Statements of Profit or Loss — Other Income and Gains."

Since our receipt of the government grants and eligibility for the preferential income tax treatment are subject to the government's discretion and approval process, our net income in a particular period may fluctuate significantly, partly due to the potential changes in the government grants we actually receive or preferential income tax treatment we enjoy, in addition to any business or operational factors that we may otherwise experience. There is no assurance that we will continue to receive such government grants at a similar level, or at all, or be eligible to enjoy the preferential income tax treatment in the future. The discontinuation of preferential tax treatments, government grants and other financial incentives currently available to us could have an adverse effect on our financial condition, results of operations, cash flows and prospects.

RISKS RELATING TO DOING BUSINESS IN THE JURISDICTION WHERE WE OPERATE

Failure to comply with rapidly evolving governmental regulations and other legal obligations concerning data protection and cybersecurity may materially and adversely affect our business.

Except as required by applicable laws and regulations, we do not have access to or control over the data stored in our products once they are sold to customers, unless explicitly authorized by the customers. Adhering to the principle of data minimization, we collect only the essential personal information from our customers, distributors, suppliers and other third-party service providers solely to facilitate the sales and delivery of our products, as well as to provide after-sales services. See "Business — Data Privacy and Information Security" for details. We are subject to local and overseas laws relating to cybersecurity and data privacy. For instance, we are subject to various regulatory requirements relating to cybersecurity and data privacy, including the PRC Data Security Law (《中華人民共和國數據安全法》), the Cybersecurity Law of PRC (《中華人民共和國網絡安全法》), the Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》) and Regulations on Network Data Security Management 《網絡數據安全管理條例》 (together, commonly known as the Data Security Regulations). If our data processing activities are subject to these laws and regulations, we are required to ensure that our data processing activities are carried out in a lawful, legitimate, specific and clear manner. Failure to comply with these regulations could expose us to severe penalties, legal liability, and reputational damage. Any failure by us to comply with local or overseas cybersecurity or data protection laws and regulations could result in proceedings against us by governmental entities or others.

In addition, regulatory requirements on cybersecurity and data privacy are constantly evolving and can be subject to varying interpretations or significant changes, resulting in uncertainties about the scope of our responsibilities in that regard. We may also be subject to additional or new laws and regulations regarding the protection of personal information and important data or privacy-related matters in connection with our methods for data collection, analysis, storage and use. If we are unable to comply with the applicable laws and regulations or effectively address data privacy and protection concerns, such actual or alleged failure could damage our reputation, discourage customers from purchasing our products and subject us to significant legal liabilities.

Our growth and profitability depend on economic conditions and the level of consumer spending in China and our other key markets.

Our results of operations depend significantly on general economic conditions and consumer spending. Consumer spending is affected by several economic and other factors beyond our control, including but not limited to interest rates, conditions in the real estate and mortgage markets, unemployment rates, labor and healthcare costs, access to credit, consumer confidence, and other macroeconomic factors affecting the spending behavior of consumers. Economic uncertainty and other related factors may exacerbate negative trends in consumer spending and may cause consumers to postpone or refrain from purchasing consumer electronics, which in turn will negatively affect our customers' demands for our products and therefore adversely affect our business, results of operations and financial condition.

Similarly, our operating results are affected by cyclicality, either directly or indirectly, in the consumer electronics industry, which is highly competitive and to a large extent driven by end-user markets. Fluctuations in price and demand within the consumer electronics industry could lead to reduced sales and declined prices for the end products, which will in turn affect our revenue and profit margins. For example, recent cyclical increases in the prices of electronic raw materials have created risks for the consumer electronics industry. Specifically, the rising prices of memory chips, including DRAM and NAND Flash, have resulted in significant cost increases that directly impact the production expenses of mobile phones, computers, and our end products. The increase in memory chip prices may lead to an overall rise in our production costs, adversely affecting our gross profit margins and profitability. Moreover, the duration of the current price increase cycle is uncertain and difficult to predict, which could negatively influence our operational decisions regarding procurement arrangements, inventory planning, and product pricing. There is no guarantee that we will be able to effectively mitigate the risks associated with these price fluctuations. As a result of the foregoing factors, we may experience fluctuations in our results of operations and financial performance.

Specifically, many consumer electronics brand companies face intense competition and constant pressure to cut the selling prices of their end products. Accordingly, many of the brand companies using our products expect ongoing production cost reductions and increased production efficiencies. If we cannot meet such expectations, our business, financial condition, results of operations and growth prospects will be adversely affected.

We may be required to comply with new laws, regulations, approvals, filings, or other requirements issued by the CSRC or other PRC government authorities regarding offshore securities offerings and listings.

On February 17, 2023, the CSRC released Overseas Listing Trial Measures and five relevant guidelines, which became effective on March 31, 2023, under which a PRC domestic company issuer who procures an overseas offering or listing shall fulfill the filing procedures with the CSRC within three working days after submitting application documents for offering and listing on an overseas stock market. Pursuant to the Overseas Listing Trial Measures, PRC domestic companies which, after the overseas offerings and listings, offer subsequent securities in the same overseas market or conduct offering and listing in other overseas markets (the "**Future Offerings**"), shall complete the filing procedures and report relevant information to the CSRC. Based on the foregoing, for the Future Offerings after the [**REDACTED**], we are required to comply with the filing procedure of the CSRC. It is uncertain whether we can or how long it will take us to complete filings procedures in connection with Future Offerings. We may be subject to approval, filing or other requirements by other PRC government authorities under PRC laws in the future. Any failure to complete the relevant procedures may have an adverse effect on a Future Offerings.

If we fail to obtain and maintain the requisite licenses and approvals required in any jurisdictions where we operate, our business, results of operations and financial condition may be materially and adversely affected.

We are required to obtain and maintain the requisite licenses and approvals for our business in China and other jurisdictions where we operate our business. We cannot assure you that we can successfully update or renew the licenses required for our business in a timely manner or that these licenses are sufficient to conduct all our present or future businesses. Any failure to obtain or renew any approvals, licenses, permits or certificates necessary for our operations and construction of our facilities may result in enforcement actions, including orders issued by the relevant regulatory authorities ceasing our operations, and may include corrective measures requiring capital expenditure or remedial actions. Uncertainties exist regarding the interpretation and implementation of existing and future laws, regulations and policies governing our business activities. We cannot assure you that we will not be found in violation of any of the laws, regulations and policies currently in effect or any future laws, regulations and policies. If we fail to complete, obtain or maintain any of the required licenses or approvals or make the necessary filings in any of the jurisdictions where we operate our business, we may be subject to various penalties, such as the imposition of fines and the discontinuation or restriction of our operations. Any such penalties may disrupt our business operations and materially and adversely affect our business, results of operations and financial condition.

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

A substantial portion of our operations is based in the PRC, and our business, financial condition, results of operations and prospects may be affected by economic, political, social and legal developments in China. The Chinese government has implemented various measures to encourage economic growth and guide the allocation of resources; however, we cannot guarantee the extent to which our business operations will be able to benefit from such measures, if at all. In addition, laws, rules and regulations may also be amended from time to time, and the application, interpretation and enforcement of such evolving benchmarks may affect our business operations. Any of the foregoing may affect our business, financial condition, results of operations and prospects.

Developments in international trade policies and political tensions may adversely impact our business and results of operations.

We are susceptible to changing international economic, regulatory, social and political conditions, and local conditions in foreign countries and regions. Tensions and political concerns between China and other countries or regions may adversely affect our business, financial condition, results of operations, cash flows and prospects. China's political relationships with foreign countries and regions may affect the prospects of our relationship with third parties, such as business partners, suppliers and customers. They may also affect our ability to expand our operations in the relevant jurisdictions. There can be no assurance that our existing or potential business partners, suppliers and customers will not alter their perception of us or their preferences because of adverse changes to the state of relationships between China and the relevant foreign countries or regions. Any tensions between China and the relevant foreign countries or regions may cause a decline in the demand or sales for our products and adversely affect our business, financial condition, results of operations, cash flows and prospects.

Rising trade and political tensions could reduce levels of trade, investments, technological exchanges and other economic activities between China and other countries and regions, which would have an adverse effect on global economic conditions, the stability of global financial markets, and international trade policies. For example, starting from the beginning of 2025, the U.S. government has announced a series of new tariff policies targeting Chinese-manufactured products and may further elevate the tariff on Chinese-manufactured products. See "Business — Impact of U.S. Tariff Regulations" for details.

Unfavourable government policies on international trade, such as capital controls or tariffs, may also affect the competitive position of our products, the hiring of research and development personnel, and the import or export of our raw materials in relation to product development and production, or prevent us from selling our products in certain countries. In particular, any new tariffs, legislation and/or regulations implemented, or any existing trade agreements being renegotiated, could have an adverse effect on our business, financial condition and results of operations. In addition, our results of operations could be adversely affected if any such tensions or unfavourable government trade policies harm the Chinese economy or the global economy in general.

Restrictions on the remittance of RMB into and out of China and governmental control of currency conversion may limit our ability to pay dividends and other obligations, and affect the value of your [REDACTED].

Under existing Chinese mainland foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior SAFE approval by complying with certain procedural requirements. However, approval from or registration with competent government authorities is required where RMB is to be converted into foreign currency and remitted out of Chinese mainland to pay capital expenses such as the repayment of loans denominated in foreign currencies. The Chinese mainland government may, at its discretion, restrict access to foreign currencies for current account transactions in the future. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our Shareholders. Further, there is no assurance that new regulations will not be promulgated in the future that would have the effect of further restricting the remittance of RMB into or out of Chinese mainland.

Our financial performance may be subject to risks of fluctuation in foreign exchange rates.

International expansion plays a significant role in driving our business growth. Fluctuations in the value of RMB against local currencies could result in currency exchange gains or losses. Changes in the value of foreign currencies could increase our RMB costs for, or reduce our RMB revenue from, our foreign operations. Margins on sales of our products could be materially and adversely affected by foreign currency exchange rate fluctuations. In some circumstances, for competitive or other reasons, we may decide not to raise local prices to fully offset RMB's strengthening, or at all, which could adversely affect our financial condition and results of operations.

In addition, our consolidated financial results are affected by currency exchange rate fluctuations. Our financial information is presented in RMB. In connection with the preparation of our financial information, the results of operations of subsidiaries, which are initially prepared in their respective local functional currencies, such as U.S. dollars, are translated into RMB. As a result, changes in the exchange rate between our functional currencies, particularly U.S. dollars as one of our major operating currencies, and RMB could materially impact our reported results of operations and distort period-to-period comparisons. The fluctuation of foreign exchange rates also affects the value of our monetary assets and liabilities denominated in foreign currencies. To the extent that non-RMB-denominated monetary assets do not equal the amount of our foreign currency-denominated monetary liabilities, foreign currency gains or losses could arise and materially impact our financial statements. As a result of such foreign currency fluctuations, it could be more difficult to detect underlying trends in our business and results of operations.

Nonetheless, it is not practical for us to mitigate all our foreign currency exposure, nor are we able to accurately predict the possible impact of future foreign currency exchange rate fluctuations on our results of operations. As we continue to expand our global operations, our exposure to foreign currency risk could become more significant.

It may be difficult to effect service of process upon us or our Directors or executive officers who reside in the PRC or to enforce against them in the PRC any judgments obtained from non-Chinese courts.

All our executive Directors and executive officers reside within China, and substantially all of our assets are located within China. It may be difficult for investors to effect service of process upon us or our executive Directors and officers inside China or to enforce against us or them in China any judgments obtained from non-PRC courts. Therefore, enforcing court judgments from non-PRC jurisdictions in China, particularly those not covered by binding arbitration clauses, may prove challenging or even unfeasible.

On January 18, 2019, the Supreme People's Court of the PRC and the government of the Hong Kong Special Administrative Region entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》), which took effect on January 29, 2024 (the "**Arrangement**"). Accordingly, judgments rendered by Hong Kong courts in a range of civil and commercial matters may generally be recognized and enforced in Chinese mainland. However, we cannot guarantee that all judgments made by Hong Kong courts will be recognized and enforced in Chinese mainland, as whether a specific judgment will be recognized and enforced is still subject to a case-by-case examination by the relevant court in accordance with the Arrangement.

RISKS RELATING TO THE [REDACTED]

There has been no prior public market for our H Shares prior to the [REDACTED], and you may not be able to resell our H Shares at or above the price you pay, or at all.

Prior to the completion of the [**REDACTED**], there has been no public market for our H Shares. There can be no guarantee that an active trading market for our H Shares will develop or be sustained after completion of the [**REDACTED**]. The [**REDACTED**] is the result of negotiations between our Company and the [**REDACTED**] (for itself and on behalf of the [**REDACTED**]), which may not be indicative of the price at which our H Shares will be traded following completion of the [**REDACTED**]. The market price of our H Shares may drop below the [**REDACTED**] at any time after completion of the [**REDACTED**]. If an active public market for our H Shares does not develop following the completion of the [**REDACTED**], the market price and liquidity of our H Shares could be materially and adversely affected.

The liquidity, trading volume and market price of the H Shares may be volatile, which could result in substantial losses to you.

The trading volume and price of our H Shares may be volatile and could fluctuate widely in response to factors beyond our control, including general market conditions of the securities markets in Hong Kong, China, the U.S. and elsewhere in the world. In particular, the performance and fluctuation of the market prices of other companies with business operations located mainly in China that have listed their securities in Hong Kong may affect the volatility in the price of and trading volumes for our H Shares. A number of PRC-based companies have listed their securities, and some are in the process of preparing to list their securities in Hong Kong. Some of these companies have experienced significant volatility, including significant price declines after their [**REDACTED**]. The trading performance of the securities of these companies at the time of or after their offerings may affect the overall investor sentiment towards PRC-based companies listed in Hong Kong and consequently may impact the trading performance of our H Shares. These broad market and industry factors may significantly affect the market price and volatility of our H Shares, regardless of our actual operating performance.

The interests of our Controlling Shareholders may not align with the interests of the Shareholders as a whole.

Immediately following the completion of the Share Subdivision, the [**REDACTED**] and the Conversion of [**REDACTED**] Shares into H Shares, the Controlling Shareholders will, directly and indirectly, hold approximately [**REDACTED**]% of the total issued share capital in issue (assuming the [**REDACTED**] is not exercised). The Controlling Shareholders will, through their voting power at the general meetings, have significant influence over our business and affairs, including decisions in respect of mergers or other business combinations, acquisition of assets, issuance of additional Shares or other equity or debt securities, timing and amount of dividend payments and amendments to the Articles of Association. The Controlling Shareholders may not act in the best interests of our minority Shareholders. In addition, without the approval of the Controlling Shareholders, we could be prevented from entering into transactions that could be beneficial to us or the Shareholders as a whole. This concentration of ownership may also discourage, delay or prevent a change in control of us, which could deprive the Shareholders of an opportunity to receive a premium for the H Shares as part of a sale of the Company and may significantly reduce the price of the H Shares.

The actual or perceived sale or availability for sale of substantial amounts of our H Shares, especially by our directors, executive officers and Controlling Shareholders, could adversely affect the market price of our H Shares.

Future sales of a substantial number of our Shares, especially by our directors, executive officers and substantial shareholders, or the perception or anticipation of such sales, could negatively impact the market price of our H Shares in Hong Kong and our ability to raise equity capital in the future at a time and price that we deem appropriate.

The H Shares held by our shareholders are subject to certain lock-up periods beginning on the date on which [**REDACTED**] in our Shares commences on the Stock Exchange. We cannot assure you that they will not dispose of any H Shares they may own now or in the future. Meanwhile, if any of our Shareholders breaches the lock-up restrictions or is released from such restrictions, they may decide to dispose of the H Shares they own, which, in turn, may adversely affect the market price of our H Shares.

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

As the [**REDACTED**] of [**REDACTED**] is higher than the net tangible book value per share of our Shares immediately prior to the [**REDACTED**], purchasers of our [**REDACTED**] in the [**REDACTED**] will experience an immediate dilution. If we issue additional Shares in the future, purchasers of our [**REDACTED**] in the [**REDACTED**] may experience further dilution in their shareholding percentage.

We cannot assure you that we will declare and distribute any amount of dividends in the future and you may have to rely on price appreciation of our H Shares for return on your [REDACTED].

We cannot assure you when and in what form dividends will be paid on our H Shares after the [**REDACTED**]. The declaration and distribution of dividends is at the complete discretion of the Board, and our ability to pay dividends or make other distributions to our Shareholders is subject to various factors, including our business and financial performance, capital and regulatory requirements and general business conditions. We may not be able to have sufficient or any profits to enable us to make dividend distributions to our Shareholders in the future, even if our financial statements indicate that our operations have been profitable. As a result of the above, we cannot assure you that we will make/can make dividend payments on our H Shares in the future. See "Financial Information — Dividends and Dividend Policy."

If we retain most, or all, of our available funds and any future earnings after the [**REDACTED**] to fund the development and commercialization of our new product, we may not pay any cash dividends in the foreseeable future. Therefore, you may not be able to rely on an [**REDACTED**] in our H Shares as a source for any future dividend income.

Even if our Board decides to declare and pay dividends, the timing, number and form of future dividends, if any, will depend on our future results of operations and cash flow, our financial condition, general business conditions and business strategies, expected working capital requirements and future expansion plans, legal, regulatory and other contractual restrictions and other factors deemed relevant by our Board. Accordingly, the return on your [**REDACTED**] in our H Shares will likely depend entirely upon any future price appreciation of our H Shares. There is no guarantee that our H Shares will appreciate in value after the [**REDACTED**] or even maintain the price at which you [**REDACTED**] the H Shares. You may not realize a return on your [**REDACTED**] in our H Shares and you may even lose your entire [**REDACTED**] in our H Shares.

The dividends payable to investors and gains on the sale of our H Shares by our investors are subject to PRC tax.

Under applicable PRC tax laws, regulations and statutory documents, non-PRC resident individuals and enterprises are subject to different tax obligations with respect to dividends received from us or gains realized upon the sale or other disposition of our H Shares. Non-PRC individuals are generally subject to PRC individual income tax under the IIT Law (《中華人民共和國個人所得稅法》) with respect to PRC source income or gains at a rate of 20% unless specifically exempted by the tax authority of the State Council or reduced or eliminated by an applicable tax treaty. We are required to withhold related tax from dividend payments. However, pursuant to applicable regulations, the income gained by individual foreigners from dividends and bonuses of enterprises with foreign investment are exempted from individual income tax for the time being. There is uncertainty as to whether gains realized upon disposition of H Shares by non-PRC individuals are subject to PRC individual income tax.

Non-PRC resident enterprises that do not have establishments or premises in the PRC, or that have establishments or premises in the PRC but their income is not related to such establishments or premises, are subject to PRC EIT at the rate of 10% on dividends received from PRC companies and gains realized upon disposition of equity interests in PRC companies pursuant to the EIT Law and other applicable PRC tax regulations and statutory documents, which may be reduced or eliminated under special arrangements or applicable treaties between the PRC and the jurisdiction where the non-resident enterprise resides.

You should read the entire document carefully and should not rely on any information contained in press articles or other media regarding us and the [REDACTED].

There 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, our business, our industry and the [**REDACTED**]. Such press and media coverage may include references to certain information that does not appear in this document, including certain operating and financial information and projections, valuations and other information. We have not authorized the disclosure of any such information in the press or media and do not accept responsibility for the accuracy or completeness of such press articles or other media coverage.

Accordingly, prospective [**REDACTED**] should not rely on any such information or publication in making their decision whether to [**REDACTED**] in our H Shares. Prospective [**REDACTED**] are reminded that, in making their [**REDACTED**] decisions as to whether to purchase our H Shares, they should rely only on the financial, operational, and other information included in this document. By applying to purchase our H Shares in the [**REDACTED**], you will be deemed to have agreed that you will not rely on any information other than that contained in this document.

Forward-looking information in this document is subject to risks and uncertainties.

This document includes forward-looking statements and information regarding our business, operations, and prospects. These statements are based on our current beliefs, assumptions, and information available to us at the time of writing. Terms such as "anticipate," "believe," "estimate," "expect," "plan," "prospect," "intend," "going forward," and similar expressions, when used in reference to us or our business, are intended to identify such forward-looking statements. These statements reflect our present views on future events and are subject to various risks, uncertainties, and assumptions, including those described in the risk factors section of this document. If one or more of these risks or uncertainties materialize, or if any underlying assumptions prove to be incorrect, actual results may differ materially from those expressed or implied in the forward-looking statements. Whether our expectations and predictions will be realized depends on numerous factors, many of which are beyond our control and may change over time. All forward-looking statements in this document are qualified by the cautionary statements set forth in this section.

In preparation of 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, our Company must have sufficient management presence in Hong Kong. This normally means that at least two executive directors must ordinarily reside in Hong Kong. Rule 19A.15 of the Listing Rules further provides that the requirement in Rule 8.12 of the Listing Rules may be waived by the Stock Exchange in its discretion by having regard to, among other considerations, the applicant's arrangements for maintaining regular communication with the Stock Exchange.

Since the business, operation and production bases of the Group are principally located, managed and conducted in the PRC, and our Group's head office is situated in the PRC, and all of our executive Directors and the senior management members of our Group are, and will continue to be, based in the PRC, we consider that it would be burdensome to maintain sufficient management presence in Hong Kong for the sole purpose of satisfying the requirements under Rules 8.12 and 19A.15 of the Listing Rules. We therefore do not have and do not contemplate in the foreseeable future that we will have a sufficient management presence in Hong Kong for the purpose of complying with the Listing Rules.

Accordingly, we have made an application for a waiver from strict compliance with the requirement to have a sufficient management presence in Hong Kong under Rules 8.12 and 19A.15 of the Listing Rules to the Stock Exchange, and the Stock Exchange [has granted] such waiver subject to the following arrangements to ensure that there is an effective channel of communication between us and the Stock Exchange:

(a) **Authorized Representatives:** pursuant to Rule 3.05 of the Listing Rules, we have appointed, and will continue to maintain, two authorized representatives, namely Ms. Dan, the Chairperson of the Board, an executive Director and the general manager of our Group, and Mr. Li Shengjie (李盛杰) ("**Mr. Li**"), our joint company secretary, as our authorized representatives (the "**Authorized Representatives**"). The Authorized Representatives will act as the principal channel of communication between the Stock Exchange and our Company. The Authorized Representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable period of time upon request and will be readily contactable by the Stock Exchange by telephone, facsimile and/or email to deal promptly with any enquiries which may be made by the Stock Exchange. Each of the Authorized Representatives is authorized to communicate on behalf of our Company with the Stock Exchange. Our Company will also inform the Stock Exchange as soon as practicable in respect of any change in our Company's Authorized Representatives.

(b) **Directors:** When the Stock Exchange wishes to contact our Directors on any matter, each Authorized Representative will have all necessary means to contact all Directors (including our independent non-executive Directors) promptly at all times. To enhance communication among the Stock Exchange, the Authorized Representatives and our Directors, our Company has implemented the following measures:

    (i) each Director has provided (and any new Director in the future must provide) his/her mobile number, office number, e-mail address and facsimile number (as applicable) to the Authorized Representatives;

    (ii) in the event that a Director expects to travel and/or otherwise be out of office, he/she will provide phone number of the place of his/her accommodation or other contact details to the Authorized Representatives;

(iii) we have provided the Authorized Representatives and the Stock Exchange with the contact details of all of our Directors (i.e. mobile number, office number, e-mail address and facsimile number (as applicable)); and

(iv) we would take measures to ensure that each of our Directors 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.

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

WAIVER IN RESPECT OF JOINT COMPANY SECRETARIES

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

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

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

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

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

Note 2 to Rule 3.28 of the Listing Rules provides that the Stock Exchange considers the following factors in assessing the "relevant experience" of the individual:

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

(b) familiarity with the Listing Rules and other relevant laws 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 qualification in other jurisdictions.

Pursuant to Chapter 3.10 of the Guide, the waiver under Rule 3.28 of the Listing Rules will be granted for a fixed period of time but in any event not exceeding three years from the date of [**REDACTED**] and on the following conditions:

(a) the relevant company secretary must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 of the Listing Rules and is appointed as joint company secretary throughout the waiver period; and

(b) the waiver can be revoked in the event of a material breach of the Listing Rules by our Company.

We have appointed Mr. Li and Ms. Yeung Siu Wai Kitty (楊小慧) ("**Ms. Yeung**"), as the joint company secretaries of our Company. Please refer to "Directors and Senior Management — Joint Company Secretaries" for their biographical details.

Mr. Li has over 14 years of experience in investment banking and corporate management, including as a director in the Investment Banking Management Committee of China Securities Co., Ltd. (中信建投證券股份有限公司). By virtue of Mr. Li's substantial experience in corporate governance and his experience and familiarity with listed companies, we believe that appointment of Mr. Li as our company secretary would be beneficial for our Company.

Ms. Yeung is an associate of The Hong Kong Chartered Governance Institute, and therefore meets the qualification requirements under Rule 3.28 of the Listing Rules and is in compliance with Rule 8.17 of the Listing Rules.

Accordingly, while Mr. Li does not possess the qualification required of a company secretary under Rule 3.28 of the Listing Rules, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules on the basis of the arrangements below:

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

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

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

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

Such waiver will be revoked immediately if and when (i) Mr. Li ceases to be assisted by a person with qualifications under Rules 3.28 and 8.17 of the Listing Rules, or (ii) if there are material breaches of the Listing Rules by us. We will liaise with the Stock Exchange before the end of the three-year period to enable it to assess whether Mr. Li, having had the benefit of Ms. Yeung's assistance for three years, will have acquired relevant experience within the meaning of Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

[**REDACTED**]

[REDACTED]

[REDACTED]

[REDACTED]

DIRECTORS

Name	Address	Nationality
Executive Directors		
Ms. Dan Yuting (淡玉婷)	1707, No. 18 Yiyue Street Nancun Town, Panyu District Guangzhou PRC	Chinese
Mr. Zhu Zeng (朱增)	Room 906, No. 4 Jingzhi Street Xingang West Road, Haizhu District Guangzhou PRC	Chinese
Mr. Zhai Yongtai (翟永泰)	Room 307, No. 147 Hexi Erfang Xixiang Sub-district, Bao'an District Shenzhen PRC	Chinese
Mr. Wang Jingbo (王敬博)	Room 1205, Tower B, No. 31 Zhongshan First Road Yuexiu District Guangzhou PRC	Chinese
Ms. Ouyang Supin (歐陽蘇頻)	Room 803, No. 2 Caihui Street Yingxi Road, Tianhe District Guangzhou PRC	Chinese
Independent Non-Executive Directors		
Mr. Li Changquan (李長權)	Room 2905, No. 16 Junya South Street Huangpu District Guangzhou PRC	Chinese
Dr. He Wenxue (何文學)	Flat 1901, Unit 2, Yucai Court Yuhua Yuxiu Residential Quarter Chenggong District Kunming PRC	Chinese
Ms. Lam Siu Lai (林少麗)	Flat E, 31/F, Block 2 Verbena Heights Mau Tai Road Tseung Kwan O Hong Kong	Chinese (Hong Kong)

For details with respect to our Directors, see "Directors and Senior Management" in this document.

PARTIES INVOLVED IN THE [REDACTED]

Sole Sponsor

China Securities (International) Corporate Finance Company Limited
18/F, Two Exchange Square
8 Connaught Place, Central
Hong Kong

[REDACTED]

Legal Advisors to the Company

As to Hong Kong and U.S. laws:
Slaughter and May
47th Floor, Jardine House
One Connaught Place
Central
Hong Kong

As to PRC law:
Zhong Lun Law Firm
10/11/16/17F, Two IFC
8 Century Avenue
Pudong New Area
Shanghai
PRC

As to PRC data compliance matters:
Zhong Lun Law Firm
22-24/F & 27-31/F
South Tower of CP Center
20 Jin He East Avenue
Chaoyang District
Beijing
PRC

	As to U.S. international sanctions law: **Zhong Lun Law Firm LLP** 28 Liberty Street Ste 3050, New York NY 10005 USA
Legal Advisors to the Sole Sponsor and the [REDACTED]	*As to Hong Kong and U.S. laws:* **Jia Yuan Law Office** Suites 3502-3503, 35/F, One Exchange Square 8 Connaught Place Central Hong Kong *As to PRC law:* **AllBright Law Offices** 9, 11, 12/F, Shanghai Tower No. 501 Yincheng Middle Road, Pudong New Area Shanghai PRC
Auditors and Reporting Accountants	**Ernst & Young** *Certificated Public Accountants* *Registered Public Interest Entity Auditor under the Accounting and Financial Reporting Council Ordinance* 27/F, One TaiKoo Place 979 King's Road Quarry Bay Hong Kong
Industry Consultant	**Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.** Room 2504, Wheelock Square 1717 Nanjing West Road Shanghai PRC
Tax Advisor	**KPMG Advisory (China) Limited Beijing Branch** KPMG Tower, 8th Floor Oriental Plaza, E2 1 East Chang An Avenue Dongcheng District, Beijing PRC

[REDACTED]

CORPORATE INFORMATION

Registered Office	Room 101, Building 4 202 Shiyu Road Nansha District, Guangzhou PRC
Headquarters and Principal Place of Business in the PRC	Room 101, Building 4 202 Shiyu Road Nansha District, Guangzhou PRC
Principal Place of Business in Hong Kong	Room 1910, 19/F, Lee Garden One 33 Hysan Avenue, Causeway Bay Hong Kong
Company's Website	www.boox.com *(Information contained on this website does not form part of this document)*
Joint Company Secretaries	**Mr. Li Shengjie (李盛杰)** Room 101, Building 4 202 Shiyu Road Nansha District, Guangzhou PRC **Ms. Yeung Siu Wai Kitty (楊小慧)** *(ACG, HKACG)* Room 1910, 19/F, Lee Garden One 33 Hysan Avenue, Causeway Bay Hong Kong
Authorized Representatives	**Ms. Dan Yuting (淡玉婷)** Room 101, Building 4 202 Shiyu Road Nansha District, Guangzhou PRC **Mr. Li Shengjie (李盛杰)** Room 101, Building 4 202 Shiyu Road Nansha District, Guangzhou PRC
Audit Committee	Mr. Li Changquan (李長權) (*Chairperson*) Dr. He Wenxue (何文學) Ms. Lam Siu Lai (林少麗)
Nomination Committee	Ms. Dan Yuting (淡玉婷) (*Chairperson*) Mr. Li Changquan (李長權) Dr. He Wenxue (何文學)
Remuneration Committee	Dr. He Wenxue (何文學) (*Chairperson*) Mr. Li Changquan (李長權) Ms. Dan Yuting (淡玉婷)

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

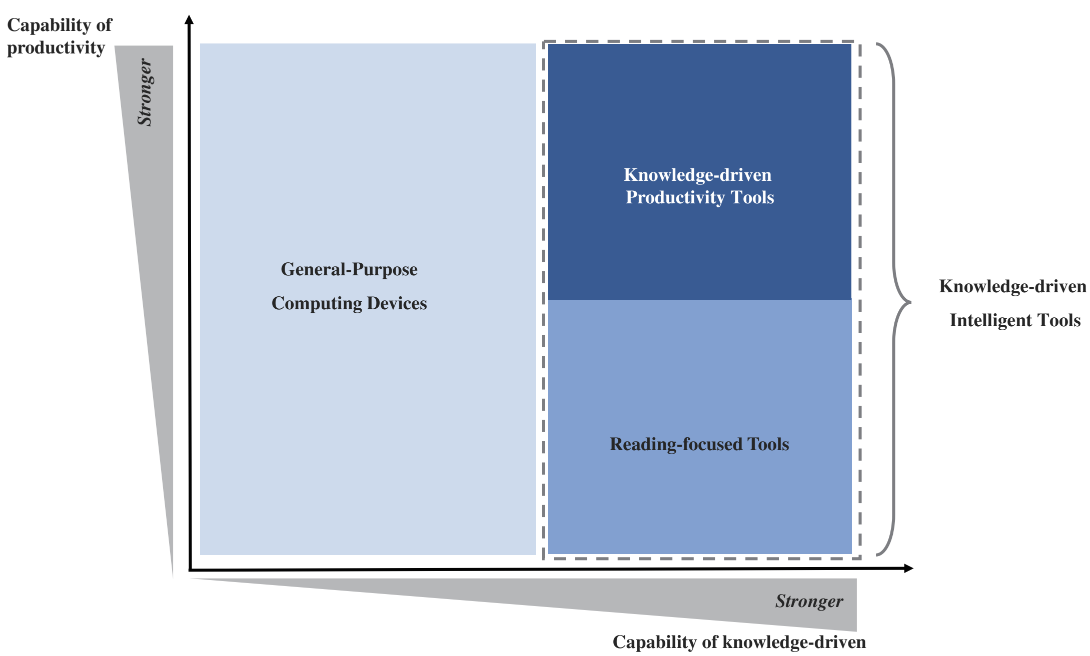
[**REDACTED**]

Principal Bank(s)	**China Construction Bank Corporation Guangzhou Nansha Development Zone Sub-branch** No. 24, Jingang Avenue Nansha District Guangzhou, PRC
	Agricultural Bank of China Limited Guangzhou Haizhu Sub-branch No. 899, South Guangzhou Avenue Haizhu District Guangzhou, PRC
	China Merchants Bank Co., Ltd. Guangzhou Branch No. 5, Huasui Road Tianhe District Guangzhou, PRC

The information and statistics set out in this section and other sections of this document were extracted from an independent industry report prepared by Frost & Sullivan (the "F&S Report"), which was commissioned by us, and from various official government resources. We engaged Frost & Sullivan to prepare the F&S Report in connection with the **[REDACTED]**. *The information from official government sources has not been independently verified by us, the Sole Sponsor, the* **[REDACTED]**, *the* **[REDACTED]**, *the* **[REDACTED]**, *the* **[REDACTED]**, *the* **[REDACTED]**, *the* **[REDACTED]**, *any of their respective directors and advisers, or any other persons or parties involved in the* **[REDACTED]** *(other than Frost & Sullivan), and no representation is given as to its accuracy. For discussion of risks related to our industry, please refer to "Risk Factors — Risks Relating to Our Business and Industry" in this document.*

OVERVIEW OF GLOBAL KNOWLEDGE-DRIVEN INTELLIGENT TOOLS MARKET

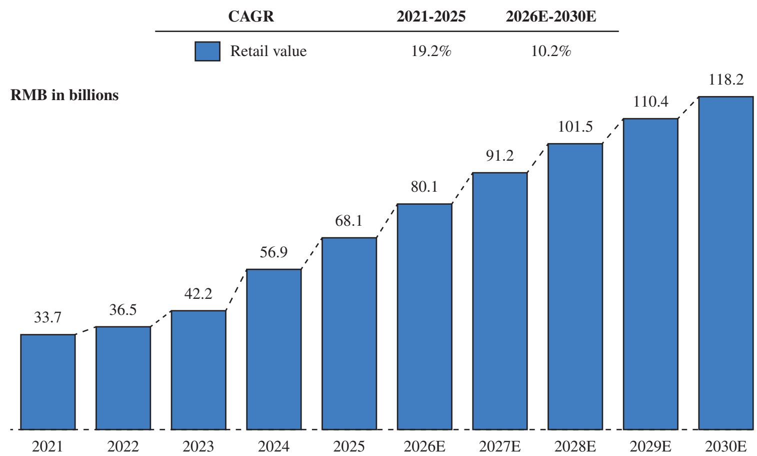
Text-based information processing is a core activity across education, academic research and professional workflows. As long-form digital content and online collaboration continue to expand, users increasingly need to read, review, annotate and organize text-heavy materials, while fragmented information consumption and multi-tasking environments can reduce attention and increase fatigue during prolonged reading and document handling. Against this backdrop, the suitability of a device for such tasks primarily depends on two capabilities: productivity capability and knowledge-driven capability. The diagram below sets out the positioning of mainstream device types along these two dimensions.



General-purpose personal computing devices provide broad functionality and application ecosystems, while knowledge-driven intelligent tools are purpose-built for more focused long-form text handling. Within the latter category, knowledge-driven productivity tools provide a more complete read-write-organize-sync or archive workflow, whereas reading-focused tools primarily emphasize immersive reading and lightweight content management.

The chart below sets out the market size of the global knowledge-driven intelligent tools market from 2021 to 2030. The market has maintained solid growth and is expected to continue expanding, supported by rising demand for text-intensive processing, ongoing document digitization and continued product and service upgrades.

Market Size of Global Knowledge-driven Intelligent Tools, by Retail Value, 2021-2030E



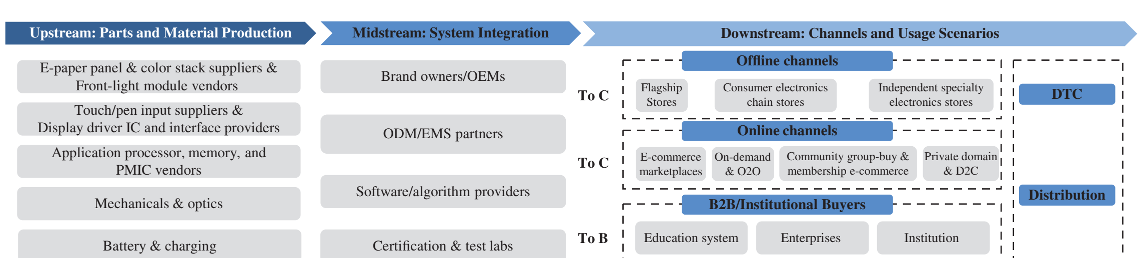
Source: Frost & Sullivan Analysis

OVERVIEW OF GLOBAL KNOWLEDGE-DRIVEN PRODUCTIVITY TOOLS MARKET

Knowledge-driven productivity tools are consumer-grade e-ink devices designed for efficient text-based information processing. They typically support at least one external input method, such as handwriting, keyboard or voice input, and provide on-device capabilities covering document reading, annotation, organization, archiving and cross-device synchronization. Open-system products generally offer broader application extensibility, while closed-system products typically emphasize clearer functional boundaries and more focused read-write and document management experiences. This market generally excludes pure reading devices with limited external input and systematic document processing capabilities.

Knowledge-driven productivity tools are not designed for multimedia processing or high-concurrency applications. Instead, they primarily focus on prolonged reading comfort, attention control and workflow continuity. By integrating reading, annotation, organization and synchronized archiving on-device, such products support a more continuous document workflow and provide a foundation for subsequent integration with cloud services, AI capabilities and organizational collaboration.

Knowledge-driven productivity tools companies operate within a value chain that spans upstream component and material suppliers, midstream manufacturing and system integration partners, and downstream sales channels and end users. Their market position is shaped not only by product development and sales capabilities, but also by coordination with suppliers, channel partners and software- and service-related ecosystem participants. The diagram below sets out China's e-reader value chain.



Source: Frost & Sullivan Analysis

Knowledge-driven productivity tools derive user value primarily from the coordination of display and refresh performance, input and handwriting capabilities, and file management, search, synchronization and collaboration functions. For open-system products, the latter may be further extended through third-party applications, supporting a more continuous read-annotate-organize-sync/collaborate workflow.

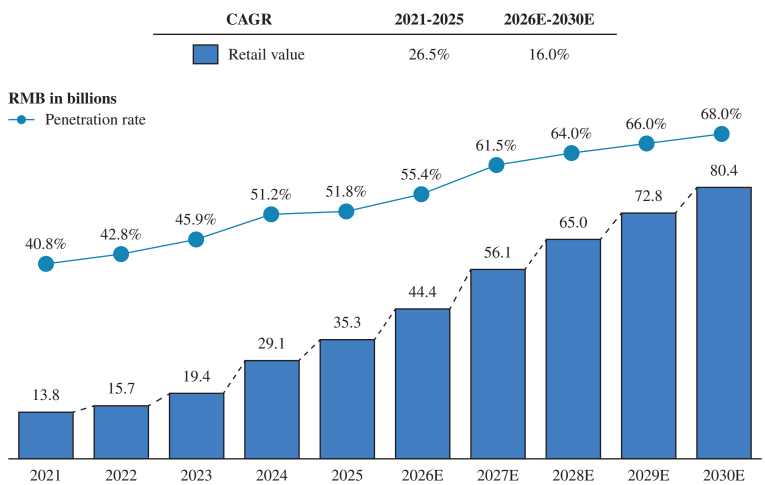
The table below sets out the commonly adopted products offered by leading players in the knowledge-driven productivity tools market:

Comparison Criteria	reMarkable	BOOX	Kobo	iFLYTEK	Hanvon
Operating System	Proprietary Linux-based operating system (closed system)	Android-based operating system (open system)	Proprietary Linux-based operating system (closed system)	Android-based or proprietary operating systems depending on product model	Android-based or proprietary operating systems depending on product model
Third-party Application Support	Not supported	Supported	Not supported	Supported on selected Android-based models	Supported on selected Android-based models
Display Type	Monochrome and colour models available	Monochrome and colour models available	Monochrome and colour models available	Primarily monochrome models; selected colour models available	Monochrome and colour models available
Refresh Technology	Proprietary refresh optimisation	proprietary BSR fast-refresh technology	Standard E Ink refresh technology	Standard E Ink refresh technology	Proprietary refresh optimisation
Screen Size Range	Approximately 10.3-11.8 in.	Approximately 6.0-13.3 in.	Approximately 6.0-10.3 in.	Approximately 7.8-10.65 in.	Approximately 6.0-10.95 in.
Pricing (USD)	399-629+	100-2100+	139-400+	280-900+	129-440+
Processing Capability	Dual-core processor	Quad-core or octa-core processors depending on model	Dual-core or quad-core processors depending on model	Octa-core processors on mainstream note-taking products	Quad-core or octa-core processors depending on model
Battery Capacity	Approximately 3,000-5,000 mAh depending on model	Approximately 2,000-6,300 mAh depending on model	Approximately 1,500-2,300 mAh depending on model	Approximately 2,600-4,000 mAh depending on model	Approximately 2,700-4,500 mAh depending on model
Input Methods	Touchscreen; stylus; external keyboard on selected models	Touchscreen; stylus; external keyboard on selected models	Touchscreen; stylus on selected models	Touchscreen; stylus; voice input; external keyboard on selected models	Touchscreen; stylus; voice input on selected models
OCR/Handwriting Recognition	Handwriting recognition and handwriting-to-text conversion	OCR and handwriting recognition	Handwriting recognition on selected models	OCR, handwriting recognition and speech recognition	OCR and handwriting recognition
AI-related Capabilities	Handwriting-to-text conversion	AI-assisted document processing and OCR on selected models	Limited AI-related functions	AI-assisted handwriting recognition, OCR, speech recognition and transcription	AI-assisted OCR and handwriting recognition
Typical Use Cases	Reading, note-taking, document annotation and PDF review	Reading, note-taking, document review, PDF annotation	Reading, annotation and note-taking	Note-taking, meeting recording, speech transcription	Reading, note-taking, OCR, document review and handwriting recognition

Source: Companies' websites, expert interview, Frost & Sullivan analysis

The chart below sets out the market size of the global knowledge-driven productivity tools market from 2021 to 2030. The global knowledge-driven productivity tools market is a sub-segment of the global knowledge-driven intelligent tools market, comprising products primarily intended for reading, writing, note-taking and other knowledge-driven applications. In 2025, this sub-segment represented nearly half of the overall intelligent tools market by retail value. The market is expected to continue expanding, with penetration rising steadily within the overall knowledge-driven intelligent tools market, supported by increasing demand for integrated read-write workflows and closer integration between on-device workflows and cloud-based services.

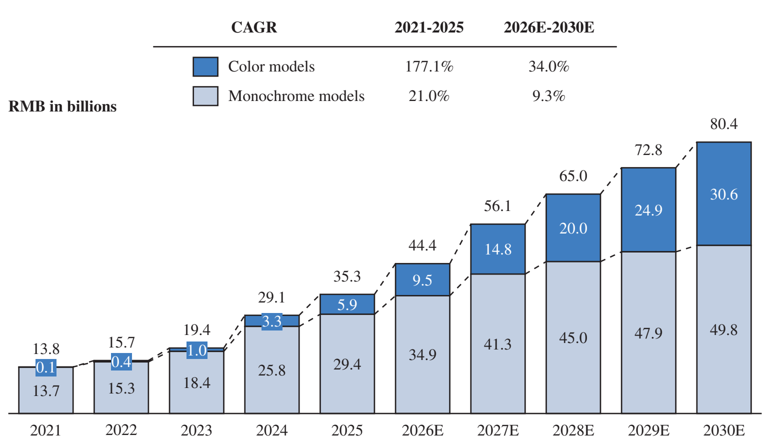
Market Size of Global Knowledge-driven Productivity Tools, by Retail Value, 2021-2030E



Source: listed companies' public filings, literature research, Frost & Sullivan analysis

Within the knowledge-driven productivity tools segment, monochrome e-ink products remain the foundation for text-dominant document processing, while color e-ink products are increasingly used for more visually complex reading and review scenarios. As color solutions mature, they are expected to support further product mix upgrades, while monochrome products are expected to remain the mainstream entry-level option.

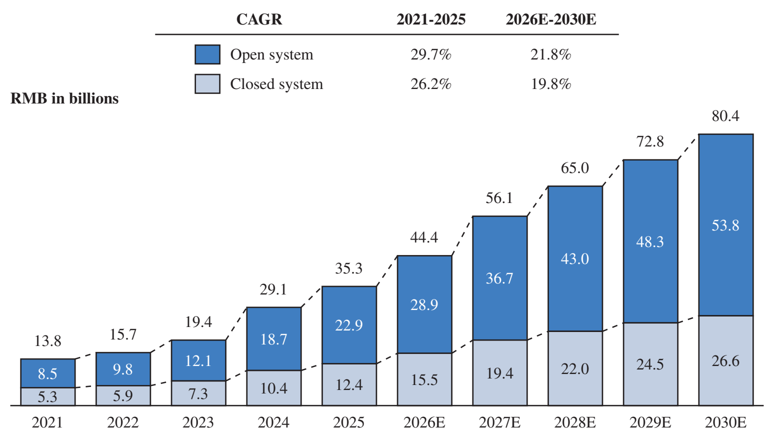
Market Size of Global Knowledge-driven Productivity Tools, by Retail Value, 2021-2030E



Source: listed companies' public filings, literature research, Frost & Sullivan analysis

From a system architecture perspective, knowledge-driven productivity tools can be categorized into open-system and closed-system products, which address different user preferences and are expected to coexist over the long term. Open-system products generally offer broader application extensibility and ecosystem connectivity, while closed-system products emphasize lower distraction, clearer functional boundaries and more stable interaction paths. Both segments are expected to continue expanding, supporting the industry's evolution toward an integrated hardware + software + services proposition.

Market Size of Global Knowledge-driven Productivity Tools, by Retail Value, 2021-2030E



Source: listed companies' public filings, literature research, Frost & Sullivan analysis

These trends indicate that knowledge-driven productivity tools are evolving toward a more segmented product structure, supported by differentiated demand across long-document reading and review scenarios.

Growth Drivers and Development Trends

- **Rising demand for eye-care, low-distraction and document-centric workflows.** As working and studying hours increase and long-form digital content continues to expand, users are placing greater value on visual comfort, attention control and workflow continuity, supporting continued migration from backlit devices toward reflective-display terminals.

- **Continued digitization of document-intensive sectors and broader institutional adoption.** As education, research, legal and other document-intensive sectors digitalize, demand is shifting from simple reading devices toward terminals that can support secure, traceable and manageable document workflows. At the same time, B2B procurement is gradually moving toward bundled solutions comprising devices, software or cloud services and operational support.

- **Product portfolio upgrades led by color e-ink and differentiated positioning.** As color e-ink solutions continue to mature, use cases are expanding from pure-text reading toward mixed-media productivity scenarios such as chart review, visual marking and professional reports, supporting higher product value density and clearer product tiering. Monochrome models are expected to remain the mainstream entry-level option, while color models are expected to drive mid-to-high-end growth.

- **Deeper integration of AI, cloud synchronization and software services.** AI-enabled functions such as transcription, summarization, OCR-based retrieval and synchronized archiving are increasingly being embedded into device workflows and operating systems, improving processing efficiency, strengthening user stickiness and supporting a gradual shift from one-off hardware sales toward recurring service revenue.

Major Business Models

- ***Individual subscriptions.*** Services are offered to individual users with tiering by storage capacity and feature set, such as cloud sync and multi-device continuity, transcription and summarization, OCR and full-text search, template libraries and tools. Key variables typically include subscription penetration, renewal rate and ARPPU. Growth is driven by a larger installed base, deeper feature usage and upgrades to higher subscription tiers.

- ***Education and enterprise licensing and management services.*** Organizational customers are offered capabilities including account and permission management, device management, content distribution, compliance and operations support, which may be packaged with terminal procurement as an integrated solution. This model is typically characterized by relatively stable collections and more predictable renewals. Growth is driven by new deployments and version upgrades, as well as penetration expansion across departments or campuses.

- ***Ecosystem platformization and usage-based billing.*** AI capabilities (such as transcription, OCR and summarization) are billed based on call volume or quota. Where an application ecosystem is available, application distribution and payment systems can generate ecosystem service revenue (such as third-party app listing, transaction revenue sharing and cloud storage value-added services). This model helps address users with different willingness to pay, improve conversion efficiency, and strengthen linkage with hardware sales and activity levels.

The AI-enabled service and software ecosystem for terminal devices is expected to expand as vendors increasingly integrate cloud services and AI capabilities into end-to-end user workflows across a wide range of device-based applications. As installed bases continue to grow and usage frequency increases, monetization is expected to evolve from occasional feature-based spending toward recurring, value-based pricing models, supported by tiered subscriptions, bundled service offerings and selective usage-based charging. At the same time, demand from education, government and enterprise customers is gradually shifting from standalone hardware procurement toward integrated solutions combining terminal devices with account and permission management, content distribution, compliance controls and ongoing operational support, which may enhance customer retention, improve revenue visibility and support greater business stability. Continued advances in functions such as transcription, summarization, retrieval and intelligent content management, together with the development of on-device and cloud-enabled hybrid processing architectures, are expected to further improve user experience and service value. In addition, as device ecosystems become more platformized, including through third-party application distribution and related revenue-sharing arrangements, software and services are expected to account for an increasing proportion of overall industry revenue.

COMPETITIVE LANDSCAPE

Key Success Factors and Entry Barriers

- ***Technology barriers.*** System-level capabilities built around display driving and algorithms, handwriting input chains, color and optical design, and power consumption control. Key requirements include refresh algorithm optimization, ghosting control, low-latency handwriting, stroke stability, color rendering and color accuracy, and coordination across front-light uniformity and low-power strategies, together with device-cloud integrated reading and writing, transcription and summarization, and synchronization capabilities to increase usage frequency. These capabilities require long-term data regression and cross-scenario validation and are difficult to replicate in the short term.

- ***Product strength and quality control capabilities.*** Closed-loop management from solution design to mass-production consistency. This includes industrial design and material selection, long-term refinement of aesthetics (forming a recognizable brand aesthetic), reliability and consistency testing (front-light, display, stroke, endurance), firmware and algorithm iteration cadence, and yield rate and cost curve control supported by supply chain coordination.

- ***Data privacy protection and security compliance capabilities.*** Given that knowledge-driven terminals often store users' core knowledge assets (such as personal journals, business contracts and research outputs), data security and privacy protection is a prerequisite for user trust and long-term digital asset accumulation. In AI applications, on-device inference or privacy-preserving computation helps protect data sovereignty, forming a "security and trust barrier" distinct from general internet terminals.

- ***Deep user insights and accumulated industry know-how.*** Methodologies and workflow accumulation are essential for long-document reading and review. This is reflected in scenario-based templates and toolkits (class notes, meeting minutes, contract annotation, manuscript review), multi-language typesetting and PDF reflow optimization, archiving and retrieval strategies for knowledge assets, and account, permission and audit rules for education and government and enterprise customers. Continuous user research and real usage data determine iteration direction and feature prioritization.

Threats and Challenges

The global market for knowledge-driven productivity tools is subject to a number of threats and challenges arising from technology, supply chain, market competition and user demand dynamics. First, the market is characterized by rapid technology evolution and continuous product iteration, requiring market participants to make sustained investments in display performance, handwriting experience, system optimization and software and AI-enabled functions in order to remain competitive. Second, participants may face supply-side challenges relating to the availability, cost and lead time of certain key upstream components, including display-related inputs and other electronic components, which may affect production planning, product launch schedules and cost control.

Furthermore, the market faces competition from broader consumer electronics categories and software ecosystems, including general-purpose tablets and other smart devices with expanding reading, note-taking and productivity functions. Participants are therefore required to continuously enhance product differentiation and user experience in order to maintain market relevance. At the same time, user expectations are evolving from standalone reading functions toward integrated workflows combining reading, annotation, organization, synchronization and, in some cases, AI-enabled capabilities, which increases requirements for software, ecosystem and service development. Further challenges may arise from pricing pressure, overseas channel expansion, localized operating requirements and changing regulatory or trade conditions in different markets, all of which may affect the growth trajectory and competitive position of market participants.

The global knowledge-driven intelligent tools market is characterized by significant technological and operational barriers to entry. Market participants are generally required to possess comprehensive capabilities in e-ink display technologies, hardware-software integration, handwriting and document processing, AI-enabled productivity functions, as well as established supply chain management and global distribution capabilities. Competition is increasingly driven by technological innovation, ecosystem development and brand recognition, resulting in a gradual concentration of market share among leading participants. According to Frost & Sullivan, the global top five market participants accounted for approximately 20% of total retail value in 2025, while the overall market remained relatively fragmented.

Ranking of the Knowledge-driven Intelligent Tools in the Global Market, by Retail Value, 2025

Ranking	Company	Retail Value (RMB in millions)	Headquarter Location	Open System	Market Share (%)
1	Company A	5,376	US	No	7.9%
2	Company B	4,639	Norway	No	6.8%
3	**The Group**	**1,476**	**China**	**Yes**	**2.2%**
4	Company C	1,105	Canada	No	1.6%
5	Company D	1,050	China	Yes	1.5%
	Sum of Top 5 combined				**20.0%**

The global knowledge-driven productivity tools market features relatively high entry barriers. Participants are required to possess underlying capabilities in display driving and refresh algorithms, system-level optimization integrating hardware and software, mature global supply chains and channel networks, and sustained AI technology implementation capabilities. Market share is increasingly concentrating toward leading players with accumulated technical capabilities and strong brand mindshare. According to Frost & Sullivan, in terms of retail value in 2025, we were the second-largest global knowledge-driven productivity tools brand, with a market share of 4.2%. We were also the largest knowledge-driven productivity tools brand in China and the highest-ranked China-based company among the global top five market participants. The global top five market participants accounted for approximately 27.4% of market share in aggregate, and the competitive landscape was relatively fragmented.

The table below sets forth the global ranking of the knowledge-driven productivity tools market by retail value in 2025:

Ranking of the Knowledge-driven Productivity Tools in the Global Market, by Retail Value, 2025

Ranking	Company	Retail Value (RMB in millions)	Headquarter Location	Open System	Market Share (%)
1	Company B	4,639	Norway	No	13.1%
2	**The Group**	**1,476**	**China**	**Yes**	**4.2%**
3	Company C	1,105	Canada	No	3.1%
4	Company D	1,050	China	Yes	3.0%
5	Company E	452	China	Yes	1.3%
	Sum of Top 5 combined				**27.4%**

Note:

Company A: sub-brand of listed company founded in 2007 in the US, focuses on providing eBooks.
Company B: non-listed company founded in 2013 in Norway, focuses on providing paper tablets for focused work and writing tablet

Company C: sub-brand of listed company founded in 2009 in Canada, focuses on providing eBooks and audiobooks on e-readers

Company D: listed company founded in 1999 in China, a major market participant of the knowledge-driven productivity tools market providing paper tablet featuring handwriting recognition for knowledge workers, including students, researchers and a broad range of professionals

Company E: listed company founded in 1998 in China, a major market participant of the knowledge-driven productivity tools market providing e-readers and tablets for knowledge workers, including students, researchers and a broad range of professionals

Source: listed companies' public filings, company websites, literature research, Frost & Sullivan analysis; reasonable estimates were made by reference to product mix, average selling prices, shipment volumes, channel coverage and other observable market indicators.

SOURCE OF INFORMATION

This section contains information extracted from the Frost & Sullivan Report prepared by Frost & Sullivan independently, which was commissioned by us in connection with the [**REDACTED**]. We expect to pay Frost & Sullivan a total of RMB450,000 for the Frost & Sullivan Report and our use of the report. Frost & Sullivan is a consulting company which provides industry consulting services, commercial due diligence and strategic consulting services for a variety of industries. We are of the view that the payment of such fee does not impair the fairness of the conclusions drawn in the Frost & Sullivan Report. We have extracted certain information from the Frost & Sullivan Report in this section, as well as in the sections headed "Summary," "Risk Factors," "Business," "Financial Information" and elsewhere in this document to provide our potential [**REDACTED**] with a presentation of the industry in which we operate.

Our Directors confirm that, to the best of their knowledge, after having made all reasonable enquiries, there has been no material adverse change in the market information since the date of the Frost & Sullivan Report which may qualify, contradict or materially impact on the information disclosed in this section.

The industry data and statistics were prepared by Frost & Sullivan using a combination of primary and secondary research based on a bottom-up methodology, by collecting and analyzing publicly available information, including company disclosures, official pricing, product portfolios, shipment and sell-through data (where available), channel observations, expert interviews and other market data. Where direct information was unavailable, reasonable estimates were made based on observable market parameters, including product mix, average selling prices, shipment volumes and channel coverage. Forward-looking data, where applicable, were prepared based on assumptions including continued market demand, ongoing product innovation and the absence of material adverse disruptions beyond reasonably foreseeable circumstances.

LAWS AND REGULATIONS RELATING TO OUR BUSINESS OPERATIONS IN THE PRC

Main Regulatory Authorities

The Company is primarily focused on the research and development (R&D), design, production, and sales of knowledge-driven productivity tools, which fall under the consumer electronic device manufacturing industry. The primary industry regulatory authorities include the NDRC, MIIT, and MOFCOM, among others. These authorities are mainly responsible for formulating industrial policies and planning, as well as macro-control of the sector.

Industrial Policies

According to the *Action Plan for the Steady Growth of the Electronic Information Manufacturing Industry (2025—2026)* (《電子信息製造業2025—2026年穩增長行動方案》) promulgated by the MIIT and SAMR on August 22, 2025, the electronic information manufacturing industry is categorized as a strategic, fundamental, and pioneering industry of the national economy, and a key sector for stabilizing industrial economic growth and maintaining national political and economic security. The plan promotes the development of emerging products such as new-type displays, optimizes industrial layout, and aims to build world-leading electronic information industrial bases. It also emphasizes strengthening upstream and downstream synergy, improving standard systems and quality management capabilities, enhancing intellectual property protection, expanding new consumption scenarios, strengthening industry application empowerment, and guiding enterprises to improve export structures and international competitiveness.

According to the *Guiding Catalog for Industrial Structure Adjustment (2024 Edition)* (《產業結構調整指導目錄(2024年本)》) promulgated by the NDRC on January 29, 2024 and effective as of February 1, 2024, the technological development, application, and industrialization of new carriers for news and publishing (including electronic paper displays, electronic paper, readers, etc.) are classified as "Encouraged" categories.

According to the *Guiding Catalog of Key Products and Services in Strategic Emerging Industries (2016 Edition)* (《戰略性新興產業重點產品和服務指導目錄(2016年版)》) promulgated by the NDRC on January 25, 2017, information terminal equipment and new-type display devices are included in the catalog.

Laws and Regulations Relating to the Company

Companies established, operated, and managed within the territory of the PRC are governed by the PRC Company Law, which was promulgated by the Standing Committee of the National People's Congress ("SCNPC") on December 29, 1993, and most recently amended on December 29, 2023, which took effect on July 1, 2024. Under the current PRC Company Law, companies are classified into limited liability companies and joint stock limited companies. Foreign-invested companies are also subject to the PRC Company Law, unless otherwise provided by laws governing foreign investment.

General Matters

A joint stock limited company ("joint stock company") is a corporate legal person established in the PRC in accordance with the PRC Company Law. It possesses independent corporate property and enjoys the right to such corporate property. Its corporate capital may be divided into either shares of equal par value or no-par value shares. A joint stock company is liable for its debts to the extent of all its assets. Shareholders of a joint stock company are liable to the company to the extent of the shares they have subscribed for. Shareholders legally enjoy rights such as benefiting from assets, participating in major decision-making, and selecting managers.

Shareholders' General Meeting

According to the PRC Company Law, the shareholders' general meeting of a joint stock company is composed of all shareholders. It is the company's organ of power and exercises its functions and powers in accordance with the PRC Company Law and the articles of association. Generally, shareholders' general meetings are convened by the board of directors. An annual general meeting must be held once every year. An extraordinary general meeting must be convened within two months if certain circumstances specified in the PRC Company Law occur. There are no specific statutory requirements for a quorum. Shareholders may appoint proxies to attend the meeting, and the power of attorney must clearly specify the scope of the voting rights to be exercised.

According to the PRC Company Law, when shareholders attend a general meeting, each share held carries one vote, except for shareholders of class shares, and shares held by the joint stock company itself do not carry voting rights. Resolutions of the shareholders' general meeting shall be passed by more than half of the voting rights held by the shareholders present at the meeting. However, resolutions regarding amendments to the articles of association, increases or decreases in registered capital, or the merger, division, dissolution, or change of the corporate form must be passed by more than two-thirds of the voting rights held by the shareholders present at the meeting.

Share Transfer

According to the PRC Company Law, shareholders of a joint stock company may transfer their shares in accordance with the law, unless otherwise restricted by the articles of association. The transfer of shares must be conducted at a legally established securities exchange or through other methods prescribed by the State Council. Shares are transferred by endorsement or other methods prescribed by laws and administrative regulations. After the transfer, the company shall record the name or title and address of the transferee in the register of shareholders. No changes to the register of shareholders shall be made within 20 days prior to a shareholders' general meeting or within 5 days prior to the record date for dividend distribution.

Shares issued prior to the [**REDACTED**] of shares shall not be transferred within one year from the date the company's shares are listed and traded on a stock exchange. Directors, supervisors, and senior management of the company shall report to the company their shareholdings and any changes thereto. During their fixed term of office, the shares transferred each year shall not exceed 25% of the total shares they hold in the company. Their shares shall not be transferred within one year from the date the company's shares are [**REDACTED**] and [**REDACTED**]. Furthermore, they shall not transfer their shares within six months after leaving their positions. The articles of association may impose other restrictive provisions on the transfer of shares held by directors, supervisors, and senior management of the company.

Laws and Regulations Relating to Foreign Investment

According to the *Foreign Investment Law of the PRC* (《中華人民共和國外商投資法》) (the "**Foreign Investment Law**") promulgated by the NPC on March 15, 2019, and effective from January 1, 2020, and the *Implementing Regulations of the Foreign Investment Law of the PRC* (《中華人民共和國外商投資法實施條例》) promulgated by the State Council on December 26, 2019, and effective from January 1, 2020, these laws and regulations stipulate the principles and measures aimed at promoting foreign investment in the PRC and explicitly provide that the PRC legally protects the investment, returns, and other legitimate rights and interests of foreign investors within the PRC. According to the Foreign Investment Law, China implements a management system of pre-entry national treatment plus a negative list for foreign investment.

According to the *Catalog of Industries for Encouraged Foreign Investment (2022 Edition)* (《鼓勵外商投資產業目錄(2022年版)》) promulgated by the NDRC and the MOFCOM on October 26, 2022, and effective from January 1, 2023, and the *Special Administrative Measures (Negative List) for Foreign Investment Access (2024 Edition)* (《外商投資准入特別管理措施(負面清單)(2024年版)》) (the "**Negative List**") promulgated by the NDRC and the MOFCOM on September 6, 2024, and effective from November 1, 2024, industries for foreign investment are divided into the encouraged industrial catalog and the Negative List. The Negative List is further subdivided into the catalog of restricted industries and the catalog of prohibited industries for foreign investment. Industries not included in the Negative List are considered permitted industries for foreign investment.

According to the Measures for the *Security Review of Foreign Investment* (《外商投資安全審查辦法》) promulgated by the NDRC and the MOFCOM on December 19, 2020, and effective from January 18, 2021, foreign investments that affect or may affect national security shall be subject to security review in accordance with the provisions of these measures. The state has established a working mechanism for the security review of foreign investment (the "**Working Mechanism**") responsible for organizing, coordinating, and guiding the security review of foreign investment. The office of the Working Mechanism is established under the NDRC and led by the NDRC and the MOFCOM to undertake the daily work of foreign investment security review. Foreign investors or relevant domestic parties who invest in important infrastructure, key technologies, and other important fields related to national security and obtain actual control of the invested enterprises shall proactively report to the office of the Working Mechanism before implementing the investment.

Laws and Regulations Relating to the Overseas Issuance and Listing of Securities by Domestic Enterprises

According to the Overseas Listing Trial Measures promulgated by the CSRC on February 17, 2023, and effective from March 31, 2023, the direct or indirect overseas issuance of securities and listing activities by domestic enterprises are regulated: (1) domestic enterprises that issue securities and list in overseas markets shall complete filing procedures with the CSRC and report relevant information, and shall submit initial filing materials within three business days after submitting the [**REDACTED**]; and (2) domestic enterprises listed directly or indirectly in overseas markets that intend to conduct follow-on offerings in overseas markets shall complete filing procedures with the CSRC and report relevant information, and shall submit the filing within three business days after the completion of the follow-on offering. Furthermore, overseas issuance and listing are prohibited under any of the following circumstances: (1) where overseas issuance and listing are prohibited by PRC laws; (2) where the overseas issuance and listing may endanger national security as determined by the relevant competent departments of the State Council in accordance with the law; (3) where the domestic enterprise or its controlling shareholder or actual controller has committed criminal offenses punishable by statutory criminal penalties within the last three years; (4) where the domestic enterprise is under investigation according to law for suspected crimes or major violations of laws and regulations, and no clear conclusion has been reached; or (5) where there are major ownership disputes over the equity held by the controlling shareholder or by shareholders controlled by the controlling shareholder or actual controller.

According to the *Provisions on Strengthening Confidentiality and Archives Administration Related to Overseas Issuance and Listing of Securities by Domestic Enterprises* (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the "**Archives Provisions**") jointly promulgated by the CSRC, the MOF, the National Administration of State Secrets Protection, and the National Archives Administration of the PRC on February 24, 2023, and effective from March 31, 2023, in the direct or indirect overseas issuance of securities or listing activities of domestic enterprises, the domestic enterprises, as well as the securities companies and securities service providers providing corresponding services, shall strictly abide by relevant requirements for confidentiality and archives management, establish and improve confidentiality and archives systems, and take necessary measures to implement confidentiality and archives management responsibilities. According to the Archives Provisions, during the process of overseas issuance and listing, if a domestic enterprise needs to provide or publicly disclose documents or data involving state secrets or those that would adversely affect national security or public interests to relevant securities companies, securities service providers, overseas regulatory authorities, and other entities or individuals, it shall complete relevant approval/filing and other regulatory procedures.

Laws and Regulations Relating to Foreign Exchange

According to the *Regulations on Foreign Exchange Administration of the PRC* (《中華人民共和國外匯管理條例》) promulgated by the State Council on January 29, 1996, and most recently amended on August 5, 2008, Renminbi is generally freely convertible for current account items (including dividend distributions, trade, and service-related foreign exchange transactions), but is not freely convertible for capital account items (such as direct investment outside the PRC, loans, investment transfers, or securities investment) unless prior approval is obtained from SAFE or its designated banks.

According to the *Notice on Reforming and Regulating the Management Policy for the Settlement of Foreign Exchange Capital under Capital Accounts* (《關於改革和規範資本項目結匯管理政策的通知》) promulgated by the SAFE on June 9, 2016, foreign exchange income under capital accounts (including but not limited to foreign exchange capital, foreign debt funds, and funds repatriated from overseas listing) can be converted from foreign currency into Renminbi on a discretionary basis. The tentative ratio for the discretionary settlement of foreign exchange income under capital accounts for domestic institutions is 100%. The SAFE may adjust the above ratio in a timely manner based on the balance of payments situation.

According to the *Notice on Further Promoting Cross-border Trade and Investment Facilitation* (《關於進一步促進跨境貿易投資便利化的通知》) promulgated and amended by the SAFE on October 23, 2019, together with the *Notice on Further Deepening Reform to Promote Cross-border Trade and Investment Facilitation* (《關於進一步深化改革促進跨境貿易投資便利化的通知》) promulgated on December 4, 2023, non-investment foreign-invested enterprises are permitted to legally use Renminbi settled from foreign exchange funds and Renminbi capital for domestic equity investment, provided they do not violate the current *Special Administrative Measures (Negative List) for Foreign Investment Access (2024 Edition)* (《外商投資准入特別管理措施(負面清單)(2024年版)》) and that the domestic investment projects are authentic and compliant.

Laws and Regulations Relating to Import and Export Trade

According to the *Foreign Trade Law of the PRC* (《中華人民共和國對外貿易法》) (the "**Foreign Trade Law**") promulgated by the SCNPC on May 12, 1994, and amended on December 30, 2022, pursuant to which foreign trade operators are no longer required to complete filing and registration. The Chinese government permits the free import and export of goods and technologies, unless otherwise provided by laws or administrative regulations. Prior to December 30, 2022, according to the pre-amended Foreign Trade Law, foreign trade operators engaged in the import or export of goods or technologies were required to complete filing and registration with the competent foreign trade department of the State Council or its entrusted institutions, unless exempted by laws, administrative regulations, or the competent foreign trade department of the State Council. If a foreign trade operator failed to complete filing and registration as required, the Customs would not process the declaration and release procedures for the import or export of goods.

According to the *Tariff Law of the PRC* (《中華人民共和國關稅法》) promulgated by the SCNPC on April 26, 2024, and effective from December 1, 2024, the Customs shall levy tariffs in accordance with the law on goods and articles permitted by the PRC to be imported or exported. Consignees of imported goods, consignors of exported goods, and bearers or recipients of incoming articles are the taxpayers of tariffs. E-commerce platform operators, logistics enterprises, and customs declaration enterprises engaged in cross-border e-commerce retail imports, as well as units and individuals obligated by laws and administrative regulations to withhold or collect tariff payments, are the withholding agents. For the following imported and exported goods and incoming articles that meet the conditions prescribed by law, tariffs may be exempted: a single shipment of goods within the tax-free allowance stipulated by the State Council; advertising materials and samples with no commercial value; fuel, materials, and catering supplies necessary for the journey of inbound and outbound transportation vehicles; goods or articles damaged or lost prior to release by Customs; materials donated free of charge by foreign governments or international organizations; goods or articles stipulated as tax-exempt in international treaties or agreements concluded or joined by the PRC; and other circumstances where tax exemption should be granted according to law.

According to the *Law of the PRC on Import and Export Commodity Inspection* (《中華人民共和國進出口商品檢驗法》) most recently amended and implemented by the SCNPC on April 29, 2021, imported and exported commodities listed in the catalog shall be inspected by commodity inspection authorities. Imported commodities that have not been inspected shall not be sold or used, and exported commodities that have not passed inspection shall not be exported. For those that meet the conditions for exemption from inspection as stipulated by the state, the consignee or consignor may apply for exemption, which may be granted upon review and approval by the state commodity inspection department. Compulsory import and export commodity inspection refers to conformity assessment activities to determine whether imported and exported commodities listed in the catalog meet the mandatory requirements of national technical specifications. Conformity assessment procedures include sampling, inspection, and examination; evaluation, verification, and assurance of conformity; registration, accreditation, and approval, as well as combinations of these. Commodity inspection authorities may accept the inspection results of other inspection institutions, and the state commodity inspection department implements catalog management for such inspection institutions. Commodities listed in the catalog are inspected according to the mandatory requirements of national technical specifications. Where no mandatory national technical specifications have been formulated, they shall be formulated promptly in accordance with the law; prior to such formulation, inspection may be conducted with reference to relevant foreign standards designated by the state commodity inspection department. Consignors or their agents for exported commodities that must be inspected by commodity inspection authorities according to this law shall apply for inspection at the location and within the time limit prescribed by the commodity inspection authorities. The commodity inspection authorities shall complete the inspection and issue inspection certificates within the time limit uniformly prescribed by the state commodity inspection department. Exported commodities for which an inspection certificate has been issued shall be declared to Customs for export within the time limit prescribed by the commodity inspection authorities; if the time limit is exceeded, a re-application for inspection is required.

According to the *Customs Law of the PRC* (《中華人民共和國海關法》) amended and implemented by the SCNPC on April 29, 2021, the consignee of imported goods and the consignor of exported goods shall make truthful declarations to the Customs and submit import/export licenses and relevant documents for verification. Goods restricted by the state for import or export shall not be released without an import/export license; specific handling measures shall be prescribed by the State Council. The consignee of imported goods shall declare to the Customs within 14 days from the date the transport vehicle declares its entry. Unless specially permitted by the Customs, the consignor of exported goods shall declare to the Customs after the goods arrive at the customs supervision zone and 24 hours before loading. Customs formalities for imported goods shall be handled by the consignee at the Customs at the place of entry; formalities for exported goods shall be handled by the consignor at the Customs at the place of exit. Upon application by the consignee/consignor and with the consent of the Customs, the consignee of imported goods may handle customs formalities at the place of destination where a Customs office is established, and the consignor of exported goods may handle customs formalities at the place of departure where a Customs office is established. The transit transportation of the aforementioned goods shall comply with customs supervision requirements; if necessary, the Customs may dispatch personnel for escort.

According to the *Administrative Provisions of the Customs of the PRC on the Filing of Customs Declaration Entities* (《中華人民共和國海關報關單位備案管理規定》) promulgated by the General Administration of Customs on November 19, 2021, and effective from January 1, 2022, customs declaration entities refer to consignees and consignors of imported and exported goods and customs declaration enterprises filed with the Customs in accordance with these provisions. Consignees/consignors and customs declaration enterprises applying for filing shall obtain market entity qualifications. Among them, consignees/consignors applying for filing shall also obtain the filing of foreign trade operators.

According to the *Announcement on Issues Concerning the Supervision of Cross-border E-commerce Retail Import and Export Commodities* (《關於跨境電子商務零售進出口商品有關監管事宜的公告》) promulgated by the General Administration of Customs on December 10, 2018 and implemented as of January 1, 2019, platform enterprises, logistics enterprises, and payment enterprises engaged in cross-border e-commerce retail import and export business shall apply for registration with the local Customs in accordance with the administrative provisions for the registration of customs declaration entities. Overseas cross-border e-commerce enterprises must entrust a domestic agent to complete the registration procedures. Enterprises included in customs registration management will be subject to credit classification management, and the Customs will adopt differentiated clearance management measures based on credit ratings. In terms of tax supervision, for cross-border e-commerce retail imported goods, the Customs levies tariffs, import value-added tax, and consumption tax in accordance with relevant national tax policies. The dutiable value is the actual transaction price, including the price of the goods, freight, and insurance. Consumers are the taxpayers, while cross-border e-commerce platform enterprises, logistics enterprises, or declaration enterprises registered with the Customs serve as the withholding agents for tax collection. They must truthfully declare tax collection and management elements such as product names, specifications and models, tariff codes, and actual transaction prices, and perform tax obligations and bear corresponding responsibilities on behalf of the taxpayers. The declaration currency for cross-border e-commerce retail imported goods must be denominated in Renminbi.

According to the *Regulations of the PRC on the Administration of Import and Export of Goods* (《中華人民共和國貨物進出口管理條例》) promulgated by the State Council on December 10, 2001, most recently amended on March 10, 2024, and effective from May 1, 2024, trade activities involving the import of goods into the customs territory of the PRC or the export of goods out of the customs territory of the PRC shall comply with these regulations. Goods prohibited from import or export shall not be imported or exported; goods restricted for import or export are subject to license or quota management; and goods categorized as free for import or export are not restricted. Import and export operators shall handle customs declaration and release procedures with the Customs by presenting relevant import/export licenses or import/export quota licenses.

Laws and Regulations Relating to Overseas Direct Investment (ODI)

According to the *Provisions on Foreign Exchange Administration of Overseas Direct Investment by Domestic Institutions* (《境內機構境外直接投資外匯管理規定》) promulgated by the SAFE on July 13, 2009, and effective from August 1, 2009, PRC domestic enterprises may apply for foreign exchange registration for overseas direct investment after obtaining approval for overseas investment. Furthermore, according to the *Notice on Further Simplifying and Improving Foreign Exchange Administration Policies for Direct Investment* (《關於進一步簡化和改進直接投資外匯管理政策的通知》) promulgated by the SAFE on February 13, 2015, and effective from June 1, 2015, the administrative approval for foreign exchange registration of overseas direct investment has been canceled, and banks are authorized to directly review and handle foreign exchange registration for overseas direct investment.

According to the *Administrative Measures for Overseas Investment* (《境外投資管理辦法》) promulgated by the MOFCOM on September 6, 2014, and effective from October 6, 2014, the MOFCOM and provincial-level competent commerce departments shall implement filing or approval management for overseas investment by enterprises based on the actual investment situation. Overseas investment involving sensitive countries or regions, or sensitive industries, shall be subject to approval management. Overseas investment in other circumstances shall be subject to filing management.

According to the *Administrative Measures for Overseas Investment by Enterprises* (《企業境外投資管理辦法》) promulgated by the NDRC on December 26, 2017, and effective from March 1, 2018, overseas investment activities in which PRC domestic enterprises obtain ownership, control, operation and management rights, and other related interests of overseas enterprises through investing assets and equities or providing financing and guarantees, shall complete approval or filing procedures with the NDRC in accordance with the law, depending on the relevant conditions of the overseas investment project. Overseas investment projects involving sensitive countries and regions or sensitive industries shall be subject to the approval management of the NDRC; non-sensitive overseas investment projects shall be subject to filing management. For non-sensitive projects implemented by local PRC enterprises or overseas enterprises controlled by them, if the investment amount reaches US$300 million or more, the investor shall file with the NDRC; For non-sensitive overseas investment projects with an investment amount of less than US$300 million (exclusive), the investor shall file with the provincial-level counterpart department of the NDRC.

Laws and Regulations Relating to Cybersecurity and Data Security

According to the *Cybersecurity Law of the PRC* (《中華人民共和國網絡安全法》) (the "**Cybersecurity Law**") promulgated by the SCNPC on November 7, 2016, most recently amended on October 28, 2025, and effective from January 1, 2026, the state implements a multi-level protection scheme for cybersecurity. Network operators shall, in accordance with the mandatory requirements of laws, regulations, and national and industry standards, establish internal security management mechanisms and take technical and other necessary measures to ensure cybersecurity and stable operation. The state emphasizes the protection of critical information infrastructure ("**CII**") in important sectors and fields, including but not limited to public telecommunications and information services, energy, transportation, water conservancy, finance, public services, and e-government, where damage to such infrastructure may seriously affect national security, the national economy, people's livelihoods, and public interests. Personal information and important data collected and generated during the operation of critical information infrastructure within the territory shall be stored within the PRC; where it is truly necessary to provide such data overseas for business needs, a security assessment shall be conducted in accordance with the requirements of relevant departments. Pursuant to the Cybersecurity Law, when network operators provide network access and domain name registration services, handle network entry procedures for fixed-line or mobile phone users, or provide information publishing or instant messaging services, they shall require users to provide real identity information; otherwise, network operators shall not provide them with relevant services. Network operators shall provide technical support and assistance to public security and state security organs in maintaining national security and investigating criminal activities. Network operators in violation of the Cybersecurity Law may face penalties including but not limited to: orders to rectify, warnings or fines, confiscation of illegal gains, orders to suspend relevant business, suspension of business for rectification, closure of websites, and revocation of relevant business licenses.

According to the *Data Security Law of the PRC* (《中華人民共和國數據安全法》) (the "**Data Security Law**") promulgated by the SCNPC on June 10, 2021, and effective from September 1, 2021, data processing activities (including the collection, storage, use, processing, transmission, provision, and public disclosure of data) shall be conducted in accordance with laws and regulations. Entities shall establish and improve full-process data security management systems, organize and conduct data security education and training, and take corresponding technical and other necessary measures to ensure data security. Those conducting data processing activities through the internet or other information networks shall fulfill the aforementioned data security protection obligations based on the multi-level protection scheme for cybersecurity. Processors of important data shall designate a person in charge of data security and establish a management body to implement data security protection responsibilities.

According to the *Measures for Cybersecurity Review (2021)* (《網絡安全審查辦法(2021)》) promulgated by the Cyberspace Administration of China (the "**CAC**"), the MIIT, and other departments on December 28, 2021, and effective from February 15, 2022, Critical Information Infrastructure Operators ("**CIIOs**") purchasing network products and services, as well as online platform operators conducting data processing activities that affect or may affect national security, shall undergo a cybersecurity review. Furthermore, online platform operators holding the personal information of more than one million users that intend to list overseas must submit an application for cybersecurity review to the Cybersecurity Review Office. Additionally, relevant government departments in the PRC may initiate a cybersecurity review if they determine that the network products, services, or data processing activities of an internet platform operator affect or may affect national security.

According to the *Measures for Security Assessment of Outbound Data Transfer* (《數據出境安全評估辦法》) issued by the CAC on July 7, 2022, and effective from September 1, 2022, a data processor shall apply for a security assessment for outbound data transfer to the CAC through the provincial-level cyberspace administration where it is located under the following circumstances: (i) the data processor provides important data overseas; (ii) a CIIO or a data processor processing the personal information of more than one million individuals provides personal information overseas; (iii) the data processor has cumulatively provided personal information of more than 100,000 individuals or sensitive personal information of more than 10,000 individuals overseas since January 1 of the previous year; or (iv) other circumstances where an application for security assessment of outbound data transfer is required as prescribed by the CAC.

According to the *Measures for Data Security Management in the Field of Industry and Information Technology (Trial)* (《工業和信息化領域數據安全管理辦法(試行)》) (the "**Data Security Management Measures**") issued by the MIIT on December 8, 2022, and effective from January 1, 2023, industrial and telecommunications data processors shall categorize data according to its type, periodically evaluate and determine appropriate security levels, and ensure that data classification is consistent with industry requirements, business needs, data sources, and purposes, ultimately forming a data classification catalog. Additionally, industrial and telecommunications data processors shall establish and refine a data classification management system and adopt corresponding data protection measures based on security levels. Key protection shall be implemented for "important data," while even stricter management and protection measures shall be implemented for "core data" on the basis of important data protection. When processing data of different security levels simultaneously, the highest level of security requirements shall be adopted. The Data Security Management Measures also impose other obligations on industrial and telecommunications data processors, including the establishment of data security working systems, encryption key management, management of data collection, storage, use, and transmission, data access management, transparency management, data destruction systems, security audits, and emergency response plans.

According to the *Regulations on the Management of Security Vulnerabilities of Network Products* (《網絡產品安全漏洞管理規定》) jointly issued by the MIIT, the Cyberspace Administration of China, and the Ministry of Public Security on July 12, 2021 (effective from September 1, 2021), network product providers (including hardware and software), network operators, and organizations or individuals engaged in the discovery, collection, and publication of network product security vulnerabilities shall comply with these regulations. They shall establish channels to receive information regarding security vulnerabilities in their network products and retain logs of received information for no less than six months. Network product providers shall report information on the security vulnerabilities of their network products to the MIIT's cybersecurity threat and vulnerability information sharing platform within two days and provide technical support to users of the network products. Network operators shall also take measures to inspect and repair security vulnerabilities upon discovering or becoming aware of them in their networks, information systems, or equipment. According to these regulations, violators will face administrative penalties as prescribed by the Cybersecurity Law.

According to the *Regulations on Network Data Security Management* (《網絡數據安全管理條例》) issued by the State Council on September 24, 2024, and effective from January 1, 2025, specific requirements are imposed on data processors, including the requirement to apply for a cybersecurity review when the data processing activities of an internet data processor affect or may affect national security. However, the regulations do not further clarify what constitutes "affecting or potentially affecting national security," so there remains some uncertainty regarding the scope of cybersecurity reviews under the *Regulations on Network Data Security Management*.

According to the *Measures for Security Assessment of Outbound Data Transfer* (《數據出境安全評估辦法》) issued by the CAC on July 7, 2022, and effective from September 1, 2022, data processors providing data overseas under the circumstances stipulated in Article 4 shall undergo a security assessment for outbound data transfer. On March 22, 2024, the CAC further issued the *Provisions on Promoting and Regulating Cross-border Data Flows* (《促進和規範數據跨境流動規定》), establishing a tiered management model for cross-border data provision. Depending on the type of data processor, the nature of the data, and the volume of data, different measures may apply, including conducting a data export security assessment, signing standard contract clauses, or obtaining personal information protection certification.

According to the *Criminal Law Amendment (IX) of the PRC* (《中華人民共和國刑法修正案(九)》) issued by the SCNPC on August 29, 2015, and effective from November 1, 2015, network service providers who fail to fulfill their information network security management obligations and refuse to rectify after being ordered to do so shall face criminal penalties if the circumstances reach the level of severity specified in the amendment.

Laws and Regulations Relating to Artificial Intelligence

Pursuant to the Provisions on the Administration of Algorithm Recommendation for Internet Information Services (《互聯網信息服務算法推薦管理規定》) promulgated by the CAC on December 31, 2021 with the consent of the MIIT, the Ministry of Public Security (the "**MPS**"), and the SAMR, and effective from March 1, 2022; the Administrative Provisions on Deep Synthesis in Internet-based Information Services (《互聯網信息服務深度合成管理規定》) promulgated by the CAC on November 25, 2022, with the consent of the MIIT and the MPS, and effective from January 10, 2023; and the Interim Measures on the Management of Generative Artificial Intelligence Service (《生成式人工智能服務管理暫行辦法》) promulgated by the CAC together with the NDRC, the Ministry of Education (the "**MOE**"), the MIIT, the MPS, and the National Radio and Television Administration on July 10, 2023, and effective from August 15, 2023, in conjunction with the Measures for the Labeling of Synthesized Content Generated by Artificial Intelligence (《人工智能生成合成內容標識辦法》), promulgated by the CAC, the MIIT, the MPS, and the National Radio and Television Administration on March 7, 2025, and effective from September 1, 2025, the CAC shall be responsible for the overall supervision and administration of AI-related information services, and relevant departments such as telecommunications departments, public security departments, and market regulation departments shall perform supervision and administration in accordance with their respective duties. Entities providing algorithm recommendation, deep synthesis, and generative AI services shall perform information security, data security, and personal information protection obligations in accordance with the law, and establish a sound management system such as algorithm mechanism review, content review, technology ethics review, and security assessment. Service providers shall not use AI to generate or publish information prohibited by laws and regulations, shall not generate false news information, or engage in activities that endanger national security, social and public interests, or infringe on the legitimate rights and interests of others, and shall, in accordance with applicable regulations, affix conspicuous labels to such generated or synthesized content or adopt implicit labeling measures to prevent public confusion or misidentification. Where illegal or harmful information is discovered, the generation or transmission of such information shall be immediately stopped, and disposal measures such as deletion and blocking shall be taken, and the matter shall be reported to the relevant competent authorities. In case of any violation of the above provisions, the relevant competent authority may order to rectify, issue warnings, circulate criticism, order to suspend relevant services and impose penalties; and in serious cases, it may be ordered to suspend business or revoke relevant licenses; if a crime is committed, the criminal liability shall be pursued in accordance with the law.

Laws and Regulations Relating to Mobile Applications

Pursuant to the Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》) promulgated by the SCNPC on August 20, 2021, and effective from November 1, 2021, the Regulations on Network Data Security Management (《網絡數據安全管理條例》) promulgated by the State Council on September 24, 2024, and effective from January 1, 2025, in conjunction with the Provisions on the Scope of Necessary Personal Information for Common Types of Mobile Internet Applications (《常見類型移動互聯網應用程序必要個人信息範圍規定》) promulgated and implemented by the Secretariat of the CAC together with the General Office of the MIIT, the General Office of the MPS, and the General Office of the SAMR on March 12, 2021, as well as the Notice of the Ministry of Industry and Information Technology on Launching the Record-filing of Mobile Internet Applications (《工業和信息化部關於開展移動互聯網應用程序備案工作的通知》) promulgated and implemented by the MIIT in 2023, with reference to Announcement of the Cyberspace Administration of China, the Ministry of Industry and Information Technology, the Ministry of Public Security, and the State Administration for Market Regulation on Launching a Series of Special Actions on Personal Information Protection in 2025 (《中央網信辦、工業和信息化部、公安部、市場監管總局關於開展2025年個人信息保護系列專項行動的公告》) promulgated and implemented by the Office of the Central Cyberspace Affairs Commission together with the MIIT, the MPS and the SAMR on March 28, 2025. In the process of providing internet information services, app operators shall perform their obligations of personal information protection and data security according to law, adhere to the principles of legality, legitimacy, and necessity, and shall not collect personal information beyond the necessary scope, or refuse to provide basic functions when users refuse to provide unnecessary information, and shall perform the app filing obligation and make information public in accordance with the law. App operators shall establish a sound personal information protection compliance management system, including formulating and disclosing personal information process rules, clarifying the purpose, method and scope of collection and use of personal information, providing convenient access, correction, deletion and cancelation mechanisms, and necessary technical and administrative measures shall be taken to ensure data security. At the same time, app operators shall focus on current regulatory priority areas, such as collecting personal information without obtaining user consent in accordance with the law, frequent or forcible requests for system permissions, collection of unnecessary personal information beyond the scope, failure to provide effective complaint channels or cancelation mechanisms, and failure to provide options to opt-out of personalized recommendations and other issues. If an app handles personal information in violation of laws and regulations, the relevant competent authorities may take measures such as ordering rectification, circulating criticism, and administrative punishment according to law; and in serious cases, it may be ordered to suspend relevant business, take down the application, or even revoke the relevant license; if a crime is committed, the criminal liability shall be pursued in accordance with the law.

Laws and Regulations Relating to Product Quality

According to the *Product Quality Law of the PRC* (《中華人民共和國產品質量法》) most recently amended by the SCNPC on December 29, 2018, and effective on the same day, the market supervision department of the State Council is responsible for the supervision of product quality nationwide. Producers are prohibited from producing or selling products that do not meet the standards and requirements for safeguarding human health and the safety of persons and property. Products must not possess unreasonable dangers that jeopardize personal or property safety. Where personal injury or damage to the property of others is caused by a product defect, the victim may seek compensation from the producer or the seller of the product. Producers and sellers of substandard products may be ordered to cease production and sales, and may face confiscation of the products and/or fines; illegal gains, if any, shall be confiscated. In serious cases, their business licenses may be revoked. If a crime is committed, criminal liability shall be pursued in accordance with the law.

Laws and Regulations Relating to E-commerce

According to the *E-commerce Law of the PRC* (《中華人民共和國電子商務法》) promulgated by the SCNPC on August 31, 2018 and implemented as of January 1, 2019, e-commerce operators refer to natural persons, legal persons, and unincorporated organizations engaged in the business activities of selling goods or providing services through information networks such as the internet. This includes e-commerce platform operators, in-platform operators, and e-commerce operators who sell goods or provide services through self-built websites or other network services. E-commerce operators shall fulfill tax obligations and enjoy tax incentives in accordance with the law. E-commerce operators who are not required by regulations to register as market entities shall, after the first tax obligation occurs, apply for tax registration and truthfully declare and pay taxes in accordance with laws and administrative regulations on tax collection and management. E-commerce operators shall disclose information on goods or services comprehensively, truthfully, accurately, and timely to protect consumers' right to information and right of choice. They shall not conduct false or misleading commercial promotion by fabricating transactions or forging user reviews to deceive or mislead consumers.

Laws and Regulations Relating to Employment and Labor Protection

Labor Law and Labor Contracts

According to the *Labor Law of the PRC* (《中華人民共和國勞動法》) (the "**Labor Law**") promulgated by the SCNPC on July 5, 1994, and most recently amended on December 29, 2018; the *Labor Contract Law of the PRC* (《中華人民共和國勞動合同法》) (the "**Labor Contract Law**") promulgated by the SCNPC on June 29, 2007, amended on December 28, 2012, and effective from July 1, 2013; and the *Implementing Regulations of the Labor Contract Law of the PRC* (《中華人民共和國勞動合同法實施條例》) promulgated by the State Council and effective from September 18, 2008, employers must enter into written labor contracts with full-time employees. All employers must comply with local minimum wage standards. Employers must establish labor safety and sanitation systems, strictly implement national standards, and provide relevant education to employees. Violations of the Labor Contract Law and the Labor Law may result in fines, and in serious cases, other administrative and criminal liabilities may be pursued.

Social Insurance and Housing Provident Fund

According to the *Social Insurance Law of the PRC* (《中華人民共和國社會保險法》) promulgated by the SCNPC on October 28, 2010, and amended on December 29, 2018, and the *Provisional Regulations on the Collection and Payment of Social Insurance Premiums* (《社會保險費徵繳暫行條例》) most recently amended by the State Council and effective from March 24, 2019, employers are required to contribute to basic pension insurance, basic medical insurance, unemployment insurance, maternity insurance, and work injury insurance for their employees. If an employer fails to pay social insurance premiums on time and in full, the social insurance premium collection agency shall order it to make the payment or make up the deficiency within a prescribed time limit, and a late payment surcharge of 0.05% per day shall be imposed from the date of the shortfall. If the payment is still not made within the prescribed time limit, the relevant administrative department shall impose a fine of not less than one time but not more than three times the amount of the shortfall.

According to the *Interpretation (II) of the Supreme People's Court on Issues Concerning the Application of Law in the Trial of Labor Dispute Cases* (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》) promulgated on July 31, 2025, and implemented on September 1, 2025, if an employer and an employee agree, or if an employee promises, that social insurance premiums do not need to be paid, the People's Court shall determine such agreement or promise to be void and invalid. If an employer fails to pay social insurance premiums in accordance with the law, and the employee requests the termination of the labor contract and seeks statutory economic compensation on this basis, the People's Court shall support such request in accordance with the law. In the aforementioned circumstances, if the employer has paid the social insurance premiums retroactively in accordance with the law and requests the employee to return the social insurance compensation fees previously paid to them, the People's Court shall also support such request in accordance with the law.

According to the *Regulations on the Management of Housing Provident Fund* (《住房公積金管理條例》) promulgated by the State Council on April 3, 1999, and most recently amended on March 24, 2019, employers must contribute to the housing provident fund for their employees. Where an employer fails to make contributions to or pays less than the required amount of the housing provident fund after the prescribed time limit, the housing provident fund management center shall order it to make the payment within a prescribed time limit; if the payment is still not made after the deadline, an application may be made to the People's Court for compulsory enforcement. Each employee may hold only one housing provident fund account. The contribution ratio for both the employee and the employer shall not be lower than 5% of the employee's average monthly salary in the previous year; cities with appropriate conditions may increase the contribution ratio accordingly.

Occupational Disease Prevention

According to the *Law of the PRC on the Prevention and Control of Occupational Diseases* (《中華人民共和國職業病防治法》) promulgated by the SCNPC on October 27, 2001, and subsequently amended in 2011, 2016, 2017, and 2018, employers shall provide employees with a working environment and conditions that meet national occupational health standards and requirements. Employers shall take measures to ensure that employees receive occupational health protection, establish and improve the responsibility system for the prevention and control of occupational diseases, strengthen the management of such prevention and control, improve the level of prevention and control, and bear responsibility for occupational disease hazards generated by the unit.

According to the *Catalog of Occupational Disease Hazard Risk Classification for Construction Projects* (《建設項目職業病危害風險分類管理目錄》) promulgated by the General Office of the National Health Commission and effective from March 12, 2021, construction projects shall be subject to classified management based on the degree of occupational disease hazard risk according to industry categories. Among these, "C396 Smart Consumer Equipment Manufacturing" under the category of "Computer, Communication, and Other Electronic Equipment Manufacturing (C39)" is classified as an industry category with a "General" degree of occupational disease hazard risk.

Laws and Regulations Relating to Taxation

Income Tax

According to the EIT Law promulgated by the SCNPC on March 16, 2007, implemented on January 1, 2008, and most recently amended and implemented on December 29, 2018; the *Implementing Regulations of the Enterprise Income Tax Law of the PRC* (《中華人民共和國企業所得稅法實施條例》) promulgated by the State Council on December 6, 2007, implemented on January 1, 2008, and most recently amended on December 6, 2024, with the latest version effective from January 20, 2025; and the *Administrative Measures for the Recognition of High-Tech*

Enterprises (《高新技術企業認定管理辦法》) promulgated by the Ministry of Science and Technology, the MOF, and the STA on January 29, 2016, and effective from January 1, 2016: both resident and non-resident enterprises are subject to a uniform enterprise income tax rate of 25%. Enterprises that have obtained the "High-Tech Enterprise" certificate are eligible for a reduced enterprise income tax rate of 15%, and qualified small and micro low-profit enterprises are eligible for a rate of 20%. However, non-resident enterprises that have not established an office or premises in the PRC, or whose income obtained in the PRC has no actual connection with their established office or premises, shall pay enterprise income tax at a rate of 20% on their income sourced from within the PRC.

According to the *Notice of the State Taxation Administration on Issues Concerning the Implementation of Dividend Clauses in Tax Treaties* (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》) promulgated and implemented on February 20, 2009, where a Chinese resident company pays dividends to a tax resident of a contracting party to a tax treaty, and that tax resident (or the dividend recipient) is the beneficial owner of such dividends, the dividends received by the tax resident may enjoy tax treaty treatment—that is, the income tax payable in the PRC is calculated based on the rate specified in the tax treaty. If the rate specified in the tax treaty is higher than the rate provided by domestic Chinese tax law, the taxpayer may still pay taxes in accordance with domestic law. Where a tax resident of a contracting party directly owns more than a certain percentage (generally 25% or 10%) of the capital of the Chinese resident company paying the dividends, the dividends obtained by that tax resident may be taxed at the rate specified in the tax treaty.

According to the *Announcement of the State Taxation Administration on Issues Concerning "Beneficial Owners" in Tax Treaties* (《國家稅務總局關於稅收協定中"受益所有人"有關問題的公告》) promulgated by the STA on February 3, 2018, and implemented on April 1, 2018, the term "beneficial owner" in the dividend, interest, and royalty clauses of double taxation avoidance agreements signed by the PRC Government refers to a person who has ownership and control over the income or the rights or property from which the income is derived. When determining the "beneficial owner" status of a resident of a contracting party seeking tax treaty treatment, a comprehensive analysis shall be conducted based on the factors listed in the announcement and the actual circumstances of the specific case.

Value-Added Tax (VAT)

The *Detailed Rules for the Implementation of the Provisional Regulations on Value-Added Tax of the PRC* (《中華人民共和國增值稅暫行條例實施細則》) were promulgated by the MOF and the STA on December 25, 1993, and most recently amended on October 28, 2011, with effect from November 1, 2011. The *Notice on Adjusting Value-Added Tax Rates* (《關於調整增值稅稅率的通知》) was promulgated by the MOF and the STA on April 4, 2018, and became effective on May 1, 2018. The *Announcement on Policies Concerning Deepening the Reform of Value-Added Tax* (《關於深化增值稅改革有關政策的公告》) was jointly promulgated by the MOF, the STA, and the General Administration of Customs on March 20, 2019, and became effective on April 1, 2019. In addition, the *Value-Added Tax Law of the PRC* (《中華人民共和國增值稅法》) was promulgated by the SCNPC on December 25, 2024, becoming effective from January 1, 2026. According to the aforementioned laws, regulations, and provisions, entities and individuals engaged in the sale of goods, provision of processing, repair, or replacement services, sale of services, intangible assets, or real estate, and the importation of goods within the territory of the PRC are taxpayers of VAT. Since April 1, 2019, the generally applicable VAT rates have been 13%, 9%, 6%, and 0%, while the rate applicable to small-scale taxpayers is 3%.

Dividend Distribution

According to the PRC Company Law, when a company distributes its after-tax profits for the current year, it shall allocate 10% of its profits to the company's statutory common reserve fund until the cumulative amount of such fund reaches 50% of the company's registered capital. If the company's statutory common reserve fund is insufficient to offset the losses of previous years, the profits of the current year shall be used to offset the losses before any allocation is made to the statutory common reserve fund. After offsetting losses and making allocations to the common reserve fund, any remaining after-tax profits shall be distributed: in a limited liability company, according to the proportions of the actual capital contributions made by the shareholders, unless all shareholders agree otherwise; and in a joint stock limited company, according to the proportions of shares held by the shareholders, unless otherwise provided in the articles of association.

According to the *Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income* (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) and its relevant protocols promulgated by the STA on August 21, 2006, and effective from December 8, 2006, if a Hong Kong enterprise directly holds at least 25% of the equity of a Chinese company, the dividends distributed shall be taxed at a rate of 5%; otherwise, income tax shall be paid at a rate of 10%.

According to the *Administrative Measures for Non-resident Taxpayers to Enjoy Treaty Benefits* (《非居民納稅人享受協定待遇管理辦法》) promulgated by the STA on October 14, 2019, and effective from January 1, 2020, non-resident taxpayers may enjoy tax treaty benefits through the method of "self-assessment, claiming benefits, and retaining relevant documents for future inspection." If a non-resident taxpayer, upon self-assessment, meets the conditions for enjoying treaty benefits, they may do so at the time of tax filing or through a withholding agent at the time of withholding declaration. Simultaneously, they must collect and retain relevant data for inspection in accordance with regulations and accept follow-up management by the tax authorities.

Laws and Regulations Relating to Work Safety

According to the *Work Safety Law of the PRC* (《中華人民共和國安全生產法》) promulgated by the SCNPC on June 29, 2002, most recently amended on June 10, 2021, and effective from September 1, 2021, the state implements a system of accountability for production safety accidents. Production and business units must strengthen work safety management, improve work safety conditions, advance the standardization and informatization of work safety, and enhance the level of work safety. Production and business units shall possess the conditions for work safety as provided by this Law and other relevant laws, administrative regulations, and national or industry standards; those failing to meet such conditions shall not engage in production and business activities. Furthermore, the design, manufacture, installation, use, testing, maintenance, modification, and disposal of safety equipment shall comply with national or industry standards. Production and business units shall establish and improve a work safety responsibility system for all employees, specifying responsible personnel, the scope of responsibilities, and assessment standards for each position. Such units shall provide employees with labor protection equipment and conduct work safety training. The primary person-in-charge of a production and business unit who fails to perform their work safety management duties shall bear corresponding legal liability depending on the severity of any resulting production safety accidents.

Laws and Regulations Relating to Radio Transmission Equipment

According to the *Regulations on the Management of Radio Transmission Equipment* (《無線電發射設備管理規定》) promulgated by the MIIT on November 28, 2022, and effective from July 1, 2023, the development, production, import, sale, and maintenance of radio transmission equipment within the territory of the PRC shall comply with these regulations. Radio transmission equipment refers to equipment that transmits radio waves for the purpose of carrying out various radio services. Radio transmission equipment produced or imported for domestic sale and use shall comply with laws and regulations relating to product quality, national standards, and relevant provisions of national radio management. Except for micro-power short-range radio transmission equipment, other radio transmission equipment shall apply for model approval from the state radio management authority and meet the requirements for production capacity, technical strength, and quality assurance systems; its technical indicators, such as operating frequency and power, shall also comply with national standards and radio management regulations. Equipment that has passed model approval shall be marked with a model approval code on the device itself or in electronic form. If marking is not possible due to size or other reasons, it shall be marked on the independent outer packaging or in the user manual. For radio transmission equipment requiring model approval, at the import stage, the consignee, personnel carrying the equipment into the country, or the delivery recipient shall declare to the Customs in accordance with the law and handle clearance procedures by presenting the model approval certificate. At the sales stage, a sales filing shall be handled with the provincial-level radio management authority at the place of operation, ensuring that the filing information is truthful, effective, and updated in a timely manner.

Laws and Regulations Relating to Internet Information Services

According to the *Administrative Measures on Internet Information Services* (《互聯網信息服務管理辦法》) most recently revised on December 6, 2024 and promulgated in its revised form on January 20, 2025, and the *Telecommunications Regulations of the PRC* (《中華人民共和國電信條例》) most recently amended and implemented by the State Council on February 6, 2016, those engaged in non-commercial internet information services shall handle filing procedures with the telecommunications management authority of the province, autonomous region, or municipality directly under the Central Government, or the department in charge of the information industry under the State Council. They shall submit materials such as the basic information of the sponsoring unit and the person in charge of the website, the website address and service items, and documents of consent obtained from relevant competent departments if the service items fall within specified scopes. If the filing materials are complete, the telecommunications management authority shall grant a filing and a number. Internet information service providers shall provide services in accordance with the permitted or filed items and shall not exceed the scope. Non-commercial internet information service providers shall not engage in paid services. In the event of changes to matters such as service items or website addresses, they shall handle change procedures with the original examining, issuing, or filing authority thirty days in advance.

Laws and Regulations Relating to Mandatory Product Certification

According to the *Administrative Regulations on Mandatory Product Certification* (《強制性產品認證管理規定》) most recently amended by the SAMR on September 29, 2022, and implemented on November 1, 2022, mandatory product certification shall apply a single certification mode or a combination of multiple certification modes, such as design appraisal, type testing, sampling and testing or inspection at the production site, market sampling testing or inspection, inspection of enterprise quality assurance capability and product consistency, and follow-up inspection after certification. The specific mode shall be determined in accordance with the principles of science and convenience, etc., based on comprehensive factors such as product performance, the degree of potential harm to public safety, human health, and the environment, product life cycle, and the risk status of produced or imported products. Certification rules shall include the scope of applicable products, corresponding national standards, industry standards, and mandatory requirements of national technical specifications, certification modes, principles or regulations for the division of application units, requirements for sampling and sample delivery, confirmation requirements for key components or raw materials (where necessary), testing standard requirements (where necessary), factory inspection requirements, follow-up inspection requirements after certification, validity requirements for certification certificates, requirements for labeling certified products with certification marks, and other provisions. Producers, sellers, or importers of products listed in the catalog shall entrust a certification body designated by the SAMR to certify the products they produce, sell, or import; where an enterprise entrusts another enterprise to produce products listed in the catalog, either the entrusting enterprise or the entrusted enterprise may submit an entrustment for certification to the certification body.

Laws and Regulations Relating to Environmental Protection

PRC laws and regulations related to environmental protection mainly include: the *Environmental Protection Law of the PRC* (《中華人民共和國環境保護法》) amended by the SCNPC on April 24, 2014, and implemented on January 1, 2015; the *Law of the PRC on the Prevention and Control of Water Pollution* (《中華人民共和國水污染防治法》) amended on June 27, 2017, and implemented on January 1, 2018; the *Law of the PRC on the Prevention and Control of Atmospheric Pollution* (《中華人民共和國大氣污染防治法》) amended and implemented on October 26, 2018; the *Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste* (《中華人民共和國固體廢物污染環境防治法》) amended on April 29, 2020, and implemented on September 1, 2020; the *Environmental Protection Tax Law of the PRC* (《中華人民共和國環境保護稅法》) first amended on October 26, 2018, amended for the second time and implemented on October 28, 2025; the *Implementing Regulations of the Environmental Protection Tax Law of the PRC* (《中華人民共和國環境保護稅法實施條例》) amended by the State Council on December 25, 2017, and implemented on January 1, 2018; the *Measures for the Administration of Pollutant Discharge Permits* (《排污許可管理辦法》) amended by the Ministry of Ecology and Environment ("**MEE**") on December 25, 2023, and implemented on July 1, 2024; and the *Classification Management List for Fixed Pollution Source Discharge Permit*s (《固定污染源排污許可分類管理名錄》) promulgated by the MEE and implemented on December 20, 2019. According to the aforementioned laws and regulations, enterprises that discharge and dispose of wastewater, waste gas, solid waste, and other toxic and hazardous substances must comply with national and local standards for use, report to and register with relevant environmental protection management departments, and pay environmental protection taxes and fees in accordance with applicable laws.

According to the *Environmental Impact Assessment Law of the PRC* (《中華人民共和國環境影響評價法》) promulgated by the SCNPC on September 1, 2003, and respectively amended and implemented on July 2, 2016, and December 29, 2018, and the *Classification Management List for Environmental Impact Assessment of Construction Projects* (《建設項目環境影響評價分類管理名錄》) promulgated by the MEE on November 5, 2020, and implemented on January 1, 2021, construction entities shall prepare an environmental impact report, an environmental impact report form, or fill out an environmental impact registration form based on the degree of the project's impact on the environment: (1) where significant environmental impact may be caused, an environmental impact report shall be prepared to conduct a comprehensive assessment; (2) where mild environmental impact may be caused, an environmental impact report form shall be prepared to conduct analysis or specialized assessment; and (3) where the environmental impact is minimal and an environmental impact assessment is not required, an environmental impact registration form shall be filled out.

According to the *Interim Measures for Environmental Protection Acceptance of Construction Projects upon Completion* (《建設項目竣工環境保護驗收暫行辦法》) promulgated and effective on November 20, 2017, by the former Ministry of Environmental Protection, and the *Regulations on the Administration of Environmental Protection of Construction Projects* (《建設項目環境保護管理條例》) promulgated by the State Council on November 29, 1998, most recently amended on July 16, 2017, and implemented on October 1, 2017, after the completion of a construction project for which an environmental impact report or an environmental impact report form was prepared, the construction entity shall conduct environmental protection acceptance upon completion and prepare an acceptance report in accordance with the standards and procedures prescribed by the environmental protection administrative department of the State Council. Construction projects for which an environmental impact report or an environmental impact report form is prepared may only be put into production or use after passing the environmental protection acceptance upon completion.

Laws and Regulations Relating to Housing Leasing

According to the *Administrative Measures for Commodity House Leasing (《商品房屋租賃管理辦法》)* promulgated by the Ministry of Housing and Urban-Rural Development on December 1, 2010, and implemented on February 1, 2011, within 30 days after the conclusion of a house leasing contract, the parties to the lease shall go to the construction (real estate) competent department of the people's government of the municipality directly under the Central Government, city, or county where the leased house is located to handle the house leasing registration and filing. Where this provision is violated, the parties shall be ordered to make corrections within a time limit; if no correction is made within the time limit, a fine of not less than RMB1,000 and not more than RMB10,000 shall be imposed for each lease contract.

Laws and Regulations Relating to Fire Protection

According to the *Fire Protection Law of the PRC* (《中華人民共和國消防法》) promulgated by the SCNPC on April 29, 1998, and most recently amended and effective on April 29, 2021, the emergency management department under the State Council and the local people's governments at or above the county level shall supervise and manage fire protection work, which is implemented by the fire and rescue agencies of the people's governments at the corresponding level. The fire protection design of a construction project must comply with national fire protection technical standards. Construction projects for which a fire protection design review is required by law shall not commence construction if they have not undergone such review or have failed the review. Construction projects shall not be put into use or commence business if they have not undergone a fire safety inspection upon completion or have failed to meet fire safety requirements during the inspection.

According to the *Interim Provisions on the Administration of Fire Protection Design Review and Acceptance of Construction Projects* (《建設工程消防設計審查驗收管理暫行規定》) most recently amended by the Ministry of Housing and Urban-Rural Development on August 21, 2023, and effective on October 30, 2023, "special construction projects" shall undergo fire protection design review and fire protection acceptance, while construction projects other than special construction projects are required to undergo filing for fire protection acceptance with the competent authorities.

Laws and Regulations Relating to Intellectual Property

According to the *Patent Law of the PRC* (《中華人民共和國專利法》) most recently amended by the SCNPC on October 17, 2020, and effective from June 1, 2021, and the *Implementing Rules of the Patent Law of the PRC* (《中華人民共和國專利法實施細則》) most recently amended by the State Council on December 11, 2023, and effective from January 20, 2024, patents are divided into three categories: invention patents, utility model patents, and design patents. The duration of invention patent rights is 20 years, the duration of utility model patent rights is 10 years, and the duration of design patent rights is 15 years, all calculated from the date of application.

According to the *Trademark Law of the PRC* (《中華人民共和國商標法》) most recently amended by the SCNPC on April 23, 2019, and effective from November 1, 2019, and the *Implementing Regulations of the Trademark Law of the PRC* (《中華人民共和國商標法實施條例》) most recently amended by the State Council on April 29, 2014, and effective from May 1, 2014, trademarks approved and registered by the Trademark Office of the China National Intellectual Property Administration are registered trademarks, including commodity trademarks, service trademarks, collective trademarks, and certification trademarks. The validity period of a registered trademark is 10 years, calculated from the date of approval of registration. If a trademark needs to be used continuously after the expiration of its validity period, renewal procedures shall be handled in accordance with the regulations within 12 months prior to the expiration. Each renewal of registration is valid for 10 years, calculated from the day following the expiration of the previous term of the trademark.

According to the *Administrative Measures for Internet Domain Names* (《互聯網域名管理辦法》) promulgated by the MIIT on August 24, 2017, and effective from November 1, 2017, domain name registration is handled through domain name service institutions established in accordance with relevant regulations. An applicant becomes a domain name holder upon successful registration.

According to the *Copyright Law of the PRC* (《中華人民共和國著作權法》) most recently amended by the SCNPC on November 11, 2020, and effective from June 1, 2021, works of citizens, legal persons, or unincorporated organizations within the PRC—referring to intellectual achievements in the fields of literature, art, and science that possess originality and can be expressed in a certain form—enjoy copyright in accordance with the law, regardless of whether they are published. Copyright includes a series of moral and property rights, such as the right of publication, the right of authorship, the right of revision, the right to protect the integrity of the work, and the right of reproduction.

According to the *Measures for the Registration of Computer Software Copyright* (《計算機軟件著作權登記辦法》) promulgated by the National Copyright Administration on February 20, 2002, amended on June 18, 2024, and effective from July 1, 2024, and the *Regulations on the Protection of Computer Software* (《計算機軟件保護條例》) amended by the State Council on January 30, 2013, and effective from March 1, 2013, the National Copyright Administration is in charge of the nationwide administration of software copyright registration and recognizes the Copyright Protection Center of China (CPCC) as the software registration agency. The CPCC will grant registration certificates to computer software copyright applicants who comply with the provisions of the *Measures for the Registration of Computer Software Copyright* and the *Regulations on the Protection of Computer Software*.

LAWS AND REGULATIONS RELATING TO OUR BUSINESS OPERATIONS IN HONG KONG

Business Registration

The Business Registration Ordinance (Chapter 310 of the Laws of Hong Kong) requires every person carrying on any business to make application to the Commissioner of Inland Revenue in the prescribed manner for the registration of that business. The Commissioner of Inland Revenue must register each business for which a business registration application is made and as soon as practicable after the prescribed business registration fee and levy are paid, issue a business registration certificate or branch registration certificate for the relevant business or the relevant branch as the case may be.

Laws and Regulations Relating to Importation and Exportation of Goods

The Import and Export Ordinance (Chapter 60 of the Laws of Hong Kong) provides for the regulation and control of the import and export of articles into and from Hong Kong, along with the handling and carriage of such articles.

Under Section 6C of the Import and Export Ordinance, no person shall import any article prescribed in Schedule 1 of the Import and Export (General) Regulations (Chapter 60A of the Laws of Hong Kong) except under and in accordance with an import license. Under Section 6D of the Import and Export Ordinance, no person shall export any article specified in the second column of Schedule 2 of the Import and Export (General) Regulations except under and in accordance with an export license issued by the Director-General of Trade and Industry. Such import and export licenses are issued under Section 3 of the Import and Export Ordinance.

Under Regulations 4 and 5 of the Import and Export (Registration) Regulations (Chapter 60E of the Laws of Hong Kong), any person who imports or exports any article other than an exempted article shall lodge an accurate and complete import or export declaration relating to such article using services provided by a specified body with the Commissioner of Customs and Excise (the

"**Commissioner**"). Exempted articles include transshipment cargo, transit cargo, articles for personal use or gifts. The declaration must follow the requirements that the Commissioner may specify and lodged within 14 days of such import or export. Any person who is required to lodge an import or export declaration but fails to do so without reasonable excuse shall be liable on summary conviction to a fine of HK$2,000, and, commencing on the day following the date of conviction, to a fine of HK$100 in respect of every day the declaration is still not lodged.

During the Track Record Period and as at the Latest Practicable Date, our Group had not imported any articles which would contravene Section 6C of the Import and Export Ordinance nor exported any articles which would contravene Section 6D of the Import and Export Ordinance, and is not required to obtain a licence under Section 3 of the Import and Export Ordinance.

Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong)

Regulations on the imposition of taxes on property, earnings and profits are included in the Inland Revenue Ordinance. As our Group conducts its business in Hong Kong, we are subject to the profits tax. Under the Inland Revenue Ordinance, profits tax is charged on a person's or a corporation's assessable profits (excluding profits arising from the sale of capital assets) derived from or arising in Hong Kong in relation to such person's or corporation's trade, profession or business every year. As at the Latest Practicable Date, the standard tax rate for corporations was 8.25% on assessable profits up to HK$2 million and 16.5% on any part of assessable profits over HK$2 million.

OVERVIEW OF U.S. LAWS AND REGULATIONS

Product Safety and Consumer Protection Laws

Consumer products sold in the U.S. are subject to the Consumer Product Safety Act ("**CPSA**"), administered by the U.S. Consumer Product Safety Commission ("**CPSC**"). The CPSA was amended by the Consumer Product Safety Improvement Act of 2008, which requires manufacturers and importers to test products through CPSC-accepted third-party laboratories and issue a general conformity certificate confirming compliance with applicable consumer product safety rules. Products failing to meet these requirements may be subject to confiscation, civil penalties, and, in certain cases, criminal prosecution. Under the CPSA, manufacturers and sellers are also required to report to the CPSC if a product creates a substantial risk of injury to consumers, fails to comply with applicable safety rules, or is subject to a voluntary corrective action. The CPSC may require product recalls, repairs, or refunds in appropriate circumstances.

Product liability in the U.S. is governed primarily by state law. Claims are generally based on three theories: strict liability, negligence, and breach of warranty. Manufacturers, importers, distributors, and retailers may all be held liable for harm caused by a defective product, regardless of where they are incorporated. The Federal Trade Commission Act (the "**FTC Act**") further prohibits unfair or deceptive acts or practices in commerce, including misleading advertising and product claims. The Magnuson-Moss Warranty Act governs written warranties for consumer products, requiring full and conspicuous disclosure of warranty terms. California's Proposition 65 requires businesses to provide warnings to California consumers before exposing them to chemicals listed as known to cause cancer or reproductive harm. Various U.S. states have enacted additional consumer protection laws supplementing the above federal framework.

Electrical and Electronic Product Regulations

Electronic devices incorporating wireless connectivity (including Wi-Fi, Bluetooth, and cellular) must obtain Federal Communications Commission ("**FCC**") equipment authorization pursuant to the Communications Act of 1934 and FCC regulations (47 C.F.R. Parts 2 and 15) prior to marketing or sale in the United States. Authorized devices must display the applicable FCC identifier and comply with RF emission limits and specific absorption rate standards. Consumer electronics incorporating lithium-ion batteries must comply with applicable CPSC safety standards and, for transportation purposes, with U.S. Department of Transportation regulations governing the shipment of lithium batteries.

At the state level, California's Electronic Waste Recycling Act requires manufacturers and sellers of covered electronic devices sold in California to participate in approved e-waste recycling programs and to pay applicable recycling fees. Certain other states, including Washington, have enacted similar electronic waste recycling requirements. Some states also impose requirements regarding the labeling and management of batteries in consumer products.

Data Privacy and Data Security

The U.S. does not have a single comprehensive federal data protection law. Instead, data privacy and security are regulated through a combination of federal and state laws. The U.S. federal government and various states have adopted laws, regulations, and standards regarding the collection, use, retention, security, disclosure, transfer, and other processing of personal information, including various federal statutes governing areas such as credit reporting, electronic communications, telemarketing, and health information.

At the federal level, the Children's Online Privacy Protection Act ("**COPPA**") and its implementing regulations require operators of websites and online services (including mobile applications) that are directed to children under 13, or that have actual knowledge that they are collecting personal information from children under 13, to obtain verifiable parental consent prior to collecting, using, or disclosing such personal information. Operators subject to COPPA must also maintain a compliant privacy policy, provide parents with the right to review and delete their child's personal information, and maintain the confidentiality and security of such information. Violations of COPPA may result in civil penalties and enforcement actions. The FTC Act separately prohibits unfair or deceptive practices in connection with privacy representations and data security, and the Federal Trade Commission (the "**FTC**") has authority to bring enforcement actions against companies that fail to implement reasonable data security measures or that misrepresent their privacy practices to consumers.

At the state level, several states have enacted comprehensive privacy laws. The California Consumer Privacy Act, as amended by the California Privacy Rights Act, establishes rights for California residents regarding access to, deletion of, and control over personal information. Other states, including Virginia, Colorado, Connecticut, and Utah, have adopted similar legislation.

All U.S. states have enacted data breach notification laws requiring notification in the event of unauthorized access to personal data.

Intellectual Property Laws

U.S. intellectual property laws include protections for copyrights, patents, trademarks, and trade secrets.

The U.S. Copyright Act protects original works of authorship. The Digital Millennium Copyright Act provides a framework for addressing online copyright infringement and establishes safe harbor protections for service providers complying with notice-and-takedown procedures. In addition, Section 230 of the Communications Decency Act generally provides immunity to interactive computer service providers from civil liability for content posted by third-party users.

Patent protection is governed by the U.S. Patent Act. A patent is obtained by filing an application with the U.S. Patent and Trademark Office ("**USPTO**") claiming a useful, novel invention.

Trademarks and service marks are governed by the Lanham Act. The USPTO examines and grants applications to register marks, providing nationwide exclusivity within particular fields of use. State law may also provide common law trademark rights upon first use in commerce, limited to the state of use.

Trade secrets are protected under federal and state law. The Defend Trade Secrets Act applies to trade secrets related to products or services used in interstate or foreign commerce and provides specific remedies for trade secret misappropriation. Most states have enacted the Uniform Trade Secrets Act or similar legislation, and a trade secret owner may have a choice of forum between federal and state law.

Software and Digital Technologies

The development and distribution of software in the U.S. are not subject to specific licensing requirements, but companies must comply with applicable laws on intellectual property, data privacy, and consumer protection. Software incorporating open-source components may be subject to the licensing conditions of the relevant open-source licenses, which in certain cases may require public disclosure of source code or impose restrictions on commercial use.

The U.S. does not yet have a comprehensive federal law specifically governing artificial intelligence. AI-related activities are regulated through existing frameworks, including the FTC Act (which the FTC applies to unfair or deceptive practices in AI-powered products and services), COPPA (which applies to AI systems that collect data from children), and applicable data privacy laws. The National Institute of Standards and Technology AI Risk Management Framework provides voluntary guidance on AI risk governance.

Certain states have introduced legislation addressing artificial intelligence, including risk-based regulatory frameworks and disclosure requirements. The regulatory landscape relating to artificial intelligence in the U.S. is evolving at both the federal and state levels.

U.S. Sanctions

OFAC is the primary agency responsible for administering U.S. sanctions programs against targeted countries, entities, and individuals. "Primary" U.S. sanctions apply to "U.S. persons" or activities involving a U.S. nexus (e.g., funds transfers in U.S. currency even if performed by non-U.S. persons), and "Secondary" U.S. sanctions apply extraterritorially to the activities of non-U.S. persons even when the transaction has no U.S. nexus. Generally, U.S. persons are defined as entities organized under U.S. law (such as companies and their U.S. subsidiaries); any U.S. entity's domestic and foreign branches (sanctions against Iran and Cuba also apply to U.S. companies' foreign subsidiaries or other non-U.S. entities owned or controlled by U.S. persons); U.S. citizens or permanent resident aliens ("green card" holders), regardless of their location in the world; individuals physically present in the United States; and US, branches or U.S. subsidiaries of non-U.S. companies.

Depending on the sanctions program and/or parties involved, U.S. law also may require a U.S. company or a U.S. person to "block" (freeze) any assets or property interests owned, controlled or held for the benefit of a sanctioned country, entity, or individual when such assets/property interests are in the United States or within the possession or control of a U.S. person. Upon such blocking, no transaction may be undertaken or effected with respect to the asset/property interest — no payments benefits, provision of services or other dealings or other type of performance (in case of contracts/agreements) except pursuant to an authorization or license from OFAC.

OFAC prohibits virtually all business dealings with persons and entities identified in the SDN List. An entity that a party on the SDN List owns (defined as a direct or indirect ownership interest of 50% or more, individually or in the aggregate) is also blocked, regardless of whether that entity is expressly named on the SDN List. In addition, U.S. persons, wherever located, are prohibited from approving, financing, facilitating, or guaranteeing any transaction by a non-U.S. person where the transaction by that non-U.S. person would be prohibited if performed by a U.S. person or within the United States.

U.S. Export Controls

The U.S. Department of Commerce, Bureau of Industry and Security ("**BIS**") regulates exports of commercial and dual-use products, and software and technology. These controls are authorized by the Export Administration Act of 1979, as amended and extended, and implemented by the Export Administration Regulations ("**EAR**").

According to the EAR, any item transferred from the U.S. to a foreign destination constitutes an export. "Items" encompass commodities, software, technology, including but not limited to circuit boards, blueprints, design plans, retail software packages, and technical information. The method of export does not affect the applicability of export license requirements.

The EAR applies to exports of commodities, software and technical data from the U.S. to foreign countries, and to re-exports from one foreign country to another. For foreign-made products that incorporate US-origin content subject to the EAR, BIS allows them to be exempted from the EAR if such products incorporate less than the de minimis level of U.S. content (the "***de minimis* rule**"). The *de minimis* threshold is 25% or 10%, depending on the country of ultimate destination. In addition, under the Foreign Direct Product Rule, certain foreign-produced items are subject to the EAR if they are the direct product of specified U.S.-origin technology or software, or are produced by plants or major components thereof that are themselves the direct product of such U.S.-origin technology or software.

U.S. Outbound Investment Review Regulation

The U.S. Department of the Treasury has issued a final rule on outbound investment (the "**Outbound Investment Rule**"), which became effective on January 2, 2025. The Outbound Investment Rule imposes investment prohibition and notification requirements on U.S. persons for a wide range of investments in entities associated with China (including Hong Kong and Macau), collectively defined as "Covered Foreign Persons" that are engaged in activities relating to three sectors: (i) semiconductors and microelectronics, (ii) quantum information technologies, and (iii) artificial intelligence systems. U.S. persons subject to the Outbound Investment Rule are prohibited from making, or required to report, certain investments in Covered Foreign Persons, which are defined as "covered transactions".

U.S. Tariffs

In early 2025, the U.S. government issued multiple executive orders implementing additional tariffs on imports from various jurisdictions, including additional tariffs amounting to an aggregate of 20% on imports from the PRC that took effect on March 3, 2025, which were subsequently increased to an aggregate of 145% which is a combined rate consisting of the 125% reciprocal tariffs imposed under the International Emergency Economic Powers Act ("**IEEPA**") and the existing 20% tariffs related to fentanyl control on imports from the PRC that took effect on April 10, 2025 (the "**IEEPA tariffs**"). On May 12, 2025, the PRC Government and U.S. government issued a joint announcement acknowledging that both parties will take actions to build a sustainable and long-term trade relationship. In particular, the U.S. government took actions to reduce the IEEPA tariff rate to 30% on imports from the PRC on a temporary basis for an initial period of 90 days from May 14, 2025, which was extended for another 90 days on August 12, 2025.

In October 2025, the U.S. authorities announced an escalation of tariff measures against imports from the PRC. Pursuant to such announcement, an additional 100% tariff was to be imposed on all PRC-origin goods exported to the U.S. with effect from November 1, 2025. However, a new round of economic and trade consultations was held in Malaysia on October 25 and 26, 2025 between the U.S. and the PRC. The U.S. and the PRC reached a preliminary consensus, under which the U.S. would no longer consider imposing an additional 100% tariff on Chinese goods. On November 4, 2025, the U.S. government issued an Executive Order titled "Modifying Reciprocal Tariff Rates Consistent with the Economic and Trade Arrangement Between the United States and the People's Republic of China," which continued the suspension of the heightened PRC-specific reciprocal tariffs until November 10, 2026; during this suspension, the 10% reciprocal tariff on PRC-origin goods remains in effect. On November 7, 2025, the U.S. government published a Federal Register notice reducing the additional fentanyl-related tariff under Executive Order 14195 from 20% to 10%, effective November 10, 2025.

On February 20, 2026, the U.S. Supreme Court ruled that a series of tariff measures imposed by U.S. President Donald Trump pursuant to the IEEPA were unlawful. Subsequently, the White House issued an Executive Order formally revoking the relevant IEEPA tariffs, including the fentanyl-related tariffs and reciprocal tariffs, directing that such tariffs "shall no longer be in effect and, as soon as practical, shall no longer be collected." On the same day, President Trump issued a Proclamation pursuant to Section 122 of the Trade Act of 1974, imposing a 10% temporary tariff on goods from all countries worldwide, effective February 24, 2026. On February 21, 2026, President Trump further announced an increase of this tariff rate to 15%, the maximum permitted under Section 122. The tariff would remain in force for 150 days, expiring on July 24, 2026, unless modified, terminated, or extended by Congress. On July 23, 2026, the U.S. Trade Representative announced final determinations under a Section 301 investigation into whether 60 major trading partners, including the PRC, have failed to enforce a prohibition on imports of goods produced with forced labour. Effective 12:01 a.m. ET on July 24, 2026, an additional 12.5% ad valorem duty applies to imports from the PRC, and from other designated countries at varying rates.

OVERVIEW

Our history can be traced back to the establishment of our predecessor, Onyx International Inc. (廣州文石信息科技有限公司), on December 16, 2008 as a limited liability company under the PRC Company Law. We commit ourselves to the knowledge-driven productivity tools industry. In an age of information overload, we empower knowledge workers worldwide to efficiently capture valuable knowledge through a full suite of productivity tools and technologies. After nearly two decades of development, our brand BOOX has become a recognized technology brand in multiple markets. For further details, please refer to "Business" in this document.

Between May 2024 and July 2024, the introduction of several [**REDACTED**] Investors had been completed. For the purpose of the [**REDACTED**], our Company was converted from a limited liability company into a joint stock limited company on November 18, 2025, and was renamed as Onyx International Inc. (廣州文石信息科技股份有限公司).

BUSINESS DEVELOPMENT MILESTONES

The following table summarizes the key business development milestones since our inception:

Year	Milestones
2008	• Our predecessor, Onyx International Inc. (廣州文石信息科技有限公司), was established in Guangzhou, the PRC
2009	• We established our "BOOX" brand name
	• We designed the *A60*, our first Linux-based electromagnetic e-reader with handwriting capabilities, which formed the roots of our technological prowess
2010	• Our *BOOX 60* model received the recommendation prize of the China Red Star Design Award (中國紅星獎推薦獎)
	• We were recognized as a cutting-edge e-book brand (新銳電子產品獎) by the Internet Society of China
2014	• We were known as the "Little Giant of Science and Technology Enterprise" (科技小巨人企業) by the Guangzhou Municipal Science and Technology and Information Technology Bureau (廣州市科技和信息化局)
2017	• Our *BOOX MAX Carta* won the 2017 Asian Electronic Information Technology Industry Products Innovation Awards awarded by the Asian Electronics Forum
	• Our *BOOX Max 2* received the 2017 Consumer Electronics Industry Innovative Digital Products Award (2017年度消費電子行業創新數碼產品獎) awarded by CE Magazine Society (消費電子雜誌社)
2018	• Our *BOOX Nova* won the grand award of the 2018 Asian Electronic Information Technology Industry Products Innovation Awards awarded by the Asian Electronics Forum
	• Our *BOOX Max 2 Pro* received the 2018 Consumer Electronics Industry Excellent Products Award (2018年度消費電子行業優秀產品獎) awarded by CE Magazine Society

Year	Milestones
2019	• We achieved a technological breakthrough in our design of e-ink screens with the launch of *BOOX Max3*, our first 13.3 inch smart e-ink tablet integrated with a mobile computing system powered by high-performance processors
	• Our *Note 2* won the grand award of the 2019 Asian Electronic Information Technology Industry Products Innovation Awards awarded by the Asian Electronics Forum
2020	• We launched the *Note Air*, our first unibody fully-metallic smart e-ink tablet targeted at professionals, which has become a core series in our product portfolio
2021	• Our "BOOX" trademark was featured on the Key Trademarks Protection List of the Guangdong Province
2022	• We launched the *Tab Ultra*, our first monochrome e-ink tablet equipped with our proprietary BSR fast-refresh technology
2023	• We launched the *Tab 10C*, our first 10.3-inch tablet equipped with our self-developed color engine combined with our BSR fast-refresh technology
	• We were awarded the accolade of Best Seller of E Ink Color Products by E Ink Holdings
	• We received the iF Design Award 2023 for our *Tab Ultra*
2024	• Our first-generation *Palma* was named one of TIME magazine's Best Inventions of 2024
	• We were recognized as a "Guangdong Provincial Industrial Design Center (廣東省省級工業設計中心)"
2025	• Four of our products, the *Palma (Series)*, *Note Max*, *Note Air4 C* and *Go 10.3*, were awarded the iF Design Award 2025
	• We received the Red Dot Design Award in recognition of our design of the *BOOX Pen3*
	• Our Company was converted into a joint stock company with limited liability
2026	• We received the Certificate of Market Position from Runto Technology for ranking first globally and in the PRC in terms of sales volume of color e-paper tablets in 2025
	• We received the Guangdong Provincial Patent Award — Silver Award from the Guangdong Provincial Administration for Market Regulation for our invention patent
	• We were recognized as a "Guangdong Province Manufacturing Single Item Champion (廣東省製造業單項冠軍企業)" for our color e-paper tablets
	• We received the Red Dot Design Award in recognition of our design of the *BOOX Note Air5 C*, *BOOX Palma 2 Pro* and *Durobo Krono*

OUR PRINCIPAL SUBSIDIARIES

As of the Latest Practicable Date, our Company had a total of eight subsidiaries, among which two of them had been material to our Group's business and results of operations. The information about our principal subsidiaries is shown below.

Name of principal subsidiary	Place of incorporation	Date of incorporation	Shareholding	Principal business activities
BOOX Co	Hong Kong	May 24, 2019	100%	Overseas product sales and procurement
ITAO	Hong Kong	August 27, 2024	100%	Overseas product sales and procurement

CORPORATE DEVELOPMENT AND MAJOR SHAREHOLDING CHANGES

1. Incorporation of our Company

On December 16, 2008, the predecessor of our Company, Onyx International Inc. (廣州文石信息科技有限公司), was established as a limited liability company under the laws of the PRC, with an initial registered capital of RMB1,000,000. As of the date of its establishment, our Company was owned as to 29.50% by Ms. Dan, 19.00% each by Mr. Jiang Yitao (江一濤) and Mr. Zhu respectively, 12.50% each by Mr. Li Jinlei (李金磊) and Mr. Zuo Li (左力) respectively, and 7.50% by Mr. Wang Jingbo (王敬博). Mr. Jiang Yitao was introduced to the opportunity to invest in our Company as a co-founder through his son, who would be an employee of our Company upon its establishment. Mr. Li Jinlei and Mr. Zuo Li had worked together with Ms. Dan and Mr. Zhu at the China representative office of iRex Technologies B.V. as experienced software engineers before founding our Company. Mr. Wang Jingbo is one of our executive Directors.

2. Equity Transfers and Capital Increase by Youngy Group, Gongchuang Onyx, Mr. Zhu and Mr. Zhai in August 2016

Subsequent to the equity transfers and capital increase between April 2010 and October 2012, our Company was then owned by Ms. Dan and Dr. He Wenxue as to 70% and 30%, respectively. With the exception of Mr. Wang Jingbo who is our executive Director, Mr. Jiang Yitao, Mr. Li Jinlei and Mr. Zuo Li ceased to have any interest or relationship with our Company. Dr. He Wenxue is one of our independent non-executive Directors. On June 25, 2016, Ms. Dan and Dr. He Wenxue entered into an equity transfer agreement with Mr. Zhu, Mr. Zhai, Gongchuang Onyx and Youngy Group, an established investment holding group focusing on industrial operations, technological innovation and financial investments, with the industries of its investee companies spanning across new energy, display technology, education technology, biomedicine, resource development and processing, technological innovation investments and financial investments. Youngy Group is held as to 89.5% by Mr. Lv Xiangyang (呂向陽), a former Director of our Company, and 10.5% by his spouse, Ms. Zhang Changhong (張長虹), an Independent Third Party. Mr. Lv Xiangyang is a well-known entrepreneur and investor, and is currently the chairman of the Youngy Group as well as a non-executive director of BYD Company Limited (a company listed on the Stock Exchange (stock code: 1211.HK). Ms. Zhang Changhong is a member of the senior management at Youngy Group. Pursuant to said equity transfer agreement, Ms. Dan agreed to transfer 18.44% and 31.25% equity interest in our Company to Youngy Group and Gongchuang Onyx, respectively, and Dr. He Wenxue agreed to transfer his entire 19.06%, 9.38% and 1.56% equity interest in our Company to Youngy Group, Mr. Zhu and Mr. Zhai, respectively. Immediately after these transfers, Dr. He Wenxue ceased to hold any equity interest in our Company.

Simultaneously, on June 25, 2016, Youngy Group agreed to subscribe for RMB3,000,000 in the registered capital of our Company at a consideration of RMB20,000,000, such that our Company's registered capital would increase from RMB12,000,000 to RMB15,000,000. The transfers and capital increase were completed on August 8, 2016. The transfers and capital increase were intended to introduce Youngy Group as a shareholder of our Company to strengthen our business and supply chain resources, in that after Youngy Group became our shareholder, we expanded our collaboration opportunities and aligned with Youngy Group's strategic objectives of tapping into the e-learning device business as elaborated below, by selling e-learning devices to Youngy Group for its e-learning device project, while our Company expanded our procurement channels and procured flexible electronic displays and modules from an affiliated company of Youngy Group which is listed on the Shenzhen Stock Exchange. The amount and allocation of the considerations of the equity transfers to Youngy Group and the capital increase by Youngy Group were determined based on negotiation among the parties, taking into account (i) Youngy Group's desire to obtain a controlling interest in our Company, and (ii) our then working capital needs. To the best of our knowledge, Youngy Group sought to obtain a controlling interest in our Company as it recognized our Company's management and our technological expertise in e-ink smart devices, and Youngy Group aimed to seize the market opportunities in digital education and tap into the e-learning device business through investing in our Company. Upon the completion of the aforementioned equity transfers and capital increase by Youngy Group, our Company was then owned by Youngy Group, Gongchuang Onyx, Ms. Dan, Mr. Zhu and Mr. Zhai as to 50%, 25%, 16.25%, 7.5% and 1.25%, respectively.

3. Reduction of Registered Capital in March 2024

On January 23, 2024, a capital reduction agreement was entered into among the then shareholders of our Company and our Company, pursuant to which Youngy Group agreed to reduce the registered capital in our Company held by it from RMB7,500,000 to RMB1,418,000. To the best of our knowledge, at the material times, Youngy Group decided as part of a shift in its investment focus to reduce its investment in the e-ink display industry and pivot to investing in other sectors. At the same time, our Company's management intended to regain control over our Company in order to improve the efficiency of decision-making on major matters and pursue faster growth for our Company. We believe that these two factors collectively led to the divestment by Youngy Group ("**Youngy Divestment**"). The Youngy Divestment was structured as a reduction in registered capital in our Company by Youngy Group such that the shareholding of the other shareholders who are our Company's management would increase. After the Youngy Divestment and the transfers of the remaining equity interests from Youngy Group to our [**REDACTED**] Investors (see "— 4. Equity Transfers from May to July 2024" below), our Controlling Shareholders controlled 84.10% equity interest in our Company, representing 42.05%, 27.33%, 12.62% and 2.10% equity interest held by Gongchuang Onyx, Ms. Dan, Mr. Zhu and Mr. Zhai, respectively. Further, because there was an existing debt due from Youngy Group to our Company, a capital reduction would allow the debt due from Youngy Group to be set off against the funds that would be due to Youngy Group due to the capital reduction.

In accordance with the terms of such capital reduction agreement (as supplemented and modified by a supplemental agreement entered into among the parties to the capital reduction agreement on August 12, 2026), Youngy Group would be entitled to receive approximately RMB180.78 million from our Company. Consideration of the capital reduction was determined based on arm's length negotiations among the relevant parties, taking into account the original cost paid by Youngy Group when it invested in our Company in 2016, the prevailing market conditions at the time of such capital reduction agreement, and the business relationship between Youngy Group and our Company. Gongchuang Onyx, Ms. Dan, Mr. Zhu and Mr. Zhai provided joint and several guarantees for the fulfillment by our Company of its payment obligations under the capital reduction agreement. The first two instalments totaling RMB122 million were paid on January 24, 2024 and March 22, 2024, respectively, and the remaining balance of the capital reduction has been finally and fully settled by our Company on August 13, 2026. The aforementioned guarantees have therefore been released accordingly. The first two instalments paid to Youngy Group were recorded as our net cash flows used in financing activities in 2024, and a portion of our other payables and accruals as of December 31, 2024 and 2025 and June 30, 2026 represented our then outstanding payment to Youngy Group, which was subsequently settled as aforementioned. For further details, please refer to "Financial Information — Liquidity and Capital Resources — Cash Flows — Net Cash Flows used in Financing Activities" and "Financial Information — Discussion of Certain Key Items from our Consolidated Statements of Financial Position — Other Payables and Accruals".

As confirmed by our PRC Legal Advisor, the consideration for the capital reduction has been fully settled, and the registration of the reduction in registered capital with the relevant authority was legally completed on March 19, 2024 in accordance with PRC laws and regulations. Our PRC Legal Advisor further confirmed that the capital reduction has been approved by all of the then shareholders of the Company in accordance with PRC laws and regulations. Our Company's registered capital decreased from RMB15,000,000 to RMB8,918,000 as a result. Our Directors confirmed that as of the Latest Practicable Date, there had been no dispute between Youngy Group and our Company in relation to the aforementioned reduction of registered capital or payment of consideration for the capital reduction.

4. Equity Transfers from May to July 2024

Between May 2024 and July 2024, the following equity transfers were made by Youngy Group to our [**REDACTED**] Investors:

Date of Equity Transfer Agreement	Completion Date	Transferor	Transferee	Registered Share Capital Transferred	Consideration
				(RMB)	*(RMB)*
January 23, 2024. . .	May 8, 2024	Youngy Group	Lenovo Tianjin	445,900	51,000,000
January 23, 2024. . .	May 8, 2024	Youngy Group	Transcend Optronics	436,988	49,980,000
January 23, 2024. . .	May 8, 2024	Youngy Group	Taicang Jingbai	178,360	20,400,000
January 23, 2024. . .	May 8, 2024	Youngy Group	Chuangyu Mingguan	148,948	17,000,000
January 23, 2024. . .	July 1, 2024	Youngy Group	Qianzhou Investment	89,180	10,200,000
February 29, 2024 . .	May 8, 2024	Youngy Group	Chuangyu Mingrui	118,624	13,600,000
			Total	1,418,000	162,180,000

The consideration of each transaction was determined based on arm's length negotiations between the relevant parties, taking into account the timing of the investment, the prevailing market conditions, the status of our business operations, the financial performance of our Group, and the prospect of our Group's business. After such equity transfers, Youngy Group ceased to be a Shareholder of our Company. During the Track Record Period, we sold e-paper tablets and e-notes to the subsidiaries of Youngy Group, in the amount of approximately RMB201,000, RMB141,000, nil and nil in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively. Save for being a former Shareholder of our Company, and save that Mr. Zeng Zhenjin (a member of our senior management) served at Youngy Group prior to joining our Group (see his biography in "Directors and Senior Management — Senior Management" for details), except as disclosed above, there is no other past or present relationship (including business, employment, trust, family, financing or otherwise) between Youngy Group and our Group, their shareholders, directors, senior management, or any of their respective associates.

5. Capital Increase in April 2025

On February 27, 2025, the registered capital of our Company increased from RMB8,918,000 to RMB10,000,000 as the then shareholders agreed to convert RMB1,082,000 of undistributed profits to the registered capital of our Company. The increase in registered capital was completed on April 15, 2025.

6. Conversion into a Joint Stock Limited Company

On October 10, 2025, our shareholders passed resolutions approving, among other things, the conversion of our Company from a limited liability company into a joint stock company with limited liability. Pursuant to the promoters' agreement dated October 10, 2025, all promoters (being all the shareholders of our Company) approved the conversion of the net asset value of our Company as of July 31, 2025 into 30,000,000 Shares with a nominal value of RMB1.00 each. The conversion was completed on November 18, 2025. Upon the completion of the conversion, the shareholding structure of our Company became as follows:

Shareholders	Number of Shares	Ownership percentage
Gongchuang Onyx	12,615,000	42.05%
Ms. Dan	8,199,000	27.33%
Mr. Zhu	3,786,000	12.62%
Mr. Zhai	630,000	2.10%
Lenovo Tianjin	1,500,000	5.00%
Transcend Optronics	1,470,000	4.90%
Taicang Jingbai	600,000	2.00%
Chuangyu Mingguan	501,000	1.67%
Chuangyu Mingrui	399,000	1.33%
Qianzhou Investment	300,000	1.00%
Total	**30,000,000**	**100%**

7. Share Subdivision

Pursuant to the resolutions of our Shareholders dated December 30, 2025, immediately upon the [**REDACTED**], our Shares will be split on a [one-for-four] basis, and the nominal value of our Shares will be changed from RMB1.00 each to RMB[0.25] each. Immediately after the Share Subdivision, the registered and issued share capital of our Company will be RMB30,000,000 with [120,000,000] Shares of RMB[0.25] each.

CAPITALIZATION OF OUR COMPANY

The following table sets out our shareholding structure (a) as of the Latest Practicable Date and (b) immediately upon the completion of the Share Subdivision, the [**REDACTED**] and the Conversion of [**REDACTED**] Shares into H Shares, assuming the [**REDACTED**] is not exercised:

Shareholder	Number of Shares held by the Shareholder as of the Latest Practicable Date	Ownership percentage as of the Latest Practicable Date	Immediately upon completion of the [REDACTED](1)	
			Number of H Shares(2)	Ownership percentage
Gongchuang Onyx	12,615,000	42.05%	[REDACTED]	[REDACTED]%
Ms. Dan	8,199,000	27.33%	[REDACTED]	[REDACTED]%
Mr. Zhu	3,786,000	12.62%	[REDACTED]	[REDACTED]%
Mr. Zhai	630,000	2.10%	[REDACTED]	[REDACTED]%
Sub-total	**25,230,000**	**84.10%**	[REDACTED]	[REDACTED]%
Lenovo Tianjin	1,500,000	5.00%	[REDACTED]	[REDACTED]%
Transcend Optronics	1,470,000	4.90%	[REDACTED]	[REDACTED]%
Taicang Jingbai	600,000	2.00%	[REDACTED]	[REDACTED]%
Chuangyu Mingguan	501,000	1.67%	[REDACTED]	[REDACTED]%
Chuangyu Mingrui	399,000	1.33%	[REDACTED]	[REDACTED]%
Qianzhou Investment	300,000	1.00%	[REDACTED]	[REDACTED]%
Investors taking part in the [REDACTED]	–	–	[REDACTED]	[REDACTED]%
Total	**30,000,000**	**100%**	[REDACTED]	**100%**

Notes:

(1) Assuming the [**REDACTED**] is not exercised.

(2) The number of H Shares upon completion of the [**REDACTED**] represents (i) in respect of the existing Shareholders, the number of H Shares as converted from [**REDACTED**] Shares under the Conversion of [**REDACTED**] Shares into H Shares, and (ii) in respect of the investors taking part in the [**REDACTED**], the number of H Shares to be issued pursuant to the [**REDACTED**].

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

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

CONCERT PARTY ARRANGEMENT

Pursuant to the Concert Party Agreement dated March 20, 2024 entered into by and among Ms. Dan, Mr. Zhu and Mr. Zhai (the "**Concert Parties**"), the parties agreed that (i) they shall consult each other and seek consensus in advance on certain material operational and corporate governance matters, and shall form a unified position prior to casting votes at any shareholders' meeting or board meeting in relation to such matters, and (ii) where consensus cannot be reached after consultation, the proposal supported by the party holding the highest equity percentage in our Company shall prevail and be implemented, and the other parties shall vote accordingly. The Concert Parties further agreed that for a period of five years following the [**REDACTED**], the parties shall keep in sync with each other in any transfer or reduction of their holding of Shares acquired before the [**REDACTED**], and any proposed transfer or reduction of such Shares shall be (i) subject to the prior written consent of Ms. Dan, and (ii) conducted in accordance with their respective shareholding percentage. The Concert Party Agreement shall remain in force for an indefinite term from execution until terminated (i) by written agreement of the parties, (ii) for uncured material breach after a 30-day period following written notice, or (iii) due to changes in laws or the articles of our Company rendering performance of the agreement impossible. In light of the Concert Party Agreement, as of the Latest Practicable Date, the Concert Parties were entitled to exercise 84.10% of the voting rights in our Company. Upon completion of the Share Subdivision, the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised) and the Conversion of [**REDACTED**] Shares into H Shares, the Concert Parties will be entitled to exercise approximately [**REDACTED**]% of the voting rights in our Company.

EMPLOYEE SHAREHOLDING PLATFORM

In recognition of the contributions of our employees and to incentivize and retain our core employees to further promote our development, Gongchuang Onyx was established on June 15, 2016 in the PRC as our employee shareholding platform. As of the Latest Practicable Date, there were one general partner and eight limited partners. The general partner of Gongchuang Onyx is Gongyi Onyx, which held 3% of the partnership interest in Gongchuang Onyx. Gongyi Onyx is held as to 99% by Ms. Dan and 1% by Mr. An Zitian (安子天), Ms. Dan's son. Ms. Dan is also the executive director and general manager of Gongyi Onyx. All of the eight limited partners of Gongchuang Onyx are current employees of our Group, among whom, Ms. Dan, Mr. Zhu, Mr. Zhai, Mr. Wang Jingbo and Ms. Ouyang Supin are our executive Directors. The voting rights of our Shares held by Gongchuang Onyx are controlled and exercisable by its general partner, Gongyi Onyx, which is in turn controlled by Ms. Dan. As of the Latest Practicable Date, Gongchuang Onyx held 42.05% of the voting rights in our Company. With the exception of Ms. Dan who holds 30.68% partnership interest in Gongchuang Onyx as its largest limited partner, none of the other seven limited partners holds 30% or more partnership interest therein.

Our Company has adopted two employee incentive schemes with similar terms and conditions on December 2, 2024 and August 1, 2025, respectively (the "**Employee Incentive Schemes**"). In accordance with the terms of the Employee Incentive Schemes, eligible participants in the Employee Incentive Schemes, including senior management of our Company or other core business, technology, R&D, management, or production personnel which are full-time employees of our Company, may be granted limited partnership interests in Gongchuang Onyx by way of transfer from Ms. Dan upon paying the agreed transfer price. Grantees under the Employee Incentive Schemes ("**Grantees**") would have to pay a transfer price to Ms. Dan in exchange for certain limited partnership interests in Gongchuang Onyx, as Ms. Dan had contributed capital to set up Gongchuang Onyx for the purpose of administering the Employee Incentive Schemes. The transfer of interests in Gongchuang Onyx from Ms. Dan to the Grantees would allow the Grantees to obtain their limited partnership interests in Gongchuang Onyx (and therefore, an indirect interest in the Company) at a discounted price for incentive purposes, and benefit from future increment in value of the Company. The transfer prices of the Employee Incentive Schemes were approximately RMB11.33 for every RMB1 in the capital of Gongchuang Onyx, which were determined based on the application of a discount of approximately 90% to the value of our Company after its latest round of financing. As of the Latest Practicable Date, Ms. Dan has received approximately RMB18.4 million from such transfers. All participants under the Employee Incentive Schemes shall comply with the terms and conditions of the schemes and the applicable rules, laws and regulations with respect to granting, vesting and transfer of the partnership interests. Grantees may not transfer their partnership interests in Gongchuang Onyx before the expiry of the stipulated lock-up period. During the lock-up period, Grantees may be required to transfer all their limited partnership interests in Gongchuang Onyx granted under the Employee Incentive Schemes to the managing partner of Gongchuang Onyx (being Gongyi Onyx) or its nominee within 30 days after receiving notice from our Company and Gongchuang Onyx due to either a non-adverse withdrawal event (such as mutual termination of employment, resignation, death, etc.) or based on an adverse withdrawal event (such as being involved in illegal acts, unilateral termination of employment, breach of non-compete covenants, etc.). Upon both (i) the expiry of the lock-up period, and (ii) 36 months after the [**REDACTED**], the Grantees may by written request apply for the sale by Gongchuang Onyx of the Grantees' equivalent indirect interest in Shares of our Company.

As of the Latest Practicable Date, all of the awards underlying an aggregate of 5,465,424 Shares of our Company under the Employee Incentive Schemes had been granted and vested. All limited partnership interests in the Employee Shareholding Platforms have been subscribed and fully paid up by the Grantees, and the relevant registration has been completed. No further awards under Employee Incentive Schemes will be granted after the date of this document and the Employee Incentive Schemes will not cause any dilution of the shareholding of our Shareholders after the [**REDACTED**].

[REDACTED] INVESTMENTS

1. Overview

Details of our [**REDACTED**] Investments are set forth below:

[REDACTED] Investor[(1)]	Method	Date of Agreement	Date of Settlement of Full Consideration	Consideration	Cost per Share[(2)]	[REDACTED] to the [REDACTED][(3)]	Shareholding in our Company upon [REDACTED] (assuming the [REDACTED] is not exercised)
Lenovo Tianjin . .	Share transfer from Youngy Group	January 23, 2024	May 16, 2024	RMB51.00 million	RMB8.50	[REDACTED]%	[REDACTED]%
Transcend Optronics.	Share transfer from Youngy Group	January 23, 2024	May 16, 2024	RMB49.98 million	RMB8.50	[REDACTED]%	[REDACTED]%
Taicang Jingbai . .	Share transfer from Youngy Group	January 23, 2024	May 11, 2024	RMB20.40 million	RMB8.50	[REDACTED]%	[REDACTED]%
Chuangyu Mingguan.	Share transfer from Youngy Group	January 23, 2024	May 15, 2024	RMB17.00 million	RMB8.48	[REDACTED]%	[REDACTED]%
Qianzhou Investment.	Share transfer from Youngy Group	January 23, 2024	July 5, 2024	RMB10.20 million	RMB8.50	[REDACTED]%	[REDACTED]%
Chuangyu Mingrui .	Share transfer from Youngy Group	February 29, 2024	May 15, 2024	RMB13.60 million	RMB8.52	[REDACTED]%	[REDACTED]%

Notes:

(1) For further details on the [**REDACTED**] Investors, please refer to "— [**REDACTED**] Investments — 4. Information about our [**REDACTED**] Investors".

(2) The cost per Share paid by the [**REDACTED**] Investors was calculated based on the amount of investment made by the relevant [**REDACTED**] Investors and number of Shares acquired by them as adjusted by the Share Subdivision immediately upon the [**REDACTED**], to facilitate the illustration of discount to the [**REDACTED**].

(3) The [**REDACTED**] to the [**REDACTED**] is calculated based on the assumption that the [**REDACTED**] is HK$[**REDACTED**] per [**REDACTED**], being the mid-point of the indicative [**REDACTED**]. Our Company, having taken into consideration that (i) our business and financial performance grew substantially subsequent to the [**REDACTED**] Investments; (ii) the [**REDACTED**] is conditional and may or may not proceed; (iii) the risk assumed by the [**REDACTED**] Investors in investing in our Company given the then change of control of our Company following our capital reduction and equity transfers by Youngy Group (see "— Corporate Development and Major Shareholding Changes — 3. Reduction of Registered Capital in March 2024" and "— Corporate Development and Major Shareholding Changes — 4. Equity Transfers from May to July 2024" above); (iv) the equity risk assumed by the [**REDACTED**] Investors in investing in an [**REDACTED**] company; and (v) the basis of determination of the valuation and consideration as disclosed below, believes that the [**REDACTED**] Investments are in our commercial interests.

2. Other Principal Terms of the [REDACTED] Investments

Basis of determination of the valuation and consideration	The considerations for each [**REDACTED**] Investment was determined based on arm's length negotiation amongst the respective [**REDACTED**] Investors and the then transferor shareholder, Youngy Group, after taking into consideration of the timing of the investment, the prevailing market conditions, the status of our business operations, the financial performance of our Group, and the prospect of our Group's business.
Lock-up period	Pursuant to the applicable PRC law, within 12 months from the [**REDACTED**], all existing Shareholders (including the [**REDACTED**] Investors) shall not dispose of any of the Shares held by them.
Proceeds from the [REDACTED] Investments	Given that all the [**REDACTED**] Investors acquired the Shares from the then shareholder of our Company, Youngy Group, no proceeds were raised by our Company from the [**REDACTED**] Investments.
Strategic benefits to our Company brought by the [REDACTED] Investors	At the time of the relevant [**REDACTED**] Investments, our Directors were of the view that (i) our Group could benefit from the knowledge and experience of the [**REDACTED**] Investors; and (ii) the [**REDACTED**] Investments demonstrated the [**REDACTED**] Investors' confidence in the operation and development of our Group.
Special rights	The [**REDACTED**] Investors were granted certain special rights, including but not limited to redemption rights, anti-dilution rights, information rights, and liquidation preference rights. In anticipation of the proposed [**REDACTED**], (i) on December 10, 2025, Lenovo Tianjin and Taicang Jingbai each entered into separate termination agreements with our Company, Gongchuang Onyx, Ms. Dan, Mr. Zhu and Mr. Zhai; (ii) on December 10, 2025, Transcend Optronics and Qianzhou Investment each entered into separate termination agreements with our Company; and (iii) on January 6, 2026, Chuangyu Mingguan and Chuangyu Mingrui entered into a termination agreement with our Company, Ms. Dan, Mr. Zhu and Mr. Zhai, pursuant to which, among others, the redemption rights granted to each [**REDACTED**] Investor have been terminated and ceased to be effective on the date preceding the first submission of the [**REDACTED**] to the Stock Exchange for the purpose of the [**REDACTED**], and shall be reinstated and resumed to be exercisable upon the occurrence of certain specified events, including where (a) our Company withdraws its [**REDACTED**] and does not renew the [**REDACTED**] within a prescribed time limit; (b) the [**REDACTED**] lapses and our Company does not renew the [**REDACTED**] within a prescribed time; (c) the [**REDACTED**] is returned or rejected by relevant authorities and our Company does not renew the [**REDACTED**] within a prescribed time; or (d) the [**REDACTED**] does not complete within a prescribed time after our first submission of a [**REDACTED**] to the Stock Exchange, in each case subject to the relevant terms of the relevant documentation. All other special rights under the [**REDACTED**] Investments shall cease to be effective and be terminated on the date preceding the [**REDACTED**] in accordance with Chapter 4.2 of the Guide.

3. Sole Sponsor's Confirmation

On the basis that (i) the consideration for the [**REDACTED**] Investments was irrevocably settled more than 28 clear days before the date of our first submission of the [**REDACTED**] to the Stock Exchange for the purpose of the [**REDACTED**]; and (ii) the special rights granted to the [**REDACTED**] Investors have been suspended by filing of the [**REDACTED**] and/or shall cease to be effective and be discontinued by [**REDACTED**] as described above, the Sole Sponsor confirms that the [**REDACTED**] Investments are in compliance with Chapter 4.2 of the Guide.

4. Information about our [REDACTED] Investors

The background information of our [**REDACTED**] Investors is set out below.

Lenovo Tianjin

Lenovo Tianjin is a limited partnership established in the PRC focusing on venture capital investment. The general partner of Lenovo Tianjin is Tianjin Zhiji Xingyuan Erhao Investment Management Center (Limited Partnership) (天津知己行遠二號投資管理中心(有限合夥)).

Lenovo Tianjin has four limited partners, with Lenovo Zhiyuan (Tianjin) Technology Co., Ltd. (聯想知遠(天津)科技有限公司) ("**Lenovo Zhiyuan**") and China SME Development Fund Co., Ltd. (國家中小企業發展基金有限公司) ("**China SME Fund**") holding 48.9% and 30% partnership interests respectively. The two other limited partners of Lenovo Tianjin do not hold more than 15% of the partnership interests in Lenovo Tianjin.

Lenovo Tianjin is controlled by Lenovo Group Limited (聯想集團有限公司), a company listed on the Stock Exchange (stock code: 0992.HK).

To the best knowledge and information of our Directors after due enquiries, each of the aforementioned entities was an Independent Third Party as of the Latest Practicable Date.

Transcend Optronics

Transcend Optronics is a limited liability company incorporated in the PRC on May 21, 2002, and is primarily engaged in the research, assembly and sale of display panels. It is indirectly wholly-owned by E Ink Holdings, which, together with its affiliates, are one of our five largest suppliers in each year/period during the Track Record Period, and its principal activities include the research, development, manufacturing and sales of e-paper display modules and related components. To the best knowledge and information of our Directors after due enquiries, each of the aforementioned entities was an Independent Third Party as of the Latest Practicable Date.

Taicang Jingbai

Taicang Jingbai is a limited partnership established in the PRC on January 16, 2024, and is an investment fund managed by its fund manager and general partner, Hainan Jingbai Private Equity Fund Management Partnership (Limited Partnership) (海南景柏私募基金管理合夥企業(有限合夥)) ("**Hainan Jingbai**"), holding approximately 20.56% of its partnership interests. Hainan Jingbai is a limited partnership established in the PRC and its general partner is Beijing Xinyi Management Consulting Co., Ltd. (北京信壹管理諮詢有限公司), which in turn is owned as to 60.00% by Gong Mingming (公明明) and as to 40.00% by Wang Gaori (王杲日).

The remaining partners of Taicang Jingbai, Taicang Hongxin Investment Management Partnership (Limited Partnership) (太倉泓鑫投資管理合夥企業(有限合夥)), Suzhou Taicang Lingang Investment Development Group Co., Limited (蘇州太倉臨港投資發展集團有限公司) and Taicang Hongren Private Equity Management Co., Limited (太倉泓潤私募基金管理有限公司),

holding approximately 51.41%, 23.36% and 4.67% of the partnership interests as limited partners respectively, are controlled by the Taicang Port Economic and Technological Development Zone (太倉港經濟技術開發區), a national economic and technological development zone established by the State Council of the PRC.

To the best knowledge and information of our Directors after due enquiries, each of the aforementioned individuals and entities was an Independent Third Party as of the Latest Practicable Date.

Chuangyu Investment

Chuangyu Mingguan and Chuangyu Mingrui are limited partnerships established in the PRC on March 10, 2022 and December 18, 2023, respectively, as private equity funds managed by Guangzhou Chuangyu Investment Management Co., Ltd. (廣州創鈺投資管理有限公司) ("**Chuangyu Investment**"). Chuangyu Investment holds 1.00% and 5.00% partnership interests as general partner in Chuangyu Mingguan and Chuangyu Mingrui respectively. Chuangyu Investment is a limited liability company established in the PRC and is ultimately controlled by He Tao (赫濤) as the largest direct and indirect shareholder of Chuangyu Investment controlling 64.43% interest therein. No other shareholder of Chuangyu Investment holds more than 30% interest therein.

The limited partners of Chuangyu Mingguan are: (i) Guangzhou Chuangyu Minghui Venture Investment Partnership (Limited Partnership) (廣州創鈺銘暉創業投資合夥企業(有限合夥)) ("**Chuangyu Minghui**"); (ii) Guangzhou SME Development Fund Co., Ltd (廣州市中小企業發展基金有限公司) ("**Guangzhou SME Fund**"); and (iii) Zhang Wu (張武), holding 69.42%, 25% and 4.58% partnership interests therein. Chuangyu Minghui is controlled by its general partner, Chuangyu Investment Management (Limited Partnership) (廣州創鈺投資基金管理企業(有限合夥)) ("**Chuangyu Investment Partnership**"), which in turn is controlled by its general partner, Chuangyu Investment. Guangzhou SME Fund is an indirect wholly-owned subsidiary of Guangzhou Industrial Investment Holdings Group Co., Ltd (廣州產業投資控股集團有限公司) ("**Guangzhou Investment Holdings**"), which in turn is held as to 91.82% by the General Affairs Office of Guangzhou Municipal People's Government.

The limited partners of Chuangyu Mingrui are: (i) Guangzhou Chuangyu Mingteng Venture Investment Fund Partnership (Limited Partnership) (廣州創鈺銘騰創業投資基金合夥企業(有限合夥)) ("**Chuangyu Mingteng**"); (ii) Guangzhou Emerging Industry Development Fund Management Co., Ltd. (廣州市新興產業發展基金管理有限公司) ("**Guangzhou Emerging Industry Fund**"); and (iii) Guangzhou Industrial Investment Biomedical and Health Special Master Fund Partnership Enterprise (Limited Partnership) (廣州產投生物醫藥與健康專項母基金合夥企業(有限合夥)) ("**Guangzhou Health Fund**"), holding 58.33%, 20% and 16.67% partnership interests therein. Chuangyu Mingteng is controlled by its general partner, Chuangyu Investment Partnership. Guangzhou Emerging Industry Fund is ultimately controlled by the Guangzhou State-owned Assets Supervision and Administration Commission holding 90% indirect interest therein. Guangzhou Health Fund is an indirect wholly-owned subsidiary of Guangzhou Investment Holdings.

To the best knowledge and information of our Directors after due enquiries, each of the aforementioned individuals and entities was an Independent Third Party as of the Latest Practicable Date.

Qianzhou Investment

Qianzhou Investment is a limited liability company established in the PRC on January 8, 2024 primarily engaged in investment activities. It is 40.00% owned by Tong Xi (童曦), 32.00% owned by Qian Wei (錢偉) and 28.00% owned by Wang Chen (王琛). To the best knowledge and information of our Directors after due enquiries, each of the aforementioned individuals and entity was an Independent Third Party as of the Latest Practicable Date.

COMPLIANCE WITH LAWS AND REGULATIONS

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

PUBLIC FLOAT

Assuming that the [**REDACTED**] is not exercised, (i) based on an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the low end of the indicative [**REDACTED**]), our expected [**REDACTED**] upon the [**REDACTED**] is approximately HK$[**REDACTED**], and the minimum prescribed public float percentage applicable to our Shares is [**REDACTED**]%; (ii) based on an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the mid-point of the indicative [**REDACTED**]), our expected [**REDACTED**] upon the [**REDACTED**] is approximately HK$[**REDACTED**], and the minimum prescribed public float percentage applicable to our Shares is [**REDACTED**]%; and (iii) based on an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the high end of the indicative [**REDACTED**]), our expected [**REDACTED**] upon the [**REDACTED**] is approximately HK$[**REDACTED**], and the minimum prescribed public float percentage applicable to our Shares is [**REDACTED**]%.

The H Shares held by certain of our Shareholders who are our core connected persons, or directly or indirectly controlled by our core connected persons, will not be counted towards the public float. As of the Latest Practicable Date, Gongyi Onyx, Gongchuang Onyx, Ms. Dan, Mr. Zhu and Mr. Zhai were together a group of controlling shareholders of our Company, and will remain as our group of Controlling Shareholders upon [**REDACTED**]. As a result, the total of [**REDACTED**] H Shares held by them (taking into account the Share Subdivision), representing an aggregate of approximately [**REDACTED**]% of our total issued Shares upon the completion of the Share Subdivision, the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised) and Conversion of [**REDACTED**] Shares into H Shares, will not be counted towards the public float.

Apart from [**REDACTED**] H Shares described above, all the H Shares will be counted towards the public float for purposes of Rule 19A.13A(1) of the Listing Rules upon completion of the Share Subdivision, the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised) and Conversion of [**REDACTED**] Shares into H Shares.

Upon completion of the Share Subdivision, the [**REDACTED**] and the Conversion of [**REDACTED**] Shares into H Shares, assuming that (i) [**REDACTED**] H Shares being issued in the [**REDACTED**]; (ii) the [**REDACTED**] is not exercised; (iii) [**REDACTED**] Shares being converted to H Shares (taking into account the Share Subdivision); and (iv) [**REDACTED**] Shares are issued and outstanding in the share capital of our Company upon completion of the [**REDACTED**], [**REDACTED**] H Shares, representing approximately [**REDACTED**]% of the total issued Shares, will be counted towards the public float, which is higher than 15% and the percentage of H Shares required to be in public hands that would result in the expected market value of H Shares held by the public to be at least HK$1.5 billion. Therefore, our Company will comply with the public float requirement under Rule 19A.13A(1) of the Listing Rules at the time of the [**REDACTED**].

FREE FLOAT

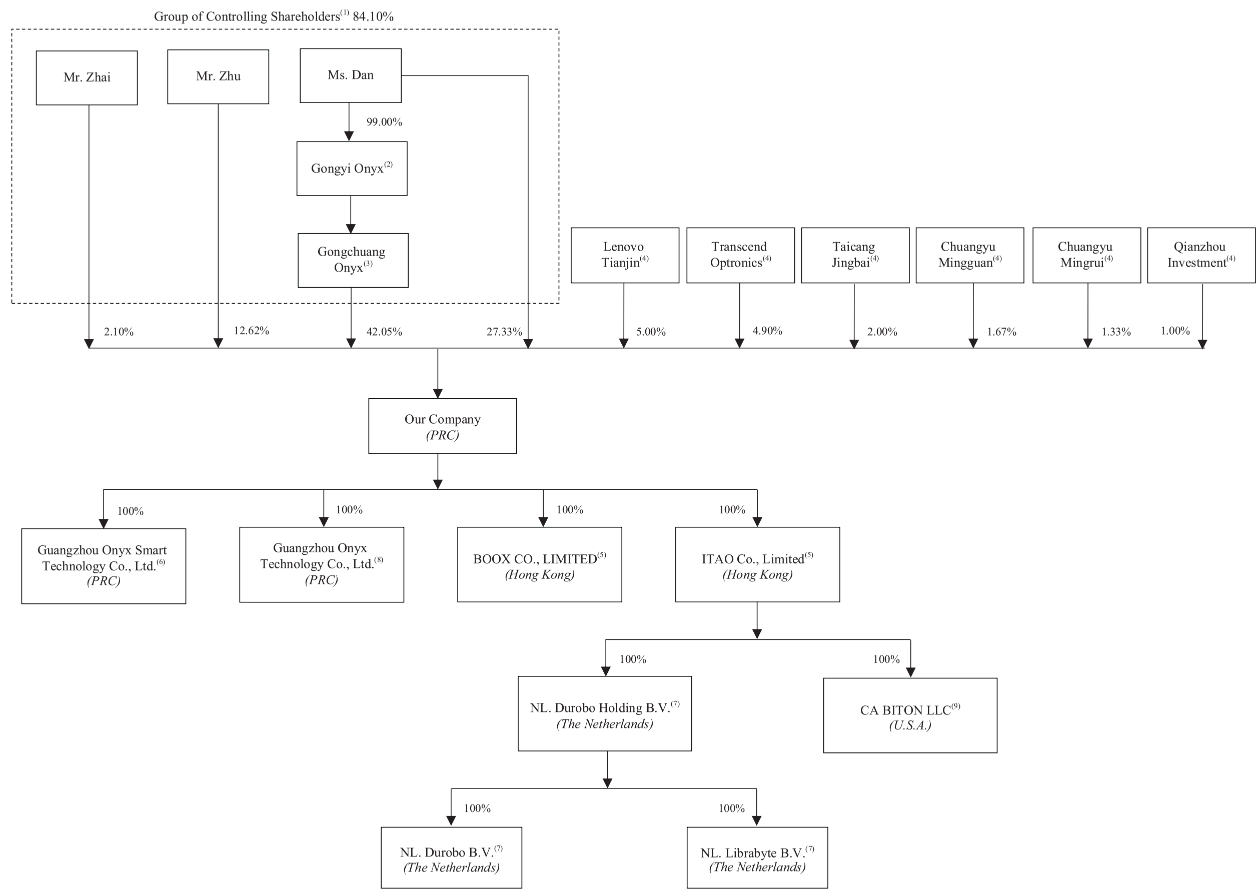
Rule 19A.13C of the Listing Rules provides that there must be sufficient shares for which listing is sought by a new applicant that are held by the public and available for trading upon listing, and where a new applicant is a PRC issuer with no other listed shares at the time of listing, this will normally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

Pursuant to the applicable PRC law, within the 12 months following the [**REDACTED**], all existing Shareholders (including the [**REDACTED**] Investors) cannot dispose of any of the Shares held by them. As such, H Shares held by the existing Shareholders as of the date of this document shall not be counted towards the free float of the H Shares of our Company at the time of [**REDACTED**]. Upon completion of the Share Subdivision, the [**REDACTED**] and the Conversion of [**REDACTED**] Shares into H Shares, the expected market value of the H Shares being held by the public and not subject to any disposal restrictions at the time of [**REDACTED**] under Rule 19A.13C of the Listing Rules would amount to approximately HK$[**REDACTED**] (assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**], being the low end of the indicative [**REDACTED**], and the [**REDACTED**] is not exercised). Accordingly, our Company will comply with the free float requirement under Rule 19A.13C of the Listing Rules at the time of the [**REDACTED**].

CORPORATE STRUCTURE

1. Our Group's Shareholding Structure Immediately prior to the [REDACTED]

The chart below sets out the shareholding structure of our Group immediately prior to the Share Subdivision, the [**REDACTED**] and the Conversion of [**REDACTED**] Shares into H Shares:



Notes:

(1) Gongyi Onyx, Gongchuang Onyx, Ms. Dan, Mr. Zhu and Mr. Zhai comprise a group of Controlling Shareholders of our Company. Please refer to "Relationship with Our Controlling Shareholders" for further details.

(2) Gongyi Onyx controls Gongchuang Onyx as its general partner. It is owned as to 99% by Ms. Dan, who is also its executive director and general manager.

(3) Gongchuang Onyx is our employee shareholding platform, whose general partner is Gongyi Onyx. Please refer to "— Employee Shareholding Platform" for further details.

(4) Please refer to "— [**REDACTED**] Investments — 4. Information about our [**REDACTED**] Investors" for further details on these [**REDACTED**] Investors.

(5) Please refer to "— Our Principal Subsidiaries" for further details on these principal subsidiaries.

(6) Guangzhou Onyx Smart Technology Co., Ltd. (廣州文石智能科技有限公司) was incorporated in the PRC with limited liability on May 28, 2025, as a wholly-owned subsidiary of our Company.

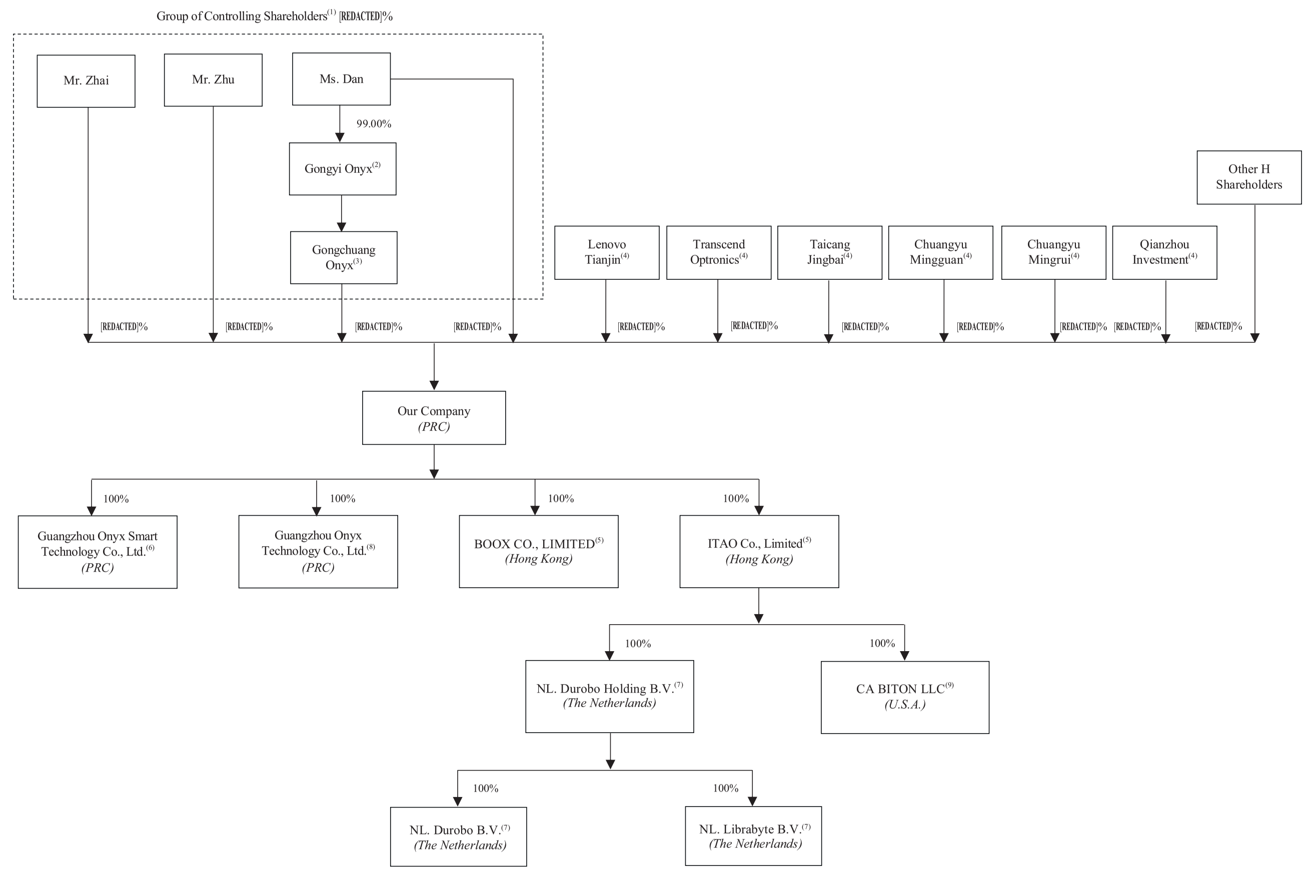
(7) Each of NL Durobo Holding B.V., NL. Durobo B.V. and NL. Librabyte B.V. is a company incorporated under the laws of the Netherlands on August 15, 2024. NL. Durobo B.V. and NL. Librabyte B.V. are principally engaged in the research and development, and sale of e-readers, with NL Durobo Holding B.V. being a holding company.

(8) Guangzhou Onyx Technology Co., Ltd. (廣州文石技術有限公司) was incorporated in the PRC with limited liability on July 14, 2026, as a wholly-owned subsidiary of our Company.

(9) CA BITON LLC was incorporated in the State of California of the U.S. as a limited liability company on August 23, 2026, as a wholly-owned subsidiary of ITAO.

2. Our Group's Shareholding Structure Immediately Following Completion of the [REDACTED]

The chart below sets out the shareholding structure of our Group immediately following completion of the Share Subdivision, the [**REDACTED**] and the Conversion of [**REDACTED**] Shares into H Shares (assuming the [**REDACTED**] is not exercised):



Notes:

For notes (1) to (9), please refer to "— Corporate Structure — 1. Our Group's Shareholding Structure Immediately prior to the [**REDACTED**]".

OVERVIEW

Who We Are

We are a global consumer technology electronics brand operating in the knowledge-driven productivity tools industry, dedicated to helping knowledge workers worldwide to efficiently acquire text-based information through smart devices with a paper-like reading and writing experience, focus and portability features, in order to present high-value content through summarization, search and editing management functions. We deliver this through an offering of smart hardware devices and read-write efficiency software. Our smart hardware devices comprise two categories: e-paper tablets and e-notes, all powered by our in-house developed open operating system, BOOX OS. During the Track Record Period, our products were sold in multiple countries and regions, including the PRC, Europe, the U.S., Asia (excluding the PRC) and other countries and regions. According to Frost & Sullivan, in terms of retail value in 2025, we ranked as the largest knowledge-driven productivity tool brand in China and the second largest globally, based on the knowledge-driven productivity tools market, a sub-segment of the broader knowledge-driven intelligent tools market, which accounted for nearly half of the overall market by retail value in 2025. Our global market share was 4.2%, while the highest market share in the same market was 13.1%, according to the same source.

OUR SIGNIFICANT MARKET OPPORTUNITIES

Compared with traditional general-purpose computing devices such as laptops and tablets, as well as traditional reading-focused tools with closed systems such as conventional e-readers, users are increasingly seeking products that integrate the advantages of both categories. Therefore, the market of knowledge-driven productivity tools with open systems or external input features is gaining momentum within the knowledge-driven intelligent tools market. According to Frost & Sullivan, the penetration rate of knowledge-driven productivity tools reached 51.8% in 2025 and is expected to increase to 68.0% by 2030. With the growth in demand of AI and cloud services, the market for knowledge-driven productivity tools, which will become increasingly integrated with AI capabilities and cloud services, is expected to expand significantly. The market size is projected to increase from RMB44.4 billion in 2026 to RMB80.4 billion by 2030, representing a CAGR of 16.0% from 2026 to 2030, according to the same source. However, users worldwide still encounter the following challenges when dealing with text-based information.

Traditional Smart Devices Often Fail to Meet Users' Needs for Visual Comfort and Concentration

Traditional emissive display can lead to visual fatigue and fragmented attention, while multitasking in such devices can also erode concentration, creating a physiological bottleneck that negatively impacts user experience. As a result, devices designed to be eye-friendly and minimize distractions, while offering a paper-like experience, have become essential for users in addressing information overload and personal knowledge management needs.

The Demand for Productivity Tools in Knowledge-driven Scenarios Continues to Rise

According to Frost & Sullivan, the demand for deep read-write among knowledge workers is increasing, and digital transformation across various vertical sectors, including education, legal and healthcare, is becoming increasingly apparent. The demand for productivity tools among knowledge workers in these knowledge-driven scenarios continues to rise.

Users Expect Their Personal Data and Content to be Securely Protected

Knowledge workers often have heightened expectations regarding the stability and long-term value of productivity tools. In particular, they place importance on the security of notes, annotations, document structures and personal data associated with AI-assisted features that are stored on devices and companion applications.

WHY KNOWLEDGE WORKERS WORLDWIDE CHOOSE US

The Value of Our Knowledge-driven Productivity Tools

Unlike traditional general-purpose computing devices such as laptops and tablets and traditional reading-focused tools with closed systems such as conventional e-readers, our e-paper tablets and e-notes are powered by the open BOOX OS and offer a paper-like read-write experience. They are designed to meet users' eye-care needs, minimize distractions and support long-duration usage. In knowledge-intensive environments, our products effectively address text information processing needs across reading, writing, listening and note-taking.

Capabilities Across a Broad Range of Use Scenarios

We have established continuous product planning and R&D capabilities, as well as multiple high-value vertical scenarios centered on "creating a focused environment — enabling deep processing — supporting structured output — facilitating knowledge asset accumulation."

Device Layer

To address pain points of slow refresh rates and severe ghosting in traditional e-ink displays, we developed key technologies such as BSR fast-refresh technology, which primarily enhances the refresh speed and overall display performance of e-ink screens used in our devices. We are also the only player in the industry to overcome the dynamic-refresh bottleneck in displays, according to Frost & Sullivan, and applied this technology across multiple product series. In addition, we integrated a mobile computing system powered by high-performance processors into our first e-notes product, laying the foundation for enhanced focus and processing capability.

System Layer

According to Frost & Sullivan, we were the first Chinese company globally to adopt an open operating system on e-reading devices, namely BOOX OS. We incorporated model-based language functions, being algorithm-based tools that perform text processing function, into operational systems, enabling summarization, key-point extraction, language refinement and translation, to enhance text processing and structured content generation.

Software Layer

Building upon the insights into our BOOX user base, we launched StarNote, a standalone read-write application that supports structured knowledge creation and personal knowledge assets accumulation. The application features functionalities such as an infinite canvas, shape recognition and text recognition. Users can import images, documents, as well as audio and video files in various formats. They can also annotate content, create notes, and export or share their work. In addition, it is designed as a productivity tool suitable for multiple use cases, including learning, office work and personal content creation. For further details, please refer to "— Our Products — Other Products and Services — StarNote Application" in this document.

User Privacy Protection

We adhere to the principles of consent, minimum necessity and anonymization in our data governance. Through our user privacy protection processes and technical safeguards, we enable users to manage their own data access permissions in a clear and controlled manner. This allows them to decide whether to store personal knowledge assets on their device or in the cloud. Our strong focus on user privacy protection and user experience achieves a deep integration between our knowledge-driven productivity tools products and users' personal knowledge assets. This results in high user stickiness and supports long-term retention and brand loyalty within our user base.

Trusted Knowledge Brand

After nearly two decades of development, our brand BOOX has become a recognized technology brand across multiple markets. Leveraging our technological R&D capabilities, minimalist brand design style and user experience, we have attracted users who are characterized by deep reading and writing habits, refined aesthetic sensibilities, and a strong appreciation for product quality and reliability. They also tend to make sagacious decisions, which strengthens their loyalty to our brand.

Wide User Base

During the Track Record Period, we served users in over 100 countries and regions, and our BOOX OS had a monthly active user base of over 1.2 million as of June 30, 2026. Our strong focus on user privacy and data security encourages a broad user community to build personal knowledge assets within the BOOX system that can be retained across all devices and accessed at any time. Approximately 32.9% of early BOOX OS seed users, who registered and bound a device to their account, have remained active after nearly ten years.

Revenue Growth Performance and Profitability

Supported by our user base and continuously evolving product portfolio, we achieved business growth and profitability during the Track Record Period. In 2025, our revenue reached RMB1,128.2 million, representing a year-on-year increase of 10.9%, of which our overseas sales enjoyed a growth rate of 10.3%. Our adjusted net profit (non-HKFRS measure) for the period reached RMB169.9 million, representing an increase of 29.5% compared with RMB131.2 million for the same period of last year. We continued to maintain our growth momentum in 2026. For the six months ended June 30, 2026, our revenue amounted to RMB573.6 million, representing a year-on-year increase of 7.4%.

OUR BUSINESS MODEL

Our business model consists of (i) our self-developed product technological capability, (ii) a hybrid production model combining in-house and outsourced manufacturing and (iii) product commercialization capability, which is our ability to leverage user insights, sales network, and digital infrastructure to transform our products and technological capabilities into marketable offerings. Leveraging our product R&D capabilities, an integrated supply chain system combining in-house manufacturing with deep collaboration, and global online and offline sales channels, we continuously develop and upgrade a portfolio of productivity tools — spanning both hardware and software — designed to cover various application scenarios (such as reading, writing, listening, and note-taking) for knowledge workers worldwide. This capability stack also allows us to expand into professional vertical industries as our in-house research and development capabilities, integrated hardware-software product architecture and product commercialization capabilities enable us to tailor our products and functionalities to the requirements of different professional use cases and seamlessly integrate our hardware and software functionalities deeply into end-user workflows.

Our Technology Capability

We have developed a technology capability that significantly enhances our understanding of knowledge-driven productivity. This platform serves as the foundation for the continuous improvement of our products and services, supporting the user experience throughout the entire process of reading, note-taking, display, software and hardware development. It enables us to offer a flexible portfolio of tools, including:

- ***A range of consumer smart devices***

  Our smart hardware devices are divided into two categories: e-paper tablets and e-notes. We offer multiple product series with display sizes ranging from 6 inches to 25.3 inches, all powered by our in-house developed open operating system, BOOX OS. As of June 30, 2026, we launched ten proprietary product series, designed to address different digital reading and writing needs across different scenarios. Additionally, we have developed six major categories of accessories, including EMR stylus pen, active stylus, magnetic protective cases, magnetic keyboard cases, Bluetooth remotes and screen protectors, all of which enhance personalization and reinforce the lifestyle appeal of our devices.

- ***An open operating system installed on our smart hardware devices - BOOX OS***

  Developed in-house, BOOX OS is optimized to enhance e-ink display clarity, color performance and refresh responsiveness, and it also incorporates key technologies such as BSR fast-refresh technology on selected models. This system integrates AI and cloud-service capabilities, overcoming the traditional limitations of digital reading arising from differences in file formats and device types while ensuring high compatibility and reliability. Users of our products can build personal knowledge assets within the BOOX system, which can be retained across all devices and accessed at any time.

- ***A read-write application - StarNote***

  Leveraging our experience in read-write verticals and insights into the BOOX user base, we have developed StarNote, which allows users to synchronize, retain and access notes and annotations across different smart devices. This application supports the accumulation of searchable and organizable personal knowledge assets, broadening our service offerings.

Our Commercialization Capability

We have also established a commercialization capability driven by user insights, which guides the innovation of our technologies and solutions. This approach continuously strengthens BOOX's brand presence, ensuring that we effectively capture user needs. In particular, our commercialization capability allows us to understand and address these needs through the following:

- ***User insight and engagement***

  We consider our users as core to our value proposition and actively incorporate their feedback into product optimization and innovation. Through collaboration across departments, we integrate feedback from BOOX OS, private community interactions, sales channels and social media commentary into a multi-touchpoint user communication system. Specifically, this system collects user feedback from multiple channels, such as social media, direct user inputs and other communication channels, and consolidates such information for analysis to identify user needs. This enables us to engage directly with our users and relay validated information to the R&D team, facilitating the development of products that better align with user needs.

- ***Global sales channels***

  We have developed global sales channels, both online and offline, enabling us to effectively meet customer demand for our products worldwide and laying a solid foundation for our sales growth. To mitigate risks along the value chain, we maintain a stable supply system to ensure a stable supply of critical components.

- ***Digitally enabled and efficient operations***

  We utilize a modularized digital management system, comprising multiple independently functional modules that can be upgraded or updated individually as needed to enable end-to-end digitalization across product development, supply chain management, marketing, warehousing and logistics. This allows us to analyze operational data and make timely operational decisions to enhance our operational efficiency globally. In particular, supported by a digital infrastructure that enables timely market responses and the integrated coordination of our in-house manufacturing operations and a stable supply chain, our product update cycle has been streamlined to deliver new releases as fast as four weeks.

Application Scenarios and Expanding Ecosystem Reach

We focus on knowledge-driven productivity tools, providing a combination of smart hardware devices and read-write efficiency software products for knowledge workers. In order to target global knowledge workers, we have built a portfolio of hardware and software products centered on reading, writing and deep thinking experiences, which serves as the users' access point to our ecosystem services. Together with the open operating system feature of BOOX OS, we are able to integrate our hardware and software functionalities deeply into end-user workflows, enhancing our products' user stickiness.

Driven by the increasing adoption of paperless office practices, the market for professional vertical solutions is expanding, according to Frost & Sullivan. We actively seek and capture opportunities in high-value vertical markets and continue to explore solutions for education, legal and healthcare sectors. Continuously, we utilized our deep understanding of display optimization and operating system architecture to deliver customized and integrated hardware-software solutions to enterprise users in the online education sector, marking a significant step in the commercialization of our capabilities.

Furthermore, our product portfolio serves as an access point to our ecosystem services, enabling us to attract users while generating revenue, which is driven by:

- ***Expansive tool portfolio driving growth in user scale***

  In 2023, 2024, 2025 and for the six months ended June 30, 2026, we launched 14, 13, 13 and nine new products, which contributed approximately 36.9%, 26.3%, 33.2% and 10.5% of our total revenue, respectively[1]. In the third quarter of 2024, we launched StarNote and gradually expanded its deployment both domestically and overseas. As of June 30, 2026, StarNote achieved approximately 2.0 million downloads, significantly broadening our service reach and user scale.

- ***Commercialization of user base***

  Our hardware-software portfolio, along with the strong user experience, has resulted in a large, active user base. As of June 30, 2026, our BOOX OS had over 1.2 million monthly active users, allowing us to effectively commercialize through operating system subscriptions, service offerings and value-added Internet services. Throughout the Track Record Period, this growing user base also attracted content providers, including Dedao and JD Reading, which are third-party platforms operating reading content applications in the PRC, resulting in collaborations to diversify our ecosystem.

OUR COMPETITIVE STRENGTHS

For almost two decades, we have concentrated on the knowledge-driven productivity tools industry and developed capabilities that support a business model and growth strategies centered around user lifetime value. These advantages have enabled us to create competitive strengths and achieve a strong market position. We believe our success and ability to distinguish ourselves from our competitors are driven by the following.

[1] Our new products introduced in 2023 include Tab Ultra C, Tab Mini C, Tab 8C, Tab 10C Pro, Tab Ultra C Pro, Tab10 Color, Poke 5, Poke 5S, Page, Leaf 3, Note Air3, Note Air3 C, Note X3 and Palma. Our new products introduced in 2024 include Leaf 3C, Note X3 Plus, Note X3S, Note X3 Pro, Note Max, Note Air4 C, Go 6, Go Color 7, Go 10.3, A6, T10 C, P6 and Palma 2. Our new products introduced in 2025 include P6 Pro Little Colored Horse (P6 Pro 小彩馬), P6 Pro Little White Horse (P6 Pro 小白馬), Note X5 Mini, Note X5, Note X5S, Leaf 5, Leaf 5C, T13 C, Tab X C, Note Air5 C, Go Color 7 (Gen II), Go 7 and Palma 2 Pro. Our new products introduced for the six months ended June 30, 2026 include Note X6, T10C+, Go 10.3 (Gen II), Go 10.3 (Gen II) Lumi, Go 6 (Gen II), LEAF 5+, P6+, Poke 7 and Poke 7 Pro.

Global consumer technology electronics brand focused on providing knowledge-driven productivity tools with a consumer-grade, eye-friendly, read-write product portfolio in open systems, color displays and fast-refresh

According to Frost & Sullivan, in terms of retail value in 2025, we ranked as the second-largest knowledge-driven productivity tool brand globally and the largest in China, based on the knowledge-driven productivity tools market, a sub-segment of the broader knowledge-driven intelligent tools market, which accounted for nearly half of the overall market by retail value in 2025. We offer a product portfolio of consumer-grade, eye-friendly read-write smart devices and have achieved market positions across several key performance categories. We ranked first globally in terms of sales of devices that feature open systems and color display performance in 2024, according to Frost & Sullivan. In addition, we are among the earliest companies to offer products with high-speed display refresh performance globally, according to the same source. Our nearly two decades of deep expertise in knowledge-driven productivity tools enable us not only to provide the best eye-friendly reading and writing experience to our users but also to support our sustained business growth.

Global brand influence, which supports user trust and user acquisition and maintains customer relationships

Our proprietary BOOX brand has established a reputation with brand recognition and customer loyalty. Our product series, which includes *Leaf*, *Palma, P6, Poke, Page, Note, Tab* and *Go*, has earned international industrial design awards such as the "Red Dot Award", "iF Design Award" and "Yanko Design Award." In particular, our *Palma Series* was further recognized by TIME magazine as one of "The Best Inventions of 2024." Our brand resonates strongly with consumers, and our products are available alongside similar products on major global e-commerce platforms such as JD.com and Tmall.

Our brand recognition enables user acquisition and helps build a user base which includes white-collar workers, students, teachers, technology enthusiasts and DIY innovators. These users are predominantly young, quality-driven and highly engaged with technology, reflecting a demand for knowledge-driven productivity tools. Together, these factors have shaped a user ecosystem. Key attributes of our user ecosystem include:

- ***Large user base***

  Our products have served users in over 100 countries and regions. According to Frost & Sullivan, we are one of the brands with the widest user coverage in the knowledge-driven productivity tools market. In 2023, 2024 and 2025, based on the account creation date, BOOX OS globally recorded approximately 270,000, 370,000 and 570,000 new registered users, respectively, reflecting a growth momentum. We continued to expand our user base in 2026 and recorded approximately 210,000 new registered users for the six months ended June 30, 2026, demonstrating our continued commitment to creating value for our users. We believe the trust we have earned from our users has helped develop an expanding ecosystem of user base.

- ***Over 1.2 million monthly active users***

  As of June 30, 2026, our BOOX OS had over 1.2 million monthly active users globally, who have deeply integrated our solutions into their read-write workflows. Approximately 32.9% of early BOOX OS seed users, who registered and bound a device to their account, have remained active after nearly ten years.

Technological capabilities that support continuous product iteration and respond to evolving user needs

Our self-developed technology suite equips us with capabilities in product development and commercialization. This enables a closed-loop innovation process that supports continuous iteration of our products and services. Our technological strengths include:

- ***Software display engine***

  We have developed a range of display technologies for electronic ink screens, including solutions to eliminate ghosting and provide ultra-thin, uniform front lighting. These advancements overcome the inherent limitations of e-ink displays by maximizing display performance at the algorithmic level. Consequently, our users experience far less visual fatigue, even during fast page turns, web browsing or intensive handwriting input.

- ***Vertically integrated, self-developed hardware display engine***

  Our in-house hardware development capabilities enhance device intelligence and support our BSR fast-refresh technology. We have independently developed the BSR fast-refresh technology, which provides chip-level acceleration and enables direct, hardware-driven display refresh. Working in tandem with our self-developed algorithms, this achieves industry-leading refreshing speed and responsiveness.

- ***Document processing engine***

  Our document processing engine can automatically recognize and adapt to multiple layouts, file formats and fonts. Additionally, we have developed algorithms for layout correction and image recognition specifically tailored for e-ink displays, ensuring high compatibility and optimal reading experiences for complex-layout documents.

- ***Digital note-taking engine***

  Our note-taking engine integrates multimodal inputs, including handwriting, text, voice and images, alongside AI-assisted recognition technology. It accurately converts handwritten notes into editable text, either in real time or offline, and supports full-text search across handwritten content. This engine facilitates the freedom of paper-based writing with efficient digital management.

- ***Open system engine***

  We developed BOOX OS, an Android-based open operating system compatible with product hardware, complemented by around a hundred adaptive applications that greatly expand its functional capabilities.

These engines are enabled by our strong in-house R&D capabilities. As of June 30, 2026, we had a R&D team comprising 166 technical professionals, and we intend to continue investing in talent and technology to drive future innovation.

Global sales network enabling our products to rapidly reach users worldwide

Over nearly two decades of development, we have established a sales network that integrates both online and offline channels. Our online retail includes self-operated website and major global e-commerce platforms. In offline retail, we utilize a broad network of distributors. As of June 30, 2026, our network of offline sales channels extends to over 70 countries and regions across North America, Europe and the Asia-Pacific.

Our globalization strategy is deeply embedded in our brand's DNA, and we adopt market-specific strategies for both domestic and international markets. In the PRC, our digital-driven marketing strategy helps us to stand out in a competitive landscape. Internationally, we are among the first group of Chinese companies in the industry to expand into overseas markets and adopt a localization-driven market strategy, according to Frost & Sullivan. Globally, alongside our presence on major global e-commerce platforms, we collaborate closely with local distributors to conduct localized marketing, fulfillment and service operations, enabling us to effectively adapt to users with different linguistic and cultural preferences.

By leveraging our global sales network and international operational strategy, we can interact with users worldwide in real time, ensuring market reach. According to Frost & Sullivan, we have become the go-to brand among users in the knowledge-driven productivity tools industry. Our annual new users increased from approximately 370,000 in 2024 to approximately 570,000 in 2025, representing our continued commitment to creating value for our user base. We continued to expand our user base in 2026 and recorded approximately 210,000 new users for the six months ended June 30, 2026, demonstrating our continued commitment to creating value for our users.

Hardware product portfolio covering multiple product sizes that meets the needs of knowledge workers across different usage scenarios worldwide

The growing popularity of digital reading and the rapid advancements in AI are contributing to increasingly different and intelligent user demands. We closely observe the varying preferences of users across different regions and cultures and continuously expand our full range of knowledge-driven productivity tools. With our deep technological expertise in reading and writing, we provide users with a variety of highly adaptable products.

- ***Different product offering***

  Supported by our technology expertise, we maintain capabilities in product development and design. In 2023, 2024, 2025 and for the six months ended June 30, 2026, we launched 14, 13, 13 and nine new products, which contributed approximately 36.9%, 26.3%, 33.2% and 10.5% of our total revenue, respectively. As of the Latest Practicable Date, our smart hardware devices consist of ten product series, offering devices with display sizes ranging from 6 inches to 25.3 inches and powered by our in-house developed open operating system, BOOX OS, complemented by six categories of external accessories such as wireless keyboards and styluses. This expanding product matrix enables us to offer one-stop solutions that cater to a wide spectrum of read-write needs.

- ***Software***

  StarNote extends our technical capabilities beyond smart hardware device formats, broadening our tools range. StarNote is a standalone application that is not pre-installed on our BOOX devices and is primarily compatible with smartphones, tablets and other devices. Revenue generated from StarNote primarily arises from one-time payment and value-added services within the application, such as purchases of note templates and other digital content. StarNote provides such services to all registered users, and we do not distinguish between users based on whether they are BOOX device users. StarNote first generated revenue in February 2025, with revenue amounting to RMB95.4 thousand, representing approximately 0.05% of our total revenue for that month. As of June 30, 2026, it maintains a user retention rate in the next month after registration of more than 40.0%. As of June 30, 2026, the registered user paid conversion rate is approximately 29.0%.

Management team with a forward-looking vision, relevant industry experience and execution capabilities

The vision, leadership, and industry experience of our management team are essential to our success. Our co-founder, Ms. Dan, who serves as our Chairperson, executive Director and general manager, has nearly twenty years of experience in the consumer electronics industry. Ms. Dan has an understanding of brand positioning and product aesthetics. Under her leadership and that of the broader management team, we established a global presence in the early stages of our development, which has provided a solid foundation for our globalization strategy.

Our management team shares a unified management philosophy and strategic direction, and is supported by expertise in cross-product development, technology and global operations. Together with Ms. Dan, core management team members, including Mr. Zhu, Mr. Zhai, Mr. Wang Jingbo and Ms. Ouyang Supin, have played a significant role in shaping our BOOX brand. Each member has over a decade of experience in hardware and software engineering, marketing and sales, or design, having previously worked at global technology companies like Microsoft, IBM, and iRex Technologies, a Philips e-paper technologies spin-off. Our founders and management team will continue to dedicate their full passion and commitment to driving the Company's long-term development.

In addition, we promote a culture of sagacious and long-term thinking, which is guided by our management team. We foster a corporate culture that combines forward-looking spirit with disciplined execution, attracting experienced hardware and software engineers, as well as industrial and visual designers. Our employees strongly identify with our values and embody a spirit of craftsmanship, enthusiasm and continuous self-renewal. This commitment has created an open, learning-oriented and proactive team environment.

We also have a dynamic and globally-minded core team with an average of ten years of professional experience. This talent pool will continue to enhance our organizational capabilities, support the efficient and stable execution of our strategies, and create greater value for our users.

OUR DEVELOPMENT STRATEGIES

We commit ourselves to the knowledge-driven productivity tools industry to empower knowledge workers worldwide by creating an integrated ecosystem across smart devices, operating systems and vertical-specific software, enabling more efficient and sustainable learning and knowledge work. Our strategy focuses on four key areas.

Driving technological innovation to capture opportunities from the AI wave

The rapid adoption of AI applications has elevated user expectations for intelligence, user-focused experiences and privacy and security in consumer electronics. We focus on developing our BOOX OS to overcome the traditional limitations of digital reading arising from differences across various file formats and device types while ensuring high compatibility and reliability. In addition, we focus on developing privacy-secured technologies that address the entire lifecycle of user data, including on-device and offline processing, data desensitization and anonymization, encryption and secure transmission, in order to establish a data protection framework. In addition, we intend to closely align with market trends in the AI era by accelerating the iteration and upgrades of existing products and advancing the development of new products. We also plan to explore features like smart reading summaries, intelligent note organization, personalized content recommendations, intelligent goal setting and tracking, and online community reading discussions.

We plan to continue investing in R&D. By leveraging our established technology capability, we aim to serve productivity-driven users in learning, working and meeting scenarios while further enhancing multi-device integration experiences. We will continue to improve our R&D system across hardware, operating systems, and application software. We will also strengthen our technologies for user privacy protection and improve our cloud-based account synchronization capabilities. Furthermore, we will ensure synchronization of reading progress, annotations and AI-generated insights across all devices, reducing switching costs and enhancing knowledge-focused productivity. We will also utilize our deep understanding of user needs to create products while expanding our global market share and brand influence.

Expanding product and service boundaries to build growth across multiple areas

Leveraging our deep insight into user experience and our expertise in read-write technologies, we aim to expand the boundaries of our products and services to address the core needs of reading, writing, listening and note-taking. We plan to continuously break through limitations in devices and systems within the knowledge-driven productivity tools industry. This is to not only strengthen our BOOX brand but also promote a shift from a "hardware-led" model to a more diversified structure that includes "hardware + subscription + ecosystem."

We will continue extending the functional and value boundaries of knowledge-driven productivity to build growth across multiple areas through:

- ***Application product line represented by StarNote***

  Building upon the insights into our BOOX user base, we aim to broaden our software offerings and deliver services tailored for knowledge workers. Our smart devices operate on our BOOX OS, an Android-based open operating system that permits third-party applications to be listed on the BOOX OS application marketplace. We intend to continue providing additional third-party applications relevant to the education, legal and healthcare sectors. In addition, building on knowledge management, scenario adaptation and multimodal interaction, we launched StarNote, a software product, to offer precise search, intelligent Q&A, dynamic updates and secure governance services. Precise search is enabled by our on-device handwriting recognition engine, which allows users to recognize and retrieve handwritten content. Intelligent Q&A leverages a historical database of StarNote user inquiries and an AI engine to provide intelligent query retrieval and responses. Dynamic updates are supported through mandatory update functions integrated with application stores, enabling us to provide users with timely application updates and security management services in a secure and efficient manner. As part of our secure governance services, we adopt the official data transmission protocols of major platforms, including Baidu, Google and Microsoft, to safeguard data transmission security. Through knowledge integration and scenario-based adaptation, we aim to transform knowledge assets into productivity and deepen product engagement among students, researchers, and professionals.

- ***High-value vertical industry solutions***

  Focusing on vertical sectors such as education, legal and healthcare, we plan to offer integrated hardware-software solutions that deeply embed our capabilities into the workflows of industry enterprise customers.

- ***Launching SDKs/APIs to build an open ecosystem***

  We intend to progressively open our operating system interfaces to attract ecosystem partners, being third parties with complementary resources integrated into our business to support ecosystem-based services for users, encouraging the development of applications designed for eye-friendly reading and focused writing environments. By enhancing our APP store and ecosystem platform, we aim to attract independent content providers and software vendors, strengthening our position as an open-platform provider.

Strengthening brand influence and enhancing efficient, reliable service response worldwide

We aim to enhance our brand presence and are committed to providing users with efficient, timely and reliable service responses. This commitment includes meeting user expectations for real-time support, international shipping and efficient delivery. Our goal is to continuously improve the user experience, optimize the paper-like experience and strengthen user stickiness. To build sustainable long-term competitive advantages, we will focus on strengthening core brand and deepening user engagement. Through an integrated marketing system that combines both online and offline channels, we aim to expand brand awareness and enhance customer loyalty.

Centered around "technology, eye protection, distraction-free and portable," we plan to globally reinforce the BOOX brand image through IP collaborations, environmental sustainability initiatives, brand public welfare programs and sponsorships of cultural programs and initiatives. We will actively expand offline experience stores, participate in international exhibitions, high-level interviews, specialized forums and industry conferences to capture overseas business opportunities.

We plan to further enhance our global supply chain network and strengthen collaboration with overseas suppliers to support and complement our domestic supply chain. We will place strong emphasis on the stability of our supply chain and maintain a structured pipeline of alternative suppliers to create a multi-layered and diversified supply system. This approach allows us to respond swiftly to capacity constraints or changes in trade policies and ensures a stable product supply, which helps safeguard the continuity of our services.

Investing in talent acquisition and team development to drive future innovation and growth

We believe that globally attracting top talent is essential for fostering innovation and ensuring long-term development. Going forward, we will focus on both talent acquisition and talent development to build a talent pipeline that continuously supports our growth.

We will actively expand our talent pool by targeting experienced professionals in key areas such as R&D, market expansion, management and operations. We expect that these high-caliber talents will drive our technological breakthroughs and help us capture opportunities for market growth. Additionally, we will optimize our employee development system by designing internal training programs that align with our corporate culture. These training programs will empower employees in leadership, teamwork and professional skills.

We will enhance our promotion and selection mechanisms based on principles of fairness, transparency and meritocracy. Furthermore, we will establish a structured incentive system that includes equity-based rewards and performance compensation to inspire creativity and motivation, which injects long-term momentum into our organizational development.

OUR PRODUCTS

Our "BOOX" brand defines our position in the market, and under this brand, we design, develop, and market a portfolio of minimalist, industrially designed knowledge-driven productivity tools. Our products are engineered to create an experience for reading, writing, and productivity, leveraging our expertise in e-ink display technology and software optimization. Central to this experience is our proprietary BOOX OS, a customized operating system that powers every device across our product portfolio. Built upon a foundation of self-developed software engines refined over nearly one decade, BOOX OS represents a core pillar of our competitive advantage. As a customized system based on the Android platform, it offers a key differentiator: an open operating system that grants users the freedom to install a wide variety of third-party applications, providing flexibility in contrast to the closed-system devices of many competitors. This combination of optimized hardware and open software is applied across our product matrix, which is strategically designed to meet a wide range of user needs and scenarios, from portable reading to professional-level productivity. During the Track Record Period, we served users in over 100 countries and regions, and our BOOX OS had over 1.2 million monthly active users as of June 30, 2026, allowing us to effectively commercialize through operating system subscriptions, service offerings and value-added internet services.

Throughout the Track Record Period, this growing user base also attracted content providers, primarily third-party platforms operating reading content applications in the PRC, resulting in collaborations to diversify our ecosystem. In detail, end users access third-party content platforms through our devices to purchase paid digital content or subscribe to become members of such third-party platforms. Pursuant to the relevant cooperation agreements, an agreed portion of the revenue generated from such content sales is allocated to the Company as consideration for device and software integration support and related services. Such income is recognized upon receipt of settlement statements from the content providers and is calculated based on an agreed percentage of the net revenue derived from end-user purchases of such content. Under this cooperation model, digital reading content platforms operated by content providers are integrated into the devices to provide end users with access to digital content. Revenue generated from such collaborations amounted to approximately RMB49.7 thousand, RMB360.0 thousand, RMB247.3 thousand, RMB174.0 thousand and RMB68.9 thousand in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, representing approximately 0.01%, 0.04%, 0.02%, 0.03% and 0.01% of our total revenue for the respective periods. Our collaborations with them are ancillary to our device sales and do not represent a strategic growth segment.

We have established a product portfolio comprising three main categories: (i) e-paper tablets, (ii) e-notes, and (iii) other products and services, which primarily include accessories for our products, external e-ink monitors, StarNote application and content revenue-sharing with third-party content providers. Other revenue included the resale of raw materials, which were third-party manufactured chips, during the Track Record Period. The following table sets forth a breakdown of our revenue by product category for the years/periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*% of total*	*RMB'000*	*% of total*	*RMB'000*	*% of total*	*RMB'000* (*unaudited*)	*% of total*	*RMB'000*	*% of total*
E-paper tablets	214,966	26.8	409,481	40.2	381,085	33.8	221,280	41.4	104,336	18.2
E-notes	544,175	67.7	558,689	54.9	692,052	61.3	290,749	54.4	383,711	66.9
Others[(1)]	44,439	5.5	49,349	4.9	55,048	4.9	22,163	4.2	85,541	14.9
Total	**803,580**	**100.0**	**1,017,519**	**100.0**	**1,128,185**	**100.0**	**534,192**	**100.0**	**573,588**	**100.0**

Note:

(1) Others include other products and services, primarily including accessories for our products, external e-ink monitors, StarNote application, content revenue-sharing with third-party content providers and the resale of third-party manufactured chips.

In terms of sales channels, during the Track Record Period, our products were sold globally through direct sales and distributors located in over 70 countries and regions. The table below sets forth a breakdown of our revenue by geographical location, based on the locations of our customers, including direct sales customers and distributors, for the years/periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*% of total*	*RMB'000*	*% of total*	*RMB'000*	*% of total*	*RMB'000* (*unaudited*)	*% of total*	*RMB'000*	*% of total*
PRC[(1)]	351,795	43.8	413,070	40.6	461,656	40.9	220,542	41.3	260,518	45.4
– Hong Kong	12,778	1.6	22,333	2.2	45,085	4.0	10,714	2.0	42,685	7.4
Europe	193,094	24.0	196,945	19.4	248,830	22.1	111,741	20.9	115,184	20.1
U.S.	146,987	18.3	195,316	19.2	198,627	17.6	97,119	18.2	101,684	17.7
Asia (excluding the PRC[(1)])	80,753	10.0	165,551	16.3	162,291	14.4	80,009	15.0	75,742	13.2
Other countries/regions[(2)]	30,951	3.9	46,637	4.5	56,781	5.0	24,781	4.6	20,460	3.6
Total	**803,580**	**100.0**	**1,017,519**	**100.0**	**1,128,185**	**100.0**	**534,192**	**100.0**	**573,588**	**100.0**

In terms of users, based on information available to the Company, including login records reflecting the geographic locations of registered user accounts, our products have been provided globally to users in over 100 countries and regions during the Track Record Period.

Notes:

(1) For the purpose of this table, PRC includes Hong Kong, Macau and Taiwan.

(2) Other countries and regions primarily include Canada, Australia and the Middle East.

E-Paper Tablets

Our e-paper tablets are specifically designed for reading enthusiasts who value portability and an immersive reading experience. Through six main product lines, our e-paper tablets meet the needs of different users. These devices primarily feature compact 6 to 7-inch screens. They are designed to be compact and lightweight, making them ideal for on-the-go use, and support voice input. The display is designed to offer a clear and comfortable experience, offering a paper-like visual sensation. All models run on our BOOX OS, allowing users to freely install various reading apps and break through the content limitations of traditional e-readers.

During the Track Record Period, the sales volume and ASP of our e-paper tablets were 254,577 units at RMB844 per unit, 383,968 units at RMB1,066 per unit, 359,870 units at RMB1,059 per unit, 203,651 units at RMB1,087 per unit and 116,568 units at RMB895 per unit in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. Revenue derived from our e-paper tablets amounted to RMB215.0 million, RMB409.5 million, RMB381.1 million, RMB221.3 million and RMB104.3 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively.

Our e-paper tablets primarily include the *Go Series* (including *Go 6* and *Go Color 7*), *Leaf Series* (including *Leaf, Leaf 2, Leaf 3, Leaf 3C* and *Leaf 5*), *Palma Series* (including *Palma* and *Palma 2*), *P6 Series* (including *P6* and *P6 Pro*), *Poke Series* and *Page*.

Go Series

Go Color 7

Go 6

Leaf Series

Leaf 5

Palma Series

Palma 2

Palma

P6 Series

P6

P6 Pro

Poke Series

Poke 6

Poke 6s

Page

Page

Go Series (Go 6 and Go Color 7)

Go 6 and *Go Color 7* target young users in the entry-level to mid-range market, featuring a minimalist, stylish, lightweight, and portable design that delivers a comfortable and eye-friendly reading experience. With its functionality and flexibility, the series easily adapts to various use cases such as outdoor use, commuting, and daily learning.

Both models run on our BOOX OS, offering users the flexibility to install a wide range of third-party applications for reading, listening, and browsing. They are equipped with adjustable dual-tone front lighting for comfortable viewing in any lighting condition, day or night. To accommodate large libraries, both devices feature a microSD card slot for expandable storage and offer native support for various digital formats, including documents, images, and audio files. The price range of *Go Series* is from approximately RMB1,090 to approximately RMB2,100.

Go Color 7

Go 6

Leaf Series (Leaf, Leaf 2, Leaf 3, Leaf 3C and Leaf 5)

The *Leaf Series* has become one of our key product lines in the domestic market. The *Leaf Series* is positioned as a stylish, eye-friendly and fast-response reading device for reading enthusiasts, delivering a clear display, strong performance, and the flexibility of our BOOX OS. It is targeted at reading enthusiasts in urban areas who prioritize eye protection, a smooth user experience and a premium reading feel, while also requiring the flexibility to use various apps. The *Leaf Series* has contributed to expanding our user base to include more female customers. The series is used by users for features that directly address the core demands of its target audience, including a clear display, an original and stylish ergonomic design, strong performance with a smooth refresh experience, and the functionality of our fully open BOOX OS, backed by a decade of development. The price range of *Leaf Series* is from approximately RMB1,500 to approximately RMB1,900.

Leaf 5

Palma Series (Palma and Palma 2)

The *Palma Series* is one of our most popular lines of portable e-paper tablets in overseas markets. With its software and hardware performance, it introduced smartphone-style e-paper tablets. Through a minimalist design philosophy, the series aims to help users find balance between technology and daily life. Its paper-like, eye-friendly screen provides a comfortable visual experience. Housed within its compact body is our BOOX OS, a high-performance octa-core CPU, and our proprietary BSR fast-refresh technology, all dedicated to allowing users to enjoy the convenience of technology. The first-generation Palma was named one of TIME magazine's Best Inventions of 2024. The price range of *Palma Series* is from approximately RMB2,000 to approximately RMB2,300.

Palma 2

Palma

P6 Series (P6 and P6 Pro)

The *P6 Series* is our first smartphone-style e-paper tablet line in the domestic market. With its stylish design, ultra-portability, high-performance, and our proprietary BOOX OS, it has gained traction among young, white-collar professionals, especially female users. Affectionately nicknamed *BOOX Little White Horse (文石小白馬)* by users, the *P6 Series* is offered on e-commerce platforms among similarly positioned products.

The *P6 Series* is equipped with Wi-Fi, enabling real-time connectivity to expand user scenarios. Leveraging a Qualcomm hardware platform combined with BOOX's self-developed BSR fast-refresh technology, it delivers a smooth, eye-friendly e-paper experience comparable to smartphones, all within a compact, phone-sized device. Leveraging our BOOX OS, we have expanded the use cases of the *P6 Series* from pure reading to eye-friendly browsing of mobile apps. The price range of *P6 Series (P6 and P6 Pro)* is from approximately RMB2,200 to approximately RMB2,800.

P6

P6 Pro

Poke Series

The *Poke Series* is our line of ultra-portable and cost-effective pocket-sized e-paper tablets, serving as an accessible entry-level choice for users. With its compact 6-inch design, the device is slim, lightweight, and small enough to easily fit into a pocket for on-the-go use. The 300 PPI e-ink screen ensures the display is both sharp and eye-friendly. With its affordable price, portable design, and simple, easy-to-use interface, the series targets a wide audience, such as students, commuters, and first-time users of e-ink screen products. The price range of *Poke Series* is from approximately RMB900 to approximately RMB1,100.

Poke 6

Poke 6S

Page

Positioned as a dedicated reading device that balances portability with performance, *Page* is designed for users who seek a pure reading experience. *Page* features a 7-inch HD e-ink screen, physical page-turn buttons, and a slim, lightweight body with an ergonomic design to ensure a comfortable grip for extended periods. With strong performance, expandable storage, and our BOOX OS that supports various reading apps and third-party cloud storage services, it offers users a rich reading experience.

Page

E-Notes

Our e-notes are designed for efficient text-based information processing and support various external input methods, including handwriting, keyboard and voice input. Our e-notes integrate performance with professional eye care features, encompassing two main products lines, the *Note Series* and the *Tab Series*, and select models from the *Go Series*, *Leaf Series*, *Palma Series* and *P6 Series* to offer a digital paper solution for professional work, learning, and productivity. This line includes 6-inch to 13.3-inch models, with monochrome or color e-ink screens, that offer clear displays and smooth operation, effectively reducing eye strain. From annotating documents and organizing notes to working on the go, the flexibility and open-system compatibility of our e-notes make them the ideal alternative to traditional backlit tablets and paper notebooks.

Our e-notes deliver a smooth and responsive experience suitable for complex workflows and multitasking. Paired with a stylus for a natural handwriting feel and compatible with accessories like magnetic keyboard covers, these devices can transform into on-the-go 2-in-1 workstations. Ultimately, the e-note line provides a solution that blends high performance with the comfort of an eye-friendly display for all-day productivity.

During the Track Record Period, the sales volume and ASP of our e-notes were 224,173 units at RMB2,427 per unit, 215,950 units at RMB2,587 per unit, 322,471 units at RMB2,146 per unit, 121,257 units at RMB2,398 per unit and 205,267 units at RMB1,869 per unit in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. Revenue derived from our e-notes amounted to RMB544.2 million, RMB558.7 million, RMB692.1 million, RMB290.7 million and RMB383.7 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively.

Our e-notes primarily include the *Note Series, Tab Series* (in both overseas and domestic versions), *Go Series* (including *Go 10.3, Go 7* and *Go Color 7 (Gen II)*), *Leaf 5C*, *Palma 2 Pro* and *P6 Series* (including *P6 Pro C* and *P6+*).

Note Series

Note Air4 C

Note Max

Note X5 Mini

Note X5S

Note X5

Note Air5 C

Tab Series

Overseas Version

Tab Mini C

Tab Ultra C Pro

Tab XC

Domestic Version

Tab 10C

Tab 10C Pro

T13C

Go Series

Go Color 7 (II)

GO 7

GO 10.3

Leaf 5C

Leaf 5C

Palma 2 Pro

Palma 2 Pro

P6 Series

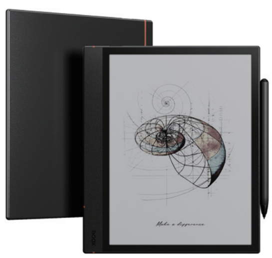
P6 Pro C

P6+

Note Series

Our *Note Series* is positioned as a mid-to-high-end multifunctional e-note and is a core series in our product portfolio. Its key advantages lie in its eye-friendly display and paper-like writing experience. By integrating note-taking tools, support for multiple file formats, and our BOOX OS, the *Note Series* combines the functionalities of an e-paper tablet and a digital notebook, meeting different user needs and serving as an eye-friendly alternative to traditional backlit tablets. Available in 10.3-inch and 13.3-inch sizes with both monochrome and color e-ink screen options, it is equipped with high-performance processors and our self-developed BSR fast-refresh technology to ensure a smooth user experience. It primarily targets university students, researchers, writers, and other professionals who frequently work with specialized documents or take large amounts of handwritten notes. The price range of *Note Series* is from approximately RMB2,400 to approximately RMB5,400.

Note Air4 C



Note Max

Note Air5 C

Note X5 Mini

Note X5S

Note X5

Tab Series

The *Tab Series* is our flagship line of high-performance e-notes, designed to provide premium users with a solution that combines efficient productivity and eye-care features. The *Tab Series* is available in 7.8-inch, 10.3-inch and 13.3-inch sizes with both monochrome and color screen options.

Overseas version

All overseas models are equipped with our proprietary BSR fast-refresh technology. This ensures a perfect balance between viewing comfort and smooth operation. With the integration of a magnetic keyboard cover and a low-latency stylus, the *Tab Series* supports efficient dual input methods of writing and typing. Our BOOX OS allows users to freely install a wide range of productivity apps, which when combined with features such as split-screen mode, further expands its use cases and efficiency. It serves as an eye-friendly productivity tool for professionals transitioning to paperless work environments. The price range of *Tab Series (overseas version)* is from approximately RMB3,000 to approximately RMB6,300.

Tab Mini C

Tab Ultra C Pro

Tab XC

Domestic version

All domestic models for the PRC market are equipped with established hardware platforms, along with our self-developed BSR fast-refresh technology and BSR algorithm. This combination provides users with a fluid refresh experience comparable to that of backlit tablets, while delivering high color contrast and automatic ghosting removal capabilities. Paired with its dedicated magnetic keyboard case and low-latency stylus, the *Tab Series* can partially replace a computer for light productivity tasks in the users' daily work, study, and personal life. Its eye-friendly, distraction-free and efficient characteristics make it ideal for professional paperless work and academic study. The price range of *Tab Series (domestic version)* is from approximately RMB4,700 to approximately RMB6,000.

Tab 10C

Tab 10C Pro

T13C

Go Series (Go 10.3, Go 7 and Go Color 7 (Gen II))

Go 10.3, *Go 7* and *Go Color 7 (Gen II)* target young users in the entry-level to mid-range market, featuring a minimalist, stylish, lightweight, and portable design. These models offer a variety of screen sizes ranging from 7 inches to 10.3 inches, available in both monochrome and color e-ink screen versions, delivering a comfortable and eye-friendly read-write experience. These models support stylus input, catering to the need for jotting down inspiration anytime. With its functionality and flexibility, the series easily adapts to various use cases such as outdoor use, commuting, and daily learning. The price range of *Go Series* is from approximately RMB1,700 to approximately RMB3,200.

Go Color 7 (Gen II)

Go 7

Go 10.3

Leaf 5C

Leaf 5C has become one of our key products in the domestic market. It is positioned as a stylish, eye-friendly and fast-response read-write device, delivering a clear display, strong performance, and the flexibility of our BOOX OS. Powered by a 7-inch Kaleido 3 color screen, *Leaf 5C* offers a vibrant yet comfortable read-write experience. The device's original and stylish ergonomic design and performance with a smooth refresh experience have contributed to expanding our user base to include more female customers. It is targeted at users in urban areas who prioritize eye protection, a smooth user experience, and a premium read-write feel. The inclusion of stylus support for note-taking and annotation directly addresses the demand for a productivity tool. The functionality of our BOOX OS, backed by a decade of development, allows users the flexibility to install various apps, making *Leaf 5C* a device that meets the core demands of its target audience.

Leaf 5C

Palma 2 Pro

With active stylus support, *Palma 2 Pro* provides handwriting and document annotation capabilities in a compact 6.13-inch smartphone-sized form factor, extending the functionality of our ultra-portable e-notes. *Palma 2 Pro* integrates the open Android platform, BOOX OS and BSR fast-refresh technology, enabling users to freely install note-taking, reading and productivity applications, and to capture ideas and manage notes and memos under a smooth refresh experience.

Palma 2 Pro

P6 Series (P6 Pro C and P6+)

As portable e-notes that support active stylus input, *P6 Pro C* and *P6+* combine a compact 6.13-inch form factor with a paper-like, eye-friendly display, enabling users to read, write and process information while on the move. They are designed to support a range of use cases, including reading and annotating documents, capturing ideas and creative sketching during commuting, business travel and leisure activities. The price range of *P6 Series (P6 Pro C and P6+)* is from approximately RMB2,200 to approximately RMB3,300.

P6 Pro C

P6+

Other Products and Services

During the Track Record Period, revenue derived from our other products and services amounted to RMB44.4 million, RMB49.3 million, RMB55.0 million, RMB22.2 million and RMB85.5 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively.

Mira Series

The *Mira Series* represents a strategic expansion of our core e-ink technology, extending the eye-friendly display experience from portable devices to professional desktop environment. This series is specifically designed for professionals who are heavy computer users, such as programmers, writers, and editors, who experience eye strain from prolonged use of conventional monitors. Available in 25.3-inch monochrome and color e-ink versions, the device integrates our proprietary BSR fast-refresh technology that breaks through the traditional limitations of e-ink displays in fluidity and responsiveness. The premium aluminum alloy body features an adjustable stand and a variety of ports, allowing for flexible viewing angles and compatibility with various devices. Additionally, the dual-tone front light system ensures a clear and comfortable display under any lighting conditions, offering an all-day eye protection solution for office professionals. The price range of *Mira Series* is from approximately RMB4,700 to approximately RMB13,000.

Mira Pro C

Mira Pro

Accessories

We are committed to building an ecosystem centered around our knowledge-driven productivity tools. To support this vision, we have meticulously developed a series of professional accessories. Each accessory is thoughtfully designed to integrate with BOOX devices, working together to provide users with a more complete and efficient digital reading and creative experience. Our main accessory categories include:

- *EMR stylus pen*. Our EMR stylus utilizes Wacom EMR technology, enabling smooth writing and precise erasing without ever needing to be charged. The stylus features high-precision pressure sensitivity to accurately capture variations in writing pressure to closely replicate a true pen-on-paper experience. We also offer replacement nibs to ensure that users can consistently enjoy the optimal writing experience.

- *Active stylus*. In 2025, we launched three new active capacitive styluses, each with distinct characteristics in pressure sensitivity, tilt recognition, and response speed. These styluses deliver a smooth writing experience across all BOOX devices, further expanding the possibilities for handwritten input on e-ink screens.

- *Magnetic protective cases*. We design and provide custom magnetic protective cases for each device model. These cases are crafted from durable materials such as PU leather and soft inner linings to prevent scratches and minor impacts. Most cases support smart wake/sleep functionality and offer multiple adjustable viewing angles, combining practicality with convenience.

- *Magnetic keyboard cases*. For select knowledge-driven productivity tools, we offer specially designed magnetic keyboard cases. These connect via pogo pins without the need for separate charging or Bluetooth pairing. This instantly transforms the knowledge-driven productivity tool into a 2-in-1 workstation, making it the ideal accessory for work on the go.

- *Bluetooth remotes*. The Bluetooth remote makes controlling our device effortless and simple. By connecting via Bluetooth, users can perform various functions without touching the screen, enhancing the convenience of reading and general use. It allows for easy page turning, screen refreshing, screen brightness adjustment, interface scrolling, and more.

- *Screen protectors*. We offer two types of screen protectors. Standard HD films ensure screen clarity and provide basic protection. We also offer paper-like writing films which feature a special textured surface that increases friction on the stylus nib to simulate the realistic tactile feel of writing on paper. Both types of film protect the screen while maintaining full touch sensitivity.

StarNote Application

StarNote is a standalone read-write application for collaboration and professional note-taking. It lets users write and draw digitally in a way similar to using pen and paper. It is currently available on Android and iOS and HarmonyOS, with desktop versions, including Windows and macOS under development, and enables cross-platform use by allowing users to access and synchronize their notes across different operating systems through a unified account system. It also supports content synchronization across devices through users' individual cloud storage accounts. Once content is shared through cloud storage, other users may access and edit such content through their own StarNote accounts to enable collaborative work. The application includes features such as an infinite canvas, shape recognition and text recognition. Users can import images, documents, as well as audio and video files in different formats. They can also annotate content, create notes, and export or share their work, with features that support content sharing and multi-user access or editing within the application. It is also designed as a productivity tool for different uses, including learning, office work and personal content creation.

Since its official launch in September 2024, StarNote has developed into a multi-functional proprietary note-taking software and has become a key component of our product offering. Focused on knowledge management and learning scenarios, StarNote not only serves users of BOOX devices with stylus support but is also available as a standalone application in the open market. This approach directly addresses the needs of college students and knowledge workers.

StarNote incorporates management logic at the product level. It focuses on key processes such as content capture, organization, linking and retrieval. Key features include flexible handwritten notes, multi-level annotations, layer management, handwriting-to-text conversion, audio recording embedding, and a range of templates. It is dedicated to becoming the central hub of users' personal knowledge systems. By competing in the open market, we believe our system allows StarNote to continuously gather user feedback, in order to improve our existing note-taking framework. This will further optimize the product experience and enhance functionality to better serve high-value user segments.

Launching StarNote as an independent application marks a crucial step in our strategy to create a "software-first" ecosystem. This initiative will not only enhance brand awareness and loyalty among a wider user base but also provide an efficient channel for acquiring customers for our hardware devices. As StarNote's user base accumulates and word-of-mouth grows in the open market, we aim to further elevate our presence in digital note-taking and e-paper technology. This approach also aligns with our long-term strategic goal of integrating software with hardware, ensuring that software drives hardware development. As of June 30, 2026, StarNote has achieved approximately 2.0 million downloads, significantly broadening our service reach and user scale.

Resale of raw materials (third-party manufactured chips)

As part of our inventory management practices, we may procure raw materials in excess of our near-term production requirements to secure favorable pricing and mitigate supply chain risks. Since the second half of 2025, prices of chips, a key raw material used in our products, have begun to increase and may continue to rise or experience significant volatility. Accordingly, we expanded our strategic procurement of chips in 2025 to support stable production and delivery. Leveraging inventory reserves accumulated through our prior strategic procurement efforts, and having ensured sufficient raw materials to meet our production requirements and future production plans, we resold a portion of third-party manufactured chips to optimize cash flow and alleviate inventory pressure. These resales commenced in 2026 and were made to customers which are Independent Third Parties, amounting to RMB55.7 million in aggregate. Resale prices are determined with reference to prevailing market prices. As chip manufacturers continue to expand production capacity and chip prices become more stable, the need for strategic stockpiling is expected to lessen. Accordingly, we expect both the volume and proportion of such resales to decrease over time.

PRODUCTION AND ASSEMBLY

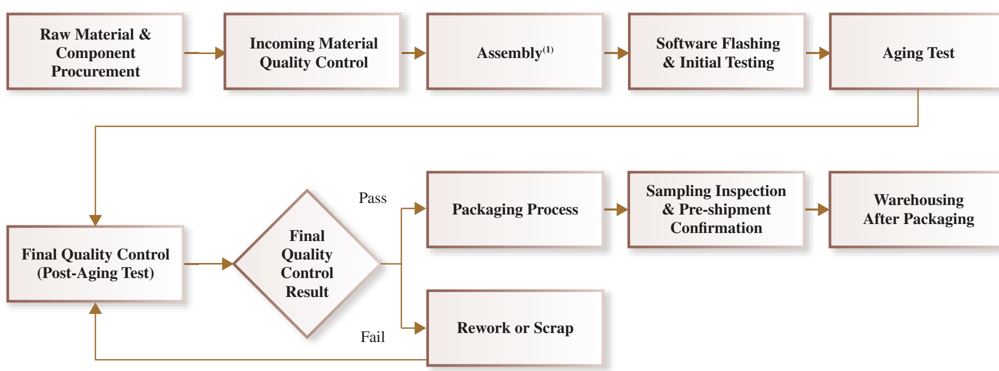
We have established a flexible, stable, and asset-light production system to support our business operations. Our manufacturing process is a hybrid model designed to maintain in-house control over critical processes while leveraging the scale and expertise of specialized partners.

Our in-house capabilities are centered on the value-additive stages of manufacturing: final assembly, testing and quality control, which are all conducted at our production and assembly facility in Guangzhou, Guangdong Province. We strategically outsource capital-intensive and standardized processes, such as the SMT for our PCBAs, to qualified third-party manufacturing partners. Specifically, during the Track Record Period, SMT, casing assembly, protective cover production and certain PCB water proofing were fully outsourced. Lamination was fully outsourced in 2023, and approximately 92.0%, 52.0% and 4.0% outsourced in 2024, 2025 and the six months ended June 30, 2026, respectively. This approach allows us to scale production efficiently in response to market demand without incurring substantial capital expenditures on heavy machinery, while retaining direct oversight of final product quality and the user experience.

During the Track Record Period, we also conducted outsourcing arrangement to an independent third-party manufacturer in Vietnam, as part of a pre-arrangement to enhance supply chain flexibility under which we provided product design and materials, and the manufacturer undertook contract manufacturing services, including end-product assembly, in accordance with our specification. This arrangement involved two product models, representing less than 0.1% of our total production volume in 2025.

Our Production Processes

The principal steps generally applicable to the production of our knowledge-driven productivity tools include incoming material quality control, assembly, software flashing and initial testing, aging test, final quality control and packaging. The following diagram illustrates the principal steps of our production process. The production time required for the principal steps is generally two to four weeks.



Note:

(1) Our assembly is partly in-house, with standardized and capital-intensive processes outsourced to third parties.

Our Production and Assembly Facility

During the Track Record Period, we operated one production and assembly facility located in the Nansha district of Guangzhou, Guangdong Province, with a total gross floor area of approximately 9,609.3 square meters. The premises of our production and assembly facility are leased by us. Our major production assets and equipment are owned by us for our manufacturing operations. Our Nansha production base commenced operation in 2021 and currently has two production and assembly lines, one inspection line and two packaging lines. Production of our products is generally interchangeable with relatively quick configuration to production and assembly lines, which allows us to plan and adjust our production and assembly activities efficiently and flexibly to address market demands while incurring minimum fixed costs. Accordingly, the calculation of our annual production capacity by reference to working hours is applicable within a certain production scale, within which factors such as production lines and equipment productivity do not constitute material constraints, beyond which additional production resources would need to be considered.

We have implemented a set of internal production and operational policies, including strict adherence to the ISO 9001 (Quality Management System) and the ISO 14001 (Environmental Management System). This framework ensures our compliance with applicable national and international industry standards. The production machinery and tools used for our manufacturing and assembly operations (including packaging equipment, lamination equipment, testing equipment and assembly lines), together with our IT and office equipment (including computers, monitors and printers), were predominantly acquired in recent years and are depreciated on a straight-line basis over a useful life of three to five years. We carry out inspections and maintenance at our production and assembly facility on a regular basis to ensure good working conditions. We also assess the need for replacement or upgrade of our machinery and equipment on an ongoing basis by reference to their operational condition, production requirements and technological developments. Subject to the scale of the inspection and maintenance, our inspection and maintenance are scheduled on a daily, monthly and annual basis. Such inspections are conducted in accordance with the above schedule and are generally performed on a sampling basis, with repairs carried out as necessary. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material production disruption due to unexpected failure of production flows or equipment.

Production Capacity, Production Volume and Utilization Rate

Our production capacity is measured by volume, expressed in units. We manage our production lines to maintain a healthy utilization rate to achieve economies of scale. In addition, our manufacturing machinery and equipment can be efficiently reconfigured so that we are able to quickly switch the production and assembly for different products.

The following table sets forth the production capacity, production volume and utilization rate data of our Nansha production base for the years/periods indicated.

Year	Production Capacity(1)	Actual Production Volume	Utilization Rate(2)
	(unit)	*(unit)*	*(%)*
2023	565,500	498,735	88.2
2024	715,500	671,419	93.8
2025	762,000	670,239	88.0
Six months ended June 30, 2026	390,750	358,451	91.7

Notes:

(1) Annual production capacity is determined based on the actual hourly operating capacity of our production personnel, multiplying by eight hours of daily operating time and 250 working days in a year. For the six months ended June 30, 2026, we have assumed that the production capacity is 50% of the annual production capacity.

(2) Utilization rate is calculated by dividing the actual production volume by the designed production capacity of the year/period.

Outsourcing and Subcontracting Arrangements

We outsource the SMT of our PCBAs to third-party contract manufacturers, under which our SMT partners undertake solder paste printing, component placement, reflow and automated visual inspection to detect defects in manufactured components, as well as programming/burning, functional testing and packing in accordance with our specifications and quality standards. This approach provides the flexibility required to meet market demand without the substantial capital investment required for in-house SMT production lines. We also outsource other processes, such as display lamination, casing, leather cases and certain PCB waterproofing, to designated partners following our drawings and acceptance criteria.

We select our manufacturing partners based on criteria, including their quality certifications, production capacity, technical expertise, industry reputation, and compliance history. Regular evaluations are also conducted to ensure their performance consistently aligns with our standard. The results of the initial and regular evaluation are approved by management and properly archived for further reference. Furthermore, upon the production and delivery of components to our factory, the quality control team performs inspections to verify that they meet the Group's relevant quality standards. We apply process controls over our manufacturing partners to help ensure product quality, including controlled custody of consigned materials, acceptance sampling and visual criteria in line with prevailing national/industry standards, on-site oversight and recordkeeping, and at least a 12-month contractual arrangement for free rework for manufacturing-defect units under our standard processing contracts.

Our primary manufacturing partners have experience serving major global consumer electronics brands. During the Track Record Period, we engaged an aggregate of 23 independent third-party manufacturers for different processes. The number of additions to and terminations of third-party manufacturers during the Track Record Period was three and two in 2023, nil and six in 2024, and four and nil in 2025 as well as three and nil for the six months ended June 30, 2026, respectively. Our contract manufacturers are primarily located in Guangdong Province, including Shenzhen and Dongguan. Outsourcing processing fees represented approximately 13.3%, 12.0%, 9.8% and 5.2% of our cost of sales for 2023, 2024, 2025 and the six months ended June 30, 2026, respectively.

Set forth below is a summary of the key terms of our agreements with our third-party manufacturing partners during the Track Record Period.

- *Scope of Services*. We engage manufacturing partners to produce components according to our design specifications and quality standards.

- *Duration*. The agreement with our manufacturing partners typically has a term of one to two years and is renewable upon mutual consent.

- *Fees and Payment*. Payment and settlement terms are governed by production orders issued under the framework agreements.

- *Delivery and Quality Control*. Timely delivery is required. Manufacturing partners must maintain quality systems and adhere to defined quality metrics. We reserve the right to reject, return or request rework of non-conforming components.

- *Confidentiality*. Manufacturing partners are required to keep all non-public business and technical information confidential and may not disclose such information to any third party.

- *Termination.* We have the right to terminate the agreement if a manufacturing partner breaches the terms and conditions contained therein. The agreement is also terminable by mutual agreement.

In early 2025, we began enhancing our supply chain flexibility in Vietnam. As part of a pilot outsourcing arrangement, we engaged a manufacturing partner in Vietnam to provide contract manufacturing services, including end-product assembly, in accordance with our specification. We have completed initial trial production, successfully validating all manufacturing processes as well as the end-to-end sales and logistics chain. This arrangement involved two product models and represented less than 0.1% of our total production volume in 2025. This expansion into Vietnam is intended to establish an alternative overseas supply chain on a pilot basis to enhance operational flexibility, support overseas market demand and help mitigate risks associated with changes in international trade environment. We expect to continue to conduct our primary manufacturing activities in the Chinese mainland.

Raw Materials and Components

The principal raw materials and components for our products include screens, PCBAs (including chips), Wi-Fi/Bluetooth modules, lithium batteries, custom structural components like casings and frames and stylus components. Of these components, screens, Wi-Fi/Bluetooth modules, and lithium batteries are directly procured by us. The PCBAs are produced by our manufacturing partners, who procure the necessary components according to our design specifications. Our suppliers are primarily located within the Chinese mainland, which effectively shortens the supply chain, reduces logistics costs, and ensures the stability of our delivery schedules.

We actively manage our supply chain to maintain resilience against market volatility. We have established direct, long-term relationships with our major suppliers. Set forth below is a summary of the key terms of our agreements with our major suppliers during the Track Record Period.

- *Duration*. The agreement with our suppliers typically has a term of one to three years and is renewable upon mutual consent.
- *Specifications*. Each purchase order issued under the agreements specifies the product name, model, quantity, price, delivery date, and other relevant details.
- *Payment and delivery*. Product pricing and settlement terms are governed by the respective purchase orders. Suppliers are required to deliver the products to our designated location.
- *Quality Control*. Suppliers must ensure that all products conform to the technical standards and quality requirements specified in the agreement. The standard warranty period is as specified in the agreement, commencing from the date of final acceptance.
- *Product returns*. We are entitled to return or request replacement of products due to quality issues or discrepancies in specifications. The supplier must respond promptly and bear all associated costs.
- *Termination*. We have the right to terminate the agreement if a supplier breaches the terms and conditions contained therein. The agreement is also terminable by mutual agreement.
- *Confidentiality*. Suppliers must not disclose any confidential information to third parties without our prior written consent.

To mitigate the risk of industry-wide shortages and price fluctuations, we employ strategic inventory planning. We maintain a significant strategic reserve of our critical raw materials and components. We also use our ERP system to monitor inventory dynamics in real-time. Furthermore, we continuously seek to diversify our supplier base for our other raw materials and components, maintaining alternative suppliers for such components. Our raw material costs are influenced by prevailing market prices, purchase volumes and exchange rate fluctuations. However, our procurement strategies, such as centralized purchasing and supplier negotiations, are designed to secure a stable supply at competitive costs. As part of our raw material planning management, during the six months ended June 30, 2026, we resold a portion of third-party manufactured chips to optimize cash flow and alleviate inventory pressure. For further details, please refer to "— Our Products — Other Products and Services — Resale of raw materials (third-party manufactured chips)" in this document.

SALES AND DISTRIBUTION

We have established a multi-channel sales and distribution network that combines direct sales and sales through distributors to reach a global customer base. The table below sets forth the revenue contribution by our sales channels 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* *(unaudited)*	*%*	*RMB'000*	*%*
Direct sales[(1)]	**429,395**	**53.4**	**491,496**	**48.3**	**581,951**	**51.6**	**273,889**	**51.3**	**279,734**	**48.8**
Online:										
E-commerce platforms	179,655	22.4	275,478	27.1	313,018	27.7	145,445	27.3	153,618	26.8
Official brand storefront	85,494	10.6	120,922	11.9	125,856	11.2	63,240	11.8	61,798	10.8

	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*	*%*
Offline:										
Enterprise customers(2)	156,067	19.4	84,561	8.3	137,175	12.2	62,613	11.7	58,400	10.2
Individual customers	8,179	1.0	10,535	1.0	5,902	0.5	2,591	0.5	5,918	1.0
Sales to distributors	**374,185**	**46.6**	**526,023**	**51.7**	**546,234**	**48.4**	**260,303**	**48.7**	**238,109**	**41.5**
Online distributors	101,252	12.6	126,656	12.4	132,180	11.7	62,187	11.6	45,930	8.0
Offline distributors	272,933	34.0	399,367	39.3	414,054	36.7	198,116	37.1	192,179	33.5
Resale of raw materials (third-party manufactured chips)(3)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**55,745**	**9.7**
Total	**803,580**	**100.0**	**1,017,519**	**100.0**	**1,128,185**	**100.0**	**534,192**	**100.0**	**573,588**	**100.0**

Notes:

(1) Our direct sales revenue is presented by sales channel, comprising (i) online direct sales, including sales through e-commerce platforms and our official brand storefronts; and (ii) offline direct sales, including sales to enterprise customers and individual customers.

(2) Enterprise customers comprise customers with operations across various industries, including outdoor technology, education and cultural sectors and healthcare, with additional contributions from other sectors.

(3) For more details, please refer to "— Sales and Distribution — Resale of raw materials (third-party manufactured chips) to customers" in this section below.

Direct Sales

Our direct sales channels are designed to capture opportunities in the growing e-commerce market and offer a convenient, direct shopping experience for our customers. These channels include our official brand storefronts and our presence on major third-party e-commerce platforms. In the Chinese mainland, we sell directly to consumers through our official online store, zh.boox.com, as well as on platforms such as Tmall, Pinduoduo and Douyin. Internationally, our primary channel is our official online store, www.shop.boox.com, which offers our full line-up of products directly to users worldwide, serving as a central hub for our brand and allowing us to control the end-to-end customer experience. In addition, we operate our own official brand stores on third-party platforms, such as Amazon, in key markets to reach a broad audience. During the Track Record Period, we also conducted offline direct sales to certain enterprise and individual customers.

We enter into cooperative agreements with third-party e-commerce platforms to promote and sell our products through direct sales rather than consignment arrangements, which are typically in the standard form provided by such platforms. The platforms primarily act as sales channels facilitating transactions between the Group and end customers without taking title to the products, and the Group retains responsibility for pricing and customer returns, while title and inventory risks are transferred to customers upon delivery and revenue is recognized upon transfer of control. Pursuant to those agreements and subject to the policies released by the platforms from time to time, we pay them a transaction-based processing fee. During the Track Record Period, the transaction-based processing fees we paid to major third-party e-commerce platforms generally ranged from approximately 0.6% to 18.0% of the total transaction amount, reflecting platform-specific fee categories and differing fee standards for the same category across platforms. The settlement method for each platform is governed by its own specific settlement policies. These platforms deploy the online payment systems certified by them and collect payments from online users. During the Track Record Period and up to the Latest Practicable Date, we had not received any material claims against our product quality and safety.

Our Distribution Network for BOOX Products

Our distribution network, comprising both online and offline partners, is instrumental to our global sales strategy and market penetration. We strategically partner with distributors to leverage their deep local market knowledge, established retail and e-commerce channels, logistical infrastructure, and existing customer relationships. This asset-light approach allows us to efficiently scale our operations and adapt to regional market dynamics and consumer preferences. By collaborating with partners who have expertise in the consumer electronics sector, we can ensure a strong brand presence and provide localized support to end-users. According to Frost & Sullivan, our distributorship model is consistent with prevailing industry practice.

We generally enter into distribution agreements or purchase orders with our distributors, which set out the rights and obligations of both parties. We have no ownership or management control over any of our distributors, and they operate independently from our Group. We consider our distributors to be our direct customers, primarily because (i) our contractual terms with them reflect a "buyer-seller" relationship, as they generally purchase our products on a purchase order basis and (ii) the title and risks of damage of such products are generally passed to the distributors upon the delivery of our products to their designated locations and their acceptance of such products, upon which we also recognize income generated from such sales as revenue in accordance with relevant accounting standards. For further details about our revenue recognition policies, see "Financial Information — Material Accounting Policies, Judgments and Estimates — Material Accounting Policies — Revenue Recognition" and Note 2.3 to the Accountants' Report as set out in Appendix I to this document. According to Frost & Sullivan, our distribution model is in line with industry norms.

Online Distributors

We partner with third-party online distributors, including e-commerce companies and distributors of consumer electronics. We select our online distributors for their customer base, brand recognition, and logistics capabilities. Under this model, our online distributors directly purchase our products and manage the subsequent sales and distribution to end-users through their platforms. These partnerships enable us to leverage their established customer base and brand recognition to efficiently reach a broad audience.

Set forth below is a summary of the key arrangements with our online distributors during the Track Record Period.

- *Duration*. Our distribution agreement typically has a term of one year and is renewable upon mutual consent.
- *Territory, platform and exclusivity*. We grant distributors distribution rights within specific geographic regions and/or platforms.
- *Sub-distributors*. Not applicable as online distributors generally sell directly to end customers.
- *Payment and credit terms*. Payment is typically due within 7 days after reconciliation.
- *Minimum purchase requirements*. We do not typically impose minimum purchase requirements on online distributors.
- *Logistics*. Online distributors are responsible for all logistics and associated costs after taking delivery of our products.

- *Product return and exchange*. Our online distributors may request for return, replacement, or discounted treatment of products that are defective or unsold after a specified period.

- *Pricing policy*. We provide a recommended retail price as guidance.

- *Termination*. We have the right to terminate the agreement if a distributor breaches the terms and conditions contained therein. The agreement is also terminable by mutual agreement.

Offline Distributors

Engaging capable offline distributors is fundamental to our business growth strategy. We select our distributors based on a number of criteria, including their retail experience, financial stability, local market knowledge, operational and marketing capabilities, and alignment with our brand values. We provide our distributors with marketing support and product training to ensure a consistent representation of the BOOX brand globally.

We typically enter into distribution agreements or purchase orders with our offline distributors. Set forth below is a summary of the key terms of our distribution agreements with our offline distributors during the Track Record Period.

- *Duration*. Our standard distribution agreement typically has a term of one year and is renewable upon mutual consent.

- *Territory, platform and exclusivity*. We grant distributors distribution rights within specific geographic regions and/or platforms.

- *Sub-distributors*. We typically allow distributors to engage sub-distributors, but our distributors are required to manage them in accordance with the terms of our primary distribution agreement. We do not have direct contractual relationships with sub-distributors.

- *Payment and credit terms*. The standard arrangement is prepayment before shipment. We may grant credit terms to distributors on a case-by-case basis. During the Track Record Period, on the rare occasions that credit terms were granted to certain offline distributors, such terms typically ranged from 10 to 30 days.

- *Minimum purchase requirements*. We may set pre-agreed sales targets for our distributors as part of our sales management and incentive arrangements. We offer sales rebates, typically as credit to be applied against future orders, to distributors who achieve their pre-agreed sales targets, such as specific sales amount, within a set period. The applicable rebate rates are generally in the low single digits. The structure may be determined based on various criteria pursuant to the relevant agreements or our internal policy. The specific mechanics, sales targets, and rebate calculations are negotiated on a case-by-case basis and are tailored to each distributor. During the Track Record Period, the total amount of rebates granted to our offline distributors amounted to RMB3.7 million, RMB6.5 million, RMB4.5 million and RMB1.2 million in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively. According to Frost & Sullivan, our rebate arrangements are generally in line with industry practice.

- *Logistics*. Upon receipt of the products or their arrival at the designated location, offline distributors are responsible for all subsequent logistics and associated costs.

- *Product return and exchange*. We generally only accept product returns in cases of confirmed quality defects, which is in line with industry practice.

- *Pricing policy*. We provide a recommended retail price as guidance.
- *Termination*. We have the right to terminate the agreement if a distributor breaches the terms and conditions contained therein. Our standard distribution agreement is also terminable by mutual agreement.

The following table sets forth the changes in the number of our online and offline distributors of BOOX products for the years/periods indicated.

	Year ended December 31,						Six months ended June 30,	
	2023		2024		2025		2026	
	Online distributors	Offline distributors	Online distributors	Offline distributors	Online distributors	Offline distributors	Online distributors	Offline distributors
As of the beginning of the period	1	56	1	59	1	71	2	81
Addition of new distributors	0	5	0	17	1	17	0	1
Number of distributors terminated during the period	0	2	0	5	0	7	0	4
Net increase/(decrease) in distributors	0	3	0	12	1	10	0	(3)
As of the end of the period	1	59	1	71	2	81	2	78

During the Track Record Period, we engaged 60, 72, 83 and 80 distributors as of December 31, 2023, 2024 and 2025 and June 30, 2026, respectively. We have maintained good business relationships with our distributors. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material disputes with them, including those who terminated distribution agreements with us. During the Track Record Period, we strategically expanded our distribution network by appointing new overseas distributors to increase international coverage and market penetration. At the same time, in response to a growing preference among domestic consumers for purchasing directly through online platforms, we streamlined our domestic distribution network to enhance the overall quality and efficiency of our distribution network. Accordingly, the discontinuation of relationships with certain distributors was not due to active termination initiated by us, but rather a result of a natural cessation of business. This typically occurred when a distributor became dormant by not placing new orders for an extended period or has shifted its business focus. As our revenue is relatively concentrated in our major distributors, the cessation of orders from these smaller or dormant distributors, both individually and in aggregate, did not have any material adverse impact on our business operations or financial performance during the Track Record Period and up to the Latest Practicable Date.

Major distributors

In 2023, 2024, 2025 and the six months ended June 30, 2026, revenue contributed by our five largest distributors in each period during the Track Record Period amounted to RMB210.0 million, RMB268.9 million, RMB266.1 million and RMB107.2 million, respectively, accounting for approximately 56.1%, 51.1%, 48.7% and 45.0% of our total sales to distributors for the respective periods. In 2023, 2024, 2025 and the six months ended June 30, 2026, revenue contributed by our largest distributor in each period during the Track Record Period, which is a leading e-commerce platform in the Chinese Mainland, amounted to RMB101.3 million, RMB126.7 million, RMB129.9 million and RMB45.9 million, respectively, accounting for approximately 27.1%, 24.1%, 23.8% and 19.3% of our total sales to distributors for the respective periods. Although we have a network of distributors, the sales contribution from our five largest distributors is relatively concentrated, which is consistent with the economic scale, market maturity, and consumer demand within the geographic regions in which these distributors operate. The sales contribution from our five largest distributors is therefore commensurate with the size of the markets they serve. While our five largest distributors drive the majority of our sales, our broader network of distributors is crucial for ensuring comprehensive market coverage, building brand presence in multiple regions, and establishing a platform for future growth in developing markets.

The following tables set forth certain information of our two largest online and five largest offline distributors of BOOX products in each year/period during the Track Record Period.

	Ranking for 2023	Ranking for 2024	Ranking for 2025	Ranking for six months ended June 30, 2026
Online Distributors[(1)]				
Customer A[(2)]	1	1	1	1
Distributor A[(3)]	N/A	N/A	2	2
Offline Distributors[(1)]				
Customer C[(4)]	1	N/A	N/A	N/A
Customer D[(5)]	2	1	1	1
Customer E[(6)]	3	5	N/A	N/A
Customer H[(7)]	4	4	2	3
Distributor B[(8)]	5	N/A	N/A	N/A
Customer G[(9)]	N/A	3	3	2
Customer F[(10)]	N/A	2	4	N/A
Distributor C[(11)]	N/A	N/A	5	N/A
Distributor D[(12)]	N/A	N/A	N/A	4
Distributor E[(13)]	N/A	N/A	N/A	5

Notes:

(1) Each of Customer A, C, D, E, F, G and H was among our five largest customers during the Track Record Period. Please refer to "— Customers" in this section for further details.

(2) A leading e-commerce company, primarily operating in the Greater China Region as a self-operated e-commerce platform, while integrating third-party platforms, logistics, technology, and other businesses to serve as a comprehensive retail and supply chain infrastructure provider.

(3) A warehousing and fulfillment center operated by an e-commerce platform based in North America, responsible for the storage, sorting, packing and distribution of goods supplied by the platform's suppliers.

(4) A company primarily engaged in the sale of electronic products in Europe and Asia.

(5) A group primarily engaged in the sale of e-ink screen products and related accessories in Asia.

(6) A company primarily engaged in the distribution of e-ink screen products and other digital goods, along with the provision of related technical services in the Greater China Region.

(7) A company primarily engaged in the sale of various e-reader products and the provision of related consulting and after-sales services in Europe.

(8) A company primarily engaged in the sale of consumer electronics and electronic accessories in North America, with a compact operating team. We became acquainted with Distributor B through a referral by a retail purchaser. Revenue attributable to Distributor B amounted to RMB14.8 million, RMB18.6 million, RMB8.6 million, RMB5.1 million and RMB4.8 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. Revenue increased from 2023 to 2024, primarily due to increased market demand and the expansion of its sales channels. Revenue then decreased from 2024 to 2025, primarily reflecting Distributor B's procurement adjustments amid macroeconomic uncertainties in the U.S. and changes in the international trade environment. Revenue remained relatively stable in the six months ended June 30, 2025 and 2026.

(9) A company primarily engaged in the sale of e-ink screen products and related accessories in the Greater China Region.

(10) A company primarily engaged in the sale of consumer electronics and network-related goods, and the provision of information consulting and technical services in the Greater China Region.

(11) A company primarily engaged in the distribution and retail of e-readers and related consumer electronics products in Hong Kong, Macau and Malaysia, with a compact operating team. We became acquainted with Distributor C at a trade exhibition and subsequently commenced cooperation. Revenue attributable to Distributor C amounted to RMB12.8 million, RMB17.4 million, RMB16.8 million, RMB7.7 million and RMB6.8 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. Revenue increased from 2023 to 2024, primarily due to continued upgrade of our products and their enhanced quality and functionality, which supported sales growth. Revenue remained relatively stable from 2024 to 2025, as well as between the six months ended June 30, 2025 and 2026.

(12) A company primarily engaged in the wholesaling and retailing of digital content and electronic reading products through online platforms in Southeast Asia.

(13) A company primarily engaged in the provision of e-book and digital publishing services, specializing in ePub and PDF e-book platforms, reader applications, and institutional digital library systems in Southeast Asia.

Measures to Manage Cannibalization and Channel Stuffing

We actively manage our distributor network to safeguard our brand integrity, maintain pricing discipline, and ensure the health of our sales channels. This involves implementing distinct strategies to address the risks of sales cannibalization and channel stuffing.

We have implemented several key measures designed to minimize direct competition among our distributors of BOOX products and ensure they operate within their agreed-upon domains.

- *Designated sales territories and channel exclusivity*. Our primary strategy is to identify and designate distributors with a focus of specific, clearly defined geographic regions or sales channels. This separation is the foundation for preventing direct competition among our partners. While we do not have direct contractual relationships with sub-distributors, our distributors are required to manage them in accordance with the terms of our distribution agreement. As far as we are aware, there were no incidents of distributors selling products outside the designated regions or platforms which had materially impacted on our business during the Track Record Period and up to the Latest Practicable Date.

- *Consistent pricing policy*. We provide all offline distributors with a suggested retail price. This policy discourages price wars between distributors and protects our brand's premium positioning.

- *Performance monitoring*. By monitoring regional sales data, we can identify unusual sales patterns that might indicate a distributor is selling outside their designated territory.

- *Flexible arrangement*. As we generally do not enter into long-term agreements with our distributors, we retain the flexibility to terminate relationships with underperforming distributors or those that are no longer necessary due to changes in our business needs.

The Directors are of the view that the Group has a low exposure to channel stuffing risk. This assessment is based on the following policies and operational practices, which are designed to ensure that sales to our distributors of BOOX products reflect genuine end-customer demand.

- *Sales performance-based management*. Our channel management strategy focuses on supporting distributors' sell-through performance. Although our distributors are not contractually obliged to provide us with their inventory data, we maintain a continuous dialogue with our distributors to actively support their sales efforts. We work closely with them to understand their market, resolve sales challenges and address product-related issues.

- *Incentive-based sales targets.* We generally do not impose mandatory minimum purchase requirements that would force distributors to carry excess stock. Instead, we use pre-agreed sales targets linked to rebates, which encourages sales based on real-time market conditions.

- *Prepayment and limited credit terms*. Our policy of prepayment and limited credit terms incentivizes distributors to maintain efficient inventory turnover to manage their working capital effectively. Consequently, distributors place smaller, more frequent purchase orders that align closely with genuine, near-term sales forecasts, thereby minimizing the potential for excess inventory accumulation in the sales channel. During the Track Record Period, our average trade receivables turnover days were 10 days, 8 days, 9 days and 9 days in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively.

- *Strict product return policy*. We generally only accept product returns in cases of confirmed quality defects for offline distributors. This ensures that such distributors bear the inventory risk, compelling them to make careful and realistic procurement forecasts. Based on our internal records, the units of products returned by our customers due to quality defects accounted for approximately 0.4%, 0.5%, 0.4% and 0.5% of our total sales volume in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively.

Anti-corruption and anti-bribery measures

Our policy requires our distributors to adhere to our anti-corruption and anti-bribery policies, under which our distributors of BOOX products are required to (i) comply with all applicable laws and regulations of the relevant jurisdiction, including anti-corruption and anti-bribery laws and regulations, (ii) notify us immediately if any of our employee solicits an improper benefit and (iii) refrain from offering any form of improper benefit to our employee in exchange for commercial advantage. We have internal controls, such as requiring management approval for distributor incentives, and our sales employees are bound by integrity agreements.

Resale of raw materials (third-party manufactured chips) to customers

During the Track Record Period, we resold certain raw materials, namely third-party manufactured chips, to customers primarily engaged in the trading and sale of electronic products. These sales were generally conducted on a purchase-order basis and were intended to optimize cash flow and alleviate inventory pressure. As advised by Frost & Sullivan, the resale of raw materials is a customary practice for consumer electronics manufacturers in the PRC.

Set forth below is a summary of the key arrangements with these customers during the Track Record Period.

- *Payment terms*. The standard arrangement is prepayment before shipment.
- *Minimum purchase requirements*. We do not impose minimum purchase requirements.
- *Delivery*. We are responsible for delivery of the chips.
- *After-sales service and quality assurance*. After-sales service and quality assurance shall be provided in accordance with the original manufacturer's standard warranty policies and quality standards.

Independence of Distributors

To the best knowledge of the Directors, during the Track Record Period and up to the Latest Practicable Date, none of our distributors had any past or present relationships (including business, employment, financing, family, trust or otherwise) with our Group, or with any of our Shareholders, our Directors or our senior management, or with any associates of any of them. All such distributors are Independent Third Parties. As advised by Frost & Sullivan, the use of third-party distribution model for the sale of our products is a customary model for consumer electronics manufacturers in the PRC. None of our distributors has received any material advance or financial assistance from us during the Track Record Period.

RESEARCH AND DEVELOPMENT

The knowledge-driven productivity tools industry is characterized by rapid technological advances and evolving user expectations. Our ability to compete successfully depends on our capacity to continuously innovate and introduce new products and technologies to the market. We are passionate about developing technologies and continuously upgrading and improving the functionality and features of our technological infrastructure to enhance existing products and services and expand the range of our offerings, primarily through our in-house research and development capabilities and, to a lesser extent, licensing of third-party intellectual property. In particular, our relevant technologies, developed or licensed by third parties, primarily include licensed handwriting recognition technology and font libraries, which are currently sourced from independent third-party providers under contractual licensing arrangements. Given that such technologies are obtained from multiple suppliers and that alternative providers are available in the market, the Directors are of the view that the Company does not have any material reliance on any single or limited number of third-party licensors, and is able to further expand its supplier base, where necessary. Based on the due diligence steps performed by the Sole Sponsor, nothing has come to the attention of the Sole Sponsor that would cause it to disagree with the Directors' view above. In addition, our commitment is underscored by our significant investment in talent, with our research and development personnel comprising approximately 34.7% of our total workforce as of June 30, 2026.

During the Track Record Period, our research and development expenses were RMB37.7 million, RMB55.7 million, RMB64.4 million, RMB28.8 million and RMB33.6 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively, accounting for 4.7%, 5.5%, 5.7%, 5.4% and 5.9% of our total revenue for the respective periods.

We have not in-licensed any material intellectual property rights or outsourced any research and development processes to third parties. In addition, we generally do not undertake any research and development projects in collaboration with third parties.

During the Track Record Period and up to the Latest Practicable Date, we have not been subject to any legal claims or proceedings that may have a material adverse impact on the research and development of our products.

Our Research and Development Team and Core Members

As of June 30, 2026, our total research and development team consisted of 166 employees, including electrical engineers, mechanical engineers, computer scientists and software engineers. Our research and development team is divided into hardware and software divisions. The hardware division is responsible for industrial design, structural engineering, schematic design, and the selection and testing of hardware components. The software division is responsible for the development and optimization of our Android-based BOOX OS, core software engines, proprietary applications and cloud services.

Our R&D culture is built on stability and deep institutional knowledge. We prioritize internal promotion, and our core R&D personnel have an average tenure of five to ten years with the company. The following table sets forth the details of our core research and development members.

Core research and development members	Profile
Ms. Dan Yuting (淡玉婷)	Ms. Dan is our co-founder, Chairperson of our Board, executive director and general manager. She holds a bachelor's degree in electron and ion beam devices and technology and a master's degree in electronic materials and components from Xi'an Jiaotong University. With her background in engineering, Ms. Dan has a keen eye for product design and emerging technologies. She champions product excellence and user experience, a philosophy that has guided the BOOX brand to win industry accolades, including the China Red Star Design Award, the Red Dot Award and the iF Design Award. Under her leadership, we were recognized as a "Guangdong Provincial Industrial Design Center (廣東省省級工業設計中心)" in 2024.

Core research and development members	Profile
Mr. Zhu Zeng (朱增)	Mr. Zhu is our co-founder, executive Director, deputy general manager, chief operating officer and chief technology officer. He holds a bachelor's degree in computer science and technology and a master's degree in computer software and theory from Wuhan University. Since our inception in 2008, Mr. Zhu has served as our deputy general manager, overseeing all technological development for our knowledge-driven productivity tools. He has presided over the development of new products and spearheaded key technological initiatives, successfully launching over 50 different knowledge-driven productivity tools models across various product series. His leadership has resulted in significant technological breakthroughs in areas such as color display optimization, grayscale rendering, handwriting latency reduction, ghosting elimination, ultra-low power consumption, and optimized processing of reflowable documents. As of June 30, 2026, Mr. Zhu was one of the inventors of 89 valid invention patents and led the invention of 40 software copyrights, all of which are registered in the name of the Group and related to the Group's products. These intellectual properties were developed by Mr. Zhu in the course of his employment with us and constitute service inventions and service works under applicable laws, with title vesting in the Group and no co-inventorship arising between Mr. Zhu and the Group. Our PRC Legal Advisor is of the view that the Group has lawful ownership of, or valid rights to use, and is not subject to any pledge, mortgage, security or other material restrictions of, such patents and software copyrights.
Mr. Zhai Yongtai (翟永泰)	Mr. Zhai is our executive director and deputy general manager of the Group, responsible for hardware development and production management. He holds a bachelor's degree in applied physics from Shenzhen University and a master of science degree in integrated circuit design engineering from The Hong Kong University of Science and Technology. Since joining us in 2012, Mr. Zhai has been responsible for bringing our product designs to life, overseeing the entire process from hardware engineering and production management to after-sales service. He has led the implementation and delivery of nearly one hundred models of e-paper tablets and e-notes by planning technological roadmaps, fostering ecosystem partnerships, and driving cost optimization. During this time, he has contributed to defining customized chip solutions and has overcome key technical challenges in areas such as low power consumption, multi-protocol compatibility, 5G communication, and AI computing power.

We retain our key management and technical staff with competitive remuneration packages and welfare benefits and invest in training to enhance their skills. Additionally, we continuously recruit through online platforms, internal referrals and employment agencies to maintain a pipeline of qualified candidates. The salient terms of our employment agreements with our key R&D personnel are set out below.

- *No conflict*. During the term of employment, the employee shall not engage in any other job, whether full-time or part-time.

- *Intellectual property ownership*. We own the intellectual property rights to all work products created by our employees. Work products refer to any intellectual work developed by an employee during his or her employment while performing job duties or utilizing company resources.

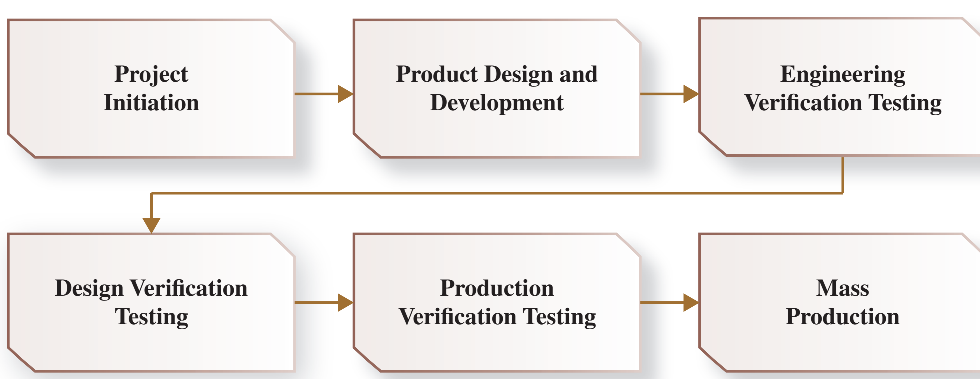
- *Proprietary information arrangement*. Employees are bound to hold in confidence and not disclose or use any proprietary, business, technical, or financial information, both during and after their employment, except within the scope of their duties.

- *Non-competition*. The contract stipulates a non-competition period of typically up to two years following the termination of employment.

- *Non-solicitation*. Employees shall not solicit or attempt to solicit our employees, customers or suppliers, both during and after their employment.

Our Research and Development Process

Our research and development process is a framework that begins with identifying user needs and market opportunities and culminates in the mass production of products. Each project is managed through distinct stages to ensure feasibility, quality and alignment with our strategic goals. The diagram below sets out the principal steps which we generally follow in our research and development process.



Our research and development process generally includes the following steps.

- *Project initiation phase*. We conduct a market analysis by researching the target market, user pain points, competitors, and market size and trends. Based on this analysis, we define the product's core functions, detailed technical specifications, target cost, and required user experience. Once the product definition is determined, we assess the project's feasibility from technical, resources, and financial perspectives. Upon confirmation of feasibility, we create a detailed project plan. After the plan is reviewed and approved, the product development project is officially launched.

- *Product design & development phase*. This is the core execution phase where our hardware and software divisions work in parallel. The hardware team focuses on industrial design, structural engineering, schematic layout, and component selection. Concurrently, the software team develops and optimizes the operating system, core algorithms, and proprietary applications. The objective of this phase is to develop a functional prototype that meets the product definition.

- *Engineering verification testing phase.* During this phase, we manufacture a small batch of engineering prototypes using production line and processes that closely resemble those for mass production. These prototypes undergo functional, performance, and reliability testing. Based on the test results, we identify and rectify design defects and implement necessary design changes.

- *Design verification testing phase.* Using all finalized components and designs, we manufacture a batch of prototypes in a mass production environment for final verification. This includes design validation and certification testing. The goal of this phase is to confirm that the design is frozen, all design issues have been resolved, and the product meets all design requirements and standards, ready to proceed to mass production preparation.

- *Production verification testing phase.* This stage, also known as the trial production run, aims to verify the stability and efficiency of the manufacturing process rather than the product design itself. During this phase, a set quantity of products is manufactured on the final mass production line at mass production speed and cadence. This simulates the real production environment to validate manufacturing processes, test the supply chain, and perform final quality checks on a larger scale.

- *Mass production phase*. The product officially enters the stage of large-scale production and commercial market release. The objective is the stable and efficient continuous production of the product to meet market demand.

Our Core Technologies

Our core technology capabilities are built upon a proprietary and integrated suite of self-developed software engines, which we have refined over nearly a decade, forming a core pillar of our competitive advantage. These engines power the user experience on all our knowledge-driven productivity tools, which run on our proprietary BOOX OS, a customized operating system based on Android. This open Android system allows users to install third-party applications, providing flexibility. Our innovations are protected by an intellectual property portfolio of over 160 patents, including 92 authorized invention patents. These core technologies include the following engines.

- *Software display engine*. Our software display engine drives our e-ink screens with proprietary technology, delivering features like automatic ghosting removal, BSR fast-refresh technology, and anti-flicker capabilities. Through deep integration of our algorithms and internally developed chips, this engine successfully overcomes the physical limitations of e-ink displays. The result is a smooth and responsive visual experience that shatters the traditional perception of e-ink screens as slow and laggy. Our knowledge-driven productivity tools, particularly our color models, can fluidly render fast page turns, animations, and even videos. This technology has become a signature feature of our high-end product lines and a core competitive advantage that defines our user experience.

- *Vertically integrated self-developed hardware display engine*. We have built a vertically integrated R&D system spanning from the underlying hardware to algorithms that control the hardware. The hardware display engine provides a solid foundation for on-device intelligence and our revolutionary BSR fast-refresh technology. Our proprietary BSR fast-refresh technology directly drives the screen, enabling rapid, pixel-perfect refreshes. It works in close collaboration with our custom algorithms to fundamentally overcome the latency bottlenecks of conventional e-ink products. This provides the hardware backbone for fluid reading, writing, and viewing of dynamic content.

- *Document processing engine*. Our proprietary document processing engine is fully capable of parsing, rendering, and editing a vast range of file formats, entirely independent of third-party solutions. The engine supports high-fidelity rendering of complex documents, including PDF, CBZ, EPUB, RTF, HTML, DOCX, PPTX, TXT, BMP, JPEG, and PNG, and features intelligent content reflow. A core strength of the engine is its ability to convert these document types into a unified internal format, guaranteeing a consistent viewing experience on any device. Furthermore, our acclaimed global annotation feature allows users to write and sketch directly on any document. This feature has become a favorite among our customers who are students and professionals, making it an indispensable tool for efficient study and work.

- *Digital note-taking engine*. Our digital note-taking engine delivers an ultra-low latency, natural, and expressive writing experience. It accurately simulates a variety of writing instruments, such as fountain pens, calligraphy brushes, and pencils, and supports 4,096 levels of pressure sensitivity or higher. By leveraging our software and hardware display engines, handwriting responsiveness is further enhanced with minimal latency. The digital note-taking engine also deeply integrates multimodal data, including handwriting, voice, and images, with AI recognition technology, catering to different note-taking needs and significantly boosting user stickiness. In addition, the AI functions of our products rely on online computing resources and third-party large language models made available in open-source form. During the Track Record Period, we utilized such models, including Tongyi Qianwen, DeepSeek, Doubao and Wenxin Yiyan, which are primarily used to support dialogue-based interactions, and are accessed through authorized interfaces or open-source arrangements. We use such models in accordance with the applicable open-source license terms.

- *Open system engine*. This engine is the core technical pillar of our open Android operating system, specifically developed to address the characteristics of e-ink displays. It focuses on optimizing Android app compatibility by dynamically adjusting contrast and saturation and adaptively switching refresh modes. This ensures that third-party applications run smoothly and with crisp clarity. This technology breaks down the compatibility barriers between knowledge-driven productivity tools and the world of mobile applications, propelling our devices' evolution from single-purpose reading tools into productivity platforms with significantly expanded use cases. Its openness and compatibility create a key competitive advantage; unlike closed systems, our open Android system allows for rapid integration with the vast Android operating system, lowers the switching costs for users, and creates a virtuous cycle that provides critical support for our market growth.

MARKETING AND BRANDING

We place great emphasis on brand building and strive to cultivate a distinct brand that is practical and technology-focused. Our marketing philosophy is centered on product-led growth, with a strategy that highlights our product quality, user experience, and the capabilities of our open BOOX OS. This approach has enabled us to build a large and growing global fan base of discerning professionals, academics, and students, which in turn generates strong organic word-of-mouth referrals.

As of June 30, 2026, our sales and marketing team comprised 112 personnel who are responsible for executing our global strategy. Our marketing strategy is data-driven and deeply integrated with our user community. We constantly collect market insights from a variety of sources, including direct user feedback submitted through our devices, active monitoring of major online forums and social media platforms. This continuous feedback loop allows us to analyze our products' performance against competitors, providing a solid basis for product upgrades and the enhancement of our marketing effectiveness.

Our marketing efforts are multi-channel and digitally focused, emphasizing authenticity and targeted reach over broad, untargeted campaigns. Our primary method of brand promotion is to leverage our product strengths to generate authentic endorsements from credible sources. Independent reviews from KOLs, industry experts, and prominent tech media have generated substantial organic media exposure for our products. Our marketing activities are executed across various digital channels, such as Douyin, Xiaohongshu and Google.

To ensure the integrity of our brand and the compliance of our marketing activities, we have implemented internal controls. To ensure accuracy and regulatory compliance, all advertising materials are internally verified by our marketing personnel and are subject to final approval from our senior management before public release. We track public sentiment and feedback regarding our Company, products, and services across major online forums and social media platforms, enabling us to optimize our services.

PRICING

We employ a strategic and multi-faceted pricing policy that considers a range of factors, including production costs, our premium brand positioning, product lines, the competitive landscape, and target profit margins. We maintain a unified recommended retail pricing across all sales channels within a given market to prevent internal price competition, protect our brand equity, and ensure consistent customer experience. We provide our distributors with a suggested retail price and have mechanisms to monitor their adherence to it. We also have a price adjustment mechanism to respond to significant cost fluctuations, such as changes in raw material costs or tariffs.

DATA PRIVACY AND INFORMATION SECURITY

We are committed to protecting the privacy and security of our users' data, a principle that is fundamental to our brand's reputation as a trusted tool for professionals and learners. Our data governance framework is designed to comply with major international data protection regulations.

We adhere to the principles of consent, minimum necessity and anonymization in our data governance. Users can use our devices for offline reading and note-taking without any registration or data submission. If a user opts to register for our services, we collect only the minimum and non-personally identifiable information necessary to provide and improve our services. Through our privacy protection processes and technical safeguards, we enable users to manage their own data access permissions in a clear and controlled manner. This allows them to decide whether to store personal knowledge assets on their device or in the cloud. We actively respond to users' requests regarding their rights to personal data and have established streamlined procedures for account and data deletion. We process these deletion requests promptly. Furthermore, A cornerstone of our privacy strategy is ensuring that user data does not cross regional borders. We have engineered our cloud infrastructure to store data within the region where it is collected. We do not share users' personal information collected within the PRC with any overseas third-party e-commerce platforms. We strictly comply with applicable laws and regulations governing cross-border transfer of personal information, including the Personal Information Protection Law of the PRC, the Provisions on Promoting and Regulating Cross-border Data Flow and other relevant regulations. Pursuant to our Data Security Management System, we have established internal procedures governing cross-border data transmission. In addition, under our Personal Information Protection Impact Assessment System, we are required to conduct a personal information protection impact assessment in advance of any cross-border transmission of personal information to assess the legality, necessity and security of such transfer.

We have implemented data security measures to ensure the confidentiality and integrity of our systems and user data. A critical feature of our system is that all user-generated content, such as notes and documents, is encrypted both in transit and at rest. Crucially, our system is designed so that even our own development and operations personnel cannot decrypt or access the content of user data. Our internal systems and databases are protected by stringent access controls and security protocols, including permission-based access and server access control through whitelisting.

We established a data security training management mechanism to ensure that all employees are fully aware of the importance of data security and our internal protocols. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material hacking incident, data breach, or IT system failure, nor have we been subject to any material claims or penalties regarding data privacy and security.

In the course of our business, we collect and process users' personal information within the minimum necessary scope for different business purposes, for example: (i) to deliver products and provide after-sales service to users, we collect information such as consignees' names, contact numbers, and delivery addresses to fulfill product delivery; if users request after-sales service, we also need to collect their equipment failure details; (ii) when users use online services such as the StarNote application, we may collect information including mobile phone numbers for account registration; during users' use of our online services, corresponding information may be collected according to different functional requirements (such as reading statistics records); and (iii) pursuant to our content sharing arrangements conducted via the BOOX OS with third-party content providers, we indirectly receive users' order data, such as payment amount and products or services purchased, from the relevant content providers for the purpose of fee settlement. Such order data does not directly identify specific users. We have disclosed our indirect collection of such order data in our privacy policy and obtained users' consent accordingly.

In accordance with applicable laws and regulations, we have formulated the Data Security Management System, Data Classification and Grading Management Measures, Personal Information Protection Impact Assessment System, Personal Information Protection Compliance Audit System and other systems. These systems define our internal data security management authority and outline relevant data security work procedures. We have established a rights protection mechanism for data subjects. Users may independently access and modify their personal information or request correction of their personal information in accordance with the procedures set out in our publicly available privacy policy. We handle and respond to such requests in accordance with our internal approval mechanism. In addition, pursuant to our Personal Information Protection Compliance Audit System and applicable laws and regulations, we conduct regular personal information protection compliance audits to safeguard the privacy and security of data subjects. We conduct personal information protection impact assessments prior to specific personal information processing activities as required by laws and regulations.

Our PRC Data Compliance Counsel is of the view that, during the Track Record Period and up to the Latest Practicable Date, we have not been subject to cybersecurity reviews by relevant regulatory authorities, nor have we received any inquiries, notices, warnings or sanctions related to cybersecurity reviews. During the Track Record Period and up to the Latest Practicable Date, we have also not received any inquiries, notices or warnings from any relevant government authorities regarding cybersecurity and data privacy and security, nor have we been subject to any investigations, sanctions or penalties imposed by such government authorities in relation to cybersecurity and data privacy and security. There have been no material data leakage related to our operations. Up to the Latest Practicable Date, our PRC Data Compliance Counsel is of the view that we are in compliance with all material respects with applicable laws and regulations relating to data, privacy protection, cross-border data transfer and cybersecurity.

INTELLECTUAL PROPERTY

Intellectual property, including patents, trademarks, copyrights, and trade secrets, serves as the cornerstone of our business. It not only establishes our core technological advantage and differentiates our products in the market but is also the key to our competitive success. To this end, we provide safeguards for these core assets through legal measures such as registering patents, trademarks, and copyrights, in combination with employee confidentiality and non-compete agreements, supplemented by an internal security system.

As of June 30, 2026, our intellectual property portfolio included over 160 authorized patents, of which 92 were authorized invention patents in China. Our patents primarily protect our core technologies, including our proprietary display, document processing and note-taking engines. We conduct our business under the brand names "BOOX" and "文石". As of June 30, 2026, we had 423 registered trademarks across various jurisdictions globally to protect these brands. As of June 30, 2026, we had registered 40 computer software copyrights and 11 copyrights for other works in China. We have also registered 32 domain names, including the domain for our official website. For further details, please refer to "Appendix IV — Statutory and General Information — Further Information about Our Business — 2. Intellectual Property Rights of our Group" in this document.

We have implemented stringent internal protocols and technical safeguards designed to protect our proprietary technologies and trade secrets, particularly within our research and development departments.

- *Employment agreements*. All our R&D personnel are required to sign employment agreements that include clauses on confidentiality, non-compete obligations, and intellectual property ownership. These agreements specify that all intellectual property developed during the term of employment remains our exclusive property.

- *System and data security*. We enforce strict access controls for all internal data and source code based on the principle of least privilege. Development environments, including code repositories and project management systems, are deployed on dedicated internal servers and protected by hardware firewalls. The access rights of R&D personnel are tightly controlled, with access to core software assets and critical code repositories restricted to a select group of key technical personnel.

Furthermore, we proactively monitor the industry's patent landscape by regularly reviewing and analyzing the public patents of competitors and other relevant companies. This allows us to assess the technological roadmaps of our competitors, understand industry trends, and provide insights and risk warnings to support our R&D decision-making. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material intellectual property infringement litigation, nor had we initiated any such litigation against any third party.

SEASONALITY

Our business and operations do not experience significant seasonality in the traditional sense. Our core user base consists mainly of adult professionals, academics, and lifelong learners whose purchasing decisions are driven by personal needs, work requirements, and our product innovation cycle, rather than being tied to academic calendars or school opening seasons.

While not traditionally seasonal, our revenue does exhibit predictable fluctuations throughout the year. These are influenced primarily by two key factors: (i) our sales volumes are significantly correlated with major online shopping festivals in our key markets; and (ii) the launch of a new flagship product can create a significant sales uplift in any given quarter, independent of these promotional events.

Historically, our revenue in the first quarter is typically moderate. While the Chinese New Year holiday slows production and logistics, this is offset by strong domestic e-commerce sales and a surge in stocking orders from our overseas distributors preparing for the new year. Our sales volume generally increases in the second quarter, making it one of our stronger periods. The increase in the second quarter is largely driven by major online shopping campaigns, such as the 618 shopping festival in China and Amazon's Prime Day in our key overseas markets. The third quarter is typically our slowest sales period, situated between the two major promotional peaks of the second and fourth quarters. The fourth quarter is consistently our strongest sales period, benefiting from a convergence of major global promotional events. These include the 11.11 shopping festival in China, followed by Black Friday, Cyber Monday, and the Christmas holiday shopping season across our international markets. We expect these patterns, driven by major commercial events and our product release schedule, to continue.

CUSTOMERS

Our customer base is comprised of two primary channels: (i) third-party distributors and (ii) direct sales to customers. Our distributors are crucial for our global market penetration. They primarily market and sell our knowledge-driven productivity tools to our target end-users, who are mainly professionals, academics, students and avid readers. We also have a significant and growing direct sales business, where we sell our products directly to (i) end-users through our official online stores and our official storefronts on major e-commerce platforms such as Tmall and Douyin in China and Amazon in our key overseas markets and (ii) enterprise customers.

During the Track Record Period, revenue derived from our five largest customers in each period during the Track Record Period amounted to RMB271.0 million, RMB268.9 million, RMB287.7 million and RMB151.4 million in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively, representing 33.8%, 26.3%, 25.5% and 26.4% of our total revenue for the respective years. Revenue derived from the respective largest customer in each period during the Track Record Period amounted to RMB101.3 million, RMB126.7 million, RMB129.9 million and RMB45.9 million, respectively, representing 12.6%, 12.4%, 11.5% and 8.0% of our total revenue for the respective periods. We have cultivated long-term and stable relationships with our major distributors, which we believe indicates strong market recognition of our products' competitiveness and our brand's value. Certain key distributors have partnered with us for over 10 years, growing alongside our Group. All our five largest customers during the Track Record Period were Independent Third Parties.

For each year/period during the Track Record Period, none of our five largest customers were also our suppliers. To the knowledge of our Directors, none of our Directors, their respective associates or any of our shareholders holding more than 5% of our issued share capital after the [**REDACTED**] held any interest in any of our five largest customers during the Track Record Period. During the Track Record Period and up to the Latest Practicable Date, we did not have any material disputes with our customers.

The following tables set forth certain information of our five largest customers in each year/period during the Track Record Period.

For the Year Ended December 31, 2023

Customer	Sales amount	% of total sales	Products supplied	Length of relationship	Payment and credit terms	Customer type
	(RMB'000)					
Customer A	101,252	12.6	All products	Since 2015	Payment within 7 days after reconciliation	Distributor

Customer	Sales amount	% of total sales	Products supplied	Length of relationship	Payment and credit terms	Customer type
	(RMB'000)					
Customer B[1]	77,663	9.7	All products	Since 2022	Payment before delivery	Direct sales customer
Customer C	39,788	5.0	All products	Since 2018	Payment before delivery	Distributor
Customer D	27,993	3.5	All products	Since 2019	Payment before delivery	Distributor
Customer E	24,330	3.0	All products	Since 2012	Payment before delivery	Distributor

Note:

(1) A group of companies under common control primarily focused on the provision of educational technology products and services in the Greater China Region.

For the Year Ended December 31, 2024

Customer	Sales amount	% of total sales	Products supplied	Length of relationship	Payment and credit terms	Customer type
	(RMB'000)					
Customer A	126,656	12.4	All products	Since 2015	Payment within 7 days after reconciliation	Distributor
Customer D	57,156	5.6	All products	Since 2019	Payment before delivery	Distributor
Customer F	28,991	2.8	All products	Since 2021	Payment before delivery	Distributor
Customer G	28,770	2.8	All products	Since 2019	Payment before delivery	Distributor
Customer H	27,362	2.7	All products	Since 2018	Payment before delivery	Distributor

For the Year Ended December 31, 2025

Customer	Sales amount	% of total sales	Products supplied	Length of relationship	Payment and credit terms	Customer type
	(RMB'000)					
Customer A	129,868	11.5	All products	Since 2015	Payment within 7 days after reconciliation	Distributor
Customer D	61,503	5.5	All products	Since 2019	Payment before delivery	Distributor
Customer I[1]	36,565	3.2	All products	Since 2024	Payment before delivery, or 90% advance payment and 10% payment within 180 days after delivery	Direct sales customer
Customer H	32,075	2.8	All products	Since 2018	Payment before delivery	Distributor
Customer G	27,643	2.5	All products	Since 2019	Payment before delivery	Distributor

Note:

(1) A group of companies primarily engaged in the wholesale and distribution of electronic components, computer hardware and software, communication equipment, and related products, along with technology development, system integration, and various technical services in the Greater China Region, with a compact operating team. We became acquainted with Customer I at a trade exhibition held in Germany and subsequently established a business relationship. Customer I's clients are primarily enterprise customers located in Asia and Europe. Customer I mainly procures customized products from us, primarily including private labeling of casings, customized hardware and software configurations (e.g., dimensions, chips, memory) and customized packaging. Revenue attributable to Customer I amounted to nil, RMB4.9 million, RMB36.6 million, RMB14.6 million and RMB22.8 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. Revenue increased from 2024 to 2025, primarily because cooperation commenced in the last quarter of 2024, making 2025 the first full year of cooperation, and demand from Customer I's European enterprise customers grew in 2025. Revenue increased from first half of 2025 to first half of 2026, driven by further expansion in demand from Customer I's enterprise customers.

For the Six Months Ended June 30, 2026

Customer	Sales amount	% of total sales	Products supplied	Length of relationship	Payment and credit terms	Customer type[3]
	(RMB'000)					
Customer A	45,857	8.0	All products	Since 2015	Payment within 7 days after reconciliation	Distributor
Customer J[1]	38,912	6.8	Third-party manufactured chips	Since 2026	Payment before delivery	Distributor of third-party manufactured chips
Customer D	29,762	5.2	All products	Since 2019	Payment before delivery	Distributor
Customer I	22,846	4.0	All products	Since 2024	Payment before delivery	Direct sales customer
Customer K[2]	14,037	2.4	Third-party manufactured chips	Since 2026	Payment before delivery	Distributor of third-party manufactured chips

Notes:

(1) A company established in the PRC in 2013, primarily engaged in the distribution and sale of semiconductor components, including touch-control, fingerprint, memory and switch chips, and in the provision of integrated technical solutions to electronics manufacturers in the Greater China Region.

(2) A group of companies primarily engaged in the design, manufacture, sale and import and export trading of electronic products in the Greater China Region.

(3) Each of Customers A, C, D, E, F, G and H is a distributor of our BOOX products. Please refer to "— Sales and Distribution — Our Distribution Network for BOOX Products — Major distributors" in this section for further details.

Customer Service and Support

We are dedicated to providing a responsive customer service experience to uphold customer satisfaction and brand loyalty. We maintain dedicated customer service teams for our distributors and direct customers.

Our customer service representatives undergo training to ensure they possess product knowledge and are equipped to handle a wide range of inquiries effectively. Customers can interact with our service teams through various channels, including direct feedback submitted through our devices, online service portals and customer service hotlines. The performance of our customer service team is regularly assessed based on key performance indicators, such as response time and professional attitude, to ensure adherence to our high service standards.

We have established a formal customer complaints handling policy to ensure that any issues are addressed in a timely and effective manner. Customers can submit complaints and feedback through our established service channels. Upon receipt of a complaint, our policy is to have our customer service personnel resolve such complaints in a prompt manner. In cases involving product returns, we will process such requests internally, and the entire process is tracked and logged. We view customer feedback as a crucial driver for continuous improvement. Insights gathered from customers are analyzed and channeled to our product development, sales, and quality control teams to enhance our products and optimize the customer experience. During the Track Record Period and up to the Latest Practicable Date, we had not received any material customer complaints that had a significant adverse effect on our business or reputation.

SUPPLIERS

Our suppliers primarily consist of (i) providers of raw materials and components for the production of our products and (ii) manufacturing partners for the production of our knowledge-driven productivity tools. We select reliable suppliers in the relevant sectors in order to ensure the availability and quality of such raw materials, components and services. Our procurement process is under periodic review for higher efficiency and cost control purposes without jeopardizing the quality of deliverables.

Providers of Raw Materials and Components

The key raw materials and components for the production of our products primarily consist of screens, PCBAs (including chips), Wi-Fi/Bluetooth modules, lithium batteries, custom structural components like casings and frames and stylus components. See "— Production and Assembly — Raw Materials and Components" for details. In 2023, 2024, 2025 and the six months ended June 30, 2026, our costs of raw materials amounted to RMB406.9 million, RMB502.9 million, RMB558.1 million and RMB312.4 million, respectively, representing 76.1%, 78.3%, 79.4% and 85.8%, respectively, of total cost of sales for the same periods.

Manufacturing Partners

During the Track Record Period, we also engaged manufacturing partners for the production of our knowledge-driven productivity tools. See "— Production and Assembly — Outsourcing and Subcontracting Arrangements." We maintain good relationships with our manufacturing partners through frequent and open communication on project-related matters, particularly on the progress of work and project requirements. There was no material delay in delivery of services by our manufacturing partners during the Track Record Period and up to the Latest Practicable Date. In 2023, 2024, 2025 and the six months ended June 30, 2026, our outsourced production costs were RMB71.2 million, RMB76.7 million, RMB68.7 million and RMB18.8 million, respectively, accounting for 13.3%, 12.0%, 9.8% and 5.2% of our total cost of sales in the same periods.

Major Suppliers

During the Track Record Period, purchases from our five largest suppliers in each period during the Track Record Period amounted to RMB305.8 million, RMB367.5 million, RMB499.0 million and RMB397.1 million in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively, representing 48.3%, 44.7%, 47.1% and 55.9% of our total purchase costs for the respective periods. Purchases from the respective largest supplier in each period during the Track Record Period amounted to RMB183.7 million, RMB230.7 million, RMB229.9 million and RMB166.4 million, respectively, representing 29.1%, 28.1%, 21.7% and 23.4% of our total purchase costs for the respective periods. Notwithstanding that E Ink Holdings became our shareholder through its indirectly wholly-owned subsidiary Transcend Optronics with 4.9% equity interest in 2024, all our five largest suppliers during the Track Record Period were Independent Third Parties. See "Risk Factors — Risks Relating to Our Business and Industry – We depend on the stability of our supply chain and a limited number of suppliers. Any failure by those to maintain its supply or quality, or unexpected disruptions, delays, or disputes — particularly with overseas suppliers — could adversely affect our production, increase costs, or impact product quality." During the Track Record Period and up to the Latest Practicable Date, we did not experience any material breach of contract on the part of our suppliers or material delay or shortage in the supply of any raw materials that interrupted our business operations.

To the knowledge of our Directors, none of our Directors, their respective associates or any of our shareholders holding more than 5% of our issued share capital after the [**REDACTED**], held any interest in any of our five largest suppliers during the Track Record Period. During the Track Record Period and up to the Latest Practicable Date, we did not have any material disputes with our suppliers. During the Track Record Period, Supplier F, one of our five largest suppliers in 2024 and 2025, also made limited purchases of certain products from us. Revenue arising from such sales represented less than 0.01% of our total revenue during the Track Record Period. Such sales were negotiated on an arm's length basis and were neither interconnected nor inter-conditional with our purchases from Supplier F. For the amounts and percentages of our purchases from Supplier F, please refer to the tables below. Save for Supplier F, during the Track Record Period, we did not have any other overlapping of our major customers with our suppliers or vice versa.

The following tables set forth certain information of our five largest suppliers in each year/period during the Track Record Period.

For the year ended December 31, 2023

Supplier	Purchased amount	% of total purchase	Products/services purchased	Length of relationship	Payment and credit terms
	(RMB'000)				
E Ink Holdings and its affiliates[(1)]	183,703	29.1	Screens	Since 2016	Payment before delivery
Supplier A[(2)]	43,296	6.8	Digitizer and EMR pens	Since 2019	Payment within 30 days after receipt of invoice
Supplier B[(3)]	31,186	4.9	Screen lamination services	Since 2022	Payment within 30 days after receipt of invoice
Supplier C[(4)]	23,891	3.8	Chips	Since 2020	Payment within 30 days after receipt of invoice
Supplier D[(5)]	23,689	3.7	Chips	Since 2021	Payment within 30 days after delivery or payment before delivery

Notes:

(1) A group based in Taiwan, China primarily engaged in the sale of e-ink screens used in e-readers, e-paper notebooks, and electronic shelf labels.

(2) A company primarily engaged in the sale of new film materials, electronic components, and electromechanical assembly equipment in the Greater China Region.

(3) A company primarily engaged in the manufacturing of optoelectronic devices, display devices, power electronic components and computer hardware and peripherals in the Greater China Region.

(4) A company primarily engaged in the sale of electronic products, including electronic components, semiconductors, digital products, and communication equipment in the Greater China Region.

(5) A company primarily engaged in the marketing of electronic components and distribution of electronic components and interface devices in the Greater China Region.

For the year ended December 31, 2024

Supplier	Purchased amount	% of total purchase	Products/services purchased	Length of relationship	Payment and credit terms
		(RMB'000)			
E Ink Holdings and its affiliates	230,746	28.1	Screens	Since 2016	Payment before delivery
Supplier E[(1)]	41,771	5.1	Chips	Since 2023	Payment before delivery
Supplier A	40,575	4.9	Digitizer and EMR pens	Since 2019	Payment within 30 days after receipt of invoice
Supplier F[(2)]	28,201	3.4	Chips	Since 2022	Payment on delivery
Supplier B	26,218	3.2	Screen lamination services	Since 2022	Payment within 30 days after receipt of invoice

Notes:

(1) A company primarily engaged in the provision of smart IoT products and solutions, offering a one-stop solution from chip, driver, OS, algorithm, to application layers in the Greater China Region.

(2) A group primarily engaged in the sale of electronic products, communication products, chips, and storage devices in the Greater China Region.

For the year ended December 31, 2025

Supplier	Purchased amount	% of total purchase	Products/services purchased	Length of relationship	Payment and credit terms
	(RMB'000)				
E Ink Holdings and its affiliates	229,931	21.7	Screens	Since 2016	Payment before delivery
Supplier G[(1)]	101,552	9.6	Chips	Since 2025	Payment before delivery
Supplier E	88,107	8.3	Chips	Since 2023	Payment before delivery
Supplier F	49,685	4.7	Chips	Since 2022	Payment on delivery
Supplier A	29,710	2.8	Digitizer and EMR pens	Since 2019	Payment within 30 days after receipt of invoice

Note:

(1) A group primarily engaged in the development and sale of memory storage products, offering integrated solutions from chip design to application layers in the Greater China Region.

For the Six Months Ended June 30, 2026

Supplier	Purchased amount	% of total purchase	Products/services purchased	Length of relationship	Payment and credit terms
	(RMB'000)				
Supplier H[(1)]	166,351	23.4	Chips	Since 2023	Payment on delivery
E Ink Holdings and its affiliates	91,566	12.9	Screens	Since 2016	Payment before delivery
Supplier G	73,452	10.3	Chips	Since 2025	Payment before delivery
Supplier I[(2)]	33,947	4.8	Chips	Since 2021	Payment before delivery
Supplier J[(3)]	31,813	4.5	Chips	Since 2020	Payment within 30 days after delivery

Notes:

(1) A group of companies primarily engaged in the distribution and sale of semiconductor chips and electronic components in the Greater China Region.

(2) A company primarily engaged in the wholesale and distribution of electronic components and semiconductor products, as well as the development and manufacture of wireless communications technologies and equipment in Asia.

(3) A company primarily engaged in the distribution and sale of electronic components and semiconductor chips in the Greater China Region.

Our relationship with E Ink Holdings

During the Track Record Period, we sourced a broad range of raw materials and components for our products. Among these, e-ink screens were principally procured from E Ink Holdings and its affiliates. E Ink Holdings is a leading electronic paper display supplier. It offers electronic ink materials and related e-paper display modules designed for various applications that feature paper-like display characteristics. According to Frost & Sullivan, E Ink Holdings is a global leading electronic paper display supplier holding a dominant position in the global market for electronic ink materials used in e-paper displays, with a market share of approximately 90% in terms of revenue in 2025 and its technologies are widely adopted across the global electronic paper display industry. Based on its audited financial statement, E Ink Holdings recorded revenues of approximately RMB5.8 billion, RMB6.9 billion and RMB7.8 billion in 2023, 2024 and 2025, respectively[1]. Our purchases accounted for approximately 3.2%, 3.3% and 2.9% of E Ink Holdings' total revenue during the Track Record Period, respectively. Throughout the Track Record Period, we were one of the leading customers of E Ink Holdings' e-note business unit. During the Track Record Period, E Ink Holdings and its affiliates were one of our five largest suppliers. According to Frost & Sullivan, the supply of key upstream raw materials for e-ink products is highly concentrated, with limited reliable alternatives for certain critical components; procuring such key materials from leading suppliers is in line with industry practice.

While E Ink Holdings has a diversified customer base given its scale of operations, we have established a stable and long-standing supplier relationship with E Ink Holdings for the supply of critical e-ink screens, with purchases conducted on a purchase-order basis in the ordinary course of business. During the Track Record Period, purchases from E Ink Holdings and its affiliates in 2023, 2024, 2025 and the six months ended June 30, 2026 amounted to RMB183.7 million, RMB230.7 million, RMB229.9 million and RMB91.6 million, respectively, accounting for 29.1%, 28.1%, 21.7% and 12.9% of our total purchase costs for the respective periods. During the Track Record Period, we did not experience any incidents of failure to secure supply from E Ink Holdings and its affiliates that had a material adverse impact on our operations. During the Track Record Period and up to the Latest Practicable Date, our average purchase price of e-ink screens from E Ink Holdings remained generally stable, with variations across different periods. We also did not experience any material pricing pressure, and there were no material changes to commercial terms with E Ink Holdings during the Track Record Period.

In addition, we also collaborate with E Ink Holdings during the new product development stage to enhance the user experience of our products. We provide suggestions to E Ink Holdings regarding optimization of end-use performance and share experience in product adaptation. Through such technical exchanges and feedback, we have developed a close strategic relationship with E Ink Holdings. E Ink Holdings has consistently provided us with a stable supply of raw materials, and we have continued to work closely together on the application and development of new technologies. The ongoing business and technical collaboration is based on mutual benefits and aligned long-term interests, which support our view that the relationship is stable and unlikely to be subject to material adverse change or termination. The Directors are of the view that our relationship with E Ink Holdings and its affiliates is unlikely to be subject to material adverse change or termination because (i) we have maintained stable cooperation since 2016, and we were recognized by E Ink Holdings as the Best Seller of E Ink Color Products in 2023; (ii) there were no material disputes with E Ink Holdings or its affiliates during the Track Record Period and up to the Latest Practicable Date; and (iii) E Ink Holdings, through its indirect wholly-owned subsidiary Transcend Optronics, is also an equity investor in the Company. For further details, please refer to "History, Development and Corporate Structure — Information about our [**REDACTED**] Investors — Transcend Optronics". Having considered the Group's relationships with E Ink Holdings and its affiliates and the due diligence procedures performed, nothing has come to the attention of the Sole Sponsor that would cause it to disagree with the Directors' view that the Group's relationship with

[1] The revenue figures of E Ink Holdings have been translated from New Taiwan dollars into RMB at the rate of NTD4.65 to RMB1.00.

E Ink Holdings and its affiliates is unlikely to be subject to any material adverse change or termination. In addition, as of June 30, 2026, we maintained inventories of e-ink screens, work-in-progress and finished goods at a level sufficient to support our production and sales needs. In a scenario where supply from E Ink Holdings is terminated, we would be able to continue our operations for such period based on our existing inventory levels.

To manage supply concentration risks associated with e-ink screens and other critical components, (1) we have established a global supply system. (2) We also implement inventory strategies across raw materials to ensure a stable supply of critical components, supported by a digitally enabled infrastructure that allows timely market responses and a stable supply chain. (3) In 2025, we also undertook strategic procurement of key raw materials, such as screens and chips, to build strategic reserves, with a view to mitigating price volatility and long lead times amid supply chain uncertainties. We have also diversified our supplier base by introducing additional suppliers and plan to further increase procurement from these suppliers and onboard new ones. We also monitor the raw material supply and delivery performance of E Ink Holdings and adjust our procurement strategy accordingly. In addition, we adopt a structured approach to raw material reserves by identifying critical components based on supply risk factors and maintaining differentiated inventory levels to ensure supply continuity. The effectiveness of such measures is supported by targeted inventory coverage periods designed to address supply uncertainties and price volatility. As a result, our reserves levels are maintained within a reasonable range, and inventory obsolescence risk is mitigated as such materials are generally not subject to rapid technological obsolescence.

Transactions with E Ink Holdings are conducted on a purchase-order basis rather than pursuant to any framework or long-term supply agreement, with each purchase order being settled and performed independently.

Key Terms of Agreements with E Ink Holdings and its affiliates

- *Pricing:* Prices are determined and specified on a purchase-order basis, taking into account factors such as market conditions and order volumes at the time of placing the relevant purchase orders.

- *Payment:* Payment is required before delivery.

- *Termination:* The agreements with E Ink Holdings and its affiliates are irrevocable and will be terminated upon the completion of the performance of the obligations of both parties.

- *Delivery:* E Ink Holdings and its affiliates should meet the delivery schedule for the products which the Company has already made payment.

- *Product quality and acceptance:* Products are required to comply with the quality, specifications and performance standards set out in E Ink Holdings' internal inspection and quality standards.

- *Product warranty and after-sales arrangements:* Unless otherwise agreed by E Ink Holdings in writing, E Ink Holdings guarantees that the products provided to the Company conform to the specific standards for a specified warranty period. As the exclusive remedy for any breach of the product warranty, E Ink Holdings, at its option, shall repair or replace the nonconforming products.

Given the dominant position of E Ink Holdings, despite that our Directors are of the view that alternative suppliers of e-ink screens with comparable specifications and production capabilities are limited, during the Track Record Period, we also procured e-ink screens from suppliers other than E Ink Holdings. During the Track Record Period, the procurement from such other suppliers accounted for less than 0.01%, nil, nil and 2.4% of our total e-ink screen procurement cost for the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2026, respectively. According to Frost & Sullivan, such arrangements with e-ink screen procurement are not uncommon for the e-paper display industry, given E Ink Holdings' market dominance in the area of e-ink film supplies.

LOGISTICS AND INVENTORY MANAGEMENT

Logistics and Warehouse

We operate our warehouses to store finished products and certain components and raw materials, and we engage third-party logistics service providers for delivery services for our finished products. Finished products that have passed quality inspections are packaged in accordance with our specifications and quality standards, and delivered to locations specified by our customers, including users and distributors.

Inventory Management

Our inventories primarily consist of raw materials, work in progress and finished goods. See "Financial Information — Discussion of Certain Key Items from our Consolidated Statements of Financial Position — Inventories." We utilize our internal management systems to track inventory levels, which enable us to monitor our stock on a timely basis in order to minimize obsolete inventory. We procure raw materials and plan our production activities based on sales forecasts from our sales and marketing teams, which are updated on a rolling basis. Our primary inventory management objectives are to ensure timely delivery to meet market demand while maintaining an optimal inventory turnover rate. During the Track Record Period, our inventory turnover days have generally increased, as we proactively built strategic reserves of key components to mitigate risks arising from global trade frictions and potential supply chain uncertainties.

In order to prevent future occurrences of significant write-downs of inventories, we have implemented the following inventory management measures.

- We differentiate our safety stock levels based on the specific characteristics and supply chain risks of the components. For our most critical components, we maintain a significant strategic reserve, to mitigate risks of supply shortages. For other raw materials, we generally maintain an adequate safety stock.

- We formulate detailed procurement plans taking into consideration factors such as historical sales data, sales forecasts, industry trends, existing inventory levels and potential supply risks.

QUALITY CONTROL AND PRODUCT WARRANTY

Quality Control

We are committed to implementing stringent product safety and quality control standards throughout our entire operational process, from supply chain management and manufacturing to inventory and logistics, to ensure the safety and quality of our products.

Our quality control process begins with our suppliers. We establish clear control and measurement standards with our suppliers during the initial sampling phase. Upon delivery, we conduct inspections on each batch of incoming raw materials. Materials that pass either a sampling or full inspection, depending on the component, are accepted into our inventory; any materials with defects are rejected.

With respect to production and assembly, our quality management and production processes are accredited with ISO 9001 (Quality Management) and ISO 14001 (Environmental Management) certifications. Our products obtain necessary certifications for their respective markets. We have consistently passed inspections conducted by relevant government authorities. We have a designated quality control team that is responsible for formulating and supervising our quality management system and conducting inspections on raw materials, work-in-progress, and finished products to ensure they meet the relevant quality standards.

As a result of our stringent quality control, during the Track Record Period and up to the Latest Practicable Date, we did not, due to material product quality issues, (i) receive any material fines, product recall orders, or other significant penalties from government or regulatory bodies, (ii) receive any material product return requests from our customers, including distributors, or (iii) receive any material complaints from consumers regarding product quality.

Product Return and Warranty

Our products are generally subject to a one-year warranty from the date of purchase. We also offer out-of-warranty repair services for a fee, particularly for user-inflicted damage, such as to the fragile screen. For end-users who purchase from our self-operated online channels, we also offer certain additional warranty services for a fee, subject to the rules of each platform. To provide efficient after-sales support globally, we have established a network of repair centers with third-party service providers, covering Asia, Europe and the U.S.

Based on our internal records, the units of products returned by our customers due to quality defects accounted for approximately 0.4%, 0.5%, 0.4% and 0.5% of our total sales volume in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively. Returned products are subject to a systematic inspection and evaluation process. Products confirmed to have quality defects are either repaired under warranty or, if irreparable, responsibly scrapped. This systematic process ensures that we maintain the integrity of our product quality and accurately manage our inventory levels. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material product return or replacement claims, nor did we receive any material warranty claims or conduct any product recalls.

AWARDS AND RECOGNITIONS

The table below sets forth some of our major awards and recognitions as of the Latest Practicable Date.

Awards/Recognitions	Awarding Institutions/Authority	Date
Red Dot Award: BOOX Note Air5 C	Red Dot Design	July 2026
Red Dot Award: BOOX Palma 2 Pro	Red Dot Design	July 2026
Red Dot Award: Durobo Krono	Red Dot Design	July 2026
Guangdong Provincial Patent Award – Silver Award	Guangdong Provincial Administration for Market Regulation	March 2026
Guangdong Province Manufacturing Single Item Champion	Department of Industry and Information Technology of Guangdong Province	March 2026
The 2025 Esquire Gadget Awards: Boox Palma 2	Esquire	October 2025
Yanko Design's Best of IFA 2025: BOOX Note Max	Yanko Design	September 2025
Red Dot Winner 2025: BOOX Pen3	Red Dot Design	July 2025
iF DESIGN AWARD 2025: BOOX Note Air4 C	iF DESIGN	April 2025

Awards/Recognitions	Awarding Institutions/Authority	Date
iF DESIGN AWARD 2025: BOOX Palma (Series)	iF DESIGN	April 2025
iF DESIGN AWARD 2025: BOOX Go 10.3	iF DESIGN	April 2025
iF DESIGN AWARD 2025: BOOX Note Max	iF DESIGN	April 2025
The Best Inventions of 2024: BOOX Palma	TIME	October 2024
Wallpaper* Smart Space Awards 2024 winners: BOOX Palma	Wallpaper*	July 2024
Best Seller of E Ink Color Products of 2023	E Ink Corporation	January 2024
The 2023 Esquire Gadget Awards – Best Tablet: BOOX Tab Ultra C	Esquire	October 2023
Yanko Design's Best of IFA 2023: BOOX Tab Mini C	Yanko Design	September 2023
iF DESIGN AWARD 2023: BOOX Tab Ultra	iF DESIGN	April 2023

LICENSES, APPROVALS AND PERMITS

We are required to maintain various licenses, approvals and permits in order to operate our business. Responsibility for monitoring the validity of our licenses and permits, and for making timely renewal applications, is managed by our supply chain team. During the Track Record Period and up to the Latest Practicable Date, we had obtained the requisite licenses, approvals, and permits from relevant authorities that are material to our operations.

The following table sets forth information about the relevant licenses, permits and approvals obtained for our key products as of the Latest Practicable Date.

Model	Holder of license/permit/approval	Granting date	Expiry date
State Radio Regulatory Commission (SRRC) Certificate (for 5.8GHz/5.1GHz/2.4GHz WLAN Bluetooth devices)			
BOOX Leaf 5C	The Company	July 25, 2025	July 25, 2030
BOOX T10C	The Company	November 8, 2024	November 8, 2029
BOOX Poke 6	The Company	August 5, 2024	August 5, 2029
BOOX P6 Pro	The Company	November 28, 2025	November 28, 2030
BOOX Leaf 5	The Company	June 27, 2025	June 27, 2030
China Compulsory Certification (CCC) Certificate			
BOOX Leaf 5	The Company	January 30, 2026	April 8, 2030
BOOX Poke 6	The Company	December 11, 2025	August 7, 2029
BOOX P6 Pro	The Company	December 5, 2025	October 22, 2030
BOOX T10C	The Company	January 30, 2026	October 8, 2029
BOOX Leaf 5C	The Company	December 11, 2025	September 1, 2030

We renew the licenses, permits, approvals and certificates from time to time to comply with the relevant laws and regulations. Our PRC Legal Advisors have advised us that, as long as we comply with the applicable requirements and conditions set by the relevant laws and regulations, there is no material legal impediment to renewing our material licenses and permits as of the Latest Practicable Date. However, we cannot assure you that we will be able to obtain or renew such licenses, permits or certificates in the future. See "Risk Factors — Risks Relating to Doing Business in the Jurisdiction Where We Operate — If we fail to obtain and maintain the requisite licenses and approvals required in any jurisdictions where we operate, our business, results of operations and financial condition may be materially and adversely affected." Please refer to "Regulatory Overview" for further information on the laws and regulations that we are subject to.

EMPLOYEES

As of June 30, 2026, we had a total of 478 full-time employees. The majority of our employees are located in China.

The table below sets forth our full-time employees by functions as of June 30, 2026.

Function	Number of Employees	%
Research and development	166	34.7
Sales and marketing	112	23.4
Production and assembly	107	22.4
Quality control	31	6.5
Administration	25	5.2
Supply chain	20	4.2
Finance	17	3.6
Total	478	100.0

We enter into employment contracts and confidentiality agreements, which include clauses that stipulate intellectual property rights belong to us, with all our full-time employees. For key management and core research and development personnel, we also enter into separate agreements containing non-compete clauses and related arrangements.

We have in place an anti-bribery and anti-corruption policy. All employees are required to sign an integrity and self-discipline commitment letter. The policy explains potential corrupt conduct, including but not limited to receiving kickbacks and embezzlement. Our policy also specifies investigation procedures and measures. We maintain internal reporting channels, and we also encourage our business partners, such as customers and suppliers, to utilize our established reporting channels to report any suspected unethical behavior. If a material violation by a business partner is confirmed, we may terminate the business relationship.

We believe our success depends on our ability to attract, motivate, and retain qualified employees. We recruit employees primarily through internal referrals, direct sourcing, mainstream recruitment websites, and engage headhunters for high-end and niche positions. As part of our retention strategy, we offer a competitive composite salary structure, which includes fixed salary, performance bonuses, and project-based rewards. We adopted the Employee Incentive Schemes in 2024 and 2025, respectively, and eligible participants include our senior management and other technology, R&D, management, or production personnel which are full-time employees of our Company. We also provide various training programs to enhance our employees' professional skills.

As required by regulations in China, we participate in various employee social security plans that are organized by municipal and provincial governments for our PRC-based full-time employees, including pension, unemployment, childbirth, work-related injury, medical insurance and housing fund. We are required under PRC law to make contributions to employee benefit plans for our PRC-based full-time employees at specified percentages of the salaries, bonuses and certain allowances of such employees, up to a maximum amount specified by the local governments in China.

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 with respect to certain of our employees as required by the relevant PRC laws and regulations. See "Risk Factors — Risks Relating to Our Business and Industry — Failure to comply with the Social Insurance Law of the PRC and Regulations on the administration of Housing Provident Funds or other PRC labor-related regulations may subject us to fines and other legal or administrative sanctions." We did not make full contributions to the social insurance and housing provident funds for the relevant employees primarily because some of our employees were not willing to bear their portion of the costs associated with social insurance and housing provident funds, with some specifically requesting not to have housing provident fund contributions made on their behalf for personal reasons.

As advised by our PRC Legal Advisor, (i) with respect to social insurance, the relevant PRC authorities may order us to pay the outstanding contributions within a prescribed time limit. A late payment surcharge may also be imposed at a daily rate of 0.05% of the outstanding amount, calculated from the date of default. Should we fail to make the required payment within the prescribed time limit, we may be subject to a further penalty ranging from one to three times the amount of the outstanding contributions and (ii) with respect to the housing provident fund, the relevant housing provident fund management center may order us to pay the outstanding amount within a prescribed time limit. If we fail to do so, the management center may then apply to the PRC People's Court for compulsory enforcement of the payment order.

Our Directors are of the view that the aforementioned incidents would not have a material adverse effect on our business and results of operations, considering that (i) we have obtained written confirmations issued by the relevant competent authorities that no administrative penalty was imposed on us for such matters during the Track Record Period, (ii) as of the Latest Practicable Date, we had not received any notification from the relevant PRC regulatory authorities requiring us to pay material shortfalls with respect to social insurance and housing provident funds, (iii) as of the Latest Practicable Date, we were not aware of any unsettled employee complaints and were not involved in any material labor disputes with our employees with respect to social insurance and housing provident funds and (iv) we undertake to make full contributions or to pay the shortfall within a prescribed time period if and when requested by the competent government authorities. In addition, pursuant to the Urgent Notice on Enforcing the Requirement of the General Meeting of the State Council and Stabilizing the Levy of Social Insurance Payment (關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知) promulgated on September 21, 2018 by the Ministry of Human Resources and Social Security, administrative enforcement authorities are prohibited from conducting centralized collections of enterprises' historical social insurance arrears. Furthermore, as advised by our PRC Legal Advisor, based on current policies and regulations, as well as the regulatory situation and practical practices of the social insurance and housing provident funds regulatory authorities, the risk of us being required by the relevant authorities to pay in a centralized manner, make up for all employees' contributions, and consequently suffer administrative penalties is remote. Based on the foregoing, we did not make provision for the shortfall in social insurance and housing provident fund contributions.

To enhance and monitor our compliance with relevant laws and regulations in respect of social insurance and housing provident fund contributions, we have taken the following internal control measures.

- We have designated our human resources department to closely review and monitor the reporting and payment of social insurance and housing provident funds on a monthly basis.

- We have, since December 2025, made housing provident fund contributions for our employees who were previously not covered.

- We will enhance communication with our employees to ensure their understanding of the applicable contribution base for the social insurance and housing provident funds.

- We will continue to consult our PRC Legal Advisor on a regular basis to stay informed of the latest developments in relevant PRC laws and regulations, and will provide ongoing training to the relevant employees.

We have maintained good relationships with our employees. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material labor disputes, strikes, or large-scale layoffs. Our Directors also confirmed that to the best of their knowledge and belief, we are not aware of any material and/or systemic non-compliance with any applicable laws and regulations during the Track Record Period and up to the Latest Practicable Date.

INSURANCE

We maintain a range of insurance policies that we believe are customary and adequate for a business of our scale and nature. We will continue to monitor the validity of our insurance policies and make timely applications for renewal. During the Track Record Period and up to the Latest Practicable Date, we had not made, nor had we been the subject of, any insurance claims which were of a material nature to us.

Our insurance coverage includes employee-related insurance, credit risk insurance, and logistics and inventory insurance. In addition to the mandatory social security insurance required by PRC law, we provide accidental injury insurance for our employees. To mitigate the risks associated with accounts receivable, we utilize credit insurance for a portion of our sales. Furthermore, we maintain insurance to cover our supply chain, which includes cargo transportation insurance for the entire transit process of our goods and warehousing insurance to cover inventory held in our third-party warehouses, both domestically and overseas.

We consider our insurance coverage to be in line with that of peer industry players in China. We review our insurance policies from time to time to ensure the adequacy of their coverage. However, certain risks relating to our business and operations may not be fully covered by insurance. See "Risk Factors — Risks Relating to Our Business and Industry — We have insurance policy subject to limits to cover our potential losses and claims, but any claims beyond our insurance coverage may result in us incurring substantial costs and a diversion of resources."

COMPETITION

The global knowledge-driven productivity tools market is a technology-intensive and experience-driven industry. Market share is increasingly concentrated among leading players with accumulated technical capabilities and strong brand recognition. According to Frost & Sullivan, the global knowledge-driven productivity tools market expanded from RMB13.8 billion in 2021 to RMB35.3 billion in 2025, representing a CAGR of approximately 26.5%. It is projected to further increase from RMB44.4 billion in 2026 to RMB80.4 billion in 2030, representing a CAGR of approximately 16.0%.

According to Frost & Sullivan, in terms of retail value in 2025, we ranked as the second-largest global brand in the knowledge-driven productivity tools market, a sub-segment of the broader knowledge-driven intelligent tools market, which accounted for nearly half of the overall market by retail value in 2025. Additionally, we also operate in both the open-system segment and the color segment of the knowledge-driven productivity tools market. We were also the top knowledge-driven productivity tools brand in China and the highest-ranked China-based company among the top five global market participants.

Our competitiveness is driven by several key factors, including (i) our system-level capabilities in display driving and algorithms, handwriting input technology, color and optical design, and power consumption control, (ii) our closed-loop management from solution design to mass-production consistency, (iii) our commitment to data privacy and security compliance, (iv) the breadth and quality of our product portfolio, (v) our brand recognition and (vi) an efficient distribution network. While some of our competitors may possess greater financial resources or experience in product innovation, posing a significant challenge, we believe that our brand reputation for quality and diversity, research and development capabilities, deep user insights, accumulated industry expertise and distribution network have established barriers to entry and distinguished us from our competitors.

PROPERTIES

Our headquarters is located in Guangzhou, Guangdong Province.

As of the Latest Practicable Date, we did not own any real property. We leased ten properties in the PRC with an aggregate gross floor area of approximately 16,274 square meters, which had been used mainly as office premises, production and assembly facility, warehouses and dormitories. In addition, we leased certain properties in Hong Kong, which had been used mainly as office premises and repair centers. We believe our current facilities are sufficient to meet our near-term needs and additional space can be obtained on commercially reasonable terms to meet our future needs.

As of the Latest Practicable Date, the actual use of two leased properties did not fit the prescribed scope of usage shown on the relevant ownership certificates. For such leased properties, as advised by our PRC Legal Advisor, administrative penalties may be imposed on the owners if the properties are leased for usage incompatible with the prescribed scope, and our usage of such leased properties with usage defects may be interrupted. However, as a tenant, we are not subject to any penalties in this regard. Such leased properties are mainly used as office premises and dormitories, and if we have to terminate the occupation of any leased property, we believe we can find a suitable alternative in a timely manner without significant disruption to our business.

In addition, as of the Latest Practicable Date, two of our lease agreements had not been registered with the relevant PRC authorities, primarily because certain landlords failed to complete the lease registration. As advised by our PRC Legal Advisor, failure to register an executed lease agreement will not affect its validity. However, we may be subject to a fine of no less than RMB1,000 and not exceeding RMB10,000 for each unregistered lease agreement if the relevant PRC government authorities require us to rectify and we fail to do so within the prescribed time period. We estimate that the maximum penalty we may be subject to for these unregistered lease agreements will be approximately RMB20,000, which we believe is immaterial. Therefore, we believe that the failure to register these lease agreements will not have any material adverse impact on our financial condition or results of operations. If required by the relevant authorities, we will pay any administrative fines imposed in accordance with applicable laws and regulations. Our failure to register the leases was primarily due to the difficulty of procuring our lessors' cooperation to register such leases, and is not expected to give rise to any material legal or operational risks. To enhance compliance, we will strengthen internal oversight of lease documentation and registration procedures, and we will carefully evaluate future leases prior to execution to ensure timely adherence to applicable requirements. We will actively liaise with the respective lessors to complete the registration of all such lease agreements, if possible.

As of June 30, 2026, we did not have any single property with a book value accounting for 15% or more of our total assets. Therefore, according to Chapter 5 of the Listing Rules and section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this document is exempt from compliance with the requirements of section 342(1)(b) of the Companies (Winding up and Miscellaneous Provisions) Ordinance to include all interests in land or buildings in a valuation report as described under paragraph 34(2) of the Third Schedule to the Companies (Winding up and Miscellaneous Provisions) Ordinance.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not a party to any material legal, arbitral or administrative proceedings, and we were not aware of any pending or threatened legal, arbitral or administrative proceedings against us 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, we did not, at the initial stage of establishing BOOX Co, complete the required overseas direct investment filing with the development and reform authority, nor obtain the overseas direct investment certificate issued by the commerce authorities. The non-compliance arose due to an insufficient understanding by the relevant personnel of the regulatory requirements relating to outbound investment filings, as they were not aware at the time that the establishment of a non-sensitive overseas enterprise by a domestic enterprise is also subject to filing procedures with the competent authorities. Prior to the completion of the requisite overseas investment filing, the obtaining of the overseas investment certificate and the registration for overseas investment foreign exchange, we had not remitted any capital contribution to BOOX Co. Upon identifying the above matter during a subsequent internal compliance self-inspection, we promptly initiated remedial actions and completed the filing with the competent authority, obtained the overseas investment certificate and completed the foreign exchange registration procedures for outbound investment. The relevant rectification measures have been fully implemented. Our PRC Legal Advisor is of the view that the risk of us consequently suffering administrative penalties is remote given that (i) as of the Latest Practicable Date, no administrative penalties have been imposed on us in connection with the above matter, (ii) we have obtained a Certificate of No Violation of Laws and Regulations (Public Credit Information Report), which confirmed that there was no record of administrative penalties imposed on us for violations of relevant commerce-related laws and regulations during the Track Record Period and up to the Latest Practicable Date and (iii) we have completed all procedures.

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

BUSINESS ACTIVITIES IN REGION SUBJECT TO INTERNATIONAL SANCTIONS

During the Track Record Period, our Group sold some of our products, which are consumer-grade electronic reading devices, tablets and related accessories, to one customer located in Russia, which is a distributor, and to the best of our knowledge, such distributor has not sold our products to end customers that were located outside Russia. Our revenue generated from the sales to that customer amounted to RMB39.8 million, RMB8 thousand, nil and nil in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively, representing approximately 5.0%, a negligible amount, nil and nil of our total revenue in the corresponding periods. To mitigate sanctions risks, we have voluntarily reduced our sales to Russia since 2023 and had ceased our sales with Russia since May 2024.

Primary U.S. sanctions can be triggered when a transaction involves a U.S. nexus. Generally, a U.S. nexus means that a transaction involves a U.S. person or entity, U.S. items or the transaction is denominated in U.S. dollars. If a U.S. nexus exists and the transaction is with a Sanctioned Target, or the transaction involves a Sanctioned Country, such transaction may be subject to U.S. primary sanctions.

Our business activities involving Russia are not conducted by or attributable to U.S. persons for the purposes of U.S. economic sanctions laws. None of our products are subject to the EAR administered by the BIS. While we use the U.S. dollar as the primary settlement currency for our overseas business, which creates a U.S. nexus, as advised by our International Sanctions Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, the distributor in Russia was not a Sanctioned Target, and Russia was not a Sanctioned Country. Given the above, our International Sanctions Legal Advisor is of the view that during the Track Record Period and up to the Latest Practicable Date, our sales to Russia did not constitute a Primary Sanctioned Activity or a violation of the U.S. primary sanctions.

U.S. secondary sanctions can apply extraterritorially and without a U.S. nexus. The U.S. has through executive orders provided grounds for agencies, including OFAC, to designate entities viewed to be "operating in" certain sectors in sanctioned countries or territories, including Russia. The "electronics" sector of Russia is a sector where participants are subject to designation risk by OFAC pursuant to E.O. 14024. Our sale of consumer-grade electronic reading devices, tablets and related accessories could, by definition, fall within the scope of activities described for such sector. However, OFAC has clarified via its frequently asked questions (FAQs No. 887) that industry designation under E.O. 14024 do not automatically impose sanctions on all operators, and designations are limited to persons specifically determined by the U.S. authorities to be operating in such industries. Our International Sanctions Legal Advisor is of the view that the overall U.S. secondary sanctions risk of our Group is low and immaterial for the following reasons:

(i) *Our products sold to Russia do not form the focus of U.S. sanctions enforcement priorities.* Our products consist of consumer-grade electronic reading devices, tablets and related accessories designed for civilian use, and such products are not strategic in nature, do not involve sensitive technologies, and are not ordinarily associated with Russia's military, defense industrial base, intelligence capabilities, or critical infrastructure. As such, our activities are unlikely to be considered to materially support sectors that are the focus of U.S. sanctions enforcement priorities. Furthermore, our products previously sold to Russia do not involve high-priority items that are a common focus for enforcement.

(ii) *We have not conducted business with SDNs or entities owned or controlled by such persons.* During the Track Record Period and up to the Latest Practicable Date, we have not conducted business with, nor provided goods or services to such individuals or entities designated on the SDN List or entities owned or controlled by such persons.

(iii) *Our products are not sold for military or security-related purposes*. Our products are not customized, marketed, or supplied for military or security-related end users, and we do not target military, defense, or government end users.

(iv) *No designation.* During the Track Record Period and up until the Latest Practicable Date, neither us nor any of our customers has been designated under E.O. 14024.

Based on the foregoing factors, as advised by our International Sanctions Legal Advisor, we are not aware of any material violations of U.S. sanctions laws and regulations during the Track Record Period and up until the Latest Practicable Date.

The Group has also implemented internal control measures to manage and mitigate sanctions risks. It has established and implemented export control and economic sanctions compliance management measures and adopted a compliance manual. The measures outline key elements including the responsibilities of various departments, applicable export control and sanctions laws and regulations and compliance requirements, criteria for identifying sanctioned countries, entities, or individuals, and counterparty screening procedures, procedures for handling transactions with sanctioned parties, and compliance review mechanisms. This includes circulating a list of sanctioned countries or persons to employees. Furthermore, before conducting sales and procurement activities, the sales and marketing team and the supply chain team would be required to obtain background information, including but not limited to the business and registered addresses of such transaction partners, to ensure that they are not restricted or sanctioned parties or located in countries/regions subject to comprehensive sanctions. Such information would be submitted to the responsible persons for pre-clearance before transactions are entered into.

Based on the foregoing, as advised by our International Sanctions Legal Advisor, our internal control measures are adequate and effective in managing potential export control and sanctions compliance risks, and as advised by our internal control consultant, no material internal control deficiencies have been identified in the management of such risks. Having considered the views of the International Sanctions Legal Advisor, and based on the due diligence work performed by the Sole Sponsor, including management due diligence, review of the Group's anti-economic sanctions guideline and related internal control procedures, and review of the relevant work performed by the Internal Control Consultant and the International Sanctions Legal Advisor, nothing material has come to the attention of the Sole Sponsor that would cast doubt on the adequacy and effectiveness of the Group's internal control measures to mitigate sanctions risks.

IMPACT OF RECENT REGULATIONS IN RELATION TO TRADE RESTRICTIONS

Our business operations have remained stable despite the recent complexity of international relations between China and the U.S. On October 28, 2024, the U.S. Department of the Treasury issued the Final Rule (the "**Final Rule**"), which imposes prohibitions and notification requirements on certain broad investments by U.S. persons in entities connected with China (including Hong Kong and Macau) that are engaged in activities in three sectors: (i) semiconductors and microelectronics, (ii) quantum information technologies, and (iii) artificial intelligence systems. U.S. persons subject to the Final Rule are prohibited from engaging in, or are required to notify regarding certain investments in "covered foreign persons". Such investments are defined as "covered transactions". Our business does not involve advanced semiconductor manufacturing, quantum technologies, or sensitive artificial intelligence for military, intelligence, surveillance or governmental uses. Our AI applications are consumer-oriented and non-sensitive. Accordingly, our International Sanctions Legal Advisor is of the view that our activities do not constitute "covered activities" under the Final Rule, that we are not a "covered foreign person", and the Final Rule is inapplicable to our Company and its business operations. As advised by our International Sanctions Legal Advisor, the Final Rule will not have a material impact on our business operations, financial performance and future plans and strategies.

In addition, in recent years, the United States has expanded export control restrictions against China under the EAR. The U.S. export control regime regulates the export, re-export or transfer of U.S. products, software and technology, including certain items manufactured outside the U.S. that contain controlled U.S. content exceeding the *de minimis* threshold, or that are foreign direct products of certain U.S. software or technology. Although our products contain a small portion of U.S.-origin components, as advised by our International Sanctions Legal Advisor, such circumstances should not give rise to material risks under U.S. export control laws, as the controlled U.S. content included in our products sold globally does not exceed the *de minimis* threshold, and our products do not fall within the scope of foreign direct products using U.S. technology under the EAR.

IMPACT OF TARIFF REGULATIONS

Despite the rapidly evolving U.S. tariff policies, our sales in the U.S. remained stable, which was primarily attributable to (i) our proactive inventory management ahead of the tariff implementation, (ii) an increase in consumer demand driven by inflationary expectations as well as stockpiling by customers in anticipation of potential product price increases related to the tariff changes and (iii) an exemption that significantly mitigated the impact of tariffs imposed under the International Emergency Economic Powers Act. On April 11, 2025, the U.S. Customs and Border Protection issued a notice (CSMS#64724565) stating that certain products are excluded from the reciprocal tariffs imposed under Executive Order 14257, as amended, including those classified under HTSUS headings 8471. As our main products, e-paper tablets, e-notes, and certain of their related accessories are classified under the applicable HTSUS headings, they fall within this category. Consequently, the aforementioned products were only subject to the 20% fentanyl-related tariffs. Furthermore, on November 7, 2025, the U.S. government published a Federal Register notice reducing the additional fentanyl-related tariff under Executive Order 14195 from 20% to 10%, effective November 10, 2025. Accordingly, the applicable tariff rate for the aforementioned products was further reduced to 10%.

Recently, tariff measures imposed by U.S. President Donald Trump under the IEEPA have been ruled unlawful by the U.S. Supreme Court. On the same day, President Trump issued a proclamation imposing a 10% global tariff, which was effective from February 24, 2026 to July 24, 2026. On July 23, 2026, the U.S. Trade Representative took final action under Section 301 of the Trade Act of 1974 in response to the failure of certain economies to prohibit and effectively enforce a prohibition on imports of goods produced with forced labor, imposing a 12.5% tariff on products of China, effective July 24, 2026. For details, see "Regulatory Overview — Overview of U.S. Laws and Regulations — U.S. Tariffs".

China's tariff policies in relation to the U.S. have also been evolving. However, our business operations have remained stable as none of our direct upstream raw material suppliers are U.S. suppliers.

As advised by our International Sanctions Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, the impact of the changes in U.S. tariff regulations and Chinese tariff regulations in relation to the U.S. on our business operations is limited. Our sales to the U.S. have shown stable or growth trends throughout the Track Record Period. Our revenue attributable to sales in the U.S. was RMB147.0 million, RMB195.3 million and RMB198.6 million in 2023, 2024 and 2025, and RMB97.1 million and RMB101.7 million for the six months ended June 30, 2025 and 2026 respectively, demonstrating stable growth. Our gross profit margins for products sold in the U.S. over 2023, 2024 and 2025 were 40.2%, 41.7% and 48.9% respectively, and 46.0% for the six months ended June 30, 2026. The sales volume of our products in the U.S. remained stable from 2024 to 2025, and increased 23.8% from the six months ended June 30, 2025 to the six months ended June 30, 2026. Moreover, while a small number of distributors discontinued business relationships with the Company during the Track Record Period, these involved small or dormant distributors and were the result of a natural cessation of business, of which none were U.S. distributors. Even though we made small price adjustments to some of our products sold in the U.S., such adjustments were modest compared to price increases across the industry, and were mainly the result of our holistic assessment of market conditions, competitive landscape, and the brand premium of our products.

To maintain our competitiveness and to monitor and mitigate tariff-related uncertainties, we have adopted measures such as: (i) retaining a U.S.-based tax advisor to provide ongoing monitoring, interpretation, and strategic advice on U.S. customs and trade policies; and (ii) exploring options to relocate our supply chain to regions with more favorable trade conditions. In early 2025, we expanded our overseas alternative supply chain capabilities by engaging a manufacturing partner in Vietnam and obtaining a Vietnamese Certificate of Origin. For more details, see "— Production and Assembly — Outsourcing and Subcontracting Arrangements". As of the Latest Practicable Date, our Directors are of the view that the imposition of U.S. tariffs, the additional tariffs imposed by China on imported products originating from the U.S., and recent developments in global trade relations have not resulted in a material adverse impact on our results of operations and financial position.

There is still significant uncertainty about future trade policy changes and political tensions between the U.S. and the PRC. The international tariff policies are rapidly evolving, and it is possible that additional trade policy measures, including new tariffs and import/export restrictions, may be implemented. We will closely monitor the relevant development. See also "Risk Factors — Risks Relating to Our Business and Industry — Higher U.S. tariffs applicable to our products will negatively affect us, and any general deterioration in economic conditions, including as a result of escalating trade tensions, may adversely affect our business."

TRANSFER PRICING ARRANGEMENTS

Our Company and subsidiaries conduct intra-group transactions in accordance with our Group's transfer pricing policy, which requires that all such transactions be conducted on an arm's length basis.

During the Track Record Period, our Company and certain of our subsidiaries engaged in intra-group transactions, which can be categorized into two types of transactions: (1) purchase and sale of raw materials, and (2) purchase and sale of finished products. The aggregated amounts of these two types of transactions during the Track Record Period were RMB144.6 million and RMB897.9 million, respectively.

The relevant information (including the names, the types of products or services procured or provided, and the place of incorporation) of the relevant entities of our Group involved in key intra-group transactions (the "**Intra-Group Transactions**") during the Track Record Period, with a focus on material and recurring transactions, is set forth in the table below.

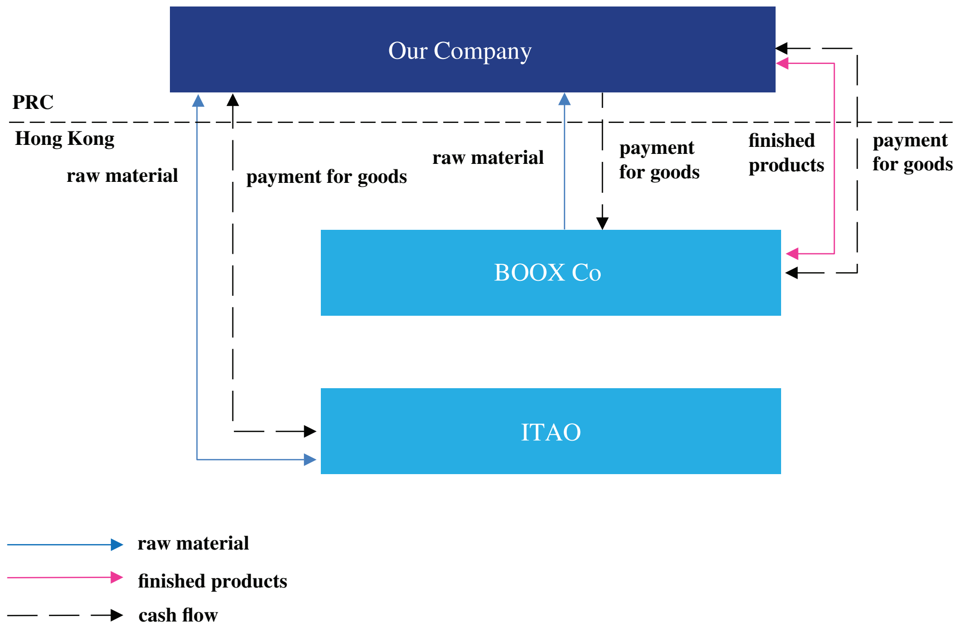
Entity name	Types of products procured / provided	Place of incorporation
Our Company	Our Company is responsible for the strategic decision-making, product research and development, procurement, production, marketing and sales, logistics and other functions of our Group. Our Company (i) procured raw materials from BOOX Co and ITAO, (ii) sold finished products to BOOX Co for overseas product sales, (iii) purchased finished goods from BOOX Co for domestic sales following internal management decisions to reallocate certain products from overseas markets to the domestic market.[(1)]	PRC
BOOX Co.	Established in 2019, BOOX Co has been in operation since 2023, mainly responsible for the overseas product sales and procurement of raw materials. BOOX Co (i) supplied raw materials to our Company, (ii) purchased finished products from our Company for overseas product sales and (iii) sold finished products to our Company for the reasons described above.	Hong Kong
ITAO	Established in 2024, ITAO is primarily responsible for overseas product sales and procurement of raw materials. ITAO (i) supplied raw materials to our Company and (ii) purchased a small amount of raw materials from our Company in 2025 for on sale to our manufacturing partner in Vietnam.	Hong Kong

Note:

(1) During the Track Record Period, we purchased finished goods from BOOX Co in the amount of nil, nil, RMB94.5 million and RMB109.8 million in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively, representing multiple purchases conducted in 2025 and the six months ended June 30, 2026.

These purchases were made pursuant to internal management decisions to strategically reallocate certain products originally designated for overseas markets to the domestic market, enabling us to capitalize on domestic demand while navigating evolving global trade conditions in 2025 and the six months ended June 30, 2026. This arrangement formed part of our inventory management strategy to optimize inventory levels and enhance sales efficiency by aligning product allocation with market demand. The transfer prices for such purchases were determined in accordance with our internal transfer pricing policy, taking into account the respective functions, assets and risks of the relevant entities and ensuring that the transactions were conducted on an arm's length basis. In particular, pricing was determined by reference to a model that allowed BOOX Co to retain an appropriate level of operating margin consistent with its function as a trading entity, which in respect of such finished goods primarily involved overseas sales channel management and related coordination functions. We have established internal control and governance measures over such transactions, including the implementation of an internal transfer pricing policy, approval procedures by our finance department, and retention of supporting documentation such as internal meeting records.

The diagram below sets out the flow of services and funds between the relevant entities involved in the Intra-Group Transactions.



During the Track Record Period, the tax jurisdictions involved in the Intra-Group Transactions were Chinese mainland and Hong Kong. The Organisation for Economic Co-operation and Development (OECD) promulgated the OECD Transfer Pricing Guidelines, which is generally followed by the tax jurisdictions involved in the Intra-Group Transactions, being the Chinese mainland and Hong Kong. According to the OECD Transfer Pricing Guidelines, the Intra-Group Transactions should be at arm's length basis to avoid distorted taxable income in different jurisdictions. We have engaged the Tax Advisor to conduct transfer pricing review and benchmarking studies on the Intra-Group Transactions during the Track Record Period. The Tax Advisor conducted transfer pricing analysis in accordance with relevant transfer pricing regulations, guidelines and practices adopted in Chinese mainland and Hong Kong ("**China and HK TP regulations**"). The Tax Advisor is of the view that the Intra-Group Transactions were consistent with the arm's length principle and the China and HK TP regulations during the Track Record Period. Their specific analysis is as follows.

The Tax Advisor conducted benchmarking studies on the Intra-Group Transactions during the Track Record Period in accordance with the China and HK TP regulations. The Tax Advisor selected the transactional net margin method ("**TNMM**") as the most appropriate transfer pricing method to assess whether the transfer pricing arrangements related to the Intra-Group Transactions were consistent with the arm's length principle. The Tax Advisor also assessed the overall profit level of BOOX Co, ITAO and our Company for the same purpose. Under the TNMM, either operating margin ("**OM**") or full cost plus mark-up rate ("**FCPR**") was selected as the profit level indicator ("**PLI**") for assessment.

The Tax Advisor conducted the relevant procedures in accordance with the China and HK TP regulations. Using its database and a series of selection criteria, the Tax Advisor selected comparable companies that assume functions and risks similar to those of BOOX Co, ITAO and our Company for the benchmarking analysis. To assess whether the transfer pricing arrangements for the Intra-Group Transactions were consistent with the arm's length principle, (i) for BOOX Co and ITAO, the Tax Advisor calculated the comparable companies' weighted average ("**WA**") OM, constructed an inter-quartile range and compared it against the OM of BOOX Co and ITAO, respectively, during the Track Record Period and (ii) for our Company, the Tax Advisor calculated the comparable companies' WA FCPR, constructed an inter-quartile range and compared it against the FCPR of our Company during the Track Record Period.

According to benchmarking analysis result, the OMs of BOOX Co and ITAO during the Track Record Period fell within the three year WA OM inter-quartile range established by the comparable companies, and the FCPR of our Company during the Track Record Period also fell within the three year WA FCPR inter-quartile range established by the comparable companies. Accordingly, based on the transfer pricing review conducted by the Tax Advisor, the Tax Advisor confirmed that our Group complied with the applicable transfer pricing regulations in the relevant jurisdictions during the Track Record Period and up to the Latest Practicable Date.

To ensure ongoing compliance with applicable China and HK TP regulations, we have established an internal transaction pricing policy, which outlines the core principles, methodologies, and approval procedures for determining transfer prices between related entities within our Group. For routine internal transactions, our finance department convenes internal meetings to determine pricing in accordance with the above policy, and relevant meeting records are retained.

During the Track Record Period and up to the Latest Practicable Date, our transfer pricing arrangements had not been subject to any challenge or investigation by any relevant tax authorities.

We have been and will continue to closely monitor our transfer pricing arrangements and periodically reviewing the reasonableness of the pricing policy of our intra-group transactions. However, similar to other matters relating to tax, we cannot assure that our transfer pricing arrangements will not be subject to review and possible challenge by the relevant tax authorities in the future. Nevertheless, we believe that we have reasonable grounds to defend our position against any such possible challenge. For further details, see "Risk Factors — Risks Relating to Our Business and Industry — Our operations may be subject to transfer pricing adjustment."

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

We believe our continued growth rests on integrating social values into our business and are committed to being a responsible corporate citizen. We consider ESG essential to our continuous development. We are committed to promoting corporate social responsibility and sustainable development and integrating it into all major aspects of our business operations. We are also committed to complying with PRC regulatory requirements, abiding by environmental protection laws and regulations, and ensuring the health and safety of our employees.

Our ESG Governance

Being environmentally friendly and having positive social impact are at the core of our business and corporate governance. We integrate ESG policy principles into all aspects of our operations, which provide guidance for the management of our environmental, social and climate-related issues. We believe that it requires collective effort from our Directors to evaluate and manage material ESG issues, therefore we have not established any sub-committee for ESG issues. Instead, our Directors take up the responsibility of monitoring and managing material ESG issues, with the assistance from the management team. Our Directors are principally responsible for setting up our overall ESG vision, direction and strategy, monitoring and reviewing our ESG performance and fulfillment of the Directors' ESG vision. Our Directors have also assigned the administration and human resources department to oversee the coordination of different teams to ensure that our operations and practices are in line with related ESG strategies.

We strive to continuously raise ESG awareness of all of our Directors, senior management and employees. For example, we plan to provide ESG-related training to our employees from time to time, including updating them with our latest ESG policy and current goals. Furthermore, our Directors closely follow and monitor the latest requirements regarding ESG disclosure and regulatory compliance. We place great emphasis on the Stock Exchange's ESG requirements, and in order to ensure compliance with the said requirements, our Directors and administration and human resources department will oversee the compilation of our ESG report and review the content to ensure the quality of the ESG report after the [**REDACTED**].

With respect to the management of ESG issues, our Directors have assigned the administration and human resources department to identify, monitor and assess material ESG issues annually. Our Directors will review the results of the assessment and conclude on the issues that we shall focus on. Additionally, our Directors will set ESG targets, including establishing policies, measures and one-year and five-year budgets, with a view of balancing business growth and environmental protection to manage material ESG issues and to achieve sustainable development. The targets will be reviewed on an annual basis to ensure that they remain appropriate to our needs.

Environmental Protection

We recognize the importance of environmental protection and sustainable development, and our commitment in these areas was recognized by our ISO14001 Environmental Management System certification. The digital and eye-protection features of our products, coupled with our advocacy of the green reading and writing (綠色讀寫) philosophy, directly contribute to reducing the consumption of forest resources and thereby making a positive contribution to carbon neutrality. During the Track Record Period and up to the Latest Practicable Date, we had been in compliance with the relevant environmental laws and regulations applicable to our operations in all material respects and there had been no material claim or penalty imposed on us as a result of a violation of environmental laws and regulations that would materially and adversely affect our business, financial condition or results of operations. In relation to our e-ink terminal device project, we did not file an environmental impact report for the lamination production lines prior to construction in June 2024. As advised by our PRC Legal Advisor, pursuant to the Classified Management Catalogue for Environmental Impact Assessment of Construction Projects (2021 Edition), we are required to prepare an environment impact report for the lamination production lines. Under the Environmental Impact Assessment Law of the PRC, where a construction entity commences construction without filing and obtaining approval of the required environmental impact report, the competent authority may order cessation of construction and impose a fine ranging from 1% to 5% of the total investment amount of the construction project, and may order restoration to its original state. However, as of the Latest Practicable Date, we have engaged a third-party consultant to prepare the environmental impact report and to assist us in completing the environmental protection acceptance procedures. In May 2026, the preparation of the environmental impact report was completed and approved by the competent authority, and the environmental protection acceptance procedures are expected to be completed by December 2026. The delay was primarily attributable to an insufficient understanding by the responsible personnel of the applicable regulatory requirements at the initial stage of project implementation, as well as the time required to engage a qualified third-party consultant and complete the various steps involved in the environmental protection acceptance procedures, including documentation preparation, review and filing processes in accordance with applicable regulatory requirements. In light of (i) our having engaged a third-party consultant to prepare the environmental impact report, which was completed and approved in May 2026, and to assist us in completing the environmental protection acceptance procedures, which are currently in progress and expected to be completed by December 2026, (ii) the confirmation from the competent authority that no administrative penalties have been imposed on us and no environmental complaints have been received and (iii) our having obtained the Certificate of No Violation of Laws and Regulations (Public Credit Information Report) as of the Latest Practicable Date confirming that no administrative penalties have been imposed on us for violations of relevant ecological and environmental laws and regulations, our PRC Legal Advisor is of the view that, under the premise that the existing policies and regulations, as well as the current regulatory situation and practical practices of the competent department of ecological environment, have not changed and there are no complaints, the risk of material administrative penalty in connection with it is low.

During the Track Record Period and up to the Latest Practicable Date, we produced the following pollutants, which have been dealt with through the implementation of corresponding environmental measures.

Management of Solid Waste

We generated solid waste during our production processes. Some of them are potentially hazardous, including waste circuit boards, electronic components, screens, batteries, lead-free solder paste packaging and defective units. All hazardous wastes were collected and processed by a third-party qualified contractor. The other non-hazardous wastes from our production included ordinary industrial waste and domestic solid waste, which were collected and processed by the city sanitation department.

Management of Sewage

We did not generate industrial sewage during our production processes. The other sewage generated was domestic sewage, which was processed in our sewage treatment facilities at our production and assembly facility until its quality reaches the national standard and the relevant standards specified by the local sewage treatment plant which then processed treated sewage for further treatment and discharge. The industrial park we lease from is equipped with the requisite sewage discharge permit. Sewage treatment is managed centrally, and water quality is regularly tested to ensure compliance with relevant standards.

Management of Waste Gas

Waste gas containing particulate matters was generated during the production process. We adopt measures to minimize the impact of waste gas, including improving ventilation in the production plant and installing waste gas treatment facilities.

During the Track Record Period and up to the Latest Practicable Date, we did not have any non-compliance incidents arising from waste and water emission, and the discharge of each of the key pollutants generated during our production process had remained within the prescribed regulatory limits. In addition, our production and assembly facility has obtained the required permits for waste and water emission from the relevant authorities. We believe that our business operations do not have a material adverse impact on the environment.

Metrics and Targets

To better cope with the risks related to ESG and climate change, we have set goals for greenhouse gas emissions and energy use efficiency as follows.

Metric	Targets for the next three years	Plans to achieve targets
Greenhouse gas emissions intensity	Reduce total greenhouse gas emission intensity by 1% within 3 years, with the year ended December 31, 2025 as the base year	• Promote energy conservation and efficiency in production and office areas to indirectly reduce scope 2 emissions from purchased electricity.

Metric	Targets for the next three years	Plans to achieve targets
Energy consumption intensity	Reduce total purchased energy consumption intensity by 1% within 3 years, with the year ended December 31, 2025 as the base year	• Adopt energy-saving facilities in factories and offices, such as LED lighting and high-efficiency production equipment, to cut unnecessary energy use. • Establish a regular energy monitoring mechanism to track energy consumption. • Promote employee awareness of energy conservation to reduce waste in daily operation.

Energy Usage

We evaluate our electricity consumption in accordance with the relevant government regulations and policies and endeavor to proactively conserve energy in response to the government's initiatives. We monitor our electricity consumption levels at the production and assembly facility and implement measures such as upgrading facilities with energy-saving technologies, promoting use of natural lighting and reducing the use of air-conditioners and electronic equipment during non-working hours. To further enhance employees' awareness of the importance of energy conservation, we have implemented an internal guideline to promote efficient use of electricity and set annual electricity saving targets.

Our energy consumption is limited to electricity used for office and factory operations, and diesel oil utilized for vehicles. The following table sets out the major energy consumption data for the Track Record Period.

		Year ended December 31,			Six months ended June 30,
	Unit	2023	2024	2025	2026
Diesel oil	MWh	9.20	9.45	9.15	4.18
Purchased electricity	MWh	376.16	763.05	946.54	664.06(1)
Total energy consumption	MWh	385.36	772.50	955.69	668.24
Intensity of total energy consumption	MWh/thousand RMB revenue	0.0005	0.0008	0.0008	0.0012

Note:

(1) The increase in electricity consumption was primarily attributable to our expanded workforce and the corresponding move to a larger office premise.

Emissions

Air Emissions

Air emissions are primarily associated with nitrogen oxides (NOx), sulfur oxides (SOx), and particulate matter (PM) generated by vehicles. The following table sets forth our major GHG emissions for the Track Record Period.

		Year ended December 31,			Six months ended June 30,
Air Emission	**Unit**	**2023**	**2024**	**2025**	**2026**
Nitrogen oxides (NOx)	kg	1.12	1.15	1.11	0.509
Sulfur oxides (SOx)	kg	0.014	0.015	0.014	0.007
Particulate matters (PM) .	kg	0.082	0.085	0.082	0.037

Greenhouse Gas Emissions

Our major sources of greenhouse gas ("GHG") emissions comprise direct emissions from company vehicles ("Scope 1"), indirect emissions from purchased electricity ("Scope 2"), and value chain emissions primarily associated with business air travel ("Scope 3").

		Year ended December 31,			Six months ended June 30,
	Unit	**2023**	**2024**	**2025**	**2026**
GHG Emission[1]					
Scope 1 – Vehicle fuel . .	tonnes of CO2e	2.40	2.47	2.39	1.09
Scope 2 – Purchase electricity . . .	tonnes of CO2e	152.04	308.42	382.42	268.32[2]
Scope 3 – Business travel	tonnes of CO2e	17.43	10.40	2.83	22.03[3]
Total (Scope 1, 2 and 3)	tonnes of CO2e	171.87	321.29	387.64	291.44
Intensity of GHG emission (Scope 1, 2 and 3)	tonnes of CO2e/ thousand RMB revenue	0.0002	0.0003	0.0003	0.0005

(1) The emission factors used in calculating the environmental key performance indicators ("KPIs") are based on "How to prepare an ESG Report — Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange, CLP Holdings 2024 Sustainability Report and the 2023 Electricity Carbon Footprint data issued by the Ministry of Ecology and Environment of the PRC and International Civil Aviation Organisation (ICAO) carbon emissions calculator.

(2) The increase in Scope 2 emission was primarily attributable to rising electricity consumption caused by our expanded workforce and the corresponding move to a larger office premise.

(3) The increase in Scope 3 emission was primarily attributable to rising business travel requirements for our R&D and sales staff due to our business expansion. In addition, during the first half of 2026, as our Company was pursuing the [**REDACTED**] on the Hong Kong Stock Exchange, our senior management undertook additional business travel as necessary.

Water Usage

We evaluate our water consumption in accordance with the relevant government regulations and policies and voluntarily take on our social responsibilities to practice water conservation. We set annual water saving targets and monitor our water consumption levels at the production and assembly facility to reduce water consumption levels. We intend to organize more activities and events to foster water conservation culture in our Group. The following table sets out water consumption data for the Track Record Period.

		Year ended December 31,			Six months ended June 30,
Use of Water	**Unit**	**2023**	**2024**	**2025**	**2026**
Total water consumption .	m3	2,408	3,331	3,680	2,617.16[1]
Intensity of total water consumption .	m3/thousand RMB revenue	0.003	0.003	0.003	0.0046

Note:

(1) The increase in water consumption was primarily attributable to our expanded workforce and the corresponding move to a larger office premise.

Waste Management

We continue to monitor our sewage discharge and hazardous solid waste disposal. Sewage treatment is managed centrally by the industrial park where our production and assembly facility is located, and such sewage was properly treated prior to discharge. During the Track Record Period, our hazardous solid wastes were collected and processed by a third-party qualified contractor.

Management of Environmental and Climate-Related Risks

The environmental and climate-related risks can be divided into two major categories: (i) risks related to the transition to a lower-carbon economy and (ii) risks related to the physical impacts of climate change.

Transition risks

Transitioning to a lower-carbon economy, policy, legal, technology, and market changes may take place to address mitigation and adaptation requirements related to climate changes. Transition risks related to policy change include any risk that the environmental laws and regulations in the PRC may be amended from time to time and changes in those laws and regulations may cause us to incur additional costs in order to comply with the more stringent rules. Any failure to comply with environmental regulations would expose us to penalties, fines, suspensions or actions in other forms.

Physical risks

We may face climate-related physical risks with financial implications, such as direct damage to assets and indirect impacts from supply chain disruption. Our financial performance may be affected by changes in water availability, sourcing, and quality, or extreme temperature changes affecting the premises, operations, supply chain, transport needs, and employee safety. During the Track Record Period and up to the Latest Practicable Date, we did not encounter any difficulty in water availability, sourcing and quality, and we did not encounter any extreme temperature changes affecting the premises, operations, supply chain, transport needs, and employee safety that materially and adversely affected our operation. We recognized our social responsibility for climate change, and our role in assessing and managing these environmental and climate-related risks. We will continue to assess and manage the environmental and climate-related risks posed to our Group in the future.

Key measures to reduce environmental risks and our associated environmental footprint

We adopted the following key measures to reduce environmental risks and our associated environmental footprint.

- As screen is one of our key raw materials, we prioritize the procurement of e-ink displays manufactured using lead-free, mercury-free and other environmentally friendly materials (e.g., low-power, eco-friendly e-ink panels). We avoid the use of hazardous additives such as halogenated flame retardants to reduce persistent organic pollutants throughout the production and disposal phases.

- We source lithium batteries that comply with EU Regulation (EU) 2023/1542.

- We adopt modular product design to support easy disassembly and effective recycling of key components.

- Solid waste is generated during our production processes, some of which is potentially hazardous, including waste circuit boards, electronic components, screens, batteries, lead-free solder paste packaging and defective units. All hazardous wastes are collected and processed by qualified third-party contractors to ensure compliant and proper disposal.

This integrated approach enables the Group to proactively manage environmental risks, ensure raw materials and products meet strict safety and sustainability requirements, enhance product recyclability, and continuously reduce the Group's overall environmental footprint throughout the product lifecycle.

Social

We have deeply integrated corporate social responsibility into our development strategy. We are committed not only to creating value for our customers but also promoting the development of our employees, communities and the industry as a whole.

Employment

We firmly believe that workforce diversity is one of our most valuable assets and a core competitive strength. We have established a code of conduct committed to making decisions free from any discrimination and providing equal employment opportunities for all job applicants and employees. We respect individual beliefs, cultural customs and lifestyles, and are dedicated to fostering an open and inclusive working environment.

During the Track Record Period and up to the Latest Practicable Date, there were no incidents in violation of relevant laws and regulations pertaining to child labor or forced labor.

Occupational Safety

We have implemented stringent work safety policies and procedures for our production and assembly processes, including fire safety, work-related injuries, electricity safety, chemical safety and emergency and evacuation procedures. We provide our employees with occupational safety education and training to enhance their awareness of safety issues. We also carry out equipment maintenance on a regular basis to ensure their smooth and safe operation. We have implemented stringent waste treatment procedures in our production and assembly facility.

As of the Latest Practicable Date, we had complied with applicable laws and regulations on occupational health and work safety in all material respects. In relation to our e-ink terminal device project, we did not adhere to the "Three Simultaneities" requirement for safe production. As advised by our PRC Legal Advisor, pursuant to the Work Safety Law of the PRC and the Administrative Measures for the Supervision and Administration of the "Three Simultaneities" of Safety Facilities for Construction Projects, safety facilities of construction projects must be designed, constructed and put into use simultaneously with the principal works, and enterprises are required to complete safety facility acceptance procedures prior to commencement of production. Failure to comply may result in an order to rectify within a prescribed time limit and the imposition of a fine ranging from RMB5,000 to RMB30,000. However, based on (i) the confirmation from the relevant authority that in the absence of complaints, the authority would not proactively initiate investigations or impose administrative penalties and (ii) as of the Latest Practicable Date, we have not been subject to any administrative penalties in relation to work safety matters and have obtained a Certificate of No Violation of Laws and Regulations (Public Credit Information Report) confirming the same, our PRC Legal Advisor is of the view that, under the premise that the existing policies and regulations, as well as the current regulatory situation and practical practices of the competent safety production department, have not changed and there are no complaints, the risk of material administrative penalty in connection with it is low. Moreover, during the Track Record Period and up to the Latest Practicable Date, we did not record any material accidents. As of the Latest Practicable Date, no material claims had been brought against us as a result of an accident.

Employee Development and Training

We prioritize employee development through a career system, growth pathways and competitive benefits. During the Track Record Period, we conducted employee development training sessions, fostering both individual and organizational growth.

We support employee growth through onboarding and professional development programs, enhancing their core competitiveness. Our benefits system includes performance-based bonuses, housing allowances, subsidies and various perks to boost employee satisfaction and team cohesion.

Product Responsibility

Product responsibility is a key pillar of our sustainable development. We have implemented a quality management system throughout the product lifecycle and obtained ISO9001 quality management system certification, ensuring high standards for quality and safety.

We have implemented an internal audit process and a product quality control plan, ensuring high standards from raw materials to finished products. We regularly conduct relevant testings, delivering safe, reliable and environmentally friendly products and solutions. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material product recalls, returns or complaints, and we are not aware of any pending product recalls or investigations or actions by relevant authorities or customers which may lead to a product recall.

Going forward, we intend to actively identify and monitor the actual and potential impact of ESG-related risks on our business, strategy and financial performance and incorporate considerations of ESG issues into our business, strategic and financial planning, in compliance with the recommendation of the Environmental, Social and Governance Reporting Code in Appendix C2 to the Listing Rules.

RISK MANAGEMENT AND INTERNAL CONTROL

We have developed and implemented risk management policies to identify and address the potential risks in relation to our operations, including but not limited to strategic risks, operational risks, financial risks, legal and compliance risks and supplier risks. Our risk management policies set forth procedures to identify, analyze, categorize, mitigate and monitor various risks. Our Board is responsible for overseeing the overall risk management, while our management is responsible for its execution. We periodically assess and update our risk management policies. Our risk management policies also set forth the reporting hierarchy of risks identified in our operations.

We have also developed and implemented a series of internal control management measures. Our internal control system is designed to provide adequate assurance for effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations. Our internal control system covers all material aspects of our operations, including but not limited to corporate governance enhancement, contract approval process, procurement and payment procedures, inventory tracking and reconciliation mechanism, cash and investment management, internal audit and financial reporting system. Specific internal control measures we have taken include requiring employees to sign an "Integrity and Self-Discipline Commitment Letter" and establishing reporting channels for our employees and business partners to prevent improper conduct. In terms of data security and compliance, we ensure that user data does not cross regional borders. We have engineered our cloud infrastructure to store data within the region where it is collected. We carry out regular internal evaluations and trainings to ensure that our employees are equipped with sufficient knowledge of our internal control measures and relevant laws and regulations.

In October 2025, we engaged an independent consulting firm as our internal control consultant, who performed a thorough review and provided recommendations on the effectiveness of our internal controls. We have adopted a set of procedures and measures based on the suggestions of our internal control consultant to further ensure the effectiveness of our internal controls and corporate governance practice. After our implementation of remedial measures, our internal control consultant performed a follow-up review in January 2026 and did not raise any material findings or recommendations afterwards.

Other than the internal controls and risk management measures in connection with various aspects of our operations, we will continue to implement the following internal control measures at our Group level.

- To meet the corporate governance standards as a [**REDACTED**] company on the Stock Exchange, we have established an audit committee, a remuneration committee and a nomination committee under the Board. Their primary duties include, among others, providing an independent view of our financial reporting process, internal control and risk management system, ensuring the levels of remuneration and compensation are appropriate, and recommending to the Board suitably qualified persons.

- We will comply with the relevant disclosure requirements under the Listing Rules and applicable laws and regulations, including but not limited to those relating to inside information, notifiable transactions, connected transactions.

- We plan to provide trainings for our Directors, management and employees to continuously raise their awareness of the importance of internal controls and legal compliance; in particular, we intend to continue to provide trainings for Directors and management with respect to the Listing Rules and the duties of Directors of a [**REDACTED**] company on the Stock Exchange.

- We plan to engage professional consulting firms and/or law firms to provide trainings and advise on ongoing compliance with the relevant PRC laws and regulations; we will also constantly update our internal control policies based on our operational needs as well as changes in new laws and regulations.

We are of the view that our internal control system is sufficient and effective for our current operations.

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, (i) Ms. Dan was directly interested in 27.33% of the total issued share capital of our Company; (ii) Ms. Dan controlled 42.05% of the total voting rights of our Company through Gongchuang Onyx, our Company's employee shareholding platform; (iii) Ms. Dan is the executive director and general manager and owns 99% of Gongyi Onyx, which is the general partner of Gongchuang Onyx; (iv) Mr. Zhu was directly interested in 12.62% of the total issued share capital of our Company; and (v) Mr. Zhai was directly interested in 2.10% of the total issued share capital of our Company. It is expected that Ms. Dan, Mr. Zhu, Mr. Zhai, Gongchuang Onyx and Gongyi Onyx will constitute a group of Controlling Shareholders of our Company upon [**REDACTED**].

Pursuant to the Concert Party Agreement dated March 20, 2024 entered into by and among Ms. Dan, Mr. Zhu and Mr. Zhai, the parties agreed that (i) they shall consult each other and seek consensus in advance on certain material operational and corporate governance matters, and shall form a unified position prior to casting votes at any shareholders' meeting or board meeting in relation to such matters, and (ii) where consensus cannot be reached after consultation, the proposal supported by the party holding the highest equity percentage in our Company shall prevail and be implemented, and the other parties shall vote accordingly. The parties further agreed that for a period of five years following the [**REDACTED**], the parties shall keep in sync with each other in any transfer or reduction of their holding of Shares acquired before the [**REDACTED**], and any proposed transfer or reduction of such Shares shall be (i) subject to the prior written consent of Ms. Dan, and (ii) conducted in accordance with their respective shareholding percentage. The Concert Party Agreement shall remain in force for an indefinite term from execution until terminated (i) by written agreement of the parties, (ii) for uncured material breach after a 30-day period following written notice, or (iii) due to changes in laws or the articles of our Company rendering performance of the agreement impossible.

In light of the Concert Party Agreement, as of the Latest Practicable Date, our Controlling Shareholders were able to exercise 84.10% of the voting rights in our Company. Immediately upon the completion of the Share Subdivision, the [**REDACTED**] (assuming the [**REDACTED**] is not exercised) and the Conversion of [**REDACTED**] Shares into H Shares, our Controlling Shareholders will be interested in and control approximately [**REDACTED**]% of the total issued share capital of our Company and it is expected that they will remain as a group of Controlling Shareholders of our Company.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors consider that we are capable of carrying on our business independently from our Controlling Shareholders and their close associates after the [**REDACTED**], taking into account the factors below.

Management Independence

We are able to carry on our business independently from our Controlling Shareholders from a management perspective. Our Board consists of eight Directors, including five executive Directors and three independent non-executive Directors. Our management and operational decisions are made by our executive Directors and senior management, most of whom have served our Group for a long time and/or have substantial experience in the industry in which we are engaged.

Save that (i) Ms. Dan, Mr. Zhu and Mr. Zhai, our executive Directors, are members of the group of Controlling Shareholders of our Company; (ii) Ms. Dan is the executive director and general manager of and owns 99% interest in Gongyi Onyx (being a member of the group of Controlling Shareholders of our Company and the general partner of Gongchuang Onyx, which is also a member of the group of Controlling Shareholders of our Company and our Company's employee shareholding platform without other business operation); and (iii) Ms. Dan, Mr. Zhu and Mr. Zhai are limited partners of Gongchuang Onyx, none of our Directors or senior management has any other roles within our Controlling Shareholders. Hence, we have sufficient management team members who do not hold any position in our Controlling Shareholders and/or their close associates, and are independent and have adequate relevant experience to ensure the normal operation of the day-to-day business and management of our Group.

Furthermore, our Directors consider that our Directors and senior management will function independently of our Controlling Shareholders because:

(a) each Director is aware of his/her fiduciary duties as a director which require, among other things, that he/she acts for the benefit and in the interest of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interests;

(b) our daily management and operations are carried out by a senior management team, all of whom have substantial experience in the industry in which our Company is engaged, and will therefore be able to make business decisions that are in the best interests of our Group. Please refer to "Directors and Senior Management" for details on the industry experience of our senior management team;

(c) we have three independent non-executive Directors and certain matters of our Company must always be referred to our independent non-executive Directors for review;

(d) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and a Director and/or his/her associate, he/she shall abstain from voting and shall not be counted towards the quorum for the voting; and

(e) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Controlling Shareholders which would support our independent management. Please refer to "— Corporate Governance" for further details.

Based on the above, our Directors believe that our Board as a whole and together with our senior management are able to perform the managerial role in our Group independently from our Controlling Shareholders and their close associates after the [**REDACTED**].

Operational Independence

We do not rely on our Controlling Shareholders and their close associates for our business development, staffing, logistics, administration, finance, internal audit, information technology, sales and marketing, or company secretarial functions. We have our own departments specializing in these respective areas which have been in operation and are expected to continue to operate separately and independently from our Controlling Shareholders and their close associates. In addition, we have our own headcount of employees for our operations and management for human resources.

We have independent access to suppliers and customers and an independent management team to handle our day-to-day operations. We are also in possession of all relevant licenses necessary to carry on and operate our principal businesses and we have sufficient operational capacity in terms of capital and employees to operate independently.

Based on the above, our Directors believe that we are able to operate independently from our Controlling Shareholders and their close associates after the [**REDACTED**].

Financial Independence

We have an independent financial system and make financial decisions according to our Group's own business needs. We have internal control and accounting systems and an independent finance department in charge of our treasury function. We maintain bank accounts independently and do not share any bank account with our Controlling Shareholders. We make tax registration and pay tax independently with our own funds. As such, our financial functions, such as cash and accounting management, invoices and bills, operate independently from our Controlling Shareholders and their close associates. We do not expect to rely on our Controlling Shareholders and their close associates for financing after the [**REDACTED**] as we expect that our working capital will be funded by cash flows generated from operating activities as well as the proceeds from the [**REDACTED**]. In addition, we are capable of obtaining financing from Independent Third Parties, if necessary, without relying on any guarantee or security provided by our Controlling Shareholders or their respective close associates. During the Track Record Period and up to the Latest Practicable Date, Ms. Dan, Mr. Zhu and Mr. Zhai, members of the group of Controlling Shareholders of our Company, had provided personal guarantees for our interest-bearing bank borrowings. The relevant guarantees have either been released or will be released upon [**REDACTED**]. As of the Latest Practicable Date, our interest-bearing bank borrowings for which the personal guarantees provided by Ms. Dan, Mr. Zhu and Mr. Zhai had not been released were in the amount of RMB131.7 million. The relevant guarantees will be released upon [**REDACTED**] without material adverse change to the existing repayment terms of the bank borrowings. We will settle such bank borrowings in accordance with their repayment terms by the financial resources available to us, including cash flow from operating activities, cash and cash equivalents and unutilized credit facilities. As of July 31, 2026, we had cash and cash equivalents of RMB135.8 million and unutilized credit facilities of RMB239.1 million.

Gongchuang Onyx, Ms. Dan, Mr. Zhu and Mr. Zhai provided joint and several guarantees for the fulfillment by our Company of its payment obligations under the capital reduction agreement entered into among the then shareholders of our Company and our Company dated January 23, 2024, at the request of Youngy Group as part of the negotiation of the capital reduction agreement. The consideration for the capital reduction has been finally and fully settled by our Company on August 13, 2026, and the aforementioned guarantees have been released accordingly. For details, please refer to "History, Development and Corporate Structure — Corporate Development and Major Shareholding Changes — 3. Reduction of Registered Capital in March 2024".

Based on the above, our Directors are of the view that we are capable of carrying on our business independently of, and do not place undue reliance on, our Controlling Shareholders and their close associates after the [**REDACTED**].

INTERESTS OF OUR CONTROLLING SHAREHOLDERS IN OTHER BUSINESSES

Our Controlling Shareholders had confirmed that, as of the Latest Practicable Date, they did not have any interest in any business, apart from the business of our Group, 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.

CORPORATE GOVERNANCE

Our Company will comply with the provisions of the Corporate Governance Code, which sets out principles of good corporate governance. Our Directors recognize the importance of good corporate governance in protection of our Shareholders' interests. We would adopt the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests between our Group and our Controlling Shareholders:

(a) where a Shareholders' meeting is to be held for considering proposed transactions in which our Controlling Shareholders or any of their respective associates has a material interest, our Controlling Shareholders shall not vote on the resolutions and shall not be counted in the quorum in the voting;

(b) where a Board meeting is held for the matters in which a Director has a material interest, such Director shall not vote on the resolutions and shall not be counted in the quorum in the voting;

(c) in the event that our independent non-executive Directors are requested to review any conflict of interest between our Group and our Controlling Shareholders, our Controlling Shareholders shall provide our independent non-executive Directors with all necessary information and we shall disclose the decisions of our independent non-executive Directors either in our annual reports or by way of announcements;

(d) our Directors (including our independent non-executive Directors) will seek independent and professional opinions from external advisors at our cost as and when appropriate;

(e) any transactions between our Company and its connected persons shall only be entered into in compliance with the relevant requirements of Chapter 14 and Chapter 14A of the Listing Rules, including the announcement, annual reporting and independent shareholders' approval requirements (if applicable) under the Listing Rules; and

(f) we have appointed Rainbow Capital (HK) Limited as our compliance advisor to provide advice and guidance to us in respect of compliance with the Listing Rules, including various requirements relating to corporate governance.

Based on the above, our Directors are satisfied that the corporate governance measures are sufficient to manage conflicts of interest between our Group and our Controlling Shareholders, and to protect minority Shareholders' interests after the [**REDACTED**].

DIRECTORS

Our Board currently consists of eight Directors, comprising five executive Directors and three independent non-executive Directors. The following table sets forth certain key information regarding our Directors:

Name	Age	Position	Date of joining our Group	Date of appointment as a Director	Key responsibilities
Executive Directors					
Ms. Dan Yuting (淡玉婷)	62	Chairperson of our Board, executive Director and general manager	December 16, 2008	December 16, 2008	Overseeing overall business and daily management and operations of our Group
Mr. Zhu Zeng (朱增)	47	Executive Director, deputy general manager, chief operating officer and chief technology officer	December 16, 2008	June 25, 2016	Technology strategy and product development
Mr. Zhai Yongtai (翟永泰)	45	Executive Director and deputy general manager	October 25, 2012	March 25, 2024	Hardware development and production management
Mr. Wang Jingbo (王敬博)	42	Executive Director and deputy general manager	December 16, 2008	March 25, 2024	Overseeing domestic marketing
Ms. Ouyang Supin (歐陽蘇頻)	49	Executive Director and deputy general manager	December 16, 2008	March 25, 2024	Overseeing overseas marketing
Independent Non-Executive Directors					
Mr. Li Changquan (李長權)	56	Independent non-executive Director	October 28, 2025	October 28, 2025	Supervising and providing independent advice to our Board
Dr. He Wenxue (何文學)	62	Independent non-executive Director	October 28, 2025	October 28, 2025	Supervising and providing independent advice to our Board
Ms. Lam Siu Lai (林少麗)	57	Independent non-executive Director	October 28, 2025	October 28, 2025	Supervising and providing independent advice to our Board

Executive Directors

Ms. Dan Yuting (淡玉婷), aged 62, is the Chairperson of our Board, executive Director and general manager of our Group and is primarily responsible for overall management and strategic development of our Group. Ms. Dan founded our Company in 2008 and has been our Chairperson since March 2024. Ms. Dan was appointed as a Director of our Company in December 2008 and was re-designated as an executive Director on December 12, 2025. Ms. Dan has served as the general manager of our Company since its establishment in December 2008.

Ms. Dan began her entrepreneurial career in 1995. From July 1995 to May 2021, Ms. Dan served as the chairperson and chief executive officer of Guangzhou Dubang Computer Co., Ltd. (廣州都邦電腦有限公司). From August 2006 to November 2008, she was the chief representative in China of the Guangzhou representative office of iRex Technologies B.V. (荷蘭iRex科技有限公司廣州代表處). In December 2008, she co-founded our Company with other co-founders, including our executive Directors, Mr. Zhu and Mr. Wang Jingbo. Ms. Dan has served as a director in BOOX Co, Guangzhou Onyx Smart Technology Co., Ltd. (廣州文石智能科技有限公司) ("**Onyx Smart Technology**") and Guangzhou Onyx Technology Co., Ltd. (廣州文石技術有限公司) ("**Onyx Technology**"), our wholly-owned subsidiaries, since their establishment in May 2019, May 2025 and July 2026, respectively. Ms. Dan has also served as the legal representative of our Company, Onyx Smart Technology and Onyx Technology since their establishment in December 2008, May 2025 and July 2026, respectively.

Ms. Dan was the director and/or manager of the following companies which were deregistered during her tenure:

Company name	Position	Principal business prior to deregistration	Place of incorporation	Nature of proceeding	Reason for deregistration	Date of deregistration
Guangzhou Dubang Computer Co., Ltd. (廣州都邦電腦有限公司)	Chairperson of the board of directors	Export of computer accessories	PRC	Deregistration	Cessation of business	May 26, 2021
Shenzhen Dubang Digital Technology Co., Ltd. (深圳都幫數碼科技有限公司)	Executive director, general manager,	Sales of digital products and accessories	PRC	Deregistration	Cessation of business	November 27, 2017
Guangzhou Duyi Electronic Technology Co., Ltd. (廣州讀易電子科技有限公司)	Executive director	Sales of electronic products	PRC	Deregistration	Cessation of business	August 27, 2007
Kunshan Bayes Information Technology Co., Ltd. (昆山貝葉斯信息科技有限公司)	Chairperson of the board of directors	No business operation	PRC	Deregistration	Cessation of business	September 1, 2021
Guangzhou Tianjie Battery Technology Co., Ltd. (廣州天捷電池科技有限公司) ("**Guangzhou Tianjie**")*(Note 1)*	Executive director, manager	No business operation	PRC	Deregistration	Cessation of business	June 5, 2025
Topun Computer Co., Limited (都邦電腦有限公司)	Director	Foreign trade	Hong Kong	Dissolution by deregistration	Cessation of business	February 6, 2009
Onyx International Holding Limited (文石信息科技有限公司)	Director	Foreign trade	Hong Kong	Dissolution by deregistration	Cessation of business	March 25, 2022
Topun Technologies Co., Limited (都邦科技有限公司)	Director	Foreign trade	Hong Kong	Dissolution by deregistration	Cessation of business	March 26, 2021

Note:

(1) Guangzhou Tianjie was a wholly-owned subsidiary of our Company before its deregistration. It has been inactive since its incorporation.

Ms. Dan obtained her master's degree in electronic materials and components from Xi'an Jiaotong University (西安交通大學) in the PRC in June 1990. She also received her bachelor's degree in electron and ion beam devices and technology from the same university in June 1987.

Mr. Zhu Zeng (朱增), aged 47, is an executive Director, deputy general manager, chief operating officer and chief technology officer of our Group and is primarily responsible for technology strategy and product development. Mr. Zhu co-founded our Company in December 2008 and has been our deputy general manager, chief operating officer and chief technology officer since then. He has been our Director since June 2016 and was re-designated as an executive Director on December 12, 2025.

Mr. Zhu has over 20 years of experience in the technology industries. In 2005, he served as a project engineer at the IBM China Development Laboratory, and subsequently from 2006 to 2008, he was instrumental in embedded software development at iRex Technologies, where he led the China-based software development team.

Mr. Zhu was the director and general manager of the following company which was deregistered during his tenure:

Company name	Position	Principal business prior to deregistration	Place of incorporation	Nature of proceeding	Reason for deregistration	Date of deregistration
Kunshan Bayes Information Technology Co., Ltd. (昆山貝葉斯信息科技有限公司)	Director, general manager	No business operation	PRC	Deregistration	Cessation of business	September 1, 2021

Mr. Zhu obtained his master's degree in computer software and theory from Wuhan University (武漢大學) in the PRC in June 2005. He also received his bachelor's degree in computer science and technology from the same university in June 2002.

Mr. Zhai Yongtai (翟永泰), aged 45, is an executive Director and deputy general manager of our Group responsible for hardware development and production management. Mr. Zhai joined our Group in October 2012.

Mr. Zhai has over 20 years of experience in hardware development. From 2004 to 2010, Mr. Zhai held positions as a senior engineer and project manager at the Aigo Embedded Systems Research Institute (愛國者嵌入式系統研究院). His responsibilities included managing hardware and software resource allocation, defining project objectives, and overseeing hardware schematic design, debugging, driver development, and EMC testing. He possesses expertise in the design of ARM-based embedded systems, Linux driver debugging, and both digital and analog circuit design, with significant experience in wireless technologies including Wi-Fi, Bluetooth, GPS, and 3G radio frequency development. From 2010 to 2012, he served as a project manager and senior radio frequency engineer at Beijing EBEN Information Technology Co., Ltd. (北京壹人壹本資訊科技有限公司), where he was responsible for radio frequency development on the Freescale Semiconductor platforms and Qualcomm platforms. Mr. Zhai has served as our deputy general manager since January 2016 and was appointed as our Director in March 2024. Mr. Zhai was re-designated as an executive Director on December 12, 2025.

Mr. Zhai obtained his master's degree in integrated circuit design engineering from the Hong Kong University of Science and Technology in Hong Kong in June 2010. He also received his bachelor's degree in applied physics from Shenzhen University (深圳大學) in the PRC in June 2004.

Mr. Wang Jingbo (王敬博) (with former name as 王靜波), aged 42, is an executive Director and a deputy general manager of our Group, where he is primarily responsible for overseeing domestic marketing. Mr. Wang joined our Group in December 2008 and had previously served as supply chain manager and production manager from December 2008 to October 2016. He has been responsible for overseeing domestic marketing since November 2016. He was appointed as our deputy general manager in January 2018 and as our Director in March 2024. He was re-designated as an executive Director on December 12, 2025.

Mr. Wang has over 20 years of experience in sales and marketing. From August 2006 to November 2008, he served as a marketing manager at the Guangzhou representative office of iRex Technologies B.V. (荷蘭iRex科技有限公司廣州代表處).

Mr. Wang was the supervisor of the following company which was deregistered during his tenure:

Company name	Position	Principal business prior to deregistration	Place of incorporation	Nature of proceeding	Reason for deregistration	Date of deregistration
Kunshan Bayes Information Technology Co., Ltd. (昆山貝葉斯信息科技有限公司) . .	Supervisor	No business operation	PRC	Deregistration	Cessation of business	September 1, 2021

Mr. Wang graduated from Huazhong Agricultural University (華中農業大學) ("**HAU**") in the PRC, having obtained his bachelor's degree in agricultural resources and environment from the same university, and simultaneously his bachelor's degree in computer science and technology from Huazhong University of Science and Technology (華中科技大學) in the PRC through a joint education program during his studies in HAU in June 2006.

Ms. Ouyang Supin (歐陽蘇頻), aged 49, is an executive Director and deputy general manager of our Group responsible for overseeing overseas marketing. Ms. Ouyang joined our Group in December 2008 and has served as a deputy general manager since January 2019, being primarily responsible for overseeing overseas market sales. She was later appointed as our Director in March 2024 and was re-designated as an executive Director on December 12, 2025. Ms. Ouyang has also served as the director of BOOX Co and ITAO since August 2024.

Ms. Ouyang has over 20 years of experience in international trade and marketing. She served as a business manager at Guangzhou Dubang Computer Co., Ltd. (廣州都邦電腦有限公司) from March 2005 to September 2014, where she was responsible for foreign trade business.

Ms. Ouyang was the director of the following company which was deregistered during her tenure:

Company name	Position	Principal business prior to deregistration	Place of incorporation	Nature of proceeding	Reason for deregistration	Date of deregistration
Joying International Limited (久裕國際有限公司)	Director	No business operation	Hong Kong	Dissolved by deregistration	Cessation of business	October 25, 2019

Ms. Ouyang obtained her bachelor's degree in English from Jinan University (暨南大學) in the PRC in July 2003.

Independent Non-Executive Directors

Mr. Li Changquan (李長權), aged 56, was appointed as an independent non-executive Director of our Company in October 2025. He is primarily responsible for supervising and providing independent advice to our Board.

Mr. Li has more than 25 years of accounting and finance experience. He served as at the finance department at Guangzhou Tingyi Food Co., Ltd. (廣州頂益食品有限公司) (formerly known as 廣州頂益國際食品有限公司) between October 1998 and September 1999. Mr. Li later served as the audit division II manager at Guangzhou Zhengkai CPA Co., Ltd. (廣州市正開會計師事務所有限公司) from December 1999 to August 2009, and as the audit manager at Guangdong Guanghui CPA Co., Ltd. (廣東廣滙會計師事務所有限公司) from August 2009 to November 2010. He then served as the deputy head of Guangzhou Zhiren Certified Public Accountants (Ordinary Partnership) (廣州知仁會計師事務所(普通合夥)) from October 2010 to February 2018. Since March 2018, he has been the deputy head of Guangdong YueXin Certified Public Accountants Co., Ltd. (廣東粵信會計師事務所有限公司).

Mr. Li was the supervisor or the managing partner of the following entities which were deregistered during his tenure:

Company name	Position	Principal business prior to deregistration	Place of incorporation	Nature of proceeding	Reason for deregistration	Date of deregistration
Guangzhou Yuanhang Finance Consulting Co., Ltd. (廣州遠艦財務諮詢有限公司)	Supervisor	Financial consulting	PRC	Deregistration	Cessation of business	May 6, 2015
Guangzhou Zhiren Finance Consulting Services Partnership (General Partnership) (廣州知仁財務諮詢服務合夥企業(普通合夥))	Managing partner	Accounting services	PRC	Deregistration	Cessation of business	November 16, 2018

Mr. Li obtained his master's degree in business administration from Shanghai University of Finance and Economics (上海財經大學) in the PRC in January 2011 and his bachelor's degree in industrial management engineering from Shanghai Institute of Building Materials (上海建築材料工業學院) (now known as Tongji University (同濟大學)) in the PRC in July 1992. In addition, Mr. Li has obtained the qualification of Certified Public Accountant in the PRC since April 1999. He has also been a Certified Tax Advisor and a Certified Asset Appraiser in the PRC since June and September 2001, respectively.

Dr. He Wenxue (何文學), aged 62, was appointed as an independent non-executive Director of our Company in October 2025. He is primarily responsible for supervising and providing independent advice to our Board.

Dr. He served as the manager of the sixth production technology division of Yunnan Nantian Electronics Information Co., Ltd. (雲南南天電子信息產業股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000948), between July 1990 and April 1998. From May 1998 to February 2004, he served concurrently as the chief engineer of the multimedia business department and head of the overseas market development department at Huawei Technologies Co., Ltd. (華為技術有限公司) (formerly known as 深圳市華為技術有限公司). Later, he served as the senior manager of the CPE terminal division at UTStarcom Holdings Corp. (UT斯達康通訊有限公司) (formerly known as UT斯達康(杭州)通訊有限公司), a company listed on NASDAQ (stock code: UTSI) from March 2004 to March 2005. He then served as the general manager of the IDB business unit at VTRON Group Co., Ltd. (威創集團股份有限公司) (formerly known as 廣東威創日新電子有限公司) between June 2006 and April 2007. After that, he served as a professor at the College of Physics and Electronic Information at Yunnan Normal University (雲南師範大學) from August 2007 to December 2023.

Dr. He was the executive director and general manager of the following company which had its business license revoked during his tenure:

Company name	Position	Principal business prior to revocation of business license	Place of incorporation	Nature of proceeding	Reason for revocation of business license	Date of revocation of business license
Yunnan Badeng Longzhou Technology Development Co., Ltd. (雲南巴登龍周科技發展有限公司) . . .	Executive director, general manager	No business operation	PRC	Revocation of business license	Long-term inactivity of business operation	June 27, 2014

Dr. He received his Ph.D. in information and communications from the University of Florence in Italy in November 1997, his master's degree in electronic physics and devices from Xi'an Jiaotong University (西安交通大學) in the PRC in July 1990, and his bachelor's degree in physics from Yunnan Normal University (雲南師範大學) in the PRC in July 1987.

Ms. Lam Siu Lai (林少麗), aged 57, was appointed as an independent non-executive Director of our Company in October 2025. She is primarily responsible for supervising and providing independent advice to our Board.

Ms. Lam has experience in supply chain management and manufacturing. She has held, since October 2004, and currently still holds the position of business director at Changzhou DOWE Electronics Co., Ltd. (常州市都威電子有限公司). She has also served, since December 2019, and currently still serves as the general manager at Neijiang Xiangtong Supply Chain Co., Ltd. (內江翔通供應鏈有限公司). More recently, she was appointed as the chairperson of Hong Kong Xiangtong Plastic Products Co., Ltd. (香港翔通塑膠製品有限公司) in July 2024, the business director of Changzhou DOWE Electronics Co., Ltd. (常州市都威電子有限公司) in October 2024, and the chairperson of Vietnam Pushi Xiangtong Precision Injection Molding (越南普世翔通精密注塑) in December 2024, positions which she also currently still holds. Ms. Lam graduated from Jiexi Tatou Middle School, Jieyang City, Guangdong Province (廣東省揭陽市揭西塔頭中學) in June 1988.

SENIOR MANAGEMENT

The following table sets forth the key information of our senior management:

Name	Age	Position	Date of joining our Group	Date of appointment as senior management	Key responsibilities
Ms. Dan Yuting (淡玉婷) . . .	62	Chairperson of the Board, executive Director and general manager	December 16, 2008	December 16, 2008	Overseeing overall business and daily management and operations of our Group
Mr. Zhu Zeng (朱增).	47	Executive Director, deputy general manager, chief operating officer and chief technology officer	December 16, 2008	December 16, 2008	Technology strategy and product development
Mr. Zhai Yongtai (翟永泰) . . .	45	Executive Director and deputy general manager	October 25, 2012	January 1, 2016	Hardware development and production management
Mr. Wang Jingbo (王敬博) . . .	42	Executive Director and deputy general manager	December 16, 2008	January 1, 2018	Overseeing domestic marketing
Ms. Ouyang Supin (歐陽蘇頻) .	49	Executive Director and deputy general manager	December 16, 2008	January 1, 2019	Overseeing overseas marketing

Name	Age	Position	Date of joining our Group	Date of appointment as senior management	Key responsibilities
Mr. Li Shengjie (李盛杰) . . .	40	Deputy general manager and joint company secretary	April 1, 2025	April 1, 2025	Corporate finance, legal and capital markets
Mr. Zeng Zhenjin (曾真金). . .	56	Financial controller	June 25, 2016	June 25, 2016	Overseeing our finance department, overseas funds, accounting, taxation, and internal controls

Ms. Dan Yuting (淡玉婷), aged 62, is the Chairperson of our Board, executive Director and general manager of our Group. Please refer to her biography in "— Directors — Executive Directors" in this section.

Mr. Zhu Zeng (朱增), aged 47, is an executive Director, deputy general manager, chief operating officer and chief technology officer of our Group. Please refer to his biography in "— Directors — Executive Directors" in this section.

Mr. Zhai Yongtai (翟永泰), aged 45, is an executive Director and deputy general manager of our Group responsible for hardware development and production management. Please refer to his biography in "— Directors — Executive Directors" in this section.

Mr. Wang Jingbo (王敬博) (with former name as Wang Jingbo (王靜波)), aged 42, is an executive Director and deputy general manager of our Group responsible for overseeing domestic marketing. Please refer to his biography in "— Directors — Executive Directors" in this section.

Ms. Ouyang Supin (歐陽蘇頻), aged 49, is an executive Director and deputy general manager of our Group responsible for overseeing overseas marketing. Please refer to her biography in "— Directors — Executive Directors" in this section.

Mr. Li Shengjie (李盛杰), aged 40, is a deputy general manager and joint company secretary of our Group, responsible for corporate finance, legal and capital markets since joining our Group in April 2025.

Mr. Li has over 15 years of experience in investment banking and corporate management. Prior to joining our Group, he served as a director in the Investment Banking Management Committee of China Securities Co., Ltd. (中信建投證券股份有限公司), a company dual-listed on the Stock Exchange (stock code: 6066) and on the Shanghai Stock Exchange (stock code: 601066) from July 2011 to March 2025. During this time, he was primarily responsible for investment banking services, including initial public offerings, mergers and acquisitions, and refinancing.

Mr. Li obtained his master's degree in law in June 2011 and his bachelor's degree in economics in July 2008, both from the East China University of Political Science and Law (華東政法大學) in the PRC. He obtained his Legal Professional Qualification in the PRC in February 2009.

Mr. Zeng Zhenjin (曾真金), aged 56, is the financial controller of our Group. He joined our Group in June 2016 and is primarily responsible for overseeing our finance department, overseas funds, accounting, taxation, and internal controls. He had served as a Director of our Company between June 2016 and March 2024, and the director of BOOX Co between May 2019 and September 2024. He was appointed as our financial controller in October 2025.

Mr. Zeng has over 30 years of experience in finance, auditing, and management. Prior to joining our Group, from August 2010 to May 2016, he served at Youngy Group, where he was responsible for conducting audits and financial due diligence for the group and its subsidiaries. From August 2008 to August 2010, he was a manager at Foshan Shunde Shengyong Machinery Co., Ltd. (佛山市順德區盛永機械有限公司), overseeing the finance department. He served as a director at Nankang City Guangming Certified Public Accountants (南康市光明會計師事務所) from January 2001 to April 2003, where he was responsible for auditing and verification services. Mr. Zeng began his career in September 1990 at the Jiangxi Province Nankang City Audit Bureau (江西省南康市審計局).

Mr. Zeng graduated from Jiangxi University of Science and Technology (江西理工大學) in the PRC in July 2005, having completed his legal studies, and he obtained a bachelor's degree in accounting from Jiangxi University (江西大學) in the PRC in July 1990. Mr. Zeng was qualified as a judicial accountant (司法會計鑒定) in November 2002 and has been an intermediate accountant (會計師(中級)) since November 1994.

OTHER INFORMATION

Ms. Dan, Mr. Zhu, Mr. Wang Jingbo, Ms. Ouyang Supin, Mr. Li Changquan and Dr. He Wenxue were each directors, supervisors and/or general managers (or in analogous positions) of certain business entities incorporated in China and Hong Kong at the time of each entities' deregistration or revocation of business license. Each of the aforementioned Directors have confirmed that (i) such entities were solvent immediately prior to their deregistration or revocation of business license; (ii) there was no wrongful act on their parts leading to the deregistration or revocation of business license of such entities and they are not aware of any actual or potential claims that have been or would be made against them as a result of the deregistration or revocation of business license; and (iii) no misconduct or misfeasance have been involved in the deregistration or revocation of business license of such entities.

Except as disclosed above, each of our Directors and members of senior management has not been a director of any public company whose securities of which are listed on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this document.

None of our Directors has any interests in any business, which competes or is likely to compete, either directly or indirectly, with our business which would require disclosure under Rule 8.10 of the Listing Rules.

None of our Directors and members of the senior management (i) is related to other Directors and members of the senior management; (ii) does not hold and has not held any other positions in our Group and any other members of our Group as of the Latest Practicable Date; and (iii) has not completed his/her respective education programs as disclosed in this section by way of attendance of long distance learning or online courses.

Except as disclosed above, to the best knowledge, information and belief of our Directors having made all reasonable inquiries, there was no other matter with respect to the appointment of our Directors that needs to be brought to the attention of the Shareholders, and there was no information relating to our Directors that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules and no other matters are required to be brought to the attention of Shareholders as of the Latest Practicable Date.

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 on December 24, 2025, and (ii) understands his or her obligations as a director of a listed issuer under the Listing Rules; and (iii) he/she has no interest in the Shares within the meaning of Part XV of the SFO, except as disclosed in the paragraph headed "Further Information about Our Directors and Substantial Shareholders" in Appendix IV to this document.

Each of the independent non-executive Directors has confirmed (i) his/her independence as regards to 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.

JOINT COMPANY SECRETARIES

Mr. Li Shengjie (李盛杰) is a joint company secretary of our Company. See "— Senior Management" in this section for the biographical details of Mr. Li.

Ms. Yeung Siu Wai Kitty (楊小慧) was appointed as a joint company secretary of our Company on December 12, 2025.

Ms. Yeung is a senior manager of the Company Secretarial Services of Tricor Services Limited (a member of Vistra Group). She has over 15 years of experience in the corporate secretarial field and she has been providing professional corporate services to Hong Kong listed companies, as well as cross-border, private and offshore companies.

Ms. Yeung obtained a bachelor's degree of social science in administration and public management from the City University of Hong Kong in Hong Kong and a master's degree in corporate governance from The Open University of Hong Kong (now known as Hong Kong Metropolitan University) in Hong Kong. She is a chartered secretary, chartered governance professional and an associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 and Rule 19A.15 of the Listing Rules, the Company 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 and operations of our Group are conducted in Chinese mainland, members of our senior management are, and are expected to continue to be, based in Chinese mainland. Further, as our executive Directors have a vital role in our Group's operations, it is crucial for them to maintain close contact with our Group's core management located in Chinese mainland. The Company does not, and, in the foreseeable future, will not have sufficient management presence in Hong Kong. We have applied for, [and the Stock Exchange has granted], a waiver from strict compliance with Rules 8.12 and 19A.15 of the Listing Rules. Please refer to "Waivers from Strict Compliance with the Listing Rules — Management Presence in Hong Kong" in this document.

CORPORATE GOVERNANCE

Our Directors recognize the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of our Group so as to achieve effective accountability.

Our Company has adopted the code provisions stated in the Corporate Governance Code ("**CG Code**") as set out in Appendix C1 to the Listing Rules. Our Company is committed to achieving high standards of corporate governance which are crucial to our development and safeguard the interests of our Shareholders. Our Company is also of the view that our Board should include a balanced composition of executive Directors and independent non-executive Directors so that there is a strong independent element on our Board, which can effectively exercise independent judgment.

Pursuant to code provision C.2.1 of the CG Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between the chairperson and the chief executive officer should be segregated and should not be performed by the same individual. We do not have a separate chairperson and general manager, and Ms. Dan currently performs these two roles. Our Board believes that vesting the roles of both the chairperson and general manager in the same person has the benefit of ensuring consistent leadership within our Group and enables more effective and efficient overall strategic planning and implementation of our Board's decisions for our Group. Our Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable our Company to make and implement decisions promptly and effectively. Our Board will continue to review and consider splitting the roles of the chairperson of our Board and the general manager of our Company if and when it is appropriate taking into account the circumstances of our Group as a whole.

Save as disclosed above, our Company intends to comply with all code provisions under the CG Code after the [**REDACTED**].

Board Committees

Our Company has established three Board committees, namely the Audit Committee, the Nomination Committee, and the Remuneration Committee.

Audit Committee

Our Company established the Audit Committee, with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraphs C.4 and D.3 of the CG Code, as set out in Appendix C1 to the Listing Rules. The Audit Committee consists of three members: Mr. Li Changquan, Dr. He Wenxue and Ms. Lam Siu Lai. Mr. Li Changquan serves as the chairperson of the Audit Committee and is an independent non-executive Director with the appropriate professional qualifications required under Rules 3.10(2) and 3.21 of the Listing Rules. The primary responsibilities of the Audit Committee include, but are not limited to, the following:

- providing independent insights on the effectiveness of our Company's financial reporting system, risk management, and internal control processes;
- overseeing the audit process and developing and reviewing relevant policies;
- proposing the appointment or change of external auditors, monitoring their independence, and advising our Board on their appointment, reappointment, removal, and compensation terms;
- establishing and implementing policies on non-audit services provided by external auditors;
- guiding internal audit work and internal training;
- examining our Company's financial information and reviewing financial reports and statements;
- assessing the effectiveness of internal controls;
- reviewing continuing connected transactions for compliance;
- facilitating communication among management, the internal audit department, relevant departments, and external audit agencies; and

- addressing other matters authorized by our Board or relevant laws and regulations.

Nomination Committee

Our Company established the Nomination Committee, with written terms of reference that comply with Rule 3.27A of the Listing Rules and paragraphs B.3 and C.4 of the CG Code, as outlined in Appendix C1 to the Listing Rules. The Nomination Committee consists of three members: Ms. Dan, Mr. Li Changquan and Dr. He Wenxue, with Ms. Dan appointed as the chairperson. The primary responsibilities of the Nomination Committee include, but are not limited to, the following:

- making recommendations to our Board regarding the size and composition of the Board based on our Company's business operations, asset scale, and equity structure;
- researching and developing standards and procedures for the election of Board members, general manager, and senior management, and providing recommendations to the Board;
- conducting thorough searches to identify suitable candidates for Directors, general manager, and other senior management positions;
- evaluating candidates for our Board, general manager, and senior management, and making recommendations to our Board;
- assessing and reviewing the independence of independent non-executive Directors in accordance with the provisions of the Listing Rules;
- evaluating the number of other listed company directorships held by candidates nominated as independent non-executive directors;
- developing a policy on board diversity and overseeing relevant disclosures in the corporate governance report; and
- addressing other matters as authorized by our Board.

Remuneration Committee

The Company established the Remuneration Committee, with written terms of reference that comply with Rule 3.25 of the Listing Rules and paragraphs C.4 and E.1 of the CG Code, as outlined in Appendix C1 to the Listing Rules. The Remuneration Committee consists of three members: Dr. He Wenxue, Mr. Li Changquan and Ms. Dan, with Dr. He Wenxue appointed as the chairperson. The primary responsibilities of the Remuneration Committee include:

- establishing and reviewing the policy and structure for the remuneration of Directors and senior management, and making recommendations to our Board regarding the terms of remuneration packages, bonuses, and other compensation;
- formulating individual remuneration plans for Directors and senior management based on job responsibilities, the significance of their positions, and remuneration benchmarks from comparable companies;
- examining the performance evaluation criteria for Directors and senior management, as well as conducting annual performance evaluations;
- supervising the implementation of the Company's remuneration plan;

- reviewing and approving compensation arrangements for directors and senior management in cases of loss or termination of office or appointment, as well as dismissal or removal due to misconduct, ensuring that such compensation is consistent with contractual terms;

- advising shareholders on voting for service contracts, including the evaluation of their fairness and assessing alignment with the Company's interests; and

- addressing other matters as authorized by our Board.

BOARD DIVERSITY POLICY

Our Company has implemented a board diversity policy that outlines the approach to achieving diversity on our Board. Our Company recognizes the benefits of having a diverse Board and believes that increasing diversity at the Board level is key to reaching its strategic goals and promoting sustainable development. Our Board has a diverse age and gender representation, which currently comprises of three female Directors and five male Directors, with ages ranging from 42 to 62 years old.

To foster Board diversity, our Company considers a range of factors, including talents, skills, gender, age, ethnicity, experience, independence, and knowledge. We are dedicated to enhancing gender diversity across all levels of our Company. When selecting potential Board candidates, the focus is on merit and their potential contributions to our Board, while also taking into account the board diversity policy and other relevant factors. Our Company will assess our own business model and specific needs as we evolve. All Board appointments will be based on merit, with candidates evaluated against objective criteria, taking into account the advantages of diversity.

After [**REDACTED**], the Nomination Committee will regularly review the board diversity policy and its effectiveness. This information will be included in the corporate governance report as required by the Listing Rules following the [**REDACTED**].

COMPLIANCE ADVISOR

We have appointed Rainbow Capital (HK) Limited as our compliance advisor ("**Compliance Advisor**") pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Advisor will advise our Company, among others, in the following circumstances:

- before the publication of any regulatory announcement, circular or financial report;

- where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues, sales or transfers of treasury shares and share repurchases;

- where we propose to use the proceeds from the [**REDACTED**] in a manner different from that detailed in this document or where the business activities, development or results of our Group deviate from any forecast, estimate or other data in this document; and

- where the Stock Exchange makes an inquiry to the Company regarding unusual movements in the price or trading volume of its [**REDACTED**] securities or any other matters in accordance with Rule 13.10 of the Listing Rules.

The term of appointment of the Compliance Advisor shall 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 the distribution of our financial results for the first full financial year commencing after the [**REDACTED**].

REMUNERATION OF DIRECTORS AND OF THE FIVE HIGHEST-PAID INDIVIDUALS

Our Directors who receive emolument from our Company are remunerated in forms of salaries, allowances and benefits in kind, performance related bonuses, share-based compensation and pension scheme contributions.

For each of the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026, the total remuneration paid to our Directors amounted to RMB3.5 million, RMB19.7 million, RMB20.0 million and RMB10.5 million, respectively.

For each of the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026, there were two, five, four and four Directors among the five highest paid individuals, respectively. The total remuneration (including salaries, allowances and benefits in kind, performance related bonuses and pension scheme contributions) paid to the remaining individual(s) among our five highest paid individuals amounted to RMB3.9 million, nil, RMB2.2 million and RMB1.1 million for each of the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026, respectively.

Under the arrangement currently in force, our Company expects that the total remuneration (excluding year-end bonuses and share-based compensation) to be paid to our Directors by the Company for the year ending December 31, 2026 will be approximately RMB7.3 million.

During the Track Record Period, no fees were paid by our Group to any of the Directors or the five highest paid individuals as an inducement to join us or as compensation for loss of office. None of the Directors waived any remuneration during the relevant period.

The remuneration of our Directors and senior management is determined with reference to the remuneration paid by comparable companies and the achievement of major operating indicators of our Company. Fixed remuneration is determined with reference to the remuneration data provided by a professional management consultation company and the position of our Company among its major competitors.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the Share Subdivision, the completion of the [**REDACTED**] and the Conversion of [**REDACTED**] Shares into H Shares, 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 in the Shares or the underlying Shares which would fall to be disclosed to our Company and the Hong Kong Stock Exchange 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 nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

			As of the Latest Practicable Date(2)		Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised)(3)		
Name of Shareholder	Type of Shares to be held upon [REDACTED]	Nature of Interest	Number of [REDACTED] Shares	Approximate percentage in the total issued Shares	Number of H Shares	Approximate percentage of shareholding in the relevant type of Shares	Approximate percentage in the total issued Shares
Gongchuang Onyx(4)	H Shares	Beneficial owner	12,615,000	42.05%	[REDACTED]	[REDACTED]%	[REDACTED]%
Gongyi Onyx(5)	H Shares	Interest in controlled corporation	12,615,000	42.05%	[REDACTED]	[REDACTED]%	[REDACTED]%
Ms. Dan(4), (5), (6)	H Shares	Beneficial owner	8,199,000	27.33%	[REDACTED]	[REDACTED]%	[REDACTED]%
		Interest in controlled corporation	12,615,000	42.05%	[REDACTED]	[REDACTED]%	[REDACTED]%
		Interest held jointly with other persons	4,416,000	14.72%	[REDACTED]	[REDACTED]%	[REDACTED]%
Mr. Zhu(4), (6)	H Shares	Beneficial owner	3,786,000	12.62%	[REDACTED]	[REDACTED]%	[REDACTED]%
		Interest held jointly with other persons	21,444,000	71.48%	[REDACTED]	[REDACTED]%	[REDACTED]%
Mr. Zhai(4), (6)	H Shares	Beneficial owner	630,000	2.10%	[REDACTED]	[REDACTED]%	[REDACTED]%
		Interest held jointly with other persons	24,600,000	82.00%	[REDACTED]	[REDACTED]%	[REDACTED]%

Notes:

(1) All interests stated are long positions. For the avoidance of doubt, both [**REDACTED**] Shares and H Shares are ordinary Shares in the share capital of our Company and are considered as one class of Shares.

(2) The calculation is based on the total number of 30,000,000 Shares in issue as at the Latest Practicable Date.

(3) The calculation is based on the assumption that the Share Subdivision is completed, and immediately following the completion of the [**REDACTED**], there will be a total number of [**REDACTED**] H Shares (including [**REDACTED**] H Shares converted from [**REDACTED**] Shares without taking into consideration the exercise of [**REDACTED**]) in issue.

(4) Gongchuang Onyx is our Company's employee shareholding platform. As of the Latest Practicable Date, Gongchuang Onyx had eight limited partners, and was owned as to approximately 30.68% by Ms. Dan as the largest limited partner. Mr. Zhu, Mr. Wang Jingbo, Mr. Zhai, Ms. Ouyang Supin and Mr. Li Shengjie are also limited partners of Gongchuang Onyx, owning approximately 17.13%, 14.40%, 14.03%, 12.00% and 2.38% interest respectively as of the Latest Practicable Date. None of the other limited partners of Gongchuang Onyx held more than 30% interest in it. As such, Ms. Dan is deemed to be interested in the Shares Gongchuang Onyx is interested in under the SFO.

(5) Gongyi Onyx controls Gongchuang Onyx as its general partner. It is owned as to 99% by Ms. Dan, who is also its executive director and general manager.

(6) Pursuant to the Concert Party Agreement, Ms. Dan, Mr. Zhu and Mr. Zhai agreed that (i) they shall consult each other and seek consensus in advance on certain material operational and corporate governance matters, and shall form a unified position prior to casting votes at any shareholders' meeting or board meeting in relation to such matters, and (ii) where consensus cannot be reached after consultation, the proposal supported by the party holding the highest equity percentage in our Company shall prevail and be implemented, and the other parties shall vote accordingly. The parties further agreed that for a period of five years following the [**REDACTED**], the parties shall keep in sync with each other in any transfer or reduction of their holding of Shares acquired before the [**REDACTED**], and any proposed transfer or reduction of such Shares shall be (i) subject to the prior written consent of Ms. Dan, and (ii) conducted in accordance with their respective shareholding percentage. The Concert Party Agreement shall remain in force for an indefinite term from execution until terminated (i) by written agreement of the parties, (ii) for uncured

material breach after a 30-day period following written notice, or (iii) due to changes in laws or the articles of our Company rendering performance of the agreement impossible. In light of the Concert Party Agreement, it is expected that Ms. Dan, Mr. Zhu, Mr. Zhai, Gongchuang Onyx and Gongyi Onyx will constitute a group of Controlling Shareholders of our Company upon [**REDACTED**]. For details, please refer to "Relationship with our Controlling Shareholders" in this document. As such, being parties acting-in-concert, each of Ms. Dan, Mr. Zhu and Mr. Zhai is deemed to be interested in the Shares each other is interested in under the SFO.

Save as disclosed above and in "Appendix IV — Statutory and General Information — Further Information about our Directors and Substantial Shareholders" to this document, our Directors are not aware of any persons who will, immediately following completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), have interests and/or short positions in Shares or underlying Shares which would fall to be disclosed 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 nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any other member of our Group.

SHARE CAPITAL

This section presents certain information regarding our share capital prior to and upon the completion of the Share Subdivision, the [**REDACTED**] and the Conversion of [**REDACTED**] Shares into H Shares.

BEFORE THE [REDACTED]

As of the Latest Practicable Date, the registered share capital of our Company was RMB30,000,000, comprising 30,000,000 [**REDACTED**] Shares with a nominal value of RMB1.00 each.

UPON COMPLETION OF THE SHARE SUBDIVISION AND THE [REDACTED]

Upon [**REDACTED**], the ordinary shares of the Company will be split on a [one-for-four] basis, and the aforementioned registered share capital of our Company of RMB30,000,000 will be divided into [120,000,000] Shares with a par value of RMB[0.25] each.

Immediately following completion of the Share Subdivision, the [**REDACTED**] and the Conversion of [**REDACTED**] Shares into H Shares, assuming that the [**REDACTED**] is not exercised, our registered and issued share capital will be as follows:

Description of Shares	Number of Shares	Approximate percentage to total share capital
		(%)
H Shares converted from [**REDACTED**] Shares . . .	[**REDACTED**]	[**REDACTED**]
H Shares to be issued pursuant to the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Total	[**REDACTED**]	100

Immediately following completion of the Share Subdivision, the [**REDACTED**] and the Conversion of [**REDACTED**] Shares into H Shares, assuming that the [**REDACTED**] is fully exercised, our registered and issued share capital will be as follows:

Description of Shares	Number of Shares	Approximate percentage to total share capital
		(%)
H Shares converted from [**REDACTED**] Shares . . .	[**REDACTED**]	[**REDACTED**]
H Shares to be issued pursuant to the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Total	[**REDACTED**]	100

OUR SHARES

Upon completion of the [**REDACTED**], all the [**REDACTED**] Shares held by all of our existing Shareholders will be converted into H Shares, and our Shares will consist of H Shares only.

Our H Shares may only be subscribed for and traded in Hong Kong dollars. Apart from certain qualified domestic institutional investors in the PRC, through Shanghai-Hong Kong Stock Connect, or through Shenzhen-Hong Kong Stock Connect or other persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approvals of any competent authorities, our H Shares generally cannot be subscribed for by or traded between legal or natural persons of the PRC.

We shall pay all dividends in respect of H Shares in Hong Kong dollars. See "Summary of Articles of Association" in Appendix III to this document for details of the circumstances under which general meetings of our Company are required. In addition to cash, dividends may be distributed in the form of Shares. For holders of H Shares, dividends in the form of Shares will be distributed in the form of additional H Shares.

The [**REDACTED**] will rank *pari passu* in all respects with all Shares currently in issue or to be issued as mentioned in this document and will qualify and rank equally for all dividends or other distributions declared, made or paid on the Shares on a record date which falls after the date of this document.

CONVERSION OF OUR [REDACTED] SHARES INTO H SHARES

Upon completion of the [**REDACTED**], if any of our Shares are not [**REDACTED**] or [**REDACTED**] on any stock exchange, the holders of our [**REDACTED**] Shares may convert their Shares into H Shares provided such conversion shall have gone through any requisite internal approval process and complied with the regulations prescribed by the securities regulatory authorities of the State Council and the regulations, requirements and procedures prescribed by the overseas stock exchange(s) and complete the filing process procedure with CSRC. The [**REDACTED**] of such converted Shares on the Hong Kong Stock Exchange will also require the approval of the Hong Kong Stock Exchange.

In accordance with the Guidelines on Application for "Full Circulation" of Domestic [**REDACTED**] 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》) ("**Full Circulation Guidelines**") published and implemented by the CSRC on November 14, 2019 and amended on August 10, 2023 and the Overseas Listing Trial Measures, domestic [**REDACTED**] shares of H-share companies (including domestic [**REDACTED**] shares held by domestic shareholders prior to the overseas listing, domestic [**REDACTED**] shares further issued in the PRC after the overseas listing and [**REDACTED**] shares held by foreign shareholders) could be listed and traded on the Hong Kong Stock Exchange after application to file with the CSRC. The Full Circulation Guidelines are applicable to domestic companies listed on the Hong Kong Stock Exchange only and not applicable to companies dual listed in the PRC and on the Hong Kong Stock Exchange.

Upon completion of the Share Subdivision and the [**REDACTED**], all the existing [**REDACTED**] Shares will be converted into H Shares on a one-for-one basis. The conversion of all the existing [**REDACTED**] Shares (taking into account the Share Subdivision) into H Shares has been filed with CSRC and the CSRC issued notice of filing on [●], and an application has been made to the Listing Committee for such H Shares to be [**REDACTED**] on the Stock Exchange.

Based on the procedures for the conversion of our [**REDACTED**] Shares into H Shares as disclosed in this section, we can apply for the [**REDACTED**] of all or any portion of our [**REDACTED**] Shares on the Hong Kong Stock Exchange as H Shares in advance of any proposed conversion to ensure that the conversion process can be completed promptly upon notice to the Hong Kong Stock Exchange and delivery of Shares for entry on the [**REDACTED**]. As any [**REDACTED**] of additional Shares after our [**REDACTED**] on the Hong Kong Stock Exchange is ordinarily considered by the Hong Kong Stock Exchange to be a purely administrative matter, it will not require such prior application for [**REDACTED**] at the time of our [**REDACTED**] in Hong Kong.

No class Shareholder voting is required for the [**REDACTED**] and [**REDACTED**] of the converted Shares on the Hong Kong Stock Exchange. Any application for [**REDACTED**] of the converted Shares on the Hong Kong Stock Exchange after our [**REDACTED**] is subject to prior notification by way of announcement to inform Shareholders and the public of such proposed conversion.

After all the requisite approvals have been obtained, the following procedures will need to be completed: the relevant [**REDACTED**] Shares will be withdrawn from the [**REDACTED**] and we will re-register such Shares on our [**REDACTED**] maintained in Hong Kong and instruct the [**REDACTED**] to issue H Share certificates. Registration on our [**REDACTED**] will be on the condition that (a) our [**REDACTED**] lodges with the Hong Kong Stock Exchange a letter confirming the proper entry of the relevant H Shares on the [**REDACTED**] of members and the due dispatch of H Share certificates and (b) the admission of the H Shares to [**REDACTED**] on the Hong Kong Stock Exchange will comply with the Listing Rules and the [**REDACTED**] and [**REDACTED**] in force from time to time. Until the converted Shares are re-registered on our [**REDACTED**], such Shares would not be [**REDACTED**] as H Shares.

TRANSFER OF SHARES ISSUED PRIOR TO THE [REDACTED]

Pursuant to the PRC Company Law, our Shares issued prior to the [**REDACTED**] shall not be transferred within 12 months from the [**REDACTED**].

Shares transferred by our Directors and members of the senior management each year during their term of office shall not exceed 25% of their total respective shareholdings in our Company unless otherwise permitted by applicable laws and regulations. The Shares that the aforementioned persons hold in our Company cannot be transferred within half a year after they leave their positions as Directors and members of the senior management in our Company.

Please refer to "[**REDACTED**]" for details on the [**REDACTED**].

SHAREHOLDERS' GENERAL MEETING

Please refer to "Appendix III — Summary of Articles of Association" for details on circumstances under which our general Shareholders' meeting is required.

GENERAL MANDATES TO ISSUE SHARES AND REPURCHASE SHARES

Subject to the [**REDACTED**] becoming unconditional, our Directors will be granted general unconditional mandates to issue our Shares and repurchase our Shares. Please refer to "Appendix IV — Statutory and General Information — Further Information about Our Company — 4. Resolutions of our Shareholders" for further details.

You should read the following discussion and analysis in conjunction with our consolidated financial statements, including the notes thereto included in the Accountants' Report set out in Appendix I to this document. You should read the entire Accountants' Report in Appendix I to this document and not rely merely on the information contained in this section. The Accountants' Report has been prepared in accordance with HKFRS Accounting Standards, which may differ in material aspects from generally accepted accounting principles in other jurisdictions.

Our historical results do not necessarily indicate results expected for any future periods. The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future development, 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. In evaluating our business, you should carefully consider the information provided in the sections headed "Risk Factors" and "Forward-Looking Statements" in this document.

OVERVIEW

We are a global consumer technology electronics brand operating in the knowledge-driven productivity tools industry, dedicated to helping knowledge workers worldwide to efficiently acquire text-based information through smart devices with a paper-like reading and writing experience, focus and portability features, in order to present high-value content through summarization, search and editing management functions. We deliver this through an offering of smart hardware devices and read-write efficiency software. Our smart hardware devices comprise two categories: e-paper tablets and e-notes, all powered by our in-house developed open operating system, BOOX OS. During the Track Record Period, our products were sold in multiple countries and regions, including the PRC, Europe, the U.S., Asia (excluding the PRC) and other countries and regions. According to Frost & Sullivan, in terms of retail value in 2025, we ranked as the largest knowledge-driven productivity tool brand in China and the second largest globally, based on the knowledge-driven productivity tools market, a sub-segment of the broader knowledge-driven intelligent tools market, which accounted for nearly half of the overall market by retail value in 2025. Our global market share was 4.2%, while the highest market share in the same market was 13.1%, according to the same source.

Our revenue was RMB803.6 million, RMB1,017.5 million, RMB1,128.2 million, RMB534.2 million and RMB573.6 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. We recorded gross profit of RMB269.0 million, RMB375.6 million, RMB425.4 million, RMB202.6 million and RMB209.3 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively, and profit for the year/period of RMB124.1 million, RMB121.2 million, RMB130.7 million, RMB70.1 million and RMB53.3 million in the same periods, respectively.

BASIS OF PRESENTATION

The historical financial information has been prepared in accordance with HKFRS Accounting Standards and has been prepared under the historical cost convention. All HKFRS 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 preparation of our historical financial information in conformity with HKFRS Accounting Standards 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 3 to the Accountants' Report in Appendix I to this document.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our financial condition and results of operations have been, and will continue to be, affected by a number of factors, including those set out below.

General Factors

Our results of operations have been, and are expected to continue to be, affected by a number of factors, many of which are beyond our control, including the following:

- development of macroeconomic conditions;
- government policies and regulations in relation to the knowledge-driven productivity tools industry;
- international trade policies, geopolitics and trade protection measures, export control and economic or trade sanctions;
- evolving consumption patterns and habits in China and globally; and
- weather, natural disasters and climate change.

Specific Factors

Development of the Global Knowledge-Driven Productivity Tools Industry

We operate in the rapidly growing knowledge-driven productivity tools market. Our business, financial performance and future growth are consequently affected by the development of the knowledge-driven productivity tools industry, including the general factors affecting the global knowledge-driven productivity tools market, the global economic conditions and regulatory environment, as well as the market acceptance and demand for knowledge-driven productivity tools and related services. According to Frost & Sullivan, the market size of the global knowledge-driven productivity tools industry increased from RMB13.8 billion in 2021 to RMB35.3 billion in 2025, representing a CAGR of approximately 26.5%. It is projected to further increase from RMB44.4 billion in 2026 to RMB80.4 billion in 2030, representing a CAGR of approximately 16.0%. In particular, this growth is driven by key market trends, such as rising eye-care and focus requirements, which drive migration toward reflective-display terminals; the increasing digitization of professional and educational documents which creates demand for end-to-end digital workflows that are readable, writable, and manageable; the ongoing product mix upgrade driven by the maturation of color e-ink solutions, which expands use cases and improves per-device value density; the deepening integration of AI capabilities and cloud services, which enhances user stickiness and creates service monetization potential; and the continuous improvement of global sales channels and after-sales service systems, which lowers purchase barriers and accelerates adoption. See "Industry Overview — Overview of Global Knowledge-Driven Productivity Tools Market — Growth Drivers and Development Trends". We believe that we are well-positioned to capture such market opportunities with our knowledge-driven productivity tools portfolio.

Costs of Raw Materials

Our results of operations have been and will continue to be affected by the costs of raw materials. During the Track Record Period, our raw material costs amounted to RMB406.9 million, RMB502.9 million, RMB558.1 million, RMB255.5 million and RMB312.4 million, respectively, in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, accounting for approximately 76.1%, 78.3%, 79.4%, 77.1% and 85.8%, respectively, of our total cost of sales for the same periods. The principal raw materials for our products include screens, PCBAs (including chips), customized structural components and batteries. The prices of raw materials are determined primarily by a combination of factors, including prevailing market prices, purchase volumes, exchange rate fluctuations, changes in governmental policies and our bargaining power with our suppliers. As is customary in our industry, selling prices are often set in advance and adjusted periodically; therefore, we may not be able to fully or immediately pass price fluctuations on to customers as they occur.

Despite our increasing need for raw materials to support our expanding business operations during the Track Record Period, our raw material costs as a percentage of total cost of sales remained relatively stable. Certain key components, such as chips, experienced significant price volatility driven by market fluctuations. Furthermore, our overall procurement costs have been impacted by external factors, including fluctuations in both exchange rates and prices of electronic components. In response to anticipated price fluctuations for key components, we have strategically stockpiled certain raw materials. This procurement strategy, designed to mitigate supply risk and manage costs, has been a key factor in managing these costs and maintaining a relatively stable proportion of raw material costs to our total cost of sales during the Track Record Period.

We have implemented a number of cost control measures with respect to our raw material procurement in order to mitigate the impact of fluctuations in raw material prices. These measures include cultivating strong, long-term relationships with major suppliers and implementing strategic inventory management. For major components like screens and lithium batteries, we enter into annual framework agreements with the relevant suppliers with automatic renewal provisions or purchase orders. In light of product demand and anticipated sales growth, to mitigate supply chain risks such as shortages and price volatility, we also (i) maintain a significant strategic reserve of our core materials, which is monitored by an ERP system, (ii) diversify our supplier base for our other raw materials and components by maintaining alternative suppliers for such components to ensure competitive pricing, supply reliability and quality and (iii) closely monitor the market conditions for certain raw materials and engage in strategic stockpiling to mitigate the impact of price volatility. See "Business — Production and Assembly — Raw Materials and Components".

We believe that through the aforementioned procurement strategies and cost control measures, we can effectively manage the risks associated with fluctuations in raw material costs and maintain our competitiveness and profitability.

Our Ability to Enhance and Develop Our Products

Our products are subject to different use cases and rapidly evolving customer demands, and the global knowledge-driven productivity tools industry we operate in is characterized by constant product innovations and technological advancements. To maintain our position in the global knowledge-driven productivity tools market and achieve sustainable growth, we must continuously enhance our products to keep pace with these changes in a timely and effective manner. To that end, our ability to efficiently develop and launch new products and enhance our existing products is critical to our growth prospects. We have a proven track record in this regard, as demonstrated by our product matrix catering to a wide range of use cases. We aspire to continue leveraging these advantages and strengthen our product matrix to drive our growth.

Our research and development capabilities are the backbone of our ability to enhance and develop knowledge-driven productivity tools. We have invested and expect to continue to invest significant resources in our research and development efforts. During the Track Record Period, our research and development expenses were RMB37.7 million, RMB55.7 million, RMB64.4 million, RMB28.8 million and RMB33.6 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively, accounting for 4.7%, 5.5%, 5.7%, 5.4% and 5.9% of our total revenue for the respective periods. In particular, given the specialized nature of the knowledge-driven productivity tools industry and the high demand for talent, we believe that the ability to attract and retain a strong research and development team with the relevant knowledge, expertise and acumen is fundamental to our long-term competitiveness. Therefore, we expect to remain committed to our investment in talents. In addition, while we strive to achieve efficiency with our research and development efforts, as similar initiatives in the knowledge-driven productivity tools industry are usually associated with uncertainties in the process and outcome, we may experience fluctuations in research and development expenses and we cannot predict the results of, or the return on, such investments, which, in turn, may affect our results of operations.

Our Commercialization and Sales and Marketing Capabilities

We have made proactive efforts in product commercialization and global market expansion, which have contributed significantly to the growth of our sales volume and revenue. Our sales are conducted through a dual-channel approach, primarily consisting of (i) direct online sales to end customers through our official storefronts and third-party online platforms such as Amazon, Tmall, Pinduoduo and Douyin; and (ii) sales to a global network of distributors who resell our products through their local online and offline channels. Our distributor network increased steadily during the Track Record Period. Our distributor network grew from 60 as of December 31, 2023 to 72 as of December 31, 2024, 83 as of December 31, 2025 and 80 as of June 30, 2026, spanning across key markets in the PRC (including Hong Kong, Macau and Taiwan), Europe, the U.S., and other parts of Asia. We believe that our dual-channel sales model has enabled us to leverage the benefits of direct sales, such as rapid customer feedback for product enhancement, while also capitalizing on the broad market outreach and localized technical support provided by our distributors. Our ability to strengthen our customer base, expand market reach, and achieve business growth in the future will continue to rely on the efficiency and breadth of our sales network.

As we continue to scale up our business, we have devoted, and expect to continue to devote, substantial resources to our sales and marketing initiatives to deepen our market penetration and achieve higher brand recognition. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our selling and distribution expenses were RMB73.2 million, RMB144.4 million, RMB157.1 million, RMB74.5 million and RMB82.9 million, respectively, accounting for 9.1%, 14.2%, 13.9%, 13.9% and 14.5% of our total revenue for the respective periods. The increase in selling and distribution expenses was primarily due to our enhanced sales and marketing efforts to address intensified market competition. As we achieved revenue growth and continue to scale up our business operations, we expect to achieve greater cost efficiency with our sales and marketing initiatives.

MATERIAL ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

We have identified certain accounting policies that are significant to the preparation of our consolidated financial statements. Some of our accounting policies require us to apply subjective estimates and assumptions as well as complex judgments related 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 operational results. Results may differ from these estimates under different assumptions and conditions. Our management continually evaluates such estimates, assumptions and judgments based on historical experience and other assumptions which our management believes to be reasonable under the circumstances. Our material accounting policies, as well as our significant accounting judgments and estimates, which are important for understanding our financial condition and results of operations, are set forth in Notes 2.3 and 3 to the Accountants' Report in Appendix I to this document.

Material Accounting Policies

Revenue Recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognized when control of goods or services is transferred to the customers at an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which we will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

For contracts which provide a customer with a right to return the goods within a specified period, the expected value method is used to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which we will be entitled. The requirements in HKFRS 15 on constraining estimates of variable consideration are applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, a refund liability is recognized. A right-of-return asset (and the corresponding adjustment to cost of sales) is also recognized for the right to recover products from a customer.

We provide sales rebate and discounts to certain customers for e-paper tablets and e-notes, and the relevant revenue is recognized based on contract consideration net of the estimated sales rebate and discount amount.

(a) Sale of goods in e-commerce stores

We operate a chain of e-commerce stores to sell e-paper tablets, e-notes and other products. Revenue from the sales of goods is recognized at the point in time when the product is sent to the address specified by the customers and confirmed acceptance by the customers.

(b) Sale of goods to distributors and other customers

We sell e-paper tablets, e-notes and other products to distributors and other customers. Revenue from the sales of goods is recognized at the point in time when control of the product is transferred to distributors and other customers. The distributors have full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the acceptance of the products. Control is transferred when the risks of obsolescence and loss have been transferred to the distributors and other customers, and either the distributors and other customers have accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or we have objective evidence that all criteria for acceptance have been satisfied.

(c) Sale of goods to e-commerce platforms

We sell e-paper tablets, e-notes and other products to one e-commerce platform, who then sell to end consumers. We transfer physical possession of the products upon delivery to and acceptance by the e-commerce platform with a right of return. Revenue from sales of goods is recognized at the point in time when the control of the products and the significant risks and rewards associated with the products are transferred to the platform, and the right to settle with the e-commerce platforms have been obtained by us.

(d) Rendering of services

We provide additional repair services for products sold and recognize revenue after replacing the relevant parts for the customer and obtaining the customer's acceptance.

Other income

Interest income is recognized on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of raw materials comprise purchase costs on a weighted average basis. Costs of finished goods and work in progress comprise costs of direct materials, labor and an appropriate proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

Net realizable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Provisions

A provision is recognized when a present obligation, legal or constructive, has arisen as a result of a past event, and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

We provide warranties in relation to the sales of e-paper tablets and e-notes. Provisions for these assurance-type warranties granted by us are initially recognized based on sales volume and past experience of the level of repairs and returns. The estimation is reviewed on an ongoing basis and is revised when appropriate.

Contract Liabilities

A contract liability is recognized when a payment is received or a payment is due, whichever is earlier, from a customer before we transfer the related goods or services. Contract liabilities are recognized as revenue when we perform under the contract (i.e., transfers control of the related goods or services to the customer).

Right-of-return Assets

A right-of-return asset is recognized for the right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the goods to be returned, less any expected costs to recover the goods and any potential decreases in the value of the returned goods. We update the measurement of the asset for any revisions to the expected level of returns and any additional decreases in the value of the returned goods.

Refund Liabilities

A refund liability is recognized for the obligation to refund some or all of the consideration received (or receivable) from a customer and is measured at the amount we ultimately expect we will have to return to the customer. We update our estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

Classification as Equity and Financial Liabilities

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of financial liability and equity instrument.

A financial liability is any liability that is (a) a contractual obligation (i) to deliver cash or another financial asset to another entity; or (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the entity; or (b) a contract that will or may be settled in the entity's own equity instruments and is: (i) a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings, payables, or redemption liabilities on ordinary shares, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Redemption liabilities on ordinary shares are initially recognized at the net present value of the redemption amount.

Our financial liabilities include trade and bills payables, other payables and accruals, interest-bearing bank loans and redemption liabilities on ordinary shares.

We classify financial liabilities that arise from a supplier finance arrangement within trade and bills payables in the statement of financial position if they have a similar nature and function to trade and bills payables. This is the case if the supplier finance arrangement is part of the working capital used in our normal operating cycle, the level of security provided is similar to trade and bills payables and the terms of the liabilities that are part of the supply chain finance arrangement are not substantially different from the terms of trade and bills payables that are not part of the arrangement. Cash flows related to liabilities arising from supplier finance arrangements that are classified in trade and bills payables in the statement of financial position are included in operating activities in the statement of cash flows. Otherwise, the financial liabilities are classified in interest-bearing bank and other borrowings in the statement of financial position and the related cash flows are included in financing activities in the statement of cash flows.

Subsequent measurement

After initial recognition, trade and bills payables, other payables and accruals, interest-bearing bank loans and redemption liabilities on ordinary shares are subsequently measured at amortized cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognized in the statement of profit or loss when the liabilities are derecognized as well as through the effective interest rate amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance costs in the statement of profit or loss.

Significant Accounting Judgments and Estimates

Provision for Expected Credit Losses on Trade Receivables

We use a provision matrix to calculate ECLs for trade receivables. The provision rates are based on the aging analysis of customers that have similar loss patterns.

The provision matrix is initially based on our historically observed default rates. We will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year, which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historically observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation among historically observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. Our historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on our trade receivables is disclosed in Note 17 to the Accountants' Report in Appendix I to this document.

Deferred Tax Assets

Deferred tax assets are recognized for unused tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses and the deductible temporary differences can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. For further details, see Note 24 to the Accountants' Report in Appendix I to this document.

Warranty Provisions

Provisions for warranties granted by us for the e-paper tablets and e-notes sold are recognized based on sales volumes and past experiences of costs for repairs and replacement, among others. The estimate of unit warranty cost may not be equal to the actual warrant costs in the future. We reassess the unit warranty cost at least annually and the unit warranty cost is revised when appropriate.

Impairment of Inventories

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. Our management makes the best estimate on the net realizable value and the corresponding impairment of inventories, while the impairment assessment may still be significantly changed due to the change of market conditions.

Variable Consideration for Returns and Sales Rebates

We estimate variable consideration to be included in the transaction price for the sale of e-paper tablets and e-notes with rights of return and rebates.

We have developed a statistical model for forecasting sales returns. The model used the historical return data of each sales channel to estimate expected return percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical return pattern will impact the expected return percentages estimated by us.

Our management assesses the expected rebates based on factors primarily consisting of the customer's historical rebate entitlement, accumulated purchases to date, accumulated retails to date, etc. Any significant changes in experience as compared to historical patterns and rebate entitlements of customers will impact the expected rebate estimated by us.

We update our assessment of expected returns and rebates quarterly and the refund liabilities are adjusted accordingly. Estimates of expected returns and rebates are sensitive to changes in circumstances and our past experience regarding returns and rebate entitlements may not be representative of customers' actual returns and rebate entitlements in the future.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

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

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000*	*% of revenue*
							(unaudited)			
Revenue	803,580	100.0	1,017,519	100.0	1,128,185	100.0	534,192	100.0	573,588	100.0
Cost of sales	(534,627)	(66.5)	(641,933)	(63.1)	(702,831)	(62.3)	(331,613)	(62.1)	(364,245)	(63.5)
Gross profit	**268,953**	**33.5**	**375,586**	**36.9**	**425,354**	**37.7**	**202,579**	**37.9**	**209,343**	**36.5**
Other income and gains	6,257	0.8	7,397	0.7	8,660	0.8	3,128	0.6	1,182	0.2
Selling and distribution expenses	(73,174)	(9.1)	(144,437)	(14.2)	(157,132)	(13.9)	(74,470)	(13.9)	(82,910)	(14.5)
Administrative expenses	(23,056)	(2.9)	(29,988)	(2.9)	(46,004)	(4.1)	(14,122)	(2.6)	(20,564)	(3.6)
Research and development expenses	(37,737)	(4.7)	(55,729)	(5.5)	(64,441)	(5.7)	(28,814)	(5.4)	(33,621)	(5.9)
Impairment losses on financial assets, net	(16)	(0.0)	(312)	(0.0)	(203)	(0.0)	(2)	(0.0)	126	0.0
Other expenses	(395)	(0.0)	(7,655)	(0.8)	(1,960)	(0.2)	(74)	(0.0)	(4,282)	(0.7)
Finance costs	(732)	(0.1)	(9,409)	(0.9)	(15,352)	(1.4)	(7,614)	(1.4)	(9,373)	(1.6)
Profit before tax	**140,100**	**17.4**	**135,453**	**13.3**	**148,922**	**13.2**	**80,611**	**15.2**	**59,901**	**10.4**
Income tax expense	(16,045)	(2.0)	(14,269)	(1.4)	(18,193)	(1.6)	(10,554)	(2.0)	(6,631)	(1.1)
Profit for the year/period	**124,055**	**15.4**	**121,184**	**11.9**	**130,729**	**11.6**	**70,057**	**13.2**	**53,270**	**9.3**

NON-HKFRS MEASURE

To supplement our consolidated financial statements of profit or loss presented in accordance with HKFRS, we also use a non-HKFRS measure, namely adjusted net profit (non-HKFRS measure), as an additional financial measure, which is not required by or presented in accordance with HKFRS. We believe that such non-HKFRS measure facilitates comparisons of operating performance from year to year by eliminating potential impacts of certain items. We believe that such measure provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as it helps our management. However, our presentation of adjusted net profit (non-HKFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of such non-HKFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, our results of operations or financial conditions as reported under HKFRS.

We define adjusted net profit (non-HKFRS measure) as profit excluding the effects of share-based payment expenses, interest on redemption liabilities on ordinary shares and [**REDACTED**]. Share-based payment expenses are employee-related expenses arising from grant of awards under the Employee Incentive Scheme (see "History, Development and Corporate Structure — Employee Shareholding Platform" for details) and are non-cash in nature. Interest on redemption liabilities on ordinary shares refers to the interests we incur related to the liabilities we have assumed for the redemption rights of our [**REDACTED**] Investors that have been terminated on the date preceding the first submission of the [**REDACTED**] to the Stock Exchange for the purpose of the [**REDACTED**] (see "History, Development and Corporate Structure — [**REDACTED**] Investments" for details), and is non-cash in nature. Such redemption liabilities on ordinary shares will be converted into equity of our Company upon [**REDACTED**]. [**REDACTED**] represent expenses relating to the [**REDACTED**].

The following table sets forth the reconciliation of net profit to adjusted net profit (non-HKFRS measure) 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* *(unaudited)*	*RMB'000*
Profit for the year/period	**124,055**	**121,184**	**130,729**	**70,057**	**53,270**
Adjustments:					
Share-based payment expenses	–	1,009	12,768	6,052	6,848
Interest on redemption liabilities on ordinary shares	–	9,024	12,997	6,588	6,360
[REDACTED]	–	–	13,411	–	1,774
Adjusted net profit (non-HKFRS measure)	**124,055**	**131,217**	**169,905**	**82,697**	**68,252**

DESCRIPTION OF CERTAIN MAJOR COMPONENTS OF OUR CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

Revenue

During the Track Record Period, we primarily generated revenue from the sales of e-paper tablets and e-notes, and, to a lesser extent, from the sales of other products and services such as accessories for our products, external e-ink monitors, StarNote application, content revenue-sharing with third-party content providers and resale of third-party manufactured chips. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our revenue was RMB803.6 million, RMB1,017.5 million, RMB1,128.2 million, RMB534.2 million and RMB573.6 million, respectively. The following table sets forth a breakdown of our revenue by product type for the years/periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*% of total*	*RMB'000*	*% of total*	*RMB'000*	*% of total*	*RMB'000* (unaudited)	*% of total*	*RMB'000*	*% of total*
E-paper tablets	214,966	26.8	409,481	40.2	381,085	33.8	221,280	41.4	104,336	18.2
E-notes	544,175	67.7	558,689	54.9	692,052	61.3	290,749	54.4	383,711	66.9
Others[1]	44,439	5.5	49,349	4.9	55,048	4.9	22,163	4.2	85,541	14.9
Total	**803,580**	**100.0**	**1,017,519**	**100.0**	**1,128,185**	**100.0**	**534,192**	**100.0**	**573,588**	**100.0**

Note:

(1) Others include other products and services, primarily including accessories for our products, external e-ink monitors, StarNote application, content revenue-sharing with third-party content providers and the resale of third-party manufactured chips.

Our revenue growth during the Track Record Period was primarily driven by higher sales volume of our products, reflecting our new product launches, successful product enhancements and growing market demand. The following table sets forth the sales volume and ASP of our e-paper tablets and e-notes during the Track Record Period.

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	Sales volume (units)	*ASP (RMB)*	*Sales volume (units)*	*ASP (RMB)*	*Sales volume (units)*	*ASP (RMB)*	*Sales volume (units)*	*ASP (RMB)*	*Sales volume (units)*	*ASP (RMB)*
E-paper tablets	254,577	844	383,968	1,066	359,870	1,059	203,651	1,087	116,568	895
E-notes	224,173	2,427	215,950	2,587	322,471	2,146	121,257	2,398	205,267	1,869

During the Track Record Period, we generated revenue from multiple countries and regions, primarily including (i) the PRC (including Hong Kong, Macau and Taiwan), (ii) Europe, (iii) the U.S., (iv) Asia (excluding the PRC (including Hong Kong, Macau and Taiwan)) and (v) other countries and regions, which mainly consist of Canada, Australia and the Middle East. The following table sets forth a breakdown of our revenue by geographical market for the years/periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*% of total*	*RMB'000*	*% of total*	*RMB'000*	*% of total*	*RMB'000* (unaudited)	*% of total*	*RMB'000*	*% of total*
PRC[1]	351,795	43.8	413,070	40.6	461,656	40.9	220,542	41.3	260,518	45.4
– Hong Kong	12,778	1.6	22,333	2.2	45,085	4.0	10,714	2.0	42,685	7.4
Europe	193,094	24.0	196,945	19.4	248,830	22.1	111,741	20.9	115,184	20.1
U.S.	146,987	18.3	195,316	19.2	198,627	17.6	97,119	18.2	101,684	17.7
Asia (excluding the PRC[1])	80,753	10.0	165,551	16.3	162,291	14.4	80,009	15.0	75,742	13.2
Other countries/regions	30,951	3.9	46,637	4.5	56,781	5.0	24,781	4.6	20,460	3.6
Total	**803,580**	**100.0**	**1,017,519**	**100.0**	**1,128,185**	**100.0**	**534,192**	**100.0**	**573,588**	**100.0**

Note:

(1) For the purpose of this table, PRC includes Hong Kong, Macau and Taiwan.

Our total revenue increased by 26.6% from RMB803.6 million in 2023 to RMB1,017.5 million in 2024, primarily driven by the expansion and enhancement of our product matrix, the globalization of our sales and our series of sales and marketing strategies which have expanded our brand awareness and influence. Our revenue from the PRC (including Hong Kong, Macau and Taiwan) market grew by 17.4% from RMB351.8 million in 2023 to RMB413.1 million in 2024, driven by our increased marketing investment and brand awareness which led to an increase in demand from end customers. Furthermore, revenue from overseas markets as a percentage of our total revenue increased from 56.2% in 2023 to 59.4% in 2024, reflecting our enhanced market penetration and the further expansion of our distribution network in overseas markets. Specifically, (i) revenue from the European market remained relatively stable, with a slight increase of 2.0% from RMB193.1 million in 2023 to RMB196.9 million in 2024, (ii) we experienced strong growth of 32.9% in the U.S. market from RMB147.0 million in 2023 to RMB195.3 million in 2024, as our expanded product offerings and marketing efforts led to higher market acceptance and demand for our products and (iii) we recorded exceptional growth of 105.0% from RMB80.8 million in 2023 to RMB165.6 million in 2024 in other Asian markets (excluding the PRC (including Hong Kong, Macau and Taiwan)), primarily due to the successful expansion of our sales channels and increased market penetration in the region.

Our total revenue increased by 10.9% from RMB1,017.5 million in 2024 to RMB1,128.2 million in 2025. The moderation in our revenue growth rate was mainly due to the intensified competition in the domestic PRC market and the ongoing impact of the international trade environment on our overseas sales. Specifically, (i) revenue from the PRC (including Hong Kong, Macau and Taiwan) market increased by 11.8% from RMB413.1 million in 2024 to RMB461.7 million in 2025, demonstrating a steady growth despite fierce market competition, (ii) revenue from the European market increased by 26.4% from RMB196.9 million in 2024 to RMB248.8 million in 2025. This growth was primarily driven by our strategic decision to capitalize on the more favorable trade environment in Europe and proactively expand our presence there, (iii) revenue from the U.S. market increased by 1.7% from RMB195.3 million in 2024 to RMB198.6 million in 2025. The growth rate was moderated by the impact of the changes in the international trade environment and (iv) revenue from other Asian markets (excluding the PRC (including Hong Kong, Macau and Taiwan)) decreased by 2.0% from RMB165.6 million in 2024 to RMB162.3 million in 2025, primarily driven by fluctuations in market demand in the relevant countries and regions.

Our total revenue increased by 7.4% from RMB534.2 million in the six months ended June 30, 2025 to RMB573.6 million in the six months ended June 30, 2026. The growth was primarily attributable to continued growth in the PRC (including Hong Kong, Macau and Taiwan). Specifically, (i) revenue from the PRC (including Hong Kong, Macau and Taiwan) increased by 18.1% from RMB220.5 million in the six months ended June 30, 2025 to RMB260.5 million in the six months ended June 30, 2026, primarily attributable to revenue generated from the resale of a portion of our inventory of third-party manufactured chips. During this period, market prices for chips continued to rise. Leveraging inventory reserves accumulated through our prior strategic procurement efforts, and having ensured sufficient raw materials to meet our production requirements and future production plans, we resold a portion of third-party manufactured chips to optimize cash flow and alleviate inventory pressure, (ii) revenue from the European market remained relatively stable at RMB111.7 million and RMB115.2 million in the six months ended June 30, 2025 and 2026, respectively, (iii) revenue from the U.S. market remained relatively stable at RMB97.1 million and RMB101.7 million in the six months ended June 30, 2025 and 2026, respectively and (iv) revenue from other Asian markets (excluding the PRC (including Hong Kong, Macau and Taiwan)) decreased by 5.4% from RMB80.0 million in the six months ended June 30, 2025 to RMB75.7 million in the six months ended June 30, 2026, primarily due to fluctuations in market demand in the relevant countries and regions.

Cost of Sales

Our cost of sales primarily consists of (i) raw material costs, primarily including screens, PCBAs (including chips), customized structural components and batteries, (ii) overhead costs, primarily including outsourced production services for third-party manufacturing partners, depreciation of our production equipment, utilities fees for our production and assembly facility and indirect labor costs, (iii) direct labor costs, primarily related to our production personnel, (iv) transportation costs, primarily for product delivery from our warehouses to our customers and distributors, (v) inventory write-down and (vi) others, primarily including repair and warranty costs.

In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our cost of sales was RMB534.6 million, RMB641.9 million, RMB702.8 million, RMB331.6 million and RMB364.2 million, respectively, representing 66.5%, 63.1%, 62.3%, 62.1% and 63.5% of our revenue for the respective years/periods. The following table sets forth a breakdown of our cost of sales by nature for the years/periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*% of total*	*RMB'000*	*% of total*	*RMB'000*	*% of total*	*RMB'000* *(unaudited)*	*% of total*	*RMB'000*	*% of total*
Raw material costs	406,890	76.1	502,857	78.3	558,131	79.4	255,525	77.1	312,444	85.8
Overhead costs	72,918	13.6	78,883	12.3	68,763	9.8	40,102	12.1	22,303	6.1
Direct labor costs	11,083	2.1	16,585	2.6	22,718	3.2	6,531	2.0	7,216	2.0
Transportation costs	17,667	3.3	25,438	4.0	29,592	4.2	13,508	4.1	14,223	3.9
Inventory write-down	19,717	3.7	12,191	1.9	15,539	2.2	9,430	2.8	2,387	0.7
Others	6,352	1.2	5,979	0.9	8,088	1.2	6,517	1.9	5,672	1.5
Total	**534,627**	**100.0**	**641,933**	**100.0**	**702,831**	**100.0**	**331,613**	**100.0**	**364,245**	**100.0**

Gross Profit and Gross Profit Margin

Gross profit represents total revenue less cost of sales, and gross profit margin represents gross profit divided by total revenue, expressed as a percentage. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our gross profit was RMB269.0 million, RMB375.6 million, RMB425.4 million, RMB202.6 million and RMB209.3 million, respectively, representing gross profit margins of 33.5%, 36.9%, 37.7%, 37.9% and 36.5%, 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 RMB'000	*Gross Profit Margin %*	*Gross Profit RMB'000*	*Gross Profit Margin %*	*Gross Profit RMB'000*	*Gross Profit Margin %*	*Gross Profit RMB'000* *(unaudited)*	*Gross Profit Margin %*	*Gross Profit RMB'000*	*Gross Profit Margin %*
E-paper tablets	64,262	29.9	149,651	36.5	134,083	35.2	79,109	35.8	27,364	26.2
E-notes	182,826	33.6	201,342	36.0	261,387	37.8	111,989	38.5	141,326	36.8
Others	21,865	49.2	24,593	49.8	29,884	54.3	11,481	51.8	40,653	47.5
Total	**268,953**	**33.5**	**375,586**	**36.9**	**425,354**	**37.7**	**202,579**	**37.9**	**209,343**	**36.5**

Other Income and Gains

Our other income and gains consist of (i) bank interest income, (ii) government grants, comprising non-recurring subsidies from local government authorities to support innovative enterprises and to promote stable growth, (iii) foreign exchange differences, representing net gains from the conversion of foreign currency transactions into our reporting currency and from exchange rate fluctuations and (iv) others, which primarily consist of income from the write-off of payables to uncontactable suppliers due to such suppliers' abnormal business operations, income from insurance compensation and gains from the disposal of fixed assets. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, we recorded other income and gains of RMB6.3 million, RMB7.4 million, RMB8.7 million, RMB3.1 million and RMB1.2 million, respectively, accounting for 0.8%, 0.7%, 0.8%, 0.6% and 0.2% of our total revenue for the respective years/periods. The following table sets forth a breakdown of our other income and gains for the years/periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000*	*% of revenue*
							(unaudited)			
Other income										
Bank interest income	2,405	0.3	1,342	0.1	2,151	0.2	918	0.2	188	0.0
Government grants	3,032	0.4	2,416	0.3	5,024	0.4	851	0.2	194	0.1
Total other income	5,437	0.7	3,758	0.4	7,175	0.6	1,769	0.4	382	0.1
Gains										
Foreign exchange differences, net	144	0.0	3,371	0.3	–	–	824	0.1	–	–
Others	676	0.1	268	0.0	1,485	0.2	535	0.1	800	0.1
Total gains	820	0.1	3,639	0.3	1,485	0.2	1,359	0.2	800	0.1
Total	**6,257**	**0.8**	**7,397**	**0.7**	**8,660**	**0.8**	**3,128**	**0.6**	**1,182**	**0.2**

Selling and Distribution Expenses

Our selling and distribution expenses consist of (i) advertising and promotion expenses, (ii) employee benefit expenses, primarily including salaries, wages, bonuses, social security contributions, and other benefits for our sales and marketing personnel, (iii) agency service fees, primarily including service fees paid to third-party e-commerce operators for managing online storefronts, (iv) online platform fees, representing service fees and commissions paid to e-commerce platforms on which we operate and (v) others, primarily including office and travel expenses, warehousing service fees, business hospitality expenses, depreciation and amortization related to our property, plant and equipment and intangible assets such as software systems used by our sales department and other miscellaneous expenses associated with our sales and distribution activities. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our selling and distribution expenses were RMB73.2 million, RMB144.4 million, RMB157.1 million, RMB74.5 million and RMB82.9 million, respectively, accounting for 9.1%, 14.2%, 13.9%, 13.9% and 14.5% of our total revenue for the respective years/periods. The following table sets forth a breakdown of our selling and distribution expenses for the years/periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*% of total*	*RMB'000*	*% of total*	*RMB'000*	*% of total*	*RMB'000*	*% of total*	*RMB'000*	*% of total*
							(unaudited)			
Advertising and promotion expenses	17,356	23.7	63,429	43.9	68,676	43.7	32,928	44.2	37,159	44.8
Employee benefit expenses	17,407	23.8	32,105	22.2	36,558	23.3	17,556	23.6	18,619	22.5
Agency service fees	19,920	27.2	23,758	16.4	21,666	13.8	9,744	13.1	11,586	14.0
Online platform fees	12,466	17.0	18,865	13.1	21,736	13.8	10,311	13.8	10,646	12.8
Others	6,025	8.3	6,280	4.4	8,496	5.4	3,931	5.3	4,900	5.9
Total	**73,174**	**100.0**	**144,437**	**100.0**	**157,132**	**100.0**	**74,470**	**100.0**	**82,910**	**100.0**

Our advertising and promotion expenses included in our selling and distribution expenses, which amounted to RMB17.4 million, RMB63.4 million, RMB68.7 million, RMB32.9 million and RMB37.2 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively, primarily represent expenses on series of marketing and promotional activities in both domestic and overseas channels for enhancing the awareness of our brand and products. The following table sets forth a breakdown of our advertising and promotion 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 (unaudited)*	*RMB'000*
Domestic channels	10,142	45,640	45,490	23,422	21,110
Overseas channels	7,214	17,789	23,186	9,506	16,049
Total	**17,356**	**63,429**	**68,676**	**32,928**	**37,159**

The increase in our advertising and promotion expenses over the Track Record Period was attributable to our increased investment in our global marketing and promotional efforts to enhance our brand recognition and drive sales growth, as market share is increasingly concentrating toward leading players with accumulated technical capabilities and strong brand mindshare, and we used targeted marketing campaigns to enhance our brand awareness and market share. In particular, we significantly increased our global marketing and promotional efforts starting in 2024, including (i) advertisements, KOL promotions and live commerce on domestic social media platforms and e-commerce platforms; and (ii) advertisements on overseas social media platforms and online marketplaces.

Administrative Expenses

Our administrative expenses consist of (i) employee benefit expenses, primarily including salaries, wages, bonuses, social security contributions, and other benefits for our administrative personnel, (ii) [**REDACTED**] in connection with the [**REDACTED**], (iii) transaction fees, primarily representing withdrawal fees charged by overseas third-party payment platforms, (iv) professional consulting fees, primarily including legal fees, audit fees and consulting service fees, (v) depreciation and amortization of fixed assets, such as office equipment used by administrative personnel and intangible assets, such as software and systems used by administrative personnel, (vi) office and travel expenses, (vii) rental and service fees, primarily representing expenses of our office premises and service fees for various external services supporting our administrative functions, including our ERP system, corporate email services, and other technical or agency services and (viii) others, primarily including business hospitality expenses and recruitment fees associated with our administrative activities. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our administrative expenses were RMB23.1 million, RMB30.0 million, RMB46.0 million, RMB14.1 million and RMB20.6 million, respectively, accounting for 2.9%, 2.9%, 4.1%, 2.6% and 3.6% of our total revenue for the respective years/periods. The following table sets forth a breakdown of our administrative expenses for the years/periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*% of total*	*RMB'000*	*% of total*	*RMB'000*	*% of total*	*RMB'000 (unaudited)*	*% of total*	*RMB'000*	*% of total*
Employee benefit expenses	11,389	49.4	15,042	50.2	18,402	40.0	8,417	59.6	11,390	55.4
[REDACTED]	–	–	–	–	13,411	29.2	–	–	1,774	8.6
Transaction fees	3,963	17.2	5,109	17.0	5,514	12.0	2,673	18.9	2,756	13.4
Professional consulting fees	1,148	5.0	3,002	10.0	2,046	4.4	107	0.8	242	1.2
Depreciation and amortization	2,549	11.1	2,537	8.5	1,566	3.4	740	5.2	1,110	5.4
Office and travel expenses	926	4.0	1,189	4.0	1,335	2.9	617	4.4	779	3.8
Rental and service fees	503	2.2	342	1.1	1,053	2.3	310	2.2	708	3.4
Others	2,578	11.1	2,767	9.2	2,677	5.8	1,258	8.9	1,805	8.8
Total	**23,056**	**100.0**	**29,988**	**100.0**	**46,004**	**100.0**	**14,122**	**100.0**	**20,564**	**100.0**

Research and Development Expenses

Research and development expenses consist of (i) employee benefit expenses, primarily including salaries, wages, bonuses, social security contributions, and other benefits for our research and development personnel, (ii) materials and consumables for our research and development initiatives, (iii) professional service fees, primarily including expenses for external technical services and certifications required during the R&D process, (iv) depreciation and amortization related to office equipment and software systems used by our R&D personnel, (v) office and travel expenses and (vi) others, primarily including product certification and testing fees, trademark and patent application fees and utilities associated with our research and development activities. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our research and development expenses were RMB37.7 million, RMB55.7 million, RMB64.4 million, RMB28.8 million and RMB33.6 million, respectively, accounting for 4.7%, 5.5%, 5.7%, 5.4% and 5.9% of our total revenue for the respective years/periods. The following table sets forth a breakdown of our 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	*% of total*	*RMB'000*	*% of total*	*RMB'000*	*% of total*	*RMB'000*	*% of total*	*RMB'000*	*% of total*
							(unaudited)			
Employee benefit expenses	22,099	58.6	40,031	71.8	44,342	68.8	21,243	73.7	24,712	73.5
Materials and consumables	8,994	23.8	6,920	12.4	9,130	14.2	3,018	10.5	2,721	8.1
Professional service fees	1,630	4.3	2,633	4.7	4,726	7.3	1,858	6.4	2,632	7.8
Depreciation and amortization	938	2.5	2,140	3.8	2,211	3.4	1,095	3.8	1,435	4.3
Office and travel expenses	729	1.9	1,152	2.1	1,224	1.9	463	1.6	623	1.9
Others	3,347	8.9	2,853	5.2	2,808	4.4	1,137	4.0	1,498	4.4
Total	**37,737**	**100.0**	**55,729**	**100.0**	**64,441**	**100.0**	**28,814**	**100.0**	**33,621**	**100.0**

Net Impairment Losses on Financial Assets

Our net impairment losses on financial assets primarily represent provisions for impairment of prepayment, other receivables and other assets and trade receivables. In 2023, 2024, 2025 and the six months ended June 30, 2025, we recorded net impairment losses on financial assets of RMB16 thousand, RMB0.3 million, RMB0.2 million and RMB2 thousand, respectively. We recorded a reversal of impairment loss on financial assets of RMB0.1 million in the six months ended June 30, 2026. The movement of our net impairment losses on financial assets during the Track Record Period was in line with our assessment of credit risks in relation to our prepayment, other receivables and other assets and trade receivables.

Other Expenses

Our other expenses primarily consist of losses from disposal of non-current assets, charitable donations, extraordinary and non-recurring losses resulting from natural disasters or accidents. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our other expenses were RMB0.4 million, RMB7.7 million, RMB2.0 million, RMB74 thousand and RMB4.3 million, respectively.

Finance Costs

Our finance costs consist of interest on bank loans, interest on redemption liabilities on ordinary shares and interest on lease liabilities. Interest on redemption liabilities on ordinary shares refers to the interests we incur related to the liabilities we have assumed for the redemption rights of our [**REDACTED**] Investors that have been terminated on the date preceding the first submission of the [**REDACTED**] to the Stock Exchange for the purpose of the [**REDACTED**]. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our finance costs were RMB0.7 million, RMB9.4 million, RMB15.4 million, RMB7.6 million and RMB9.4 million, respectively, accounting for 0.1%, 0.9%, 1.4%, 1.4% and 1.6% of our total revenue for the respective years/periods.

Income Tax Expense

Our income tax expense primarily consists of current and deferred income tax expense. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, we recorded income tax expense of RMB16.0 million, RMB14.3 million, RMB18.2 million, RMB10.6 million and RMB6.6 million, respectively, representing effective income tax rates of 11.5%, 10.5%, 12.2%, 13.1% and 11.1%, respectively.

We are subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of our Group are domiciled and operate. Our subsidiaries incorporated in the PRC are subject to tax at the statutory rate of 25% on the taxable profits determined in accordance with the PRC Corporate Income Tax Law. Our Company is qualified as a High and New Technology Enterprise and was entitled to a preferential income tax rate of 15% during the Track Record Period. Income tax on profits arising from other jurisdictions is calculated on the taxable profit for the relevant periods/years at the respective rates prevailing in the jurisdictions in which we operate. For details, see Note 10 to the Accountants' Report in Appendix I to this document.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATION

Six Months Ended June 30, 2026 Compared to Six Months Ended June 30, 2025

Revenue

Our revenue increased by 7.4% from RMB534.2 million in the six months ended June 30, 2025 to RMB573.6 million in the six months ended June 30, 2026, primarily due to the increase in revenue derived from the sales of e-notes and other products and services.

E-paper tablets

Our revenue from the sales of e-paper tablets decreased by 52.8% from RMB221.3 million in the six months ended June 30, 2025 to RMB104.3 million for the six months ended June 30, 2026, primarily attributable to a 42.8% decrease in sales volume from 203,651 units to 116,568 units and, to a lesser extent, a decline in ASP from RMB1,087 per unit to RMB895 per unit. The decrease in sales volume was mainly attributable to our strategic focus on expanding the launch of new e-note models in response to evolving industry trends and our long-term business objectives, which led to a shift in customer purchasing mix within our product offerings. The decrease in ASP was primarily due to pricing adjustments on certain models to maintain market competitiveness.

E-notes

Our revenue from the sales of e-notes increased by 32.0% from RMB290.7 million in the six months ended June 30, 2025 to RMB383.7 million in the six months ended June 30, 2026, primarily attributable to a 69.3% growth in sales volume, from 121,257 units to 205,267 units. The increase in sales volume was mainly driven by the launch of seven new e-note models in the first half of 2026, the introduction of handwriting functionality to smaller-sized models, which addressed a gap in handwriting-enabled offerings within that size segment, and our continued efforts to enhance the on-the-go note-taking experience. These initiatives improved user experience, expanded our product portfolio and strengthened market demand for our e-note products. The increase in sales volume was partially offset by a decrease in ASP from RMB2,398 per unit to RMB1,869 per unit, primarily due to a higher proportion of sales contributed by our smaller-sized e-note products, which generally carried a lower selling price than our larger-sized models.

Other products and services

Our revenue from other products and services increased by 286.0% from RMB22.2 million in the six months ended June 30, 2025 to RMB85.5 million in the six months ended June 30, 2026. The increase in revenue was primarily attributable to revenue generated from the resale of a portion of our inventory of third-party manufactured chips. During this period, market prices for chips continued to rise. Leveraging inventory reserves accumulated through our prior strategic procurement efforts, and having ensured sufficient raw materials to meet our production requirements and future production plans, we resold a portion of third-party manufactured chips to optimize cash flow and alleviate inventory pressure.

Cost of Sales

Our cost of sales increased by 9.8% from RMB331.6 million in the six months ended June 30, 2025 to RMB364.2 million in the six months ended June 30, 2026, primarily due to an increase in costs of raw materials from RMB255.5 million to RMB312.4 million, which was mainly attributable to higher procurement volume in line with revenue growth and, to a lesser extent, increased chip procurement costs resulting from the rise in chip prices since the second half of 2025. The increase was partially offset by a decrease in overhead costs from RMB40.1 million in the six months ended June 30, 2025 to RMB22.3 million in the six months ended June 30, 2026, primarily due to a decrease in outsourced production services for third-party manufacturing partners as we shifted more production activities in-house.

Gross Profit and Gross Profit Margin

Our gross profit remained relatively stable at RMB202.6 million and RMB209.3 million in the six months ended June 30, 2025 and 2026, respectively. Our gross profit margin decreased slightly from 37.9% to 36.5% primarily due to decreases in the gross profit margin of our e-paper tablets and other products and services for the reasons explained below.

E-paper tablets

Our gross profit from e-paper tablets decreased by 65.4% from RMB79.1 million in the six months ended June 30, 2025 to RMB27.4 million in the six months ended June 30, 2026. Our gross profit margin for e-paper tablets decreased from 35.8% to 26.2% over the same period. The decreases in gross profit and gross profit margin were primarily attributable to (i) a shift in product mix towards lower-margin e-paper tablet products to attract a broader customer base, (ii) price reductions and promotional activities for certain older e-paper tablet models as the continued expansion of our e-note offerings led to a shift in demand for such products to e-notes within our product portfolio and (iii) increases in raw material costs as a result of rising chip prices during the period.

E-notes

Our gross profit from e-notes increased by 26.2% from RMB112.0 million in the six months ended June 30, 2025 to RMB141.3 million in the six months ended June 30, 2026. In contrast, our gross profit margin for e-notes decreased slightly from 38.5% to 36.8% over the same period. The increase in gross profit was primarily attributable to the increase in revenue from sales of e-notes during the period, driven by the launch of seven new e-note models and the expansion of our product offerings. The slight decrease in gross profit margin was primarily due to (i) changes in product mix, characterized by a higher contribution from our smaller-sized e-note products, which generally had lower margins than our larger-sized e-note models, and (ii) increases in raw material costs as a result of rising chip prices during the period.

Other products and services

Our gross profit from other products and services increased by 254.1% from RMB11.5 million in the six months ended June 30, 2025 to RMB40.7 million in the six months ended June 30, 2026. In contrast, our gross profit margin for other products and services decreased from 51.8% to 47.5% over the same period. The increase in gross profit was primarily attributable to the resale of a portion of our inventory of third-party manufactured chips. Having ensured sufficient raw materials to meet our production requirements and future production plans, we leveraged inventory reserves accumulated through our prior strategic procurement efforts and, in light of favorable market pricing, resold a portion of such chips, thereby optimizing cash flow, alleviating inventory pressure and generating additional gross profit. The decrease in gross profit margin was primarily because chip resale, which accounted for a significant portion of revenue from this segment in the six months ended June 30, 2026, had a lower margin than StarNote, a higher-margin software product that contributed a greater proportion of the segment's revenue in the prior period. The resulting change in revenue mix affected the overall gross profit margin.

Other Income and Gains

Our other income and gains decreased by 62.2% from RMB3.1 million in the six months ended June 30, 2025 to RMB1.2 million in the six months ended June 30, 2026, primarily due to (i) net exchange loss incurred in the six months ended June 30, 2026 compared to a net exchange gain of RMB0.8 million in the six months ended June 30, 2025, (ii) a decrease in bank interest income from RMB0.9 million to RMB0.2 million, mainly attributable to a lower average balance of cash and cash equivalents during the six months ended June 30, 2026 and (iii) a decrease in government grants from RMB0.9 million to RMB0.2 million due to a lower amount of value-added tax related government incentives recognized.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 11.3% from RMB74.5 million in the six months ended June 30, 2025 to RMB82.9 million in the six months ended June 30, 2026, primarily due to (i) an increase in advertising and promotion expenses from RMB32.9 million to RMB37.2 million, reflecting increased investment in our marketing efforts to enhance brand visibility and drive sales growth and (ii) an increase in agency service fees from RMB9.7 million to RMB11.6 million, primarily attributable to additional promotional and marketing activities conducted by third-party e-commerce operators for our products, which resulted in incremental promotion expenses and corresponding agency service fees payable by us.

Administrative Expenses

Our administrative expenses increased by 45.6% from RMB14.1 million in the six months ended June 30, 2025 to RMB20.6 million in the six months ended June 30, 2026, primarily due to (i) an increase in employee benefit expenses from RMB8.4 million to RMB11.4 million primarily as a result of an increased headcount in our administrative personnel and the related increase in compensation for administrative personnel and (ii) the recognition of [**REDACTED**] of [**REDACTED**] in 2026 in connection with the [**REDACTED**].

Research and Development Expenses

Our research and development expenses increased by 16.7% from RMB28.8 million in the six months ended June 30, 2025 to RMB33.6 million in the six months ended June 30, 2026, primarily due to an increase in employee benefit expenses from RMB21.2 million to RMB24.7 million primarily attributable to an increased headcount of our R&D personnel to support new projects and an increase in share-based payment to our R&D personnel.

Net Impairment Losses on Financial Assets

Our net impairment losses on financial assets changed from losses of RMB2 thousand in the six months ended June 30, 2025 to a reversal of impairment loss of RMB0.1 million in the six months ended June 30, 2026, in line with our assessment of credit risks in relation to trade receivables during the same period.

Other Expenses

Our other expenses increased from RMB74 thousand in the six months ended June 30, 2025 to RMB4.3 million in the six months ended June 30, 2026, primarily due to a net foreign exchange loss arising from the general depreciation of USD against RMB.

Finance Costs

Our finance costs increased by 23.7% from RMB7.6 million in the six months ended June 30, 2025 to RMB9.4 million in the six months ended June 30, 2026, primarily due to an increase in interest on bank loans from RMB0.8 million to RMB2.8 million as a result of drawing additional bank loans to fund our business expansion and operations.

Income Tax Expense

Our income tax expense decreased by 37.2% from RMB10.6 million in the six months ended June 30, 2025 to RMB6.6 million in the six months ended June 30, 2026.

Profit for the Period

As a result of the foregoing, our profit for the period decreased by 24.0% from RMB70.1 million in the six months ended June 30, 2025 to RMB53.3 million in the six months ended June 30, 2026.

Year Ended December 31, 2025 Compared to Year Ended December 31, 2024

Revenue

Our revenue increased by 10.9% from RMB1,017.5 million in 2024 to RMB1,128.2 million in 2025, primarily due to the increase in revenue derived from the sales of e-notes.

E-paper tablets

Our revenue from the sales of e-paper tablets slightly decreased by 6.9% from RMB409.5 million in 2024 to RMB381.1 million in 2025, reflecting the slight decrease in our sales volume of e-paper tablets by 6.3% from 383,968 units to 359,870 units as we strategically increased our launch of new models of e-notes. Such decrease was primarily attributable to our proactive product strategy in response to evolving industry trends and our long-term business objectives, pursuant to which we launched new e-note models featuring enhanced handwriting, note-taking and office application functionalities while maintaining portability. These enhanced features broadened the application scenarios of our e-notes and resulted in a shift in customer purchasing mix within our product offerings. The ASP of our e-paper tablets remained relatively stable at RMB1,066 per unit and RMB1,059 per unit in 2024 and 2025, respectively.

E-notes

Our revenue from the sales of e-notes increased by 23.9% from RMB558.7 million in 2024 to RMB692.1 million in 2025, primarily driven by increased sales due to growing market demand, product iteration, and precise and efficient marketing. In 2025, we launched 11 new e-notes products. Leveraging our strong product competitiveness and market position, we successfully capitalized on the strategic opportunity arising from the expansion of the downstream market, resulting in an increase in sales volume by 49.3% from 215,950 units to 322,471 units. The decrease in ASP of our e-notes by 17.0% from RMB2,587 per unit in 2024 to RMB2,146 per unit in 2025 was primarily driven by an increase in sales volume of our portable small-sized products.

Other products and services

Our revenue from other products and services increased by 11.5% from RMB49.3 million in 2024 to RMB55.0 million in 2025, primarily due to the introduction of our StarNote application in September 2024, which generated new revenue in 2025, as well as continued growth in revenue from our accessories.

Cost of Sales

Our cost of sales increased by 9.5% from RMB641.9 million in 2024 to RMB702.8 million in 2025, primarily due to the respective increases in (i) costs of raw materials from RMB502.9 million in 2024 to RMB558.1 million in 2025, which was in line with our revenue growth and higher production volume and (ii) direct labor costs from RMB16.6 million in 2024 to RMB22.7 million in 2025 as a result of increased headcount and related compensation to support our greater production activities.

Gross Profit and Gross Profit Margin

Our gross profit increased by 13.3% from RMB375.6 million in 2024 to RMB425.4 million in 2025. Our gross profit margin remained relatively stable at 36.9% and 37.7% over the same period. The increase in gross profit was primarily attributable to (i) increase in gross profit from e-notes for the reasons explained below and (ii) a higher bulk purchase discount rate driven by increased procurement volumes in 2025, which directly reduced our unit procurement cost.

E-paper tablets

Our gross profit from e-paper tablets decreased by 10.4% from RMB149.7 million in 2024 to RMB134.1 million in 2025, primarily due to the decrease in our sales volume of e-paper tablets from 383,968 units to 359,870 units as we strategically increased our launch of new models of e-notes. Our gross profit margin for e-paper tablets decreased slightly from 36.5% to 35.2% over the same period as we adjusted the selling prices of certain e-paper tablet models to maintain market competitiveness amid changes in product mix and market dynamics. Although the overall increase in total production volume of our e-paper tablets and e-notes contributed to a reduction in unit production costs, the decrease in ASP of our e-paper tablets exceeded the reduction in unit costs, resulting in a marginal decline in gross profit margin.

E-notes

Our gross profit from e-notes increased by 29.8% from RMB201.3 million in 2024 to RMB261.4 million in 2025. Our gross profit margin for e-notes increased from 36.0% to 37.8% over the same period. The increase in gross profit was primarily attributable to (i) growing market demand, product iteration, and precise and efficient marketing, which led to the increase in sales volume by 49.3% from 215,950 units to 322,471 units and (ii) economies of scale from higher production volume and cost and efficiency improvements in production, resulting in a 15.8% reduction in the average unit labor and production costs from 2024 to 2025. Such increase in sales volume and effective cost management more than offset the decrease in the ASP of our e-notes and were also the primary drivers for the increase in gross profit margin.

Other products and services

Our gross profit from other products and services increased by 21.5% from RMB24.6 million in 2024 to RMB29.9 million in 2025. Our gross profit margin for other products and services increased from 49.8% to 54.3% over the same period. The increases in our gross profit and gross profit margin from other products and services were primarily due to the introduction of our StarNote application in September 2024, which generated new revenue in 2025. As a software-based product, StarNote carries a significantly higher gross profit margin compared to our hardware products. While it accounted for a relatively small portion of revenue from other products and services in 2025, its substantially higher gross profit margin compared to other products resulted in a disproportionate contribution to gross profit, and was the primary driver of the increase in gross profit and gross profit margin of this segment in 2025.

Other Income and Gains

Our other income and gains increased by 17.1% from RMB7.4 million in 2024 to RMB8.7 million in 2025. This increase was primarily due to (i) an increase in government grants from RMB2.4 million to RMB5.0 million in support of our operating and R&D activities and (ii) an increase in bank interest income from RMB1.3 million to RMB2.2 million mainly attributable to an increase in the interest rates on our USD bank deposits, partially offset by a net exchange loss incurred in 2025 compared to a net exchange gain of RMB3.4 million in 2024.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 8.8% from RMB144.4 million in 2024 to RMB157.1 million in 2025, primarily due to (i) an increase in employee benefit expenses from RMB32.1 million to RMB36.6 million, reflecting primarily an increase in share-based payment to our sales and marketing team and the expansion of our sales and marketing team to support continued business growth, (ii) an increase in advertising and promotion expenses from RMB63.4 million in 2024 to RMB68.7 million in 2025, reflecting increased investment in our global marketing efforts to enhance brand visibility and drive sales growth, and (iii) an increase in online platform fees from RMB18.9 million to RMB21.7 million as a result of higher sales on e-commerce platforms.

Administrative Expenses

Our administrative expenses increased by 53.4% from RMB30.0 million in 2024 to RMB46.0 million in 2025, primarily due to (i) the recognition of [**REDACTED**] of [**REDACTED**] in 2025 in connection with the [**REDACTED**], and (ii) an increase in employee benefit expenses from RMB15.0 million to RMB18.4 million primarily as a result of an increase in share-based payment to our administrative personnel and an increased headcount in our administrative personnel and the related increase in compensation for administrative personnel.

Research and Development Expenses

Our research and development expenses increased by 15.6% from RMB55.7 million in 2024 to RMB64.4 million in 2025, as we continuously upgraded and improved the functionality and features of our technological infrastructure to enhance existing products and services and expand the range of our offerings. Such increase was primarily due to (i) an increase in employee benefit expenses from RMB40.0 million to RMB44.3 million primarily attributable to an increased headcount of our R&D personnel to support new projects and an increase in share-based payment to our R&D personnel, (ii) an increase in materials and consumables from RMB6.9 million to RMB9.1 million resulting from increased prototyping and testing activities for our new product pipeline, and (iii) an increase in professional service fee from RMB2.6 million to RMB4.7 million attributable primarily to the additions and upgrades of our R&D software systems, including cloud infrastructure expansion, upgrades of collaboration and project management systems, procurement of external AI and related technical services to support product innovation, optimization initiatives for StarNote, and procurement of licensed software for our R&D personnel.

Net Impairment Losses on Financial Assets

Our net impairment losses on financial assets decreased from RMB0.3 million in 2024 to RMB0.2 million in 2025, in line with our assessment of credit risks in relation to prepayments, other receivables and other assets and trade receivables during the same year.

Other Expenses

Our other expenses decreased from RMB7.7 million in 2024 to RMB2.0 million in 2025, primarily due to the non-recurrence of certain one-off expenses recorded in 2024, partially offset by the net exchange loss of RMB1.8 million in 2025 mainly as a result of the general depreciation of USD against RMB in 2025.

Finance Costs

Our finance costs increased from RMB9.4 million in 2024 to RMB15.4 million in 2025, primarily due to (i) an increase in interest on redemption liabilities on ordinary shares from RMB9.0 million to RMB13.0 million and (ii) an increase in interest on bank loans from RMB27 thousand to RMB2.0 million as a result of drawing additional bank loans to fund our business expansion and operations.

Income Tax Expense

Our income tax expense increased from RMB14.3 million in 2024 to RMB18.2 million in 2025.

Profit for the Year

As a result of the foregoing, our profit for the year increased by 7.9% from RMB121.2 million in 2024 to RMB130.7 million in 2025.

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

Revenue

Our revenue increased by 26.6% from RMB803.6 million in 2023 to RMB1,017.5 million in 2024, primarily due to the increase in revenue derived from the sales of e-paper tablets.

E-paper tablets

Our revenue from the sales of e-paper tablets increased by 90.5% from RMB215.0 million in 2023 to RMB409.5 million in 2024, primarily due to an increase in overall market demand for small-sized e-paper tablets. We successfully captured this growing demand, resulting in a significant increase in our sales volume of e-paper tablets by 50.8% from 254,577 units to 383,968 units. This growth was further driven by an increase in market acceptance and sales volume of our premium products including *Palma* and *Leaf 3*, which resulted in an increase in the ASP of our e-paper tablets by 26.3% from RMB844 per unit to RMB1,066 per unit.

E-notes

Our revenue from the sales of e-notes remained relatively stable at RMB544.2 million and RMB558.7 million in 2023 and 2024, respectively. The ASP of our e-notes increased by 6.6% from RMB2,427 per unit to RMB2,587 per unit, the impact of which was partially offset by the slight decrease in sales volume of our e-notes by 3.7% from 224,173 units to 215,950 units. The increase in ASP of our e-notes was driven by an increase in sales volume of our flagship and mid-to-high-end products, including *Tab Ultra C Pro*, *Tab 10C Pro* and *Note Air 3 C*.

Other products and services

Our revenue from other products and services increased by 11.0% from RMB44.4 million in 2023 to RMB49.3 million in 2024, primarily due to the continued growth in revenue from our accessories which was in turn primarily driven by the higher sales volume of our e-paper tablets.

Cost of Sales

Our cost of sales increased by 20.1% from RMB534.6 million in 2023 to RMB641.9 million in 2024, primarily due to the respective increases in (i) costs of raw materials from RMB406.9 million in 2023 to RMB502.9 million in 2024, which was in line with our revenue growth and higher production volume, (ii) transportation costs from RMB17.7 million in 2023 to RMB25.4 million in 2024, driven by the expansion of our production scale and an increase in sales volume,

(iii) overhead costs from RMB72.9 million in 2023 to RMB78.9 million in 2024 as a result of increased payment to third-party manufacturing partners for outsourced production services to support our greater production activities and (iv) direct labor costs from RMB11.1 million in 2023 to RMB16.6 million in 2024 as a result of increased headcount and related compensation to support our increased production activities.

Gross Profit and Gross Profit Margin

Our gross profit increased by 39.6% from RMB269.0 million in 2023 to RMB375.6 million in 2024. Our gross profit margin increased from 33.5% to 36.9% over the same period. The increases in gross profit and gross profit margin were primarily attributable to increases in gross profit and gross profit margin of our e-paper tablets and e-notes for the reasons explained below.

E-paper tablets

Our gross profit from e-paper tablets increased by 132.9% from RMB64.3 million in 2023 to RMB149.7 million in 2024. Our gross profit margin for e-paper tablets increased from 29.9% to 36.5% over the same period. The increases in gross profit and gross profit margin were primarily due to (i) a substantial increase in sales volume by 50.8% from 254,577 units to 383,968 units driven by growing overall market demand for small-sized e-paper tablets, (ii) an increase in sales volume of higher-margin products, which resulted in an increase in the ASP of our e-paper tablets by 26.3% from RMB844 per unit to RMB1,066 per unit, and (iii) economies of scale from higher production volume and cost and efficiency improvements in production.

E-notes

Our gross profit from e-notes increased by 10.1% from RMB182.8 million in 2023 to RMB201.3 million in 2024. Our gross profit margin for e-notes increased from 33.6% to 36.0% over the same period. The increase in gross profit and gross profit margin was primarily due to (i) an increase in sales volume of higher-margin products, which resulted in an increase in the ASP of our e-notes of 6.6% from RMB2,427 per unit to RMB2,587 per unit, and (ii) cost and efficiency improvements in production.

Other products and services

Our gross profit from other products and services increased by 12.5% from RMB21.9 million in 2023 to RMB24.6 million in 2024. Our gross profit margin for other products remained relatively stable at 49.2% and 49.8% over the same period. The increase in gross profit was primarily due to increases in revenue from our accessories which was in turn primarily driven by the higher sales volume of our e-paper tablets by 50.8% from 254,577 units to 383,968 units.

Other Income and Gains

Our other income and gains increased by 18.2% from RMB6.3 million in 2023 to RMB7.4 million in 2024. This increase was primarily due to an increase in net foreign exchange differences from RMB0.1 million in 2023 to RMB3.4 million in 2024. This increase was partially offset by a decrease in bank interest income from RMB2.4 million in 2023 to RMB1.3 million in 2024, mainly attributable to a decline in the average market interest rates on bank deposits.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 97.4% from RMB73.2 million in 2023 to RMB144.4 million in 2024, primarily due to the respective increases in (i) advertising and promotion expenses from RMB17.4 million in 2023 to RMB63.4 million in 2024, reflecting increased investment in our global marketing efforts to enhance brand visibility and drive sales growth, (ii) employee benefit expenses from RMB17.4 million in 2023 to RMB32.1 million in 2024 as a result of an increased headcount in our sales team to support business growth and (iii) online platform fees from RMB12.5 million in 2023 to RMB18.9 million in 2024, in line with the expansion in the scale and number of our e-commerce platforms.

Administrative Expenses

Our administrative expenses increased by 30.1% from RMB23.1 million in 2023 to RMB30.0 million in 2024, primarily due to the respective increases in (i) employee benefit expenses from RMB11.4 million in 2023 to RMB15.0 million in 2024 as a result of an increased headcount in our administrative personnel to support business growth, (ii) professional consulting fees from RMB1.1 million in 2023 to RMB3.0 million in 2024, reflecting greater engagement with external advisors, including legal and audit professionals, to support our corporate activities and ensure compliance as the business scales and (iii) transaction fees from RMB4.0 million in 2023 to RMB5.1 million in 2024 as a result of higher overseas sales and the associated third-party payment platform withdrawal fees.

Research and Development Expenses

Our research and development expenses increased by 47.7% from RMB37.7 million in 2023 to RMB55.7 million in 2024, primarily due to an increase in employee benefit expenses from RMB22.1 million in 2023 to RMB40.0 million in 2024, attributable to an increased headcount in our R&D personnel to support new projects and higher average compensation to attract and retain talent in a competitive market.

Net Impairment Losses on Financial Assets

Our net impairment losses on financial assets increased from RMB16 thousand in 2023 to RMB0.3 million in 2024, in line with our assessment of credit risks in relation to prepayments, other receivables and other assets during the same period.

Other Expenses

Our other expenses increased from RMB0.4 million in 2023 to RMB7.7 million in 2024, primarily due to non-recurring expenses recorded in 2024 in relation to a terminated land use agreement.

Finance Costs

Our finance costs increased from RMB0.7 million in 2023 to RMB9.4 million in 2024, primarily due to an increase in interest on redemption liabilities on ordinary shares from nil to RMB9.0 million following the recognition of redemption rights granted to our [**REDACTED**] Investors.

Income Tax Expense

Our income tax expense decreased from RMB16.0 million in 2023 to RMB14.3 million in 2024.

Profit for the Year

As a result of the foregoing, our profit for the year remained relatively stable at RMB124.1 million and RMB121.2 million in 2023 and 2024, respectively.

DISCUSSION OF CERTAIN KEY ITEMS FROM OUR CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets				
Property, plant and equipment	2,241	3,324	4,099	7,100
Right-of-use assets	43,241	8,874	8,815	11,051
Intangible assets	218	134	60	1,251
Deferred tax assets	5,305	6,476	7,619	7,028
Prepayments, other receivables and other assets	265	609	1,515	3,644
Total non-current assets	**51,270**	**19,417**	**22,108**	**30,074**
Current assets				
Inventories	241,874	304,720	499,141	748,775
Trade receivables	31,017	15,049	42,368	15,609
Prepaid income tax	–	3,831	4,876	3,028
Prepayments, other receivables and other assets	33,216	66,821	75,531	155,254
Cash and cash equivalents	200,766	187,301	137,126	117,544
Total current assets	**506,873**	**577,722**	**759,042**	**1,040,210**
Current liabilities				
Trade and bills payables	68,513	76,506	84,867	116,823
Other payables and accruals	63,652	216,560	218,449	203,772
Interest-bearing bank loans	–	2,000	132,038	328,941
Contract liabilities	30,762	46,483	30,463	35,863
Lease liabilities	3,375	3,054	4,458	5,122
Tax payable	4,926	275	3,132	3,472
Provision	4,528	5,974	6,278	6,520
Redemption liabilities on ordinary shares	–	160,074	157,171	163,531
Total current liabilities	**175,756**	**510,926**	**636,856**	**864,044**
Net current assets	**331,117**	**66,796**	**122,186**	**176,166**
Total assets less current liabilities	**382,387**	**86,213**	**144,294**	**206,240**
Non-current liabilities				
Lease liabilities	1,919	6,422	5,106	6,751
Deferred tax liabilities	–	–	–	203
Total non-current liabilities	**1,919**	**6,422**	**5,106**	**6,954**
Net assets	**380,468**	**79,791**	**139,188**	**199,286**
Equity				
Paid-in capital	15,000	8,918	30,000	30,000
Reserves	365,468	70,873	109,188	169,286
Total equity	**380,468**	**79,791**	**139,188**	**199,286**

Property, Plant and Equipment

Our property, plant and equipment primarily consist of machinery, electronic and office equipment, vehicles and leasehold improvements. The following table sets forth a breakdown of the net carrying amount of our property, plant and equipment as of the dates indicated.

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Machinery	1,181	733	1,148	2,415
Electronic and office equipment	1,057	1,796	1,901	2,105
Vehicles	3	–	–	–
Leasehold improvements	–	795	1,050	2,580
Total	**2,241**	**3,324**	**4,099**	**7,100**

Our property, plant and equipment increased from RMB2.2 million as of December 31, 2023 to RMB3.3 million as of December 31, 2024, primarily due to (i) additions to electronic and office equipment, driven by configuration upgrades, increased purchases, and general price inflation and (ii) an increase in leasehold improvements related to the renovations of our offices and production and assembly facility. Our property, plant and equipment further increased to RMB4.1 million as of December 31, 2025, primarily due to additions to machinery to support our production activities. Our property, plant and equipment continued to increase to RMB7.1 million as of June 30, 2026, primarily due to (i) an increase in leasehold improvements related to the renovations of our offices and production and assembly facility and (ii) additions to machinery to support our production activities and ongoing facility enhancements.

Right-of-use Assets

Our right-of-use assets primarily consist of leasehold land and buildings. Our right-of-use assets decreased from RMB43.2 million as of December 31, 2023 to RMB8.9 million as of December 31, 2024, primarily due to the disposal of leasehold land following the termination of a land use agreement for commercial reasons. Our right-of-use assets remained relatively stable at RMB8.9 million and RMB8.8 million as of December 31, 2024 and December 31, 2025, respectively. Our right-of-use assets increased to RMB11.1 million as of June 30, 2026, primarily due to the recognition of right-of-use assets in connection with new leased office premise during the period, partially offset by depreciation.

Deferred Tax Assets

Our deferred tax assets are recognized as temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Our deferred tax assets were RMB5.3 million, RMB6.5 million, RMB7.6 million and RMB7.0 million as of December 31, 2023, 2024 and 2025 and June 30, 2026, respectively. For more information, see Note 24 to the Accountants' Report set out in Appendix I to this document.

Inventories

Our inventories primarily consist of raw materials, finished goods and work in progress. The following table sets forth a breakdown of our inventories as of the dates indicated.

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	163,000	161,082	360,912	564,749
Finished goods	75,407	120,887	108,377	133,957
Work in progress	3,467	22,751	29,852	50,069
Total	**241,874**	**304,720**	**499,141**	**748,775**

Our inventories increased from RMB241.9 million as of December 31, 2023 to RMB304.7 million as of December 31, 2024, primarily due to the respective increases in (i) finished goods, reflecting increased stock levels in line with our business expansion and the increase in our product shipments to distributors and customers and (ii) work in progress, as we ramped up production activities to meet growing demand. Our inventories further increased to RMB499.1 million as of December 31, 2025 and RMB748.8 million as of June 30, 2026, primarily due to an increase in raw materials, as we anticipated future sales growth and strategically procured key components, such as screens and chips, to mitigate the impact of price volatility and the risks associated with long lead times.

The following table sets forth an aging analysis of our inventories as of the dates indicated.

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	225,137	283,635	491,248	719,121
One year to two years	15,383	16,472	5,622	24,918
Over two years	1,354	4,613	2,271	4,736
Total	**241,874**	**304,720**	**499,141**	**748,775**

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(1)	153	155	209	313

Note:

(1) Inventory turnover days are calculated by dividing the average of the opening and closing balance of inventories by cost of sales for the relevant year and multiplying by 365 days for the years ended December 31, 2023, 2024 and 2025 and 183 days for the six months ended June 30, 2026.

Our inventory turnover days remained relatively stable at 153 days and 155 days in 2023 and 2024, respectively. Our inventory turnover days increased to 209 days in 2025 and 313 days in the six months ended June 30, 2026. Our relatively long inventory turnover days over the Track Record Period and the increase in our inventory turnover days from 2024 through the six months ended June 30, 2026 were primarily because we anticipated future sales growth and strategically procured key raw materials, such as screens and chips, to mitigate the impact of price volatility and the risks associated with long lead times, including risks arising from global trade frictions and potential supply chain uncertainties. Since the second half of 2025, prices of certain key raw materials have begun to rise and are expected to continue increasing. As a result, we expanded our strategic procurement in 2025, resulting in a substantial increase in purchases compared to 2024. We continued such procurement strategy in the six months ended June 30, 2026 and further increased our inventory levels. In addition, raw materials generally have a longer turnover cycle than finished goods. As the relevant procurement activities were concentrated in the period since the second half of 2025, while the corresponding production and deliveries are expected to take place progressively over the course of 2026 and 2027, there was a timing gap between procurement and subsequent consumption, resulting in an increase in our period-end inventory balance and inventory turnover days. The increase in our inventories and inventory turnover days contributed to our net operating cash outflow position in 2025 and the six months ended June 30, 2026. See "— Liquidity and Capital Resources — Cash Flows — Net Cash Flows from or used in Operating Activities" for details.

As of July 31, 2026, RMB212.3 million, or 28.4% of our inventories as of June 30, 2026 had been utilized or sold. As of June 30, 2026, raw materials represented the largest portion of our inventories, followed by finished goods, with work in progress representing only a small portion. The relatively high proportion of raw materials was primarily attributable to the concentrated procurement of certain key raw materials since the second half of 2025. Such raw materials are widely used in consumer electronics products and are not expected to face rapid technological obsolescence in the foreseeable future. Given the prevailing market conditions, we consider the short-term risk of material decline in the prices of such raw materials to be relatively low. Finished goods and work in progress were primarily related to our best-selling products and were produced based on market demand. Inventories are stated at the lower of cost and net realizable value at the end of each year/period. Net realizable value represents the estimated selling price in the course of business, less applicable costs, selling expenses and tax charges. Our management assessed the net realizable value of inventories and made provisions for impairment where necessary based on its best estimates. Based on the results of these assessments, our management is of the view that no additional inventory impairment provision was required.

To manage our cash conversion cycle and mitigate potential liquidity pressure arising from higher inventory levels and the mismatch between inventory turnover and payment cycles, we have adopted and implemented the following measures:

- ***Enhanced inventory planning and control*** – We will continue to strengthen coordination among our sales, production and procurement teams to better align procurement schedules with sales forecasts and production plans, with a view to continuously optimizing inventory levels while maintaining supply chain stability. As part of our inventory management strategy, and having ensured sufficient raw materials to meet our production requirements and future production plans, we may resell certain key raw materials to third parties by leveraging the inventory reserves accumulated through our prior strategic procurement efforts and taking into account prevailing market trends, thereby further improving inventory utilization efficiency and overall capital returns.

- ***Active monitoring of inventory turnover*** – We will regularly review inventory aging and turnover metrics to facilitate timely production adjustments and inventory utilization, thereby improving working capital efficiency.

- ***Prudent customer credit management and accelerated collections*** – Although we typically require advance payments from customers, we conduct continuous credit assessments for both new and existing customers and maintain strict control over outstanding receivables. Our finance department regularly reviews aging analysis and maintains close communication with customers to enhance collection efficiency and minimize credit risk.

- ***Strengthened supplier and payment term management*** – We seek to negotiate more favorable payment terms with suppliers as our procurement scale increases, including extending payment cycles and adopting flexible settlement methods such as bank acceptance bills, where appropriate, to better align cash outflows with operating cycles. We also maintain systematic trade payable monitoring to ensure disciplined payment management.

Trade Receivables

The following table sets forth the details of our trade receivables as of the dates indicated.

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	31,017	15,049	42,533	15,659
Impairment	–	–	(165)	(50)
Net carrying amount	**31,017**	**15,049**	**42,368**	**15,609**

Our trade receivables decreased from RMB31.0 million as of December 31, 2023 to RMB15.0 million as of December 31, 2024. The relatively high balance at year-end 2023 primarily reflected delayed settlement by an e-commerce platform. Following the collection of these receivables in early 2024, the balance returned to a normalized level. Our trade receivables increased to RMB42.4 million as of December 31, 2025, primarily reflecting delayed settlement by certain e-commerce platforms. Our trade receivables decreased to RMB15.6 million as of June 30, 2026, primarily attributable to our accelerated settlement with certain customers during the period.

The following table sets forth an aging analysis of our trade receivables based on the time of revenue recognition and net of loss allowance as of the dates indicated.

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 3 months	31,017	15,049	40,612	15,476
4 to 6 months	–	–	7	120
7 to 9 months	–	–	39	7
10 to 12 months	–	–	1,710	6
Total	**31,017**	**15,049**	**42,368**	**15,609**

We typically require advance payment from our distributors, upon or prior to delivery of our products. During the Track Record Period, we granted credit terms to a small number of customers on a case-by-case basis. We seek to maintain strict control over our outstanding receivables and have a credit control department to minimize credit risk. Overdue balances are reviewed regularly by senior management. The following table sets forth the trade receivables turnover days of our trade receivables for the years/periods indicated.

	Year ended December 31,			Six months ended June 30,
	2023	2024	2025	2026
Trade receivables turnover days[(1)]	10	8	9	9

Note:

(1) Trade receivables turnover days are calculated by dividing the average of the opening and closing balance of trade receivables by revenue and multiplying by 365 days for the years ended December 31, 2023, 2024 and 2025 and 183 days for the six months ended June 30, 2026.

Our average trade receivables turnover days remained relatively stable at 10 days, 8 days, 9 days and 9 days in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively.

As of July 31, 2026, RMB14.6 million, or 93.6%, of our trade receivables as of June 30, 2026 had been settled.

Prepayments, Other Receivables and Other Assets

Our prepayments, other receivables and other assets primarily consist of (i) amounts due from a related party/the then shareholder, (ii) deposits and other receivables, representing refundable payments, such as security deposits, and advertising deposits paid to e-commerce platforms for our self-operated online storefronts, (iii) receivables arising from leasehold land disposal, (iv) prepayments to suppliers, primarily including advance payments for materials and tooling, (v) value-added tax recoverable, (vi) right-of-return assets, (vii) [**REDACTED**] in connection with the [**REDACTED**], (viii) prepaid expenses, representing prepayments for third-party services for our ordinary business operations and (ix) prepayments for acquisition of long-term assets. The following table sets forth a breakdown of our prepayments, other receivables and other assets as of the dates indicated.

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current portion				
Deposits and other receivables	265	609	936	1,546
Prepayments for acquisition of long-term assets	–	–	579	2,098
Total non-current portion	265	609	1,515	3,644
Current portion				
Due from a related party/the then shareholder[1]	18,384	18,384	18,384	18,384
Deposits and other receivables	4,160	5,710	9,928	8,178
Receivables arising from leasehold land disposal	–	31,048	–	–
Prepayments to suppliers	4,077	1,612	23,647	82,777
Value-added tax recoverable	3,063	5,674	15,696	36,960
Right-of-return assets	2,399	3,128	4,020	3,310
[**REDACTED**]	–	–	2,253	2,566
Prepaid expenses	1,217	1,631	2,007	3,472
Impairment allowance for other receivables	(84)	(366)	(404)	(393)
Total current portion	33,216	66,821	75,531	155,254
Total	**33,481**	**67,430**	**77,046**	**158,898**

Note:

(1) As of December 31, 2023, 2024 and 2025 and June 30, 2026, amounts due from the then shareholder amounted to RMB18.4 million, RMB18.4 million, RMB18.4 million and RMB18.4 million, respectively. These amounts represent outstanding payments arising from unfulfilled contractual obligations of Youngy Group and its affiliate. Youngy Group ceased to be a shareholder and a related party of our Company in 2024 pursuant to a capital reduction agreement entered into between our Company and our then shareholders. The amounts due from the then shareholder of RMB18.4 million was settled on August 13, 2026. For further details, see "History, Development and Corporate Structure — Corporate Development and Major Shareholding Changes — 3. Reduction of Registered Capital in March 2024".

Our prepayments, other receivables and other assets increased from RMB33.5 million as of December 31, 2023 to RMB67.4 million as of December 31, 2024, primarily due to the recognition of receivables arising from leasehold land disposal, which resulted from the termination by our Company of a land use agreement for commercial reasons and entitled us to recognize a portion of the previously paid land premium. Our prepayments, other receivables and other assets increased to RMB77.0 million as of December 31, 2025, primarily due to (i) an increase in prepayments to suppliers and (ii) an increase in value-added tax recoverable, both driven by our strategic procurement of key raw materials. These increases were partially offset by a decrease in receivables arising from leasehold land disposal as the aforementioned refund was fully settled in early 2025. Our prepayments, other receivables and other assets further increased to RMB158.9 million as of June 30, 2026, primarily due to (i) an increase in prepayments to suppliers and (ii) an increase in value-added tax recoverable, both driven by our strategic procurement of key raw materials.

As of July 31, 2026, RMB68.6 million, or 43.2%, of our prepayments, other receivables and other assets as of June 30, 2026 had been settled.

Cash and Cash Equivalents

Our cash and cash equivalents primarily consist of cash at banks. The following table sets forth a breakdown of our cash and cash equivalents by currency type as of the dates indicated.

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Denominated in:				
RMB	108,662	90,978	43,459	76,027
USD	91,932	95,429	90,643	33,451
Other currencies	172	894	3,024	8,066
Total	**200,766**	**187,301**	**137,126**	**117,544**

Our cash and cash equivalents decreased from RMB200.8 million as of December 31, 2023 to RMB187.3 million as of December 31, 2024, RMB137.1 million as of December 31, 2025 and RMB117.5 million as of June 30, 2026. For an analysis on cash flows during the Track Record Period, see "— Liquidity and Capital Resources — Cash Flows."

Trade and Bills Payables

Our trade and bills payables increased from RMB68.5 million as of December 31, 2023 to RMB76.5 million and as of December 31, 2024, primarily due to an increase in procurement as we scaled up our production activities. Our trade and bills payables increased further to RMB84.9 million as of December 31, 2025, primarily due to an increase in our strategic procurement of key components. Our trade and bills payables increased to RMB116.8 million as of June 30, 2026 due to the issuance of RMB30.0 million in bills payables in connection with our strategic procurement of key raw materials.

The following tables sets forth the aging analysis of our trade and bills payables based on the time of purchase as of the dates indicated.

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables				
Within 1 year	68,513	76,486	84,711	86,771
1 to 2 years	–	20	154	52
2 to 3 years	–	–	2	–
Total	**68,513**	**76,506**	**84,867**	**86,823**
Bills payables				
Within 1 year	–	–	–	30,000

During the Track Record Period, our suppliers generally granted us a credit period of 30 to 90 days. The following table sets forth our trade and bills payables turnover days for the years/periods indicated.

	Year ended December 31,			Six months ended June 30,
	2023	2024	2025	2026
Trade and bills payables turnover days[(1)]	47	41	42	51

Note:

(1) Trade and bills payables turnover days are calculated by dividing the average of the opening and closing balance of trade and bills payables by cost of sales and multiplying by 365 days for the years ended December 31, 2023, 2024 and 2025 and 183 days for the six months ended June 30, 2026.

Our average trade and bills payables turnover days were 47 days, 41 days, 42 days and 51 days in 2023, 2024, 2025 and June 30, 2026, respectively, which remained within the credit terms granted by our suppliers.

As of July 31, 2026, RMB64.4 million, or 55.1%, of our trade and bills payables as of June 30, 2026 had been settled.

Other Payables and Accruals

Our other payables and accruals primarily consist of (i) dividend payable, (ii) capital reduction payable to the then shareholder pursuant to a capital reduction agreement, (iii) payroll and welfare payable, (iv) deposits, primarily representing refundable amounts held pending payment from customers, (v) other payables, (vi) refund liabilities, representing the obligation arising from right of return to refund some or all of the consideration received or receivable from a customer, (vii) [**REDACTED**] payable in connection with the [**REDACTED**] and (viii) tax payables other than income tax. The following table sets forth a breakdown of our other payables and accruals as of the dates indicated.

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Dividend payable[(1)]	–	70,000	55,690	55,690
Capital reduction payable to the then shareholder[(2)]	–	59,820	59,820	59,820
Payroll and welfare payable	11,514	29,533	17,976	13,747
Deposits	36,958	33,172	43,567	41,671
Other payables	7,070	11,272	16,790	19,610
Refund liabilities	5,732	7,254	9,030	6,285
[**REDACTED**]	–	–	8,065	1,269
Tax payables other than income tax	2,378	5,509	7,511	5,680
Total	**63,652**	**216,560**	**218,449**	**203,772**

Note:

(1) The dividend payable will not be settled prior to the [**REDACTED**].

(2) As of December 31, 2023, 2024 and 2025 and June 30, 2026, our capital reduction payable to the then shareholder amounted to nil, RMB59.8 million, RMB59.8 million and RMB59.8 million, respectively. This payable is due to Youngy Group pursuant to a capital reduction agreement entered into between our Company and our then shareholders in 2024. As certain conditions precedent had not been satisfied as of December 31, 2024 and 2025 and June 30, 2026, the payable remained outstanding. The capital reduction payable of RMB59.8 million was settled on August 13, 2026. For further details, see "History, Development and Corporate Structure — Corporate Development and Major Shareholding Changes — 3. Reduction of Registered Capital in March 2024".

Our other payables and accruals increased from RMB63.7 million as of December 31, 2023 to RMB216.6 million as of December 31, 2024, primarily due to the respective increases in (i) dividend payable, reflecting our profitability and a strategic decision to increase shareholder returns, (ii) capital reduction payable to a former shareholder arising from the repurchase of equity from Youngy Group pursuant to a capital reduction agreement entered into in 2024 and (iii) payroll and welfare payable due to an increase in our employee headcount and compensation level following business and production expansion. Our other payables and accruals remained relatively stable at RMB218.4 million as of December 31, 2025. Our other payables and accruals decreased to RMB203.8 million as of June 30, 2026, primarily due to (i) a decrease in [**REDACTED**] and (ii) a decrease in payroll and welfare payable following the settlement of bonuses in 2025.

As of July 31, 2026, RMB29.1 million, or 14.3%, of our other payables and accruals as of June 30, 2026 had been settled.

Contract Liabilities

Our contract liabilities represent (i) advance payments from customers for which the related performance obligations have not yet been fulfilled and (ii) sales rebates to customers. Our contract liabilities increased from RMB30.8 million as of December 31, 2023 to RMB46.5 million as of December 31, 2024, before decreasing to RMB30.5 million as of December 31, 2025. Our contract liabilities increased to RMB35.9 million as of June 30, 2026. The period-end fluctuations of our contract liabilities reflect the timing difference between customer payments and revenue recognition.

As of July 31, 2026, RMB18.3 million, or 51.0%, of our contract liabilities as of June 30, 2026 had been subsequently recognized as revenue.

Provision

Our provision primarily consists of provision for warranties offered on our e-paper tablets and e-notes for general repairs and defects occurring during the warranty period. The amount of the provision for warranties is recognized based on sales volumes and past experience of costs for repairs and replacement. The estimation basis is reviewed annually and revised when appropriate. We recorded a provision of RMB4.5 million, RMB6.0 million, RMB6.3 million and RMB6.5 million as of December 31, 2023, 2024 and 2025 and June 30, 2026, respectively, primarily attributable to higher sales volume of our products.

CURRENT ASSETS AND CURRENT LIABILITIES

The following table sets forth our current assets, current liabilities and net current assets as of the dates indicated.

	As of December 31,			As of June 30,	As of July 31,
	2023	2024	2025	2026	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
Current assets					
Inventories	241,874	304,720	499,141	748,775	781,129
Trade receivables	31,017	15,049	42,368	15,609	31,640
Prepaid income tax	–	3,831	4,876	3,028	3,760
Prepayments, other receivables and other assets	33,216	66,821	75,531	155,254	140,317
Cash and cash equivalents	200,766	187,301	137,126	117,544	135,790
Total current assets	**506,873**	**577,722**	**759,042**	**1,040,210**	**1,092,636**
Current liabilities					
Trade and bills payables	68,513	76,506	84,867	116,823	99,496
Other payables and accruals	63,652	216,560	218,449	203,772	197,296
Interest-bearing bank loans	–	2,000	132,038	328,941	376,962
Contract liabilities	30,762	46,483	30,463	35,863	46,634
Lease liabilities	3,375	3,054	4,458	5,122	5,072
Tax payable	4,926	275	3,132	3,472	3,490
Provision	4,528	5,974	6,278	6,520	6,569
Redemption liabilities on ordinary shares	–	160,074	157,171	163,531	164,646
Total current liabilities	**175,756**	**510,926**	**636,856**	**864,044**	**900,165**
Net current assets	**331,117**	**66,796**	**122,186**	**176,166**	**192,471**

Our net current assets decreased from RMB331.1 million as of December 31, 2023 to RMB66.8 million as of December 31, 2024, primarily due to (i) an increase of RMB160.1 million in redemption liabilities on ordinary shares following the recognition of redemption rights granted to our [**REDACTED**] Investors and (ii) an increase of RMB152.9 million in other payables and accruals, mainly attributable to dividends declared and the recognition of capital reduction payable. The overall increase in current liabilities was partially offset by (i) an increase of RMB62.8 million in inventories to support our business growth and (ii) an increase of RMB33.6 million in prepayments, other receivables and other assets, reflecting the recognition of receivables arising from leasehold land disposal.

Our net current assets increased from RMB66.8 million as of December 31, 2024 to RMB122.2 million as of December 31, 2025, primarily due to an increase of RMB194.4 million in inventories, driven by increased procurement of raw materials to mitigate supply risks and support our production ramp-up for anticipated sales. This was partially offset by an increase of RMB130.0 million in interest-bearing bank loans drawn down to finance our operations.

Our net current assets increased from RMB122.2 million as of December 31, 2025 to RMB176.2 million as of June 30, 2026, primarily due to (i) an increase of RMB249.6 million in inventories, driven by our strategic procurement of key components and (ii) an increase of RMB79.7 million in prepayments, other receivables and other assets, reflecting increases in prepayments to suppliers and value-added tax recoverable driven by our strategic procurement of key raw materials. This was partially offset by an increase of RMB196.9 million in interest-bearing bank loans primarily to fund our procurement of raw materials.

Our net current assets increased from RMB176.2 million as of June 30, 2026 to RMB192.5 million as of July 31, 2026, primarily due to (i) an increase of RMB32.4 million in inventories, driven by our strategic procurement of key components and (ii) an increase of RMB18.2 million in cash and cash equivalents, primarily attributable to cash inflows from new borrowings and (iii) an increase of RMB16.0 million in trade receivables, primarily reflecting higher receivable balances from a major customer. This was partially offset by an increase of RMB48.0 million in interest-bearing bank loans primarily to fund our procurement of raw materials.

LIQUIDITY AND CAPITAL RESOURCES

Our business operations and expansion plans require a significant amount of capital. Historically, we have financed our working capital, capital expenditure and other capital requirements primarily through cash generated from operations and bank borrowings. We had cash and cash equivalents of RMB200.8 million, RMB187.3 million, RMB137.1 million and RMB117.5 million as of December 31, 2023, 2024 and 2025 and June 30, 2026, respectively.

Cash Flows

The following table sets forth a summary of our cash flows for the years indicated.

	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*
Net cash flows from/(used in) operating activities .	106,114	132,824	(70,987)	(14,141)	(198,689)
Net cash flows (used in)/from investing activities.	(840)	(3,137)	27,977	29,991	(5,838)
Net cash flows (used in)/from financing activities.	(36,480)	(144,551)	(5,068)	(646)	187,152

	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*
Net increase/(decrease) in cash and cash equivalents	68,794	(14,864)	(48,078)	15,204	(17,375)
Cash and cash equivalents at the beginning of year/period	131,000	200,766	187,301	187,301	137,126
Effect of foreign exchange rate changes, net	972	1,399	(2,097)	(455)	(2,207)
Cash and cash equivalents at the end of year/period	**200,766**	**187,301**	**137,126**	**202,050**	**117,544**

Net Cash Flows from or used in Operating Activities

Our net cash used in operating activities was RMB198.7 million in the six months ended June 30, 2026, resulting from our profit before tax of RMB59.9 million, adjustments for non-cash or non-operating items of RMB25.3 million, changes in working capital of RMB280.1 million and income tax paid of RMB3.8 million. Adjustments for non-cash or non-operating items primarily included adjustments for (i) finance costs of RMB9.4 million, (ii) share-based payment of RMB6.8 million and (iii) depreciation of right-of-use assets of RMB3.3 million. Changes in working capital primarily included (i) an increase in inventories of RMB250.7 million, (ii) an increase in prepayments, other receivables and other assets of RMB80.0 million, (iii) an increase in trade and bills payables of RMB32.4 million and (iv) a decrease in trade receivables of RMB27.0 million.

Our net cash used in operating activities was RMB71.0 million in 2025, resulting from our profit before tax of RMB148.9 million, adjustments for non-cash or non-operating items of RMB52.5 million, changes in working capital of RMB254.9 million and income tax paid of RMB17.5 million. Adjustments for non-cash or non-operating items primarily included adjustments for (i) provision for impairment of inventories of RMB15.5 million, (ii) finance costs of RMB15.4 million and (iii) share-based payment of RMB12.8 million. Changes in working capital primarily included (i) an increase in inventories of RMB210.0 million, (ii) an increase in prepayments, other receivables and other assets of RMB37.9 million, (iii) an increase in trade receivables of RMB27.5 million, (iv) an increase in trade payables of RMB21.1 million and (v) a decrease in contract liabilities of RMB16.0 million.

Our net cash from operating activities was RMB132.8 million in 2024, resulting from our profit before tax of RMB135.5 million, adjustments for non-cash or non-operating items of RMB35.3 million, changes in working capital of RMB14.0 million and income tax paid of RMB23.9 million. Adjustments for non-cash or non-operating items primarily included adjustments for (i) provision for impairment of inventories of RMB12.2 million, (ii) finance costs of RMB9.4 million, (iii) loss on disposal of leasehold land of RMB6.1 million and (iv) depreciation of right-of-use assets of RMB5.5 million. Changes in working capital primarily included (i) an increase in inventories of RMB75.0 million, (ii) an increase in other payables and accruals of RMB23.1 million, (iii) a decrease in trade receivables of RMB15.9 million and (iv) an increase in contract liabilities of RMB15.7 million.

Our net cash from operating activities was RMB106.1 million in 2023, resulting from our profit before tax of RMB140.1 million, adjustments for non-cash or non-operating items of RMB25.7 million, changes in working capital of RMB40.1 million and income tax paid of

RMB19.6 million. Adjustments for non-cash or non-operating items primarily included adjustments for (i) provision for impairment of inventories of RMB19.7 million and (ii) depreciation of right-of-use assets of RMB4.6 million. Changes in working capital primarily included (i) an increase in inventories of RMB55.9 million, (ii) an increase in other payables and accruals of RMB26.4 million and (iii) an increase in trade receivables of RMB17.3 million.

We recorded net cash used in operating activities of RMB71.0 million in 2025 and RMB198.7 million in the six months ended June 30, 2026, primarily attributable to (i) the increase in our inventories and inventory turnover days during the respective periods, and (ii) the cash flow mismatch resulting from the difference between our inventory turnover days and our trade and bills payables turnover days over the Track Record Period. Our inventory turnover days remained relatively stable at 153 days and 155 days in 2023 and 2024, respectively, and increased to 209 days in 2025 and 313 days in the six months ended June 30, 2026, which was primarily due to the increase in our inventories because we anticipated future sales growth and built strategic reserves of key components in order to mitigate the impact of price volatility and the risks associated with long lead times, including risks arising from global trade frictions and potential supply chain uncertainties. In contrast, our trade and bills payables turnover days were 47 days, 41 days, 42 days and 51 days in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively. Such mismatch between our inventory turnover days and our trade and bills payables turnover days contributed to our net operating cash outflows position in 2025 and the six months ended June 30, 2026. We have adopted liquidity management measures to manage the foregoing mismatch, improve our net operating cash outflows position, reduce our overall liquidity risk and enhance our working capital efficiency. See "— Liquidity Management Measures" for details.

Net Cash Flows from or used in Investing Activities

Our net cash used in investing activities was RMB5.8 million in the six months ended June 30, 2026, primarily due to purchases of items of property, plant and equipment of RMB5.8 million.

Our net cash from investing activities was RMB28.0 million in 2025, primarily due to the disposal of leasehold land of RMB31.0 million due to the termination of a land use agreement.

Our net cash used in investing activities was RMB3.1 million in 2024, primarily due to purchases of items of property, plant and equipment of RMB3.2 million.

Our net cash used in investing activities was RMB0.8 million in 2023, primarily due to purchases of items of property, plant and equipment of RMB1.0 million.

Net Cash Flows from or used in Financing Activities

Our net cash from financing activities was RMB187.2 million in the six months ended June 30, 2026, primarily due to new interest-bearing bank loans of RMB262.0 million, which was partially offset by repayments of interest-bearing bank loans of RMB67.6 million.

Our net cash used in financing activities was RMB5.1 million in 2025, primarily due to (i) dividends paid of RMB114.3 million, (ii) repayments of interest-bearing bank loans of RMB21.4 million and (iii) principal portion of lease payments of RMB5.0 million, which were partially offset by new interest-bearing bank loans of RMB138.7 million.

Our net cash used in financing activities was RMB144.6 million in 2024, primarily due to (i) capital reduction from the shareholder of RMB122.0 million and (ii) dividends paid of RMB20.0 million.

Our net cash used in financing activities was RMB36.5 million in 2023, primarily due to (i) repayments of interest-bearing bank loans of RMB22.5 million and (ii) dividends paid of RMB10.0 million.

Liquidity Management Measures

We have adopted the following liquidity management measures to manage the foregoing mismatch, improve our net operating cash outflows position in 2025 and the six months ended June 30, 2026, reduce our overall liquidity risk and enhance our working capital efficiency:

- ***Annual financial budget*** — Our annual budget is prepared based on our Company's annual and quarterly operational plans and targets as reported by our various departments and reviewed and compiled by our finance department with a comprehensive and balanced approach, including revenue forecast, budgets for cost and expenses, tax payments, capital expenditures, etc. Our budget preparation is coordinated and compiled by our finance department and then reported to our management. Our finance department will review and closely monitor the overall cash flow positions of our Group, and the cash flows position of our operations every month by comparing the forecast and actual financial performance, devise and implement any necessary follow-up or contingency measures to ensure that our cash flows position is sufficiently maintained;

- ***Prudent credit assessment*** — We have implemented measures to undertake continuous credit assessments for both new and existing customers, notwithstanding that we typically require advance payment from our customers, upon or prior to delivery of our products. We collect background information and build a customer profile for any new customer, evaluating their credit risk as part of our customer intake process;

- ***Enhancing collection efforts*** — We have been collecting and will continue to collect our trade receivables in a more effective manner. We seek to maintain strict control over our outstanding receivables to minimize credit risk. Balances of receivables are reviewed regularly by senior management. In particular, our finance department regularly monitors our bank accounts and trade receivables data every month, and maintains close communications with our customers in respect of any outstanding payments. For receivables that are long overdue, we may take appropriate legal actions if necessary;

- ***Strengthening supply and trade and bills payables management*** — As we continue to expand our business scale, we expect our purchases from suppliers to further increase and we plan to negotiate more favorable terms with them, such as (i) extending payment cycles in general, and (ii) negotiating flexible means of payment such as bank acceptance bills to decrease our cash outlay for day-to-day operations. For our trade and bills payables management, we adhere to the following to ensure timely payment to our suppliers: (i) preparation and approval of the payment requisition form for payment after our procurement personnel reconciles the balance with the supplier and collects invoices, reconciliation records or purchase orders, etc.; (ii) regular review of trade and bills payable aging analysis; and (iii) for any outstanding payables, we will conduct investigation and arrange for settlement;

- ***Effective inventory management*** — We will continue to carry out our inventory management policy in place to optimize inventory control and further adopt additional inventory management measures when necessary, as we believe that maintaining appropriate levels of inventories can help us better plan raw material procurement and manage production schedules effectively in order to timely deliver our products to meet customer's demand without adding undue pressure on our liquidity and working capital. For more information on our inventory management policy, see "Business — Logistics and Inventory Management — Inventory Management"; and

- ***Available financial resources*** — We have obtained, and believe that we can continue to obtain, borrowings and credit facilities from banks for our utilization when needed. As of July 31, 2026, we had unutilized credit facilities of RMB239.1 million. In addition, we expect to receive the [**REDACTED**] from the [**REDACTED**].

Working Capital Sufficiency

Our liquidity and capital resource needs over the next 12 months primarily relate to our procurement of raw materials and product components, R&D activities, employee benefits and daily operations. During the Track Record Period, we met our working capital requirements mainly from cash generated from operations and bank borrowings.

Taking into account the financial resources available to us, including cash flow from operating activities, facilities available to us and the [**REDACTED**] from the [**REDACTED**], our Directors are of the view that we have sufficient working capital to meet our present and future cash requirements for the next 12 months from the date of this document.

INDEBTEDNESS

Our indebtedness primarily consists of redemption liabilities on ordinary shares, lease liabilities and interest-bearing bank loans. Save as disclosed below, as of December 31, 2023, 2024 and 2025, June 30, 2026 and July 31, 2026, we had no bank loans or other borrowings, or any other loan capital issued and outstanding or agreed to be issued, bank overdrafts, borrowings or similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchases, guarantees or other material contingent liabilities. The following table sets forth a breakdown of our indebtedness as of the dates indicated.

	As of December 31,			As of June 30,	As of July 31,
	2023	**2024**	**2025**	**2026**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*
Current					
Redemption liabilities on ordinary shares	–	160,074	157,171	163,531	164,646
Lease liabilities	3,375	3,054	4,458	5,122	5,072
Interest-bearing bank loans	–	2,000	132,038	328,941	376,962
Total current liabilities	**3,375**	**165,128**	**293,667**	**497,594**	**546,680**
Non-current					
Lease liabilities	1,919	6,422	5,106	6,751	6,520
Total non-current liabilities	**1,919**	**6,422**	**5,106**	**6,751**	**6,520**
Total indebtedness	**5,294**	**171,550**	**298,773**	**504,345**	**553,200**

Redemption Liabilities on Ordinary Shares

Our redemption liabilities on ordinary shares are associated with the special rights granted to our [**REDACTED**] Investors. In anticipation of the proposed [**REDACTED**], on December 10, 2025 or January 6, 2026 (as applicable), the [**REDACTED**] Investors entered into termination agreements with our Company or our Company and certain members of our Controlling

Shareholders (as applicable), pursuant to which, among others, the redemption rights granted to each [**REDACTED**] Investor have been terminated on the date preceding the first submission of the [**REDACTED**] to the Stock Exchange for the purpose of the [**REDACTED**], and shall resume to be exercisable in specified circumstances. For more information, see "History, Development and Corporate Structure — [**REDACTED**] Investments — 2. Other Principal Terms of the [**REDACTED**] Investments" and Note 26 to the Accountants' Report set out in Appendix I to this document.

Our redemption liabilities on ordinary shares increased from nil as of December 31, 2023 to RMB160.1 million as of December 31, 2024 due to the recognition of liabilities arising from special rights granted to [**REDACTED**] Investors in 2024 and associated interest accruals. Our redemption liabilities on ordinary shares decreased to RMB157.2 million as of December 31, 2025, primarily due to dividend declared to the [**REDACTED**] Investors entitled to redemption rights, partially offset by interest accrued. Our redemption liabilities on ordinary shares increased to RMB163.5 million as of June 30, 2026, primarily due to interest accrued. Our redemption liabilities on ordinary shares remained relatively stable at RMB164.6 million as of July 31, 2026.

Lease Liabilities

Our lease liabilities primarily relate to the office premises and production and assembly facility we leased for our business operations. Our lease liabilities were RMB5.3 million, RMB9.5 million, RMB9.6 million, RMB11.9 million and RMB11.6 million as of December 31, 2023, 2024 and 2025, June 30, 2026 and July 31, 2026, respectively. The fluctuations were primarily due to new or renewed leases, partially offset by our lease payments.

Interest-bearing Bank Loans

We had bank loans of nil, RMB2.0 million, RMB132.0 million, RMB328.9 million and RMB377.0 million as of December 31, 2023, 2024 and 2025, June 30, 2026 and July 31, 2026, respectively, which were used to finance our procurement of raw materials and product components and working capital requirements. Depending on the term of the bank borrowings, the effective interest rates of our bank loans during the Track Record Period ranged from 2.2% to 2.9% per annum. As of December 31, 2023, 2024 and 2025 and June 30, 2026, our interest-bearing bank loans in the amount of nil, RMB2.0 million, RMB127.0 million and RMB131.8 million, respectively, were guaranteed by Ms. Dan, Mr. Zhu and Mr. Zhai, members of the group of Controlling Shareholders of our Company. The relevant guarantees have either been released or will be released upon [**REDACTED**] without material adverse change to the existing repayment terms of the bank borrowings. As of the Latest Practicable Date, our interest-bearing bank borrowings for which the personal guarantees provided by Ms. Dan, Mr. Zhu and Mr. Zhai had not been released were in the amount of RMB131.7 million. The relevant guarantees will be released upon [**REDACTED**], and we will settle such bank borrowings in accordance with their repayment terms by the financial resources available to us, including cash flow from operating activities, cash and cash equivalents and unutilized credit facilities. As of July 31, 2026, we had cash and cash equivalents of RMB135.8 million and unutilized credit facilities of RMB239.1 million.

The following table sets forth the maturity profile of our interest-bearing bank loans as of the dates indicated.

	As of December 31,			As of June 30,	As of July 31,
	2023	**2024**	**2025**	**2026**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (*unaudited*)
Bank loans repayable:					
Within one year	–	2,000	132,038	328,941	376,962

Our Directors confirm that there has been no material change in our indebtedness position since July 31, 2026 and up to the date of this document. As of the Latest Practicable Date, there were no material restrictive covenants in our indebtedness which could significantly limit our ability to undertake additional debt or equity financing, nor was there any breach of such covenants 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 did not experience any difficulty in obtaining bank loans and other borrowings. As of the Latest Practicable Date, except for bank borrowings, we did not have plans for other material external debt financing.

As of July 31, 2026, we had unutilized credit facilities of RMB239.1 million.

CONTINGENT LIABILITIES

As of December 31, 2023, 2024 and 2025 and June 30, 2026, we did not have any material contingent liabilities, guarantees or any litigation or claim of material importance, pending or threatened against us or any member of our Group that is likely to have a material and adverse effect on our business, financial condition and results of operations.

CAPITAL EXPENDITURES AND CAPITAL COMMITMENTS

Capital Expenditures

Our capital expenditures primarily relate to (i) property, plant and equipment and (ii) other intangible assets. The following table sets forth our capital expenditure 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 (unaudited)*	*RMB'000*
Purchases of items of property, plant and equipment	1,011	3,163	3,073	1,057	5,823
Purchases of other intangible assets	–	–	–	–	150
Total	**1,011**	**3,163**	**3,073**	**1,057**	**5,973**

Our capital expenditures were RMB1.0 million, RMB3.2 million, RMB3.1 million, RMB1.1 million and RMB6.0 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. We intend to fund our planned capital expenditures through a combination of existing cash, cash flows generated from our operating activities, bank borrowings and the [**REDACTED**] from the [**REDACTED**]. See "Future Plans and [**REDACTED**]" for the portion of capital expenditures to be funded by the proceeds from the [**REDACTED**]. We may adjust our capital expenditures for any given period according to our development plans or in light of market conditions, the regulatory environment and other factors we believe to be appropriate.

Capital Commitments

During the Track Record Period, we did not have any significant capital commitments.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet transactions.

RELATED PARTY TRANSACTIONS

During the Track Record Period and up to the Latest Practicable Date, Ms. Dan, Mr. Zhu and Mr. Zhai, members of the group of Controlling Shareholders of our Company, had provided personal guarantees for our interest-bearing bank borrowings. The relevant guarantees have either been released or will be released upon [**REDACTED**]. Gongchuang Onyx, Ms. Dan, Mr. Zhu and Mr. Zhai provided joint and several guarantees for our payment obligations under the capital reduction agreement entered into in 2024. Following our settlement of payment obligations under the capital reduction agreement on August 13, 2026, the aforementioned guarantees have been released accordingly. For further details of our related party transactions, please see Note 31(b) to the Accountants' Report set out in Appendix I to this document.

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**
Net profit margin(1)	15.4%	11.9%	11.6%	9.3%
Return on equity(2)	38.4%	52.7%	119.4%	31.5%
Return on total assets(3)	24.8%	21.0%	19.0%	5.8%
Trade receivables turnover days(4)	10	8	9	9
Gearing ratio(5)	1.4%	215.0%	214.7%	253.1%
Adjusted net profit margin (non-HKFRS measure)(6)	15.4%	12.9%	15.1%	11.9%

Notes:

(1) Net profit margin is calculated by dividing profit for the year/period by total revenue of the corresponding year/period.

(2) Return on equity is calculated by dividing profit for the year/period attributable to owners of the parent by the average balance of equity attributable to owners of the parent as of the relevant year/period end.

(3) Return on total assets is calculated by dividing profit for the year/period by the average total assets as of the relevant year/period end.

(4) Trade receivables turnover days are calculated using the average of opening balance and closing balance of trade receivables for the year divided by revenue for the relevant year and multiplied by 365 or 183 days (as the case may be).

(5) Gearing ratio is calculated by dividing total interest-bearing debt (being redemption liabilities on ordinary shares, interest-bearing bank loans and lease liabilities) by total equity attributable to owners of the parent as of the relevant year/period end.

(6) Adjusted net profit margin (non-HKFRS measure) is calculated by dividing adjusted net profit (non-HKFRS measure) by total revenue of the corresponding year/period.

QUANTITATIVE AND QUALITATIVE DISCLOSURE OF FINANCIAL RISKS

We are exposed to a variety of financial risks in the ordinary course of business, including foreign currency risk, credit risk and liquidity risk. We manage and monitor these exposures to ensure appropriate measures are implemented in a timely and effective manner. See Note 33 to the Accountants' Report set out in Appendix I to this document for further details.

Foreign Currency Risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between the Renminbi and other currencies in which we conduct our business may affect our financial condition and results of operations.

The following table sets forth a sensitivity analysis of exchange rate risk, reflecting the impact of reasonable and possible changes in foreign currency exchange rates on net profit after tax under the assumption that other variables remain unchanged.

	Increase/(decrease) in USD/RMB rate	Increase/ (decrease) in profit before tax
	%	*RMB'000*
As of December 31, 2023		
If the USD strengthens against the RMB	5	3,852
If the USD weakens against the RMB	5	(3,852)
As of December 31, 2024		
If the USD strengthens against the RMB	5	4,472
If the USD weakens against the RMB	5	(4,472)
As of December 31, 2025		
If the USD strengthens against the RMB	5	4,241
If the USD weakens against the RMB	5	(4,241)
As of June 30, 2026		
If the USD strengthens against the RMB	5	1,599
If the USD weakens against the RMB	5	(1,599)

Credit Risk

We only trade with recognized and creditworthy third parties, and all customers who wish to trade on credit terms are subject to credit verification procedures. Receivable balances are monitored on an ongoing basis, and our exposure to bad debts is not significant. The credit risk of our other financial assets, which comprise cash and cash equivalents and the financial assets included in prepayments, other receivables and other assets, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

See Note 33(b) to the Accountants' Report set out in Appendix I to this document for detailed information on the credit quality and the maximum exposure to credit risk based on our credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification.

Liquidity Risk

We monitor and maintain a level of cash and cash equivalents that we deem adequate to finance our operations and mitigate the effects of fluctuations in cash flows. Our objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank loans, and other available sources of financing. See Note 33(c) to the Accountants' Report set out in Appendix I to this document for further details.

DIVIDENDS AND DIVIDEND POLICY

We declared dividends of RMB10.0 million and RMB90.0 million in 2023 and 2024, respectively, all of which had been fully paid. We also declared dividends of RMB100.0 million in 2025, which will be settled with our internal resources. No other dividend was declared or paid by our Company or other entities comprising our Group during the Track Record Period.

We do not currently have a formal dividend policy or any predetermined dividend payout ratio. Any dividend we pay in the future will be at the discretion of our Directors and will depend on our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors which our Directors consider relevant. Our shareholders in a general meeting may approve any declaration of dividends, which must not exceed the amount recommended by our Board. As advised by our PRC Legal Advisor, no dividend shall be declared or payable, unless we have profits and reserves lawfully available for distribution. Our future net profits must first be applied to offset our historically accumulated losses. Thereafter, we are required to allocate 10% of our net profit to our statutory common reserve fund until the fund's balance reaches 50% of our registered capital.

DISTRIBUTABLE RESERVES

As of June 30, 2026, we had retained profits of RMB127.8 million available for distribution to our Shareholders.

UNAUDITED [REDACTED] FINANCIAL INFORMATION

See "A. Unaudited [**REDACTED**] Statement of Adjusted Consolidated Net Tangible Assets" in Appendix II to this document for further details of our unaudited [**REDACTED**] statement of adjusted consolidated net tangible assets.

No adjustment has been made to the unaudited [**REDACTED**] statement of adjusted consolidated net tangible assets of the Group to reflect any trading results or other transactions entered into subsequent to June 30, 2026.

[REDACTED]

The estimated total [**REDACTED**], which are non-recurring in nature, are RMB[**REDACTED**] (assuming an [**REDACTED**] of HK$[**REDACTED**] per H Share (being the mid-point of the indicative [**REDACTED**])), representing approximately [**REDACTED**]% of the estimated [**REDACTED**] from the [**REDACTED**] assuming that the [**REDACTED**] is not exercised. The expenses consist of (i) [**REDACTED**]-related expenses, including [**REDACTED**] commissions and fees, of approximately RMB[**REDACTED**], (ii) non-[**REDACTED**]-related expenses of approximately RMB[**REDACTED**], comprising (a) fees paid and payable to legal advisors and Reporting Accountants of RMB[**REDACTED**] and (b) other fees and expenses of RMB[**REDACTED**]. During the Track Record Period, (i) RMB13.4 million were charged to our consolidated statements of profit or loss for the year ended December 31, 2025, (ii) RMB1.8 million were charged to our consolidated statements of profit or loss for the six months ended June 30, 2026 and (iii) RMB2.6 million were capitalized to our consolidated statements of financial position as of June 30, 2026, which are expected to be deducted from equity upon [**REDACTED**]. Among the estimated remaining [**REDACTED**], approximately RMB[**REDACTED**] is expected to be charged to our profit or loss, and approximately RMB[**REDACTED**] is expected to be deducted from equity. The [**REDACTED**] above are the best estimate as of the Latest Practicable Date and for reference only. The actual amount may differ from this estimate.

NO MATERIAL ADVERSE CHANGE

On August 13, 2026, in accordance with the capital reduction agreement entered into between our Company and our then shareholders (as supplemented and modified by a supplemental agreement entered into among the parties to the capital reduction agreement on August 12, 2026), we had fully settled all outstanding balances with Youngy Group, including other receivables of RMB18.4 million and capital reduction payables of RMB59.8 million.

After due and careful consideration, our Directors confirm that, as of the date of this document, (i) there has been no material adverse change in our financial and trading position or prospects since June 30, 2026, being the end of the reporting period as set out in the Accountants' Report in Appendix I to this document and (ii) save as disclosed above, there has been no event since June 30, 2026 that would materially affect the information shown in the Accountants' Report set forth in Appendix I to this document.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

We confirm that, as of the Latest Practicable Date, there were no circumstances that would give rise to a disclosure requirement under Rule 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS

See "Business — Our Development Strategies" for a detailed description of our future plans.

[REDACTED]

Assuming an [**REDACTED**] of HK$[**REDACTED**] per H Share (being the mid-point of the [**REDACTED**] stated in this document), and that the [**REDACTED**] is not exercised, we estimate that the [**REDACTED**] of the [**REDACTED**] will be approximately HK$[**REDACTED**], after deducting the estimated [**REDACTED**] fees, commissions and other estimated expenses paid and payable by us in connection with the [**REDACTED**].

We currently intend to use the [**REDACTED**] from the [**REDACTED**] for the purposes and in the amounts as set out below:

- Approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**], will be used for upgrading our technological R&D and product iteration capabilities, which is in line with our business strategies to drive technological innovation to capture opportunities from the AI wave and expand product and service boundaries to build growth across multiple areas. According to Frost & Sullivan, the global knowledge-driven productivity tools market is projected to increase from RMB44.4 billion in 2026 to RMB80.4 billion in 2030, representing a CAGR of approximately 16.0%. The increase can be attributed to several key drivers: (i) the integration of AI capabilities and cloud services; (ii) the rising demand for paperless solutions in education, law and healthcare; and (iii) the growing focus on personal knowledge management. We will focus on advancing the core technologies in areas and aim to build an operating system centered around customer experience and data security. Specifically:

  – Approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**], will be used for upgrading our R&D center, primarily to support our strategy of driving technological innovation through AI- and cloud-related research and development.

    We plan to continuously enhance the competitive advantages of BOOX Engines by integrating and optimizing large language models to support text, handwriting, image and voice processing, and provide platform-level capabilities across different devices. BOOX Engines can be deployed on our BOOX series products to provide cloud services to users, or they can be deployed on personal PCs or AI BOOX computing terminals to provide AI computing power support to users. We will initially offer a free subscription service as a front-end user acquisition and education tool to build reliance on the AI capabilities of our BOOX products. As user habits mature, we will progressively introduce paid services and AI-enabled BOOX computing terminals, forming a closed-loop monetization model.

    In this regard, we plan to continue strengthening our R&D capabilities and may establish new R&D centers in the future, taking into account our business needs and the development of our R&D projects, and procure the necessary hardware infrastructure, including high-performance cloud servers, storage devices, high-speed networking equipment and container services to support the abovementioned activities.

    Over five years, we plan to carry out more than ten R&D projects at these centers, supported by an R&D team of approximately 260 personnel. During the five year period, the planned R&D personnel are expected to be deployed across the Group's key technology functions, comprising approximately 60 personnel for cloud service platform development, 155 personnel for software development, and 45 personnel for hardware product development and product testing. The proposed increase in R&D headcount is driven by the expansion of R&D projects. The planned hires will be allocated across more than ten progressively implemented R&D projects with typically around 20 personnel per project, including project management, engineering, testing and support functions, taking into account current workforce and phased rollout. Recruitment will focus on experienced personnel, primarily in AI agent and cloud platform development, with remuneration determined based on qualifications and expertise.

Our R&D projects focus on enhancing BOOX Engines by improving its ability to handle longer content, better understand different types of input and provide more accurate results. They also aim to improve AI BOOX computing terminals in terms of computing power, system stability and security. BOOX AI+ assistant will be enhanced to establish a persistent memory mechanism across multiple conversations and connect with internal enterprise systems to assist users in handling workflow-based tasks. AI+ reading assistant will be improved to better process long documents, analyze multiple documents together and understand mixed formats such as handwritten and annotated content. The projects include AI agent-based BOOX AI+ assistant, AI+ reading assistant, AI BOOX computing terminal, private deployment of BOOX Engines, development of multimodal knowledge bases, and additional features for BOOX Engines. These initiatives are intended to strengthen the underlying AI technology supporting our product development.

Additionally, over the next five years, we will complete the regional deployment of AI servers, which are expected to be primarily deployed in telecom operator data centers across key regions, including mainland China, North America and Europe, rather than at our planned R&D centers. Such deployment will be carried out on a regional basis, with AI servers deployed in each region to process and store data collected in that region, without transferring it across regions. Through site leasing, laboratory renovations and the purchase of testing equipment, we will enhance our capability to provide technical support for hardware products, software system algorithms and product reliability testing. These arrangements also support our creation of a conducive working environment to attract top talent.

In furtherance of our core principles of authorization, data localization and data minimization, we will continuously strengthen our data encryption and security systems to enhance user privacy management and strengthen our cloud infrastructure. These enhancements build on our existing security framework, including encryption and access control, and focus on more granular control over data access and usage, as well as stronger identity management. They will also incorporate greater automation in security operations and AI-driven data governance, together with tailored safeguards for AI-related use cases, to improve overall system control.

– Approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**], will be used for the development of our hardware and software products, primarily to support our strategy of planning to continue investing in R&D and developing our BOOX OS.

We plan to develop smart hardware solutions for multiple use scenarios by leveraging our AI capabilities, including display adaptation and identification of user needs in specific scenarios. For example, for voice recording needs, we plan to introduce AI voice card, and for information display needs, we plan to introduce AI-enabled on-device information display terminals for information presentation. These terminals aggregate user-relevant information, such as news, weather and professional content, and present it on a dedicated display after AI-based filtering and organization. The information can be shown in user-friendly formats such as text, charts or visual summaries. In addition, as certain applications require higher computing capability, we also plan to introduce AI computing terminal to support these use cases. Such terminal is expected to be deployed locally by individual or enterprise users, rather than at our planned R&D centers, and will continue to be developed and rolled out over the next five years. This development of our more targeted hardware product portfolio for specific scenarios will go beyond mere extension of our existing product lines.

We will focus on developing more software products suitable for our user group based on user profiling derived from BOOX users. Accordingly, we procure content from third-party providers, based on our assessment of user needs and content suitability, such as e-books, periodicals, articles and educational or reference materials, with availability varying by region and language. Such content is integrated into our progressively developed software as a database and, together with our hardware products, is used to provide supporting services to users. Such supporting services to users are primarily in facilitating users' access to and use of such content within our devices and applications. We assess the relevance and appropriateness of such content based on user needs, particularly in sectors such as education, law and healthcare, where requirements for functionality, data security and compliance may differ. Based on such assessment, we determine whether to develop in-house or source from third-party providers, taking into account performance, timing and cost, and select qualified providers accordingly. We also conduct ongoing evaluation of providers, replace those that fail to meet standards and monitor regulatory developments, including requiring remediation and obtaining licenses where required, to ensure such content remains appropriate, reliable and compliant with applicable requirements. By incorporating third-party functional data, it will meet the needs of professional sectors such as education, law, and healthcare. We also plan to develop a new software portfolio with targeted applications for note-taking, reading, and emotional well-being. This aligns with our development strategies to explore features such as smart reading summaries, intelligent note organization and personalized content.

– Approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**], will be used for the iterative development of our existing products, primarily to support our strategy of driving technological innovation by accelerating the iteration and upgrades of existing products.

We plan to advance system-level updates to enhance the user experience by adopting higher Android versions, improving system speed and smoothness, and enhancing compatibility and security. We also plan to strengthen core product performance through ongoing improvements in computing power, battery life, and operational responsiveness. We will also increase our R&D investment in BSR fast-refresh technology and BSR algorithm technology, focusing on performance optimization, power efficiency and feature expansion.

• Approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**], will be used for strengthening our sales and marketing capabilities to drive market share growth, which is in line with our business strategy to strengthen brand influence and enhance efficient, reliable service response. According to Frost & Sullivan, the global knowledge-driven productivity tools market is expected to benefit from increasing consumer preference for eye-comfort and low-glare display technologies, particularly in mature markets such as North America and Europe. As consumers become more discerning, purchasing decisions are increasingly influenced by product experience, ecosystem capabilities and the availability of localized pre- and after-sales services. We plan to leverage BOOX OS's global adaptability to enhance our international reach and brand influence. Specifically:

– Approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**], will be used for expanding our overseas market, primarily to support our strategy of enhancing brand presence and providing efficient, timely and reliable service responses.

As a part of our development strategy to strengthen brand presence, we plan to include targeted advertising and enhanced traffic operations on mainstream platforms such as Google, Meta and Amazon, with a focus on core markets in North America and Europe. We aim to reach students, professionals and reading enthusiasts to boost product visibility and improve conversion efficiency.

Additionally, we plan to reinforce the BOOX brand image through IP collaborations, environmental sustainability initiatives, brand public welfare programs and sponsorships of cultural programs and initiatives. We will also actively participate in international exhibitions, high-level interviews, specialized forums and industry conferences to capture overseas business opportunities.

From 2027 to 2031, we plan to establish a sales and service center in California, the United States, and collaborate with leading retail channels to progressively expand our presence in their brick-and-mortar stores for the display and sale of our products. As our cooperation deepens, we expect the number of stores carrying our products to increase gradually. We also plan to establish a U.S.-based sales team to support the above expansion initiatives. The size of the team will be expanded progressively in line with our business development needs. During the same period, we plan to further expand our presence in major offline retail channels across Europe through local distributors. In addition, our expansion in Europe focuses on brand building and sales channel development through online traffic generation and offline product display, including collaboration with local distributors for placement in retail stores in selected markets. We have entered into retail outlets in the Netherlands through local distributors, and continued expansion of e-commerce channels.

Our focus will be on offering full-size flagship devices, AI-assisted office equipment, professional large-format products, industry solutions and a suite of related accessories and services. AI-assisted office equipment generally comprises our existing, commercially available devices with AI-enabled functionalities to support productivity use, such as voice transcription and handwriting recognition, which are primarily used for meeting recording, reading and note-taking. Professional large-format products comprise our existing larger-size electronic paper display devices designed for professional reading and workflow applications. Industry solutions refer to our existing and evolving integrated offerings based on our products, including device management, flexible deployment options and application support for specific industries and usage scenarios.

These centers will focus on a similar range of products. We aim to expand our overseas distributor network by adding more distributors and optimizing regional distribution layouts to strengthen our reach to end users. The objective is to implement our development strategies to ensure efficient and reliable service support in international markets through localized operations.

Specifically, (i) approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used in targeted advertising and enhanced traffic operations on mainstream platforms, participation in international exhibitions, high-level interviews, specialized forums and industry conferences, as well as expansion of our overseas distributor network; and (ii) approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used in expansion of offline experience stores and construction of sales and service centers, among which, (a) approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used to build a sales team of five to eight people in the U.S. over the next five years, (b) approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for the construction of sales and service centers, and (c) approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for the offline experience stores.

– Approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**], will be used for strengthening our domestic marketing network to enhance our brand awareness and brand image, reinforce the market mindshare of our products among users, and expand and improve the sales capabilities of our distribution channels as a key focus of our future domestic market sales strategy, primarily to support our strategy of strengthening core brand and deepening user engagement through an integrated marketing system.

We plan to establish an integrated advertising delivery system that combines these channels to bolster our brand awareness and improve product reach efficiency. This system is aligned with our existing sales channels and product portfolio. Online advertising supports e-commerce channels by directing traffic to our branded stores through placement within such channels, while offline advertising supports distributors and point-of-sale activities. Offline advertisements will be placed in key consumer environments, such as elevators, high-traffic commercial areas and storefronts, aligning with the daily routines of our target customers. Additionally, we will implement precise traffic acquisition and targeted advertising on major e-commerce platforms to optimize search rankings and product visibility, ultimately improving online store conversion rates.

Furthermore, we plan to continuously grow both online and offline sales channels, building a network that offers all-domain coverage and highly efficient synergy. We will expand online sales channels, increase investment in live-streaming commerce and owned user channels, enhance and optimize our offline distributor network and expand the number and quality of offline retail outlets, further develop enterprise-oriented sales channels, and increase participation in offline industry exhibitions.

In parallel, we plan to strengthen content operations and user operations, enhance user engagement and activity, and increase investment in resource integration. We aim to retain core users by leveraging platforms like WeCom and community groups, while collaborating with top brands and KOLs across various fields to promote products and drive sales through increased traffic. In addition, we will launch "pop-up sales" in core city shopping districts and malls. Through this integrated domestic marketing network that combines both online and offline channels, this forms part of our development strategy to expand brand awareness and enhance customer loyalty.

Specifically, (i) approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used in online and offline advertising and content placement activities; (ii) approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used in expansion of online and offline sales channels and enhance our sales network; (iii) approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for operational and resource integration capabilities; and (iv) approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used in the expansion of our sales team through the recruitment of approximately 12 sales personnel with expertise in marketing, branding, operations, product, AI and data analytics.

- Approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**], will be used for pursuing M&A and investment opportunities guided by the principles of expanding our hardware and software product matrix and integrating strategic resources, which is in line with our business strategy to invest in talent acquisition and team development to drive future innovation and growth. According to Frost & Sullivan, knowledge-driven productivity tools are shifting from being standalone hardware products to becoming integrated solutions that combine hardware, software and services. Demand for digital reading and writing continues to grow across sectors, alongside the development of AI applications for smart devices. The market, however, remains fragmented, with many small- to medium-sized innovative companies facing constraints in capital and distribution.

We intend to identify target companies in the consumer electronics sector with technical know-how, intellectual property, stable user bases, or competitive products. Specifically, we apply a combination of qualitative and quantitative factors in identifying potential targets, taking into account considerations such as technological capabilities, product relevance, user base, as well as factors including revenue scale, growth profile and valuation, where applicable. We plan to broaden our product and service boundaries and increase our market share to drive growth across multiple areas. We will focus on targets with user segments such as knowledge workers and active learners, prioritizing application scenarios within the knowledge domain.

We also plan to enter high-value application areas that align with our existing user base, such as education, legal, and healthcare which is in line with our development strategy to focus on high-value vertical industry solutions. In detail, we intend to pursue such expansion primarily through selective acquisitions of small technology companies in these sectors with established software solutions, user bases or distribution channels, rather than acquiring entities that directly operate in such sectors. Through such acquisitions, which are planned to be conducted progressively from 2027 to 2030, we will obtain industry-specific know-how and technological capabilities and integrate them with our existing products and services to develop industry-oriented solutions.

As a result, our Directors and Industry Consultant are of the view that there is a sufficient pool of companies in the market that meet our acquisition criteria and can serve as potential acquisition targets, which we estimate to be a sizable pool of approximately 80 to 120 potential candidates. The consideration for each potential investment or acquisition is expected to range from approximately RMB50.0 million to RMB100.0 million, with no rigid requirements on operating history or financial performance, as certain targets, particularly those with emerging technologies, may be at an early stage of development. We will prioritize targets located in the PRC. Any such acquisitions are expected to be pursued from 2027 onwards over an approximate period of three years and may support our long-term business development. As at the Latest Practicable Date, we had not identified any targets for acquisitions and/or investments.

For strategic investments, we will focus on AI-related opportunities in smart hardware to enhance our AI algorithms and multimodal interaction technologies. In addition to technology and product considerations, we will also take into account the opportunity to integrate experienced research and development, operational and management teams through strategic investments and acquisitions.

- Approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**], will be used for upgrading our production facilities and supply chain, which is in line with our business strategy to enhance efficient, reliable service response.

For our strategy to ensure a stable product supply, we aim to prioritize advancing automation across our production lines, particularly at our factory in Nansha. This will involve acquiring automated equipment, such as industrial robots, assembly systems, gap and alignment detection devices, pressure-holding systems, packaging, sealing, and strapping machines, as well as screw machines.

Additionally, we will develop a digital twin platform for the factory. This platform enables real-time integration of production and supply chain data, including equipment status, capacity utilization and material flow. The digital twin platform will directly support our existing production and supply chain operations and represent a digital upgrade built on our factory in Nansha, enhancing its ERP, which is mainly applied in production, inventory and supplier management. This integration facilitates production monitoring, planning simulation and coordinated scheduling, ultimately improving operational efficiency and reducing the impact of supply chain fluctuations.

Accordingly, this platform is intended to enhance our visibility and control over production and supply chain operations, particularly in monitoring equipment status, capacity utilization and material flow across different production stages. According to Frost & Sullivan, the adoption of such digital tools is consistent with industry practices.

To enhance our supply chain management capabilities, we generally aim to leverage digital technologies to optimize and develop our entire value chain — from procurement and inventory management to logistics and supplier management. We also plan to purchase equipment such as intelligent shelves, barcode traceability, automated guided vehicles and intelligent warehousing systems to facilitate automated inventory management of raw materials and finished goods.

Specifically, (i) approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used in recruitment production and supply chain digitalization professionals, approximately 23 in total, over the next five years; (ii) approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used in production line automation upgrades, including automation hardware and software; (iii) approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used in the purchase of the equipment to enhance our inventory management capabilities, including smart logistics and warehousing equipment and related supply chain management systems; (iv) approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used in the supply chain system optimization and development.

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

Our Directors have undertaken that the [**REDACTED**] from the [**REDACTED**] will not be used to conduct business in regions subject to international sanctions relating to the Sanctioned Countries.

To the extent that our [**REDACTED**] from the [**REDACTED**] are more or less than expected (including as a result of (i) the [**REDACTED**] being set at a price higher or lower than the mid-point of the [**REDACTED**]; or (ii) additional [**REDACTED**] from the exercise of the [**REDACTED**]), we will adjust our allocation of the [**REDACTED**] for the above purposes on a pro rata basis.

To the extent that the [**REDACTED**] are not immediately applied to the above purposes, we will only deposit the [**REDACTED**] into short-term interest-bearing accounts with licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance or applicable laws and regulations in other jurisdictions). In such an event, we will comply with the appropriate disclosure requirements under the Listing Rules.

[**REDACTED**]

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The following is the text of a report received from the Company's reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this Document.

[To insert the firm's letterhead]

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF ONYX INTERNATIONAL INC. AND CHINA SECURITIES (INTERNATIONAL) CORPORATE FINANCE COMPANY LIMITED

Introduction

We report on the historical financial information of Onyx International Inc. (the "Company") and its subsidiaries (together, the "Group") set out on pages I-[●] to I-[●], which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026 (the "Relevant Periods"), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at December 31, 2023, 2024 and 2025 and June 30, 2026 and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-[●] to I-[●] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [Date] (the "Document") in connection with the [**REDACTED**] of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group and the Company as at December 31, 2023, 2024 and 2025 and June 30, 2026 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Review of interim comparative financial information

We have reviewed the interim comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six months ended June 30, 2025 and other explanatory information (the "Interim Comparative Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Interim Comparative Financial Information in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity as issued by the HKICPA. 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 Hong Kong 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 Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-[●] have been made.

Dividends

We refer to note 11 to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Relevant Periods.

[●]
Certified Public Accountants
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 financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing ("HKSAs") as issued by the HKICPA (the "Underlying Financial Statements").

The Historical Financial Information are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended December 31,			Six months ended June 30,	
	Notes	2023	2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
REVENUE	5	803,580	1,017,519	1,128,185	534,192	573,588
Cost of sales		(534,627)	(641,933)	(702,831)	(331,613)	(364,245)
Gross profit		268,953	375,586	425,354	202,579	209,343
Other income and gains	5	6,257	7,397	8,660	3,128	1,182
Selling and distribution expenses		(73,174)	(144,437)	(157,132)	(74,470)	(82,910)
Administrative expenses		(23,056)	(29,988)	(46,004)	(14,122)	(20,564)
Research and development expenses		(37,737)	(55,729)	(64,441)	(28,814)	(33,621)
Impairment losses on financial assets, net		(16)	(312)	(203)	(2)	126
Other expenses		(395)	(7,655)	(1,960)	(74)	(4,282)
Finance costs	7	(732)	(9,409)	(15,352)	(7,614)	(9,373)
PROFIT BEFORE TAX	6	140,100	135,453	148,922	80,611	59,901
Income tax expense	10	(16,045)	(14,269)	(18,193)	(10,554)	(6,631)
PROFIT FOR THE YEAR/PERIOD		124,055	121,184	130,729	70,057	53,270
OTHER COMPREHENSIVE LOSS						
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:						
Exchange differences on translation of foreign operations		–	–	–	–	(20)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD		124,055	121,184	130,729	70,057	53,250
Profit attributable to:						
Owners of the parent		124,055	121,184	130,729	70,057	53,270
Total comprehensive income attributable to:						
Owners of the parent		124,055	121,184	130,729	70,057	53,250
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT						
Basic and diluted (RMB)						
– For profit for the year/period	12	2.76	4.34	4.43	2.42	1.78

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	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*
NON-CURRENT ASSETS					
Property, plant and equipment	*13*	2,241	3,324	4,099	7,100
Right-of-use assets	*14(a)*	43,241	8,874	8,815	11,051
Intangible assets	*15*	218	134	60	1,251
Deferred tax assets	*24*	5,305	6,476	7,619	7,028
Prepayments, other receivables and other assets	*16*	265	609	1,515	3,644
Total non-current assets		51,270	19,417	22,108	30,074
CURRENT ASSETS					
Inventories	*17*	241,874	304,720	499,141	748,775
Trade receivables	*18*	31,017	15,049	42,368	15,609
Prepaid income tax		–	3,831	4,876	3,028
Prepayments, other receivables and other assets	*16*	33,216	66,821	75,531	155,254
Cash and cash equivalents	*19*	200,766	187,301	137,126	117,544
Total current assets		506,873	577,722	759,042	1,040,210
CURRENT LIABILITIES					
Trade and bills payables	*20*	68,513	76,506	84,867	116,823
Other payables and accruals	*21*	63,652	216,560	218,449	203,772
Interest-bearing bank loans	*22*	–	2,000	132,038	328,941
Contract liabilities	*23*	30,762	46,483	30,463	35,863
Lease liabilities	*14(b)*	3,375	3,054	4,458	5,122
Tax payable		4,926	275	3,132	3,472
Provision	*25*	4,528	5,974	6,278	6,520
Redemption liabilities on ordinary shares	*26*	–	160,074	157,171	163,531
Total current liabilities		175,756	510,926	636,856	864,044
NET CURRENT ASSETS		331,117	66,796	122,186	176,166
TOTAL ASSETS LESS CURRENT LIABILITIES		382,387	86,213	144,294	206,240
NON-CURRENT LIABILITIES					
Lease liabilities	*14(b)*	1,919	6,422	5,106	6,751
Deferred tax liabilities	*24*	–	–	–	203
Total non-current liabilities		1,919	6,422	5,106	6,954
Net assets		380,468	79,791	139,188	199,286
EQUITY					
Paid-in capital/Share capital	*27*	15,000	8,918	30,000	30,000
Reserves	*29*	365,468	70,873	109,188	169,286
Total equity		380,468	79,791	139,188	199,286

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended December 31, 2023

	Attributable to owners of the parent				
	Paid-in capital	Capital reserve*	Surplus reserves*	Retained profits*	Total equity
	RMB'000 *(note 27)*	*RMB'000* *(note 29)*	*RMB'000* *(note 29)*	*RMB'000*	*RMB'000*
At January 1, 2023	15,000	17,000	7,500	226,913	266,413
Profit for the year	–	–	–	124,055	124,055
Total comprehensive income for the year	–	–	–	124,055	124,055
Dividend declared *(note 11)*	–	–	–	(10,000)	(10,000)
At December 31, 2023	15,000	17,000	7,500	340,968	380,468

Year ended December 31, 2024

	Attributable to owners of the parent						
	Paid-in capital	Capital reserve*	Other reserve*	Share-based payment reserve*	Surplus reserves*	Retained profits*	Total equity
	RMB'000 *(note 27)*	*RMB'000* *(note 29)*	*RMB'000* *(note 26)*	*RMB'000* *(note 28)*	*RMB'000* *(note 29)*	*RMB'000*	*RMB'000*
At January 1, 2024	15,000	17,000	–	–	7,500	340,968	380,468
Profit for the year	–	–	–	–	–	121,184	121,184
Total comprehensive income for the year	–	–	–	–	–	121,184	121,184
Appropriations to statutory surplus reserves	–	–	–	–	4,459	(4,459)	–
Capital reduction *(note 27)*	(6,082)	(17,000)	–	–	(7,500)	(151,238)	(181,820)
Share-based payment *(note 28)*	–	–	–	1,009	–	–	1,009
Recognition of redemption liabilities on ordinary shares *(note 26)*	–	–	(162,180)	–	–	–	(162,180)
Dividend declared *(note 11, 26)*	–	–	11,130	–	–	(90,000)	(78,870)
At December 31, 2024	8,918	–	(151,050)	1,009	4,459	216,455	79,791

Year ended December 31, 2025

	Attributable to owners of the parent						
	Paid-in capital/Share capital	**Capital reserve***	**Other reserve***	**Share-based payment reserve***	**Surplus reserves***	**Retained profits***	**Total equity**
	RMB'000 *(note 27)*	*RMB'000* *(note 29)*	*RMB'000* *(note 26)*	*RMB'000* *(note 28)*	*RMB'000* *(note 29)*	*RMB'000*	*RMB'000*
At January 1, 2025	8,918	–	(151,050)	1,009	4,459	216,455	79,791
Profit for the year	–	–	–	–	–	130,729	130,729
Total comprehensive income for the year	–	–	–	–	–	130,729	130,729
Transfer from retained profits to paid-in capital *(note 27)*	1,082	–	–	–	–	(1,082)	–
Dividend declared *(note 11, 26)*	–	–	15,900	–	–	(100,000)	(84,100)
Conversion into a joint stock company	20,000	21,927	135,150	(8,070)	(4,459)	(164,548)	–
Share-based payment	–	–	–	12,768	–	–	12,768
Appropriations to statutory surplus reserves	–	–	–	–	7,071	(7,071)	–
At December 31, 2025	30,000	21,927	–	5,707	7,071	74,483	139,188

Six months ended 30 June 2025 (unaudited)

	Attributable to owners of the parent					
	Paid-in capital	**Other reserve**	**Share-based payment reserve**	**Surplus reserves**	**Retained profits**	**Total equity**
	RMB'000 *(note 27)*	*RMB'000* *(note 26)*	*RMB'000* *(note 28)*	*RMB'000* *(note 29)*	*RMB'000*	*RMB'000*
At January 1, 2025	8,918	(151,050)	1,009	4,459	216,455	79,791
Profit for the period (unaudited)	–	–	–	–	70,057	70,057
Total comprehensive income for the period (unaudited)	–	–	–	–	70,057	70,057
Transfer from retained profits to paid-in capital *(note 27)* (unaudited)	1,082	–	–	–	(1,082)	–
Share-based payment (unaudited)	–	–	6,052	–	–	6,052
At June 30, 2025 (unaudited)	10,000	(151,050)	7,061	4,459	285,430	155,900

Six months ended 30 June 2026

	Attributable to owners of the parent						
	Share capital	**Capital reserve***	**Share-based payment reserve***	**Surplus reserves***	**Exchange fluctuation reserve***	**Retained profits***	**Total equity**
	RMB'000 *(note 27)*	*RMB'000* *(note 29)*	*RMB'000* *(note 28)*	*RMB'000* *(note 29)*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2026	30,000	21,927	5,707	7,071	–	74,483	139,188
Profit for the period	–	–	–	–	–	53,270	53,270
Other comprehensive loss for the period:							
Exchange differences on translation of foreign operations	–	–	–	–	(20)	–	(20)
Total comprehensive income for the period	–	–	–	–	(20)	53,270	53,250
Share-based payment	–	–	6,848	–	–	–	6,848
At June 30, 2026	30,000	21,927	12,555	7,071	(20)	127,753	199,286

* These reserve accounts comprise the consolidated reserves of approximately RMB365,468,000, RMB70,873,000, RMB109,188,000 and RMB169,286,000 in the consolidated statements of financial position as at December 31, 2023, 2024 and 2025 and June 30, 2026, respectively.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	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*
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before tax		140,100	135,453	148,922	80,611	59,901
Adjustments for:						
Finance costs	*7*	732	9,409	15,352	7,614	9,373
Depreciation of property, plant and equipment	*6, 13*	1,228	1,468	1,717	831	1,295
Depreciation of right-of-use assets	*6, 14(a)*	4,609	5,523	4,717	2,280	3,279
Amortisation of intangible assets	*6, 15*	98	84	74	43	48
Loss on disposal of intangible assets	*6*	91	–	–	–	–
Loss on disposal of items of property, plant and equipment	*6*	202	586	–	–	4
Gain on early cancellation of leases	*6, 14(c)*	–	(6)	–	–	–
Loss on disposal of leasehold land	*6, 14(c)*	–	6,150	–	–	–
Provision/(reversal of provision) for impairment of receivables	*6*	16	312	203	2	(126)
Provision for impairment of inventories	*6*	19,717	12,191	15,539	9,430	2,387
Share-based payments	*6*	–	1,009	12,768	6,052	6,848
Effect of foreign exchange rate changes, net		(972)	(1,399)	2,097	455	2,187
		165,821	170,780	201,389	107,318	85,196
Increase in inventories		(55,910)	(75,037)	(209,960)	(81,232)	(250,747)
(Increase)/decrease in trade receivables		(17,322)	15,938	(27,484)	(12,823)	26,974
Decrease/(increase) in prepayments, other receivables and other assets		6,590	(3,183)	(37,870)	(9,360)	(79,999)
(Decrease)/increase in trade and bills payables		(1,699)	7,993	21,099	19,249	32,355
Increase/(decrease) in other payables and accruals		26,367	23,088	15,079	(10,395)	(14,345)
Increase/(decrease) in contract liabilities		998	15,721	(16,020)	(14,785)	5,389
Increase in warranty provision		913	1,446	304	513	242
Cash generated from/(used in) operations		125,758	156,746	(53,463)	(1,515)	(194,935)
Income tax paid		(19,644)	(23,922)	(17,524)	(12,626)	(3,754)
Net cash flows from/(used in) operating activities		106,114	132,824	(70,987)	(14,141)	(198,689)
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of items of property, plant and equipment		(1,011)	(3,163)	(3,073)	(1,057)	(5,823)
Purchases of other intangible assets		–	–	–	–	(150)
Disposal of leasehold land	*14, 16*	–	–	31,048	31,048	–
Proceeds from disposal of items of property, plant and equipment		171	26	2	–	4

		Year ended December 31,			Six months ended June 30,	
	Notes	**2023**	**2024**	**2025**	**2025**	**2026**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Acquisition of subsidiaries		–	–	–	–	131
Net cash flows (used in)/from investing activities		(840)	(3,137)	27,977	29,991	(5,838)
CASH FLOWS FROM FINANCING ACTIVITIES						
New interest-bearing bank loans		–	2,000	138,700	73,700	262,000
Repayments of interest-bearing bank loans		(22,542)	–	(21,400)	(1,000)	(67,588)
Interest paid for interest-bearing bank loans		(291)	(27)	(1,963)	(828)	(2,583)
Principal portion of lease payments	*30(b)*	(3,647)	(4,524)	(4,962)	(2,518)	(3,434)
Dividends paid		(10,000)	(20,000)	(114,310)	(70,000)	–
Capital reduction from the shareholder	*27*	–	(122,000)	–	–	–
Payment of [**REDACTED**]		–	–	(1,133)	–	(1,243)
Net cash flows (used in)/from financing activities		(36,480)	(144,551)	(5,068)	(646)	187,152
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		68,794	(14,864)	(48,078)	15,204	(17,375)
Cash and cash equivalents at beginning of year/period		131,000	200,766	187,301	187,301	137,126
Effect of foreign exchange rate changes, net		972	1,399	(2,097)	(455)	(2,207)
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		200,766	187,301	137,126	202,050	117,544
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Cash and bank balances	*19*	200,766	187,301	137,126	202,050	117,544
Cash and cash equivalents as stated in the statement of financial position and the statement of cash flows		200,766	187,301	137,126	202,050	117,544

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	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
NON-CURRENT ASSETS					
Property, plant and equipment	13	2,241	3,324	4,099	7,100
Right-of-use assets	14(a)	43,241	8,874	8,815	11,051
Intangible assets	15	218	134	60	180
Investments in subsidiaries	1	4,292	8,864	8,864	8,864
Prepayments, other receivables and other assets	16	265	609	1,515	3,644
Deferred tax assets	24	4,872	5,570	6,216	5,692
Total non-current assets		55,129	27,375	29,569	36,531
CURRENT ASSETS					
Inventories	17	236,900	296,778	493,127	700,540
Trade receivables	18	31,017	15,036	42,215	15,445
Due from subsidiaries	31	792	50,549	35,508	48,537
Prepaid income tax		–	3,705	4,856	3,028
Prepayments, other receivables and other assets	16	33,056	66,371	73,293	154,754
Cash and cash equivalents	19	198,118	134,136	104,274	91,759
Total current assets		499,883	566,575	753,273	1,014,063
CURRENT LIABILITIES					
Trade and bills payables	20	68,513	76,506	84,830	116,758
Due to subsidiaries	31	59	–	21,861	6,677
Other payables and accruals	21	61,316	213,819	214,997	200,387
Interest-bearing bank loans	22	–	2,000	132,038	328,941
Lease liabilities	14(b)	3,375	3,054	4,458	5,122
Tax payable		4,647	–	–	–
Contract liabilities	23	28,604	42,150	27,759	30,921
Provision	25	4,528	5,974	6,278	6,520
Redemption liabilities on ordinary shares	26	–	160,074	157,171	163,531
Total current liabilities		171,042	503,577	649,392	858,857
NET CURRENT ASSETS		328,841	62,998	103,881	155,206
TOTAL ASSETS LESS CURRENT LIABILITIES		383,970	90,373	133,450	191,737
NON-CURRENT LIABILITIES					
Lease liabilities	14(b)	1,919	6,422	5,106	6,751
Total non-current liabilities		1,919	6,422	5,106	6,751
Net assets		382,051	83,951	128,344	184,986
EQUITY					
Paid-in capital/Share capital	27	15,000	8,918	30,000	30,000
Reserves	29	367,051	75,033	98,344	154,986
Total equity		382,051	83,951	128,344	184,986

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE AND GROUP INFORMATION

Onyx International Inc. (formerly known as Guangzhou Onyx Technology Co., Ltd., hereinafter referred to as the "Company") was incorporated and registered in the People's Republic of China (hereinafter referred to as the "PRC") as a limited liability company in 2008. On November 18, 2025, the Company was converted into a joint stock company with limited liability. The registered office of the Company is located at Room 101, Building 4, No. 202, Shiyu Road, Nansha District, Guangzhou, PRC.

During the Relevant Periods, the Company and its subsidiaries (collectively, the "Group") were principally engaged in the manufacture and sale of E-paper tablets, E-notes and other products and services.

As at June 30, 2026, the particulars of the Company's subsidiaries are set out below:

Name	Place and date of incorporation/ registration and place of business	Issued ordinary/registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
BOOX CO., LIMITED *(note (a))*	Hong Kong May 24, 2019	HKD5,000,000	100	–	Overseas product sales and procurement
ITAO Co., Limited *(note (b))*	Hong Kong August 27, 2024	HKD5,000,000	100	–	Overseas product sales and procurement
Guangzhou Onyx Smart Technology Co. Ltd.* (廣州文石智能科技有限公司) *(note (c))*	PRC/Chinese mainland May 28, 2025	RMB2,000,000	100	–	no business operation
NL. Librabyte B.V. *(note (c))*	Netherlands August 15, 2024	EUR10	–	100	Research and development, and sale of E-paper tablets and E-notes
NL. Durobo Holding B.V. *(note (c))*	Netherlands August 15, 2024	EUR1,000	–	100	Investment holding
NL. Durobo B.V. *(note (c))*	Netherlands August 15, 2024	EUR20	–	100	Research and development, and sale of E-paper tablets and E-notes

Notes:

(a) The statutory financial statements of this entity for the years ended December 31, 2023 and 2024 prepared in accordance with HKFRS Accounting Standards were audited by Shea Wai Cheung certified public accountant, certified public accountants registered in Hong Kong. The statutory financial statement of this entity for the year ended December 31, 2025 prepared in accordance with HKFRS Accounting Standards was audited by Alan Chan certified public accountant, certified public accountants registered in Hong Kong.

(b) The statutory financial statements of this entity for the period ended December 31, 2025 since its corporation prepared in accordance with HKFRS Accounting Standards were audited by Alan Chan certified public accountant, certified public accountants registered in Hong Kong.

(c) No audited financial statements have been prepared for these entities since their incorporation, as these entities were not subject to any statutory audit requirements under the relevant rules and regulations in their jurisdictions of incorporation.

* The English name of the PRC company above represents management's best efforts in translating the Chinese name of the company as no English name has been registered.

The carrying amounts of the Company's investments in subsidiaries are as follows:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Investments, at cost	4,292	8,864	8,864	8,864

2.1 BASIS OF PREPARATION

The Historical Financial Information have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) as issued by the HKICPA.

All HKFRS Accounting Standards effective for the accounting period commencing from January 1, 2026, together with the relevant transitional provisions, have been consistently adopted by the Group in the preparation of the Historical Financial Information and the Interim Comparative Financial Information.

The Historical Financial Information have been prepared under the historical cost convention.

Basis of consolidation

The Historical Financial Information and the Interim Comparative Financial Information includes the financial statements of the Group for the Relevant Periods and the six months ended June 30, 2025. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

The Group has not applied the following new and amended HKFRS Accounting Standards, that have been issued but are not yet effective, in the Historical Financial Information. The Group intends to apply these new and amended HKFRS Accounting Standards, if applicable, when they become effective.

Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[1]
HKFRS 18	*Presentation and Disclosure in Financial Statements*[2]
HKFRS 19 and its amendments	*Subsidiaries without Public Accountability: Disclosures*[2]

Amendments to HKAS 21	*Translation to a Hyperinflationary Presentation Currency*[2]
HKFRS 20	*Regulatory Assets and Regulatory Liabilities*[3]

1 No mandatory effective date yet determined but available for adoption

2 Effective for annual/reporting periods beginning on or after January 1, 2027

3 Effective for annual/reporting periods beginning on or after January 1, 2029

HKFRS 18 replaces HKAS 1 Presentation of Financial Statements, while a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as HKAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 *Statement of Cash Flows*, HKAS 33 *Earnings per Share* and HKAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other HKFRS Accounting Standards, HKFRS 18 and the consequential amendments to other HKFRS Accounting Standards are effective for annual periods beginning on or after January 1, 2027 with earlier application permitted. Retrospective application is required. The application of HKFRS 18 is not expected to have material impact on the financial position of the Group but is expected to affect the presentation of the statements of profit or loss and disclosures.

The Group has already commenced an assessment of the impact of these new and amended HKFRS, which are relevant to the Group's operations. According to the preliminary assessment made by the directors, no significant impact on the financial performance and financial position of the Group is expected when new and amended HKFRS Accounting Standards become effective.

2.3 MATERIAL ACCOUNTING POLICIES

Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each of the Relevant Periods as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group; and the sponsoring employers of the post-employment benefit plan;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Category	Principal annual rate
Machinery	20.00%-33.33%
Electronic and office equipment	20.00%-33.33%
Vehicles	10.00%
Leasehold improvements	Shorter of remaining lease terms and estimated useful lives

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Software

Purchased software and others is stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 3 to 10 years.

Brand

Brand is stated at cost less any impairment losses and are amortised on the straight-line basis over its estimated useful life of 10 years.

Research and Development costs

All research costs are charged to the statement of profit or loss as incurred.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are 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 and the estimated useful lives of the assets as follows:

Leasehold land	30 years
Buildings	2 to 5 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of buildings (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At the end of each the Relevant Periods, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 90 days past due.

The Group considers a financial asset in default when contractual payments are 360 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

The Group assesses on a forward-looking basis the expected credit losses and the impairment methodology applied depends on whether there has been a significant increase in credit risk.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Classification as equity and financial liabilities

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of financial liability and equity instrument.

A financial liability is any liability that is (a) a contractual obligation (i) to deliver cash or another financial asset to another entity; or (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or (b) a contract that will or may be settled in the entity's own equity instruments and is: (i) a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings, payables, or redemption liabilities on ordinary shares, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Redemption liabilities on ordinary shares are initially recognised at the net present value of the redemption amount.

The Group's financial liabilities include trade and bills payables, other payables and accruals, interest-bearing bank loans and redemption liabilities on ordinary shares.

The Group classifies financial liabilities that arise from a supplier finance arrangement within trade and bills payables in the statement of financial position if they have a similar nature and function to trade and bills payables. This is the case if the supplier finance arrangement is part of the working capital used in the Group's normal operating cycle, the level of security provided is similar to trade and bills payables and the terms of the liabilities that are part of the supply chain finance arrangement are not substantially different from the terms of trade and bills payables that are not part of the arrangement. Cash flows related to liabilities arising from supplier finance arrangements that are classified in trade and bills payables in the statement of financial position are included in operating activities in the statement of cash flows. Otherwise, the financial liabilities are classified in interest-bearing bank and other borrowings in the statement of financial position and the related cash flows are included in financing activities in the statement of cash flows.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade and bills payables, other payables *and accruals, interest-bearing bank loans and redemption liabilities on ordinary shares)*

After initial recognition, trade and bills payables, other payables and accruals, interest-bearing bank loans and redemption liabilities on ordinary shares are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition comprise direct materials, direct labour and an appropriate proportion of overheads and are accounted for as follows:

Raw materials	Purchase cost on the weighted average basis
Finished goods and work in progress	Cost of direct materials, labour and an appropriate proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs

Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

The Group provides for warranties in relation to the sales of E-paper tablets and E-notes. Provisions for these assurance-type warranties granted by the Group are initially recognised based on sales volume and past experience of the level of repairs and returns. The estimation is reviewed on an ongoing basis and is revised when appropriate.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each of the Relevant Periods between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each of the Relevant Periods and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each of the Relevant Periods and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is 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.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

For contracts which provide a customer with a right to return the goods within a specified period, the expected value method is used to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in HKFRS 15 on constraining estimates of variable consideration are applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, a refund liability is recognised. A right-of-return asset (and the corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

The Group provides sales rebate and discounts to certain customers for E-paper tablets and E-notes, and the relevant revenue is recognised based on contract consideration net of the estimated sales rebate and discount amount.

E-paper tablets and E-notes are often sold with volume rebates. To estimate the variable consideration for the expected future rebates, the most likely amount method is used for contracts with a single-volume threshold. The requirements on constraining estimates of variable consideration are applied and a refund liability for the expected future rebates is recognised.

(a) Sale of goods in E-commerce stores

The Group operates a chain of E-commerce stores to sell E-paper tablets, E-notes and other products. Revenue from the sales of goods is recognised at the point in time when the product is sent to the address specified by the customers and confirmed acceptance by the customers.

(b) Sale of goods to distributors and other customers

The Group sells E-paper tablets, E-notes and other products to distributors and other customers. Revenue from the sales of goods is recognised at the point in time when control of the product is transferred to distributors and other customers. The distributors have full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the acceptance of the products. Control is transferred when the risks of obsolescence and loss have been transferred to the distributors and other customers, and either the distributors and other customers have accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(c) Sale of goods to E-commerce platforms

The Group sells E-paper tablets, E-notes and others to one E-commerce platform, who then sold to end consumers. The Group has transferred physical possession of the products upon delivery to and acceptance by the E-commerce platform with a right of return. Revenue from sales of goods is recognised at the point in time when the control of the products and the significant risks and rewards associated with the products are transferred to the platforms, and the right to settle with the E-commerce platform have been obtained by the Group.

(d) Rendering of services

The Group provides additional repair services for products sold and recognises revenue after replacing the relevant parts for the customer and obtaining the customer's acceptance.

Other 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.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Right-of-return assets

A right-of-return asset is recognised for the right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the goods to be returned, less any expected costs to recover the goods and any potential decreases in the value of the returned goods. The Group updates the measurement of the asset for any revisions to the expected level of returns and any additional decreases in the value of the returned goods.

Refund liabilities

A refund liability is recognised for the obligation to refund some or all of the consideration received (or receivable) from a customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

Share-based payments

The Company operates a restricted share unit scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer, further details of which are given in note 28 to the Historical Financial Information.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

Other employee benefits

Pension scheme

The employees of the Group's subsidiaries which operate in Chinese mainland and overseas are required to participate in a central pension scheme operated by the local municipal government. The Group is required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

All borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the Historical Financial Information.

Foreign currencies

These financial statements are presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each of the Relevant Periods. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Deferred tax assets

Deferred tax assets are recognised for unused tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses and the deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in note 24 to the Historical Financial Information.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on the ageing analysis of customers that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 18 to the Historical Financial Information.

Leases — Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Warranty provisions

Provisions for warranties granted by the Group for the E-paper tablets and E-notes sold are recognised based on sales volumes and past experiences of costs for repairs and replacement, among others. The estimate of unit warranty cost may not be equal to the actual warrant costs in the future. The Group reassesses the unit warranty cost at least annually and the unit warranty cost is revised when appropriate.

Impairment of inventories

Inventories are stated at the lower of cost and net realisable value at the end of each reporting period. The net realisable value is the estimated selling price in the current course of business, less applicable costs, selling expenses and tax charges. Management of the Group makes the best estimate on the net realisable value and the corresponding impairment of inventories, while the impairment assessment may still be significantly changed due to the change of market conditions.

Variable consideration for returns and sales rebates

The Group estimates variable consideration to be included in the transaction price for the sale of E-paper tablets and E-notes with rights of return and rebates.

The Group has developed a statistical model for forecasting sales returns. The model used the historical return data of each sales channel to estimate expected return percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical return pattern will impact the expected return percentages estimated by the Group.

Management assesses the expected rebates based on factors primarily consisting of the customer's historical rebate entitlement, accumulated purchases to date, accumulated retails to date, etc. Any significant changes in experience as compared to historical patterns and rebate entitlements of customers will impact the expected rebate estimated by the Group.

The Group updates its assessment of expected returns and rebates quarterly and the refund liabilities are adjusted accordingly. Estimates of expected returns and rebates are sensitive to changes in circumstances and the Group's past experience regarding returns and rebate entitlements may not be representative of customers' actual returns and rebate entitlements in the future.

4. OPERATING SEGMENT INFORMATION

During the Relevant Periods, the Group was principally engaged in the manufacture and sale of E-paper tablets and E-notes and other products and services in the PRC and overseas. The executive directors of the Company review the operating results of the business as one operating segment to make strategic decisions and resource allocation. Therefore, the Group regards that there is only one operating segment which is used to make strategic decisions.

Geographical information

(a) Revenue from external customers

	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*
PRC (including Hong Kong, Macau and Taiwan)	351,795	413,070	461,656	220,542	260,518
Europe	193,094	196,945	248,830	111,741	115,184
U.S.	146,987	195,316	198,627	97,119	101,684
Asia (excluding the PRC)	80,753	165,551	162,291	80,009	75,742
Other countries/regions	30,951	46,637	56,781	24,781	20,460
Total revenue	803,580	1,017,519	1,128,185	534,192	573,588

The revenue information above is based on the locations of the customers.

(b) Non-current assets

The non-current assets of the Group are located in Chinese mainland.

Information about major customers

Revenue of RMB101,252,000, RMB126,656,000, RMB129,868,000, RMB62,187,000 and RMB45,857,000 for the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026 was derived from sales to a single customer, including sales to a group of entities which are known to be under common control with that customer.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue 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*
Revenue from contracts with customers	803,580	1,017,519	1,128,185	534,192	573,588

(a) Disaggregated revenue information

	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 or services					
E-notes	544,175	558,689	692,052	290,749	383,711
E-paper tablets	214,966	409,481	381,085	221,280	104,336
Others	44,439	49,349	55,048	22,163	85,541
Total	803,580	1,017,519	1,128,185	534,192	573,588
Timing of revenue recognition					
Goods and services transferred at a point in time	803,580	1,017,519	1,128,185	534,192	573,588

The following table shows the amounts of revenue recognised in each reporting period that were included in the contract liabilities at the beginning of each reporting period:

	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*
Sales of goods or services	28,576	25,818	35,433	33,332	21,164

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of goods

The Group mainly manufactures and sells E-paper tablets, E-notes and others and services to its customers. Sales revenue is recognised when control of the goods is transferred to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. Payment in advance is normally required, except for some long-standing customers with good credit standing, where payment is generally due within 6 months.

Rendering of services

Revenue from the rendering of services is recognised when the services are rendered, including E-paper tablets and E-notes repair and maintenance services, etc. Where E-paper tablets and E-notes repair and maintenance services, and extended warranty that beyond the warranty period as required by relevant regulations or as normally granted by the market, are assessed as a separate performance obligation.

An analysis of other income and gains 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*
Other income					
Bank interest income	2,405	1,342	2,151	918	188
Government grants*	3,032	2,416	5,024	851	194
Total other income	5,437	3,758	7,175	1,769	382
Gains					
Foreign exchange differences, net	144	3,371	–	824	–
Others	676	268	1,485	535	800
Total gains	820	3,639	1,485	1,359	800
Total other income and gains	6,257	7,397	8,660	3,128	1,182

* Various government grants have been received to support operating activities of the Group. There are no unfulfilled conditions or contingencies relating to these grants.

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

		Year ended December 31,			Six months ended June 30,	
	Notes	2023	2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Cost of inventories sold and services provided*		534,627	641,933	702,831	331,613	364,245
Depreciation of property, plant and equipment	*13*	1,228	1,468	1,717	831	1,295
Amortisation of intangible assets	*15*	98	84	74	43	48
Loss on disposal of intangible assets		91	–	–	–	–
Loss on disposal of items of property, plant and equipment		202	586	–	–	4
Gain on early cancellation of leases	*14(c)*	–	(6)	–	–	–
Loss on disposal of leasehold land	*14(c)*	–	6,150	–	–	–
Depreciation of right-of-use assets	*14(a)*	4,609	5,523	4,717	2,280	3,279
Research and development costs*		37,737	55,729	64,441	28,814	33,621

	Notes	Year ended December 31, 2023 RMB'000	Year ended December 31, 2024 RMB'000	Year ended December 31, 2025 RMB'000	Six months ended June 30, 2025 RMB'000 (unaudited)	Six months ended June 30, 2026 RMB'000
Lease payments not included in the measurement of lease liabilities	14(c)	132	118	337	141	211
[**REDACTED**]		–	–	13,411	–	1,774
Employee benefit expense (including directors' and chief executive's remuneration *(note 8))*:						
Wages and salaries		52,063	88,556	92,465	42,877	51,216
Pension scheme contributions		1,975	3,423	5,508	2,596	3,095
Social security contributions and accommodation benefits		2,828	4,082	4,378	2,350	2,392
Share-based payments		–	1,009	12,768	6,052	6,848
Total		56,866	97,070	115,119	53,875	63,551
Foreign exchange (gain)/loss		(144)	(3,371)	1,807	(824)	4,088
Impairment of trade receivables, net	18	–	30	165	–	(115)
Impairment of financial assets included in prepayments, other receivables and other assets, net	16	16	282	38	2	(11)
Write-down of inventories to net realisable value, net		19,717	12,191	15,539	9,430	2,387
Warranty provisions, net	25	5,849	6,492	8,941	4,812	3,944

* Cost of inventories sold and services provided and research and development costs include expenses relating to staff cost, depreciation and amortisation expenses, write-down of inventories to net realisable value and warranty provisions, which are also included in the respective total amounts disclosed separately above for each of these types of expenses.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended December 31, 2023 RMB'000	Year ended December 31, 2024 RMB'000	Year ended December 31, 2025 RMB'000	Six months ended June 30, 2025 RMB'000 (unaudited)	Six months ended June 30, 2026 RMB'000
Interest on bank loans	291	27	1,963	828	2,785
Interest on redemption liabilities on ordinary shares *(note 26)*	–	9,024	12,997	6,588	6,360
Interest on lease liabilities	441	358	392	198	228
Total	732	9,409	15,352	7,614	9,373

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the Relevant Periods, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, 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*
Fees	–	–	60	–	180
Other emoluments:					
Salaries, allowances and benefits in kind	2,096	4,883	6,334	2,960	3,364
Performance related bonuses	1,329	13,760	2,535	1,203	1,394
Share-based payments	–	904	10,849	5,425	5,425
Pension scheme contributions	52	180	215	104	141
Subtotal	3,477	19,727	19,933	9,692	10,324
Total	3,477	19,727	19,993	9,692	10,504

During the Relevant Periods, certain directors were granted shares, in respect of their services to the Group, under the share-based compensation plan of the Company, further details of which are set out in note 28 to the Historical Financial Information. The fair values of the share-based payments, which are recognised in the statements of profit or loss over the vesting period, were determined as at the dates of grant and the amounts included in the Historical Financial Information for the Relevant Periods are included in the above directors' and chief executive's remuneration disclosures.

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the Relevant Periods 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*
Mr. Li Changquan	–	–	20	–	60
Mr. He Wenxue	–	–	20	–	60
Ms. Lam Siu Lai	–	–	20	–	60
Total	–	–	60	–	180

The independent non-executive directors of the Company were appointed on October 28, 2025.

There were no other emoluments payable to the independent non-executive directors during the Relevant Periods.

(b) Executive directors and the chief executive

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Share-based payment	Pension scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2023						
Executive directors and chief executive:						
Ms. Dan Yuting *(note (i))*	–	834	552	–	–	1,386
Mr. Zhu Zeng *(note (ii))*	–	854	599	–	26	1,479
Mr. Zeng Zhenjin *(note (iii))*	–	408	178	–	26	612
Total	–	2,096	1,329	–	52	3,477

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Share-based payment	Pension scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2024						
Executive directors and chief executive:						
Ms. Dan Yuting *(note (i))*	–	1,074	2,624	–	–	3,698
Mr. Zhu Zeng *(note (ii))*	–	1,095	2,600	187	47	3,929
Mr. Zhai Yongtai *(note (ii))*	–	887	3,766	236	42	4,931
Ms. Ouyang Supin *(note (ii))*	–	926	3,213	314	40	4,493
Mr. Wang Jingbo *(note (ii))*	–	771	1,483	167	40	2,461
Mr. Zeng Zhenjin *(note (iii))*	–	130	74	–	11	215
Total	–	4,883	13,760	904	180	19,727

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Share-based payment	Pension scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2025						
Executive directors and chief executive:						
Ms. Dan Yuting *(note (i))*	–	1,344	556	–	–	1,900
Mr. Zhu Zeng *(note (ii))*	–	1,366	538	2,239	53	4,196
Mr. Zhai Yongtai *(note (ii))*	–	1,320	519	2,835	56	4,730
Ms. Ouyang Supin *(note (ii))*	–	1,189	564	3,766	53	5,572
Mr. Wang Jingbo *(note (ii))*	–	1,115	358	2,009	53	3,535
Total	–	6,334	2,535	10,849	215	19,933

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Share-based payment	Pension scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Six months ended June 30, 2025 (unaudited)						
Executive directors and chief executive:						
Ms. Dan Yuting *(note (i))*	–	672	264	–	–	936
Mr. Zhu Zeng *(note (ii))*	–	691	255	1,120	26	2,092
Mr. Zhai Yongtai *(note (ii))*	–	545	246	1,418	26	2,235
Ms. Ouyang Supin *(note (ii))*	–	580	268	1,883	26	2,757
Mr. Wang Jingbo *(note (ii))*	–	472	170	1,004	26	1,672
Total	–	2,960	1,203	5,425	104	9,692

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Share-based payment	Pension scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Six months ended June 30, 2026						
Executive directors and chief executive:						
Ms. Dan Yuting *(note (i))*	–	661	306	–	8	975
Mr. Zhu Zeng *(note (ii))*	–	666	296	1,120	34	2,116
Mr. Zhai Yongtai *(note (ii))*	–	644	285	1,418	36	2,383
Ms. Ouyang Supin *(note (ii))*	–	856	310	1,883	34	3,083
Mr. Wang Jingbo *(note (ii))*	–	537	197	1,004	29	1,767
Total	–	3,364	1,394	5,425	141	10,324

Notes:

(i) Ms. Dan Yuting was appointed as the general manager of the Company and the chairperson of the board with effect from December 2008.

(ii) Mr. Zhu Zeng was appointed as a director of the Company with effect from June 2016. Mr. Zhai Yongtai, Ms. Ouyang Supin and Mr. Wang Jingbo were appointed as directors of the Company with effect from March 2024.

(iii) Mr. Zeng Zhenjin was appointed as a director of the Company with effect from June 2016 and ceased to be a director of the Company with effect from March 2024.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the Relevant Periods.

9. FIVE HIGHEST PAID EMPLOYEES

The five individuals whose remunerations were the highest in the Group for the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026 include 2, 5, 4, 4 and 4 directors, respectively, details of whose remuneration are set out in note 8(b) above. Details of the remunerations of the remaining 3, nil, 1, 1 and 1 individual who are neither directors nor the chief executive of the Company during the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026, respectively, 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 and benefits in kind	2,384	–	687	266	333
Performance related bonuses	1,448	–	250	119	138
Equity-settled share option expense	–	–	1,255	628	628
Pension scheme contributions	79	–	53	26	32
Total	3,911	–	2,245	1,039	1,131

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees			Number of employees	
	Year ended December 31,			Six months ended June 30,	
	2023	*2024*	*2025*	*2025* *(unaudited)*	*2026*
HKD1,000,001 to HKD1,500,000	2	–	–	1	1
HKD1,500,001 to HKD2,000,000	1	–	–	–	–
HKD2,000,001 to HKD2,500,000	–	–	1	–	–
Total	3	–	1	1	1

10. INCOME TAX

PRC (excluding Hong Kong, Macau and Taiwan) corporate income tax

Under the PRC Corporate Income Tax Law and the respective regulations, the corporate income tax for the Company and its subsidiaries is calculated at a statutory rate of 25% or a preferential rate of 15% where applicable, on their estimated taxable profits for the year based on the existing legislations, interpretations and practices in respect thereof.

In 2023, the Company was recognised as a "High and New Technology Enterprise" ("HNTE"), therefore enjoyed a preferential income tax rate of 15% in 2023 to 2025. The Company renewed its HNTE recognition in 2025, therefore will enjoy the 15% preferential income tax rate in 2026 to 2028.

Hong Kong profits tax

Hong Kong profits tax was provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the Relevant Periods, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK$2,000,000 of assessable profits of this subsidiary are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

Dutch Corporate Income Tax

Dutch corporate income tax was provided at the rate of 19% on the first EUR200,000 of taxable profits and at the rate of 25.8% on the remaining taxable profits arising during the Relevant Periods

The income tax expense of the Group is 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*
Current income tax	19,312	15,440	19,336	10,449	5,893
Deferred income tax (*note 24*)	(3,267)	(1,171)	(1,143)	105	738
Total	16,045	14,269	18,193	10,554	6,631

A reconciliation of the income tax expense applicable to profit before tax at the statutory tax rate in PRC in which the Group is domiciled and/or operate to the income tax expense at the effective tax rate 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*
Profit before income tax	140,100	135,453	148,922	80,611	59,901
Tax at the PRC statutory tax rate of 25%	35,025	33,863	37,231	20,153	14,975
Effect of preferential or different tax rate	(13,768)	(13,308)	(14,756)	(8,212)	(6,087)
Expenses not deductible for tax *(a)*	100	1,669	3,980	1,939	2,064
Additional deductible allowance *(b)*	(5,312)	(7,955)	(8,262)	(3,326)	(4,323)
Tax losses not recognised	–	–	–	–	2
Tax charge at the Group's effective rate	16,045	14,269	18,193	10,554	6,631

(a) Expenses not deductible for tax mainly represent share-based payment expenses amounted to nil, RMB1,009,000 and RMB12,768,000, RMB6,052,000 and RMB6,848,000 for the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026 and interest on redemption liabilities on ordinary shares, all of which are not deductible in accordance with relevant tax regulations in the PRC.

(b) Based on Public Notice 2023 No. 7 issued by the State Tax Bureau of the PRC on March 26, 2023, enterprises were eligible for a 100% deduction of eligible research and development expenses from January 1, 2023. The Group has claimed such additional super deduction during the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026.

11. 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*
Dividend declared	10,000	90,000	100,000	–	–

Dividends declared to the Equity Transfer Investors (note 26) amounted to nil, RMB11,130,000, RMB15,900,000, nil and nil for the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026, respectively.

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the year/period attributable to owners of the parent, and the weighted average numbers of ordinary shares outstanding during each of the Relevant Periods and the six months ended June 30, 2025.

In determining the weighted average number of ordinary shares outstanding prior to the Company's conversion into a joint stock company, it was assumed that paid-in capital was converted into share capital at the same ratio as applied upon the conversion in November 2025 (note 27).

The calculations of basic and diluted profit per share are based on:

	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 attributable to owners of the parent (RMB'000)	124,055	121,184	130,729	70,057	53,270
Shares					
Weighted average number of ordinary shares in issue during the year/period ('000)	45,000	27,901	29,484	28,960	30,000
Basic earnings per share (RMB)	2.76	4.34	4.43	2.42	1.78

The Group had no potentially dilutive ordinary shares in issue during the Relevant Periods.

13. PROPERTY, PLANT AND EQUIPMENT

The Group and the Company

	Machinery	Electronic and office equipment	Vehicles	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at December 31, 2023					
As at January 1, 2023:					
Cost	3,576	1,893	353	1,615	7,437
Accumulated depreciation	(1,608)	(1,167)	(314)	(1,517)	(4,606)
Net carrying amount	1,968	726	39	98	2,831
As at January 1, 2023, net of accumulated depreciation	1,968	726	39	98	2,831
Additions	230	781	–	–	1,011
Disposal	(373)	–	–	–	(373)
Depreciation	(644)	(450)	(36)	(98)	(1,228)
As at December 31, 2023 net of accumulated depreciation	1,181	1,057	3	–	2,241
As at December 31, 2023:					
Cost	2,857	2,621	353	1,615	7,446
Accumulated depreciation	(1,676)	(1,564)	(350)	(1,615)	(5,205)
Net carrying amount	1,181	1,057	3	–	2,241

	Machinery	Electronic and office equipment	Vehicles	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at December 31, 2024					
As at January 1, 2024:					
Cost	2,857	2,621	353	1,615	7,446
Accumulated depreciation	(1,676)	(1,564)	(350)	(1,615)	(5,205)
Net carrying amount	1,181	1,057	3	–	2,241
As at January 1, 2024, net of accumulated depreciation	1,181	1,057	3	–	2,241
Additions	578	1,443	–	1,142	3,163
Disposal	(612)	–	–	–	(612)
Depreciation	(414)	(704)	(3)	(347)	(1,468)
As at December 31, 2024, net of accumulated depreciation	733	1,796	–	795	3,324
As at December 31, 2024:					
Cost	1,189	4,004	353	1,142	6,688
Accumulated depreciation	(456)	(2,208)	(353)	(347)	(3,364)
Net carrying amount	733	1,796	–	795	3,324

	Machinery	Electronic and office equipment	Vehicles	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at December 31, 2025					
As at January 1, 2025:					
Cost	1,189	4,004	353	1,142	6,688
Accumulated depreciation	(456)	(2,208)	(353)	(347)	(3,364)
Net carrying amount	733	1,796	–	795	3,324
As at January 1, 2025, net of accumulated depreciation	733	1,796	–	795	3,324
Additions	671	1,006	–	817	2,494
Disposal	–	(2)	–	–	(2)
Depreciation	(256)	(899)	–	(562)	(1,717)
As at December 31, 2025, net of accumulated depreciation	1,148	1,901	–	1,050	4,099
As at December 31, 2025:					
Cost	1,860	4,929	353	1,959	9,101
Accumulated depreciation	(712)	(3,028)	(353)	(909)	(5,002)
Net carrying amount	1,148	1,901	–	1,050	4,099

	Machinery	Electronic and office equipment	Vehicles	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at June 30, 2026					
As at January 1, 2026:					
Cost	1,860	4,929	353	1,959	9,101
Accumulated depreciation	(712)	(3,028)	(353)	(909)	(5,002)
Net carrying amount	1,148	1,901	–	1,050	4,099
As at January 1, 2026, net of accumulated depreciation	1,148	1,901	–	1,050	4,099
Additions	1,479	786	–	2,039	4,304
Disposal	–	(8)	–	–	(8)
Depreciation	(212)	(574)	–	(509)	(1,295)
As at June 30, 2026, net of accumulated depreciation	2,415	2,105	–	2,580	7,100
As at June 30, 2026:					
Cost	3,339	5,563	353	3,998	13,253
Accumulated depreciation	(924)	(3,458)	(353)	(1,418)	(6,153)
Net carrying amount	2,415	2,105	–	2,580	7,100

14. LEASES

The Group as a lessee

The Group has lease contracts for various items of buildings. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 30 years, and no ongoing payments will be made under the terms of these land leases. Leases of buildings have lease terms between 2 and 5 years.

(a) Right-of-use assets

The Group and the Company

The carrying amounts of the Group's right-of-use assets and the movements during the Relevant Periods are as follows:

	Leasehold land	Buildings	Total
	RMB'000	*RMB'000*	*RMB'000*
As at January 1, 2023	39,641	5,290	44,931
Additions	–	2,919	2,919
Depreciation	(1,333)	(3,276)	(4,609)
As at December 31, 2023 and January 1, 2024	38,308	4,933	43,241
Additions	–	8,392	8,392
Depreciation	(1,110)	(4,413)	(5,523)
Disposal	(37,198)	–	(37,198)
Early cancellation of leases	–	(38)	(38)
As at December 31, 2024 and January 1, 2025	–	8,874	8,874
Additions	–	4,658	4,658
Depreciation	–	(4,717)	(4,717)
As at December 31, 2025 and January 1, 2026	–	8,815	8,815
Additions	–	5,515	5,515
Depreciation	–	(3,279)	(3,279)
As at June 30, 2026	–	11,051	11,051

(b) ***Lease liabilities***

The carrying amounts of lease liabilities and the movements during the Relevant Periods are as follows:

The Group and Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Carrying amount at the beginning of the year/period	5,581	5,294	9,476	9,564
New leases	2,919	8,392	4,658	5,515
Accretion of interest recognised during the year/period	441	358	392	228
Payments	(3,647)	(4,524)	(4,962)	(3,434)
Early cancellation of leases	–	(44)	–	–
Carrying amount at the end of the year/period	5,294	9,476	9,564	11,873
Analysed into:				
Current portion	3,375	3,054	4,458	5,122
Non-current portion	1,919	6,422	5,106	6,751

The maturity analysis of lease liabilities is disclosed in note 33 to the Historical Financial Information.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

The Group and the Company

	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 on lease liabilities	441	358	392	198	228
Depreciation of right-of-use assets	4,609	5,523	4,717	2,280	3,279
Gain on early cancellation of leases	–	(6)	–	–	–
Loss on disposal of leasehold land	–	6,150	–	–	–
Expense relating to short-term leases	132	118	337	141	211
Total amount recognised in profit or loss	5,182	12,143	5,446	2,619	3,718

(d) The total cash outflow for leases is disclosed in note 30(c) to the Historical Financial Information.

15. INTANGIBLE ASSETS

The Group

	Brand	Software	Total
	RMB'000	*RMB'000*	*RMB'000*
December 31, 2023			
As at January 1, 2023:			
Cost	–	780	780
Accumulated amortisation	–	(373)	(373)
Net carrying amount	–	407	407
At January 1, 2023, net of accumulated amortisation	–	407	407
Amortisation	–	(98)	(98)
Disposal	–	(91)	(91)
At December 31, 2023, net of accumulated amortisation	–	218	218
As at December 31, 2023 and at January 1, 2024:			
Cost	–	425	425
Accumulated amortisation	–	(207)	(207)
Net carrying amount	–	218	218
December 31, 2024			
At January 1, 2024, net of accumulated amortisation	–	218	218
Amortisation	–	(84)	(84)
At December 31, 2024, net of accumulated amortisation	–	134	134
As at December 31, 2024 and at January 1, 2025:			
Cost	–	425	425
Accumulated amortisation	–	(291)	(291)
Net carrying amount	–	134	134
December 31, 2025			
At January 1, 2025 net of accumulated amortisation	–	134	134
Amortisation	–	(74)	(74)
At December 31, 2025, net of accumulated amortisation	–	60	60
As at December 31, 2025 and at January 1, 2026:			
Cost	–	331	331
Accumulated amortisation	–	(271)	(271)
Net carrying amount	–	60	60
June 30, 2026			
At January 1, 2026, net of accumulated amortisation	–	60	60
Additions	–	150	150
Acquisition of subsidiaries	1,089	–	1,089
Amortisation	(18)	(30)	(48)
At June 30, 2026, net of accumulated amortisation	1,071	180	1,251
As at June 30, 2026:			
Cost	1,089	401	1,490
Accumulated amortisation	(18)	(221)	(239)
Net carrying amount	1,071	180	1,251

The Company

	Software
	RMB'000
December 31, 2023	
As at January 1, 2023:	
Cost	780
Accumulated amortisation	(373)
Net carrying amount	407
At January 1, 2023, net of accumulated amortisation	407
Amortisation	(98)
Disposal	(91)
At December 31, 2023, net of accumulated amortisation	218
As at December 31, 2023 and at January 1, 2024:	
Cost	425
Accumulated amortisation	(207)
Net carrying amount	218
December 31, 2024	
At January 1, 2024, net of accumulated amortisation	218
Amortisation	(84)
At December 31, 2024, net of accumulated amortisation	134
As at December 31, 2024 and at January 1, 2025:	
Cost	425
Accumulated amortisation	(291)
Net carrying amount	134
December 31, 2025	
At January 1, 2025 net of accumulated amortisation	134
Amortisation	(74)
At December 31, 2025, net of accumulated amortisation	60
As at December 31, 2025 and at January 1, 2026:	
Cost	331
Accumulated amortisation	(271)
Net carrying amount	60
June 30, 2026	
At January 1, 2026, net of accumulated amortisation	60
Additions	150
Amortisation	(30)
At June 30, 2026, net of accumulated amortisation	180
As at June 30, 2026:	
Cost	401
Accumulated amortisation	(221)
Net carrying amount	180

16. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	Notes	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*
Non-current portion					
Prepayments for purchase of long-term assets		–	–	579	2,098
Deposits and other receivables		265	609	936	1,546
Total non-current portion		265	609	1,515	3,644
Current portion					
Due from a related party/the then shareholder-trading *(note 27)*		18,384	18,384	18,384	18,384
Deposits and other receivables		4,160	5,710	9,928	8,178
Receivables arising from leasehold land disposal	*(a)*	–	31,048	–	–
Prepayments to suppliers		4,077	1,612	23,647	82,777
Value-added tax recoverable		3,063	5,674	15,696	36,960
Right-of-return assets		2,399	3,128	4,020	3,310
Prepaid expenses		1,217	1,631	2,007	3,472
[**REDACTED**]		–	–	2,253	2,566
Impairment allowance for other receivables	*(b)*	(84)	(366)	(404)	(393)
Total current portion		33,216	66,821	75,531	155,254
Total		33,481	67,430	77,046	158,898

The Company

	Notes	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*
Non-current portion					
Prepayments for purchase of long-term assets		–	–	579	2,098
Deposits and other receivables		265	609	936	1,546
Total non-current portion		265	609	1,515	3,644
Current portion					
Due from a related party/the then shareholder-trading *(note 27)*		18,384	18,384	18,384	18,384
Deposits and other receivables		4,022	5,557	9,617	7,784
Receivables arising from leasehold land disposal	*(a)*	–	31,048	–	–
Prepayments to suppliers		4,077	1,466	21,838	82,777
Value-added tax recoverable		3,063	5,674	15,696	36,960
Right-of-return assets		2,399	3,128	4,020	3,310
Prepaid expenses		1,195	1,480	1,889	3,366
[**REDACTED**]		–	–	2,253	2,566

	Notes	As at December 31, 2023	2024	2025	As at June 30, 2026
		RMB'000	RMB'000	RMB'000	RMB'000
Impairment allowance for other receivables	(b)	(84)	(366)	(404)	(393)
Total current portion		33,056	66,371	73,293	154,754
Total		33,321	66,980	74,808	158,398

(a) The Company disposed of a leasehold land to the government with a consideration of RMB31,048,000 in the year end December 31, 2024, which had been received in 2025.

(b) Impairment allowance for other receivables

Impairment of other receivables is measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

The Group and the Company

As at December 31, 2023

	12-month ECLs Stage 1	Lifetime ECLs Stage 2	Lifetime ECLs Stage 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2023	68	–	–	68
Impairment losses, net	(24)	–	40	16
As at December 31, 2023	44	–	40	84

As at December 31, 2024

	12-month ECLs Stage 1	Lifetime ECLs Stage 2	Lifetime ECLs Stage 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2024	44	–	40	84
Impairment losses, net	6	–	276	282
As at December 31, 2024	50	–	316	366

As at December 31, 2025

	12-month ECLs Stage 1	Lifetime ECLs Stage 2	Lifetime ECLs Stage 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2025	50	–	316	366
Impairment losses, net	38	–	–	38
As at December 31, 2025	88	–	316	404

As at June 30, 2026

	12-month ECLs	Lifetime ECLs	Lifetime ECLs	
	Stage 1	Stage 2	Stage 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2026	88	–	316	404
Impairment losses, net	(11)	–	–	(11)
As at June 30, 2026	77	–	316	393

17. INVENTORIES

Inventories as at December 31, 2023, 2024, 2025 and June 30, 2026, net of impairments based on net realisable value, are as follows:

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	163,000	161,082	360,912	564,749
Finished goods	75,407	120,887	108,377	133,957
Work in progress	3,467	22,751	29,852	50,069
Total	241,874	304,720	499,141	748,775

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	162,817	161,098	363,441	528,602
Finished goods	70,616	112,929	99,834	121,869
Work in progress	3,467	22,751	29,852	50,069
Total	236,900	296,778	493,127	700,540

18. TRADE 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	31,017	15,049	42,533	15,659
Impairment	–	–	(165)	(50)
Net carrying amount	31,017	15,049	42,368	15,609

Advance payment is normally required for sales of E-paper tablets and E-notes, except for some long-standing customers with bulk purchases and good credit standing, where payment is generally due within 6 months from delivery. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. As at December

31, 2023, 2024, 2025 and June 30, 2026, the Group had certain concentration of credit risk as 48%, 74%, 41%, 54% and 99%, 93%, 86%, 89% of the Group's trade receivables were due from the Group's largest debtor and five largest debtors, respectively. Trade receivables are non-interest bearing.

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	31,017	15,036	42,380	15,495
Impairment	–	–	(165)	(50)
Net carrying amount	31,017	15,036	42,215	15,445

An ageing analysis of the trade receivables as at December 31, 2023, 2024 and 2025 and June 30, 2026 based on the time of revenue recognition and net of loss allowance, 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 3 months	31,017	15,049	40,612	15,476
4 to 6 months	–	–	7	120
7 to 9 months	–	–	39	7
10 to 12 months	–	–	1,710	6
Total	31,017	15,049	42,368	15,609

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 3 months	31,017	15,036	40,459	15,312
4 to 6 months	–	–	7	120
7 to 9 months	–	–	39	7
10 to 12 months	–	–	1,710	6
Total	31,017	15,036	42,215	15,445

The movements in the loss allowance for impairment of trade receivables are as follows:

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*
At beginning of year/period	198	–	–	165
Impairment losses, net *(note 6)*	–	30	165	(115)
Amount written off as uncollectible	(198)	(30)	–	–
At end of year/period	–	–	165	50

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables. The Group overall considers the characteristics of the shared credit risk and the ageing of the trade receivables to measure the expected credit losses.

The Group applies the simplified approach in calculating expected credit losses for trade receivables. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on past due information for grouping of customers that have similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The information about the credit risk exposure on the Group's trade receivables is set out below:

The Group

As at December 31, 2023

	Expected credit loss rate	Gross carrying amount	Expected credit losses	Net carrying amount
		RMB'000	*RMB'000*	*RMB'000*
Provision on a collective basis				
Aged within 3 months	*	31,017	*	31,017

As at December 31, 2024

	Expected credit loss rate	Gross carrying amount	Expected credit losses	Net carrying amount
		RMB'000	*RMB'000*	*RMB'000*
Provision on a collective basis				
Aged within 3 months	*	15,049	*	15,049

As at December 31, 2025

	Expected credit loss rate	Gross carrying amount	Expected credit losses	Net carrying amount
		RMB'000	*RMB'000*	*RMB'000*
Provision on a collective basis				
Aged within 3 months	*	40,615	3	40,612
4 to 6 months	*	7	*	7
7 to 9 months	2.50%	40	1	39
10 to 12 months	8.61%	1,871	161	1,710
Total		42,533	165	42,368

As at June 30, 2026

	Expected credit loss rate	Gross carrying amount	Expected credit losses	Net carrying amount
		RMB'000	*RMB'000*	*RMB'000*
Provision on a collective basis				
Aged within 3 months	0.07%	15,487	11	15,476
4 to 6 months	0.83%	121	1	120
7 to 9 months	4.52%	7	*	7
10 to 12 months	14.29%	7	1	6
1 to 2 years	100.00%	37	37	–
Total		15,659	50	15,609

* Less than 0.01% or RMB1,000.

The Company

As at December 31, 2023

	Expected credit loss rate	Gross carrying amount	Expected credit losses	Net carrying amount
		RMB'000	*RMB'000*	*RMB'000*
Provision on a collective basis				
Aged within 3 months	*	31,017	*	31,017

As at December 31, 2024

	Expected credit loss rate	Gross carrying amount	Expected credit losses	Net carrying amount
		RMB'000	*RMB'000*	*RMB'000*
Provision on a collective basis				
Aged within 3 months	*	15,036	*	15,036

As at December 31, 2025

	Expected credit loss rate	Gross carrying amount	Expected credit losses	Net carrying amount
		RMB'000	*RMB'000*	*RMB'000*
Provision on a collective basis				
Aged within 3 months	*	40,462	3	40,459
4 to 6 months	*	7	*	7
7 to 9 months	2.50%	40	1	39
10 to 12 months	8.61%	1,871	161	1,710
Total		42,380	165	42,215

As at June 30, 2026

	Expected credit loss rate	Gross carrying amount	Expected credit losses	Net carrying amount
		RMB'000	*RMB'000*	*RMB'000*
Provision on a collective basis				
Aged within 3 months	0.07%	15,323	11	15,312
4 to 6 months	0.83%	121	1	120
7 to 9 months	4.52%	7	*	7
10 to 12 months	14.29%	7	1	6
1 to 2 years	100.00%	37	37	–
Total		15,495	50	15,445

* Less than 0.01% or RMB1,000.

19. CASH AND BANK BALANCES

The Group

(a) Cash and cash equivalents

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and cash equivalents	200,766	187,301	137,126	117,544

Denominated in:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
RMB	108,662	90,978	43,459	76,027
USD	91,932	95,429	90,643	33,451
Other currencies	172	894	3,024	8,066
Total	200,766	187,301	137,126	117,544

The 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

(a) Cash and cash equivalents

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and cash equivalents	198,118	134,136	104,274	91,759

Denominated in:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
RMB	108,661	90,978	43,407	76,025
USD	89,457	43,158	59,609	12,037
Other currencies	–	–	1,258	3,697
Total	198,118	134,136	104,274	91,759

20. TRADE AND BILLS 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	68,513	76,506	84,867	86,823
Bills payable	–	–	–	30,000
Total	68,513	76,506	84,867	116,823

An ageing analysis of the trade and bills payables of the Group as at December 31, 2023, 2024 and 2025 and June 30, 2026, based on the invoice date, is as follows:

Trade payables

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	68,513	76,486	84,711	86,771
1 to 2 years	–	20	154	52
2 to 3 years	–	–	2	–
Total	68,513	76,506	84,867	86,823

Bills payables

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	–	–	–	30,000

The trade payables are non-interest-bearing and are normally settled on 30 to 90 days terms.

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	68,513	76,506	84,830	86,758
Bills payable	–	–	–	30,000
Total	68,513	76,506	84,830	116,758

An ageing analysis of the trade and bills payables of the Company as at December 31, 2023, 2024 and 2025 and June 30, 2026, based on the invoice date, is as follows:

Trade payables

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	68,513	76,486	84,674	86,706
1 to 2 years	–	20	154	52
2 to 3 years	–	–	2	–
Total	68,513	76,506	84,830	86,758

Bills payables

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	–	–	–	30,000

Trade payables that are part of the Group's supplier finance arrangements are disclosed in note 30 to the Historical Financial Information.

21. OTHER PAYABLES AND ACCRUALS

The Group

		As at December 31,			As at June 30,
	Note	2023	2024	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Dividend payable		–	70,000	55,690	55,690
Capital reduction payable to the then shareholder *(note 27)*		–	59,820	59,820	59,820
Payroll and welfare payable		11,514	29,533	17,976	13,747
Deposits		36,958	33,172	43,567	41,671
Other payables	*(a)*	7,070	11,272	16,790	19,610
[**REDACTED**] payable		–	–	8,065	1,269
Refund liabilities		5,732	7,254	9,030	6,285
Tax payables other than income tax		2,378	5,509	7,511	5,680
Total		63,652	216,560	218,449	203,772

The Company

		As at December 31,			As at June 30,
	Note	2023	2024	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Dividend payable		–	70,000	55,690	55,690
Capital reduction payable to the then shareholder *(note 27)*		–	59,820	59,820	59,820
Payroll and welfare payable		11,514	29,533	17,789	13,747
Deposits		36,958	33,172	43,567	41,671
Other payables	*(a)*	6,088	10,569	15,836	18,868
[**REDACTED**] payable		–	–	8,065	1,269
Refund liabilities		5,732	7,254	9,030	6,285
Tax payables other than income tax		1,024	3,471	5,200	3,037
Total		61,316	213,819	214,997	200,387

(a) Other payables are non-interest-bearing and the terms of repayment are generally within 12 months.

22. INTEREST-BEARING BANK LOANS

The Group and the Company

		As at December 31, 2024		
		Weighted average interest rate	Maturity	
		(%)		*RMB'000*
Current				
Bank loans – secured	*(a)*	2.80-2.90	2025	2,000
Total				2,000

		As at December 31, 2025		
		Weighted average interest rate	Maturity	
		(%)		*RMB'000*
Current				
Supplier chain finance – secured	*(a), (b)*	2.20-2.30	2026	12,738
Bank loans – secured	*(a)*	2.50-2.80	2026	109,300
Bank loans – unsecured		2.70	2026	5,000
Current portion of long term bank loans – secured	*(a)*	2.50	2026	5,000
Total				132,038

		As at June 30, 2026		
		Weighted average interest rate	Maturity	
		(%)		*RMB'000*
Current				
Supplier chain finance – secured	*(a), (b)*	2.20	2027	2,289
Bank loans – secured	*(a)*	2.40-2.70	2026-2027	105,073
Bank loans – unsecured		2.20-2.58	2026-2027	197,112
Current portion of long term bank loans – secured	*(a)*	2.50	2026-2027	24,467
Total				328,941

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Analysed into:				
Bank loans:				
Within one year	–	2,000	132,038	328,941

The Group's borrowings were denominated in RMB and bore interest at fixed rates as at December 31, 2024 and 2025 and June 30, 2026.

(a) As at December 31, 2023, 2024 and 2025 and June 30, 2026, the Group's and the Company's interest-bearing bank borrowings amounting to nil, RMB2,000,000, RMB127,038,000 and RMB131,829,000 were guaranteed by controlling shareholders, Ms. Yuting Dan, Mr. Yongtai Zhai and Mr. Zeng Zhu, respectively. The relevant guarantees either have been released or will be released upon [**REDACTED**].

(b) Certain financial liabilities that are part of the supplier finance arrangements were included in the current portion of secured bank loans. Details of the supplier finance arrangements are included in note 30 to the Historical Financial Information.

23. CONTRACT LIABILITIES

The Group

	As at January 1,	As at December 31,			As at June 30,
	2023	2023	2024	2025	2026
	RMB'000 *(unaudited)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Advance payments from customers	28,576	25,818	36,800	21,847	28,489
Sales rebate to customers	1,188	4,944	9,683	8,616	7,374
Total	29,764	30,762	46,483	30,463	35,863

The Company

	As at January 1,	As at December 31,			As at June 30,
	2023	2023	2024	2025	2026
	RMB'000 *(unaudited)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Advance payments from customers	27,416	23,660	32,467	19,143	23,547
Sales rebate to customers	1,188	4,944	9,683	8,616	7,374
Total	28,604	28,604	42,150	27,759	30,921

Contract liabilities of the Group mainly consist of advance payments made by customers for goods and sales rebate payables to customers which will be normally settled for purchases of E-paper tablets and E-notes.

24. DEFERRED TAX

The Group

The movements in deferred tax assets of the Group during each of the Relevant Periods are as follows:

	Impairment of financial assets	Accruals and provisions	Lease liabilities	Refund liabilities	Tax losses	Unrealised gains on internal transactions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2023	40	1,210	837	725	–	334	3,146
Deferred tax (charged)/credited to the statement of profit or loss during the year *(note 10)*	(27)	3,109	(43)	135	–	99	3,273
As at January 1, 2024	13	4,319	794	860	–	433	6,419
Deferred tax credited to the statement of profit or loss during the year *(note 10)*	42	495	627	228	–	473	1,865

	Impairment of financial assets	Accruals and provisions	Lease liabilities	Refund liabilities	Tax losses	Unrealised gains on internal transactions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2025	55	4,814	1,421	1,088	–	906	8,284
Deferred tax credited to the statement of profit or loss during the year *(note 10)*	30	453	14	267	–	497	1,261
As at January 1, 2026	85	5,267	1,435	1,355	–	1,403	9,545
Acquisition of subsidiaries	–	–	–	–	153	–	153
Deferred tax (charged)/credited to the statement of profit or loss during the period *(note 10)*	(18)	(210)	346	(412)	(32)	(188)	(514)
As at June 30, 2026	67	5,057	1,781	943	121	1,215	9,184

The movements in deferred tax liabilities of the Group during the Relevant Periods are as follows:

	Right-of-use assets	Right-of-return assets	Fair value adjustments arising from acquisition of subsidiaries	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2023	793	294	–	21	1,108
Deferred tax (credited)/charged to the statement of profit or loss during the year *(note 10)*	(53)	66	–	(7)	6
As at January 1, 2024	740	360	–	14	1,114
Deferred tax charged/(credited) to the statement of profit or loss during the year *(note 10)*	591	109	–	(6)	694
As at January 1, 2025	1,331	469	–	8	1,808
Deferred tax (credited)/charged to the statement of profit or loss during the year *(note 10)*	(9)	134	–	(7)	118
As at January 1, 2026	1,322	603	–	1	1,926
Acquisition of subsidiaries	–	–	209	–	209
Deferred tax charged/(credited) to the statement of profit or loss during the period *(note 10)*	336	(106)	(6)	–	224
As at June 30, 2026	1,658	497	203	1	2,359

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Net deferred tax assets recognised in the consolidated statement of financial position	5,305	6,476	7,619	7,028
Net deferred tax liabilities recognised in the consolidated statement of financial position	–	–	–	203

The Company

Deferred tax assets

The movements in deferred tax assets of the Company during the Relevant Periods are as follows:

	Impairment of financial assets	Accruals and provisions	Lease liabilities	Refund liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2023	40	1,210	837	725	2,812
Deferred tax (charged)/credited to the statement of profit or loss during the year	(27)	3,109	(43)	135	3,174
As at January 1, 2024	13	4,319	794	860	5,986
Deferred tax credited to the statement of profit or loss during the year	42	495	627	228	1,392
As at January 1, 2025	55	4,814	1,421	1,088	7,378
Deferred tax credited to the statement of profit or loss during the year	30	453	14	267	764
As at January 1, 2026	85	5,267	1,435	1,355	8,142
Deferred tax (charged)/credited to the statement of profit or loss during the period	(18)	(210)	346	(412)	(294)
As at June 30, 2026	67	5,057	1,781	943	7,848

Deferred tax liabilities

The movements in deferred tax liabilities of the Company during each of the Relevant Periods are as follows:

	Right-of-use assets	Right-of-return assets	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2023	793	294	21	1,108
Deferred tax (credited)/charged to the statement of profit or loss during the year	(53)	66	(7)	6
As at January 1, 2024	740	360	14	1,114

	Right-of-use assets	Right-of-return assets	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deferred tax charged/(credited) to the statement of profit or loss during the year	591	109	(6)	694
As at January 1, 2025	1,331	469	8	1,808
Deferred tax (credited)/charged to the statement of profit or loss during the year	(9)	134	(7)	118
As at January 1, 2026	1,322	603	1	1,926
Deferred tax charged/(credited) to the statement of profit or loss during the period	336	(106)	–	230
As at June 30, 2026	1,658	497	1	2,156

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Company for financial reporting purposes:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Net deferred tax assets recognised in the statement of financial position	4,872	5,570	6,216	5,692

25. PROVISION

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*
Warranties	4,528	5,974	6,278	6,520

	Year ended December 31,			Six months ended June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of the year/period	3,615	4,528	5,974	6,278
Additional provision	5,849	6,492	8,941	3,944
Amounts utilised during the year/period	(4,936)	(5,046)	(8,637)	(3,702)
At the end of the year/period	4,528	5,974	6,278	6,520

The Group generally provides a one-year warranty to its customers on its products.

26. REDEMPTION LIABILITIES ON ORDINARY SHARES

During the period from January to February in 2024, the Company's then shareholder, Youngy Investment Holding Group Co., Ltd. (融捷投資控股集團有限公司) ("Youngy Group") transferred the equity with paid-in capital of RMB1,590,000 of the Company to certain independent investors ("Equity Transferred Investors") at a total consideration of RMB162,180,000, and certain special rights were granted to those investors by the Company.

Redemption features

Upon occurrence of the following events, the Company's ordinary shares ("Ordinary Shares") shall be redeemable by the Company at the option of the Equity Transferred Investors: (a) The Company fails to complete a qualified [**REDACTED**] by December 31, 2027; (b) The Company materially breaches the investment agreement and fails to remedy such breach in a timely manner; (c) Government authorities promulgate laws or regulations that render the Company's business operations unfeasible; (d) The Group, the equity holding platform, or the founding shareholders engage in significant acts of personal dishonesty or fraud; and (e) The Group, the equity holding platform, or the founding shareholders violate laws or regulations.

At the request of the Equity Transferred Investors, the Company shall redeem all or a portion of the outstanding Ordinary Shares at any time and from time to time on or after the earliest date of the occurrence of any trigger event.

The redemption price for Ordinary Shares shall be an amount equal to the applicable issue price ("Issue Price" refers to the consideration actually paid to Youngy Group) less the dividends paid to Equity Transferred Investors, with a simple annual rate of 8% calculating from the corresponding consideration paid date to the date of the applicable redemption notice.

The above redemption features ceased to be effective on the date preceding the first submission of the [**REDACTED**] and will only be reinstated upon the occurrence of certain specified events, including where (a) the group withdraws its [**REDACTED**] and does not renew the [**REDACTED**] within a prescribed time limit; (b) the [**REDACTED**] lapses and the group does not renew the [**REDACTED**] within a prescribed time; (c) the [**REDACTED**] is returned or rejected by relevant authorities and the group does not renew the [**REDACTED**] within a prescribed time; or (d) the [**REDACTED**] does not complete within a prescribed time after first submission of a [**REDACTED**].

The Group had recognised redemption liabilities on ordinary shares measured at amortised cost as not all redemption events are within the control of the Company. Any changes in the carrying amount of the financial liabilities, other than dividend declared to Equity Transferred Investors, were recorded to profit or loss.

Redemption liabilities on ordinary shares as at December 31, 2023, 2024 and 2025 and June 30, 2026 are presented as current liabilities as the redemption events may be triggered at any time.

The Group and the Company

	RMB'000
As at January 1, 2023 and December 31, 2023	–
Recognition of redemption liabilities on ordinary shares	162,180
Dividend declared to Equity Transfer Investors *(note 11)*	(11,130)
Interest accrued *(note 7)*	9,024
As at December 31, 2024 and January 1, 2025	160,074
Interest accrued *(note 7)*	12,997
Dividend declared to Equity Transfer Investors *(note 11)*	(15,900)
As at December 31, 2025 and January 1, 2026	157,171
Interest accrued *(note 7)*	6,360
As at 30 June 2026	163,531

27. PAID-IN CAPITAL/SHARE CAPITAL

The Group and the Company

	Notes	Numbers of ordinary shares	Paid-in capital/ share capital
			RMB'000
As at December 31, 2023 and January 1, 2024		N/A	15,000
Capital reduction	*(i)*	N/A	(6,082)
As at December 31, 2024 and January 1, 2025		N/A	8,918
Transfer from retained profits to paid-in capital	*(ii)*	N/A	1,082
Conversion into a joint stock company	*(iii)*	30,000,000	20,000
As at December 31, 2025, January 1, 2026 and June 30, 2026		30,000,000	30,000

(i) On January 23, 2024, a capital reduction agreement was entered into among the Company and Youngy Group, pursuant to which the registered capital of RMB 6,082,000 held by Youngy Group was reduced for a total consideration of RMB181,820,000. Consequently, Youngy Group ceased to be a related party of the Company as of that date. The amount of consideration exceeding paid-in capital, RMB175,738,000, was debited to reserve. As at June 30, 2026, a total of RMB 122,000,000 had been settled, with the balance of RMB59,820,000 remaining unpaid as the relevant preconditions had not been met by that date. One of the preconditions requires that Youngy Group and its affiliates first repay the outstanding other receivables of unfulfilled contractual obligations amounted to RMB18,384,000 as set out in note 16 to the Historical Financial Information. The remaining balances with Youngy Group were all settled in August 2026, further details of which are given in note 34 to the Historical Financial Information.

Guangzhou Gongchuang Onyx Enterprise Management Co., Ltd. (廣州市共創文石企業管理有限公司), Ms. Yuting Dan, Mr. Zeng Zhu and Mr. Yongtai Zhai provided joint and several guarantees for the fulfilment by the Company of its payment obligations under the capital reduction agreement.

(ii) In February 2025, the shareholders' meeting of the Company resolved to capitalise the Company's undistributed profits in the amount of RMB1,082,000 to increase the Company's paid-in capital.

(iii) Pursuant to the shareholders' resolutions and the promoters' agreement dated 10 October 2025, the then shareholders of the Company agreed to convert the Company into a joint stock company with limited liability. The net assets of the Company as of the conversion base date were converted into 30,000,000 ordinary shares at RMB1.00 each. The excess of the net assets converted over the nominal value of the ordinary shares was credited to the Company's capital reserve. Upon the completion of registration with the Administration of Market Regulation of Guangdong province on 18 November 2025, the Company was converted into a joint stock company with limited liability under PRC Company Law.

28. SHARE-BASED PAYMENT

The board of directors (the "Board") of the Company declared a restricted share unit scheme (the "Scheme") under the share-based compensation plan for the purpose of recognising and rewarding eligible persons for their contribution to the Group, attracting best available personnel and providing additional incentives to them so as to align the interests of these eligible persons with those of the Group and to further promote the success of the Group's business.

One of the controlling shareholders of the Company, Ms. Dan Yuting, established a partnership ("Shareholding Platform") as employee shareholding platform. Under the Scheme, shares of the Shareholding Platform were granted to the participants. As the incentive object, employees directly hold the share of the partnership in the form of joining the Shareholding Platform, and indirectly hold the equity of the Company, which vest in the form of shares.

On December 2, 2024, 4,865,286 shares of the Company were granted to eligible participants at a subscription price of RMB3.37 per share.

On August 1, 2025, 600,138 shares of the Company were granted to eligible participants at a subscription price of RMB3.37 per share.

The shares granted are subject to a service period which will end on the later of seven years from the grant date or 3 years after the Company's successful [**REDACTED**]. This scheme is designed to incentivise the participants who contribute to the Company's growth.

The following restricted shares were granted during the Relevant Periods.

	Number of shares	Number of shares	Number of shares
	Year ended December 31, 2024	Year ended December 31, 2025	Six months ended June 30, 2026
At beginning of the year/period	–	4,865,286	5,465,424
Granted during the year/period	4,865,286	600,138	–
At end of the year/period	4,865,286	5,465,424	5,465,424

Note: The numbers of restricted shares granted to participants and subscription price per share in this note have been adjusted retrospectively as if the Company's conversion into a joint stock company in November 2025 as set out in note 27 to the Historical Financial Information had been completed at the beginning of the Relevant Periods. The numbers of restricted shares granted to participants have also been adjusted to reflect the capitalisation of the Company's undistributed profits into the paid-in capital as set out in note 27 to the Historical Financial Information.

The participants have accepted the granted restricted shares by signing the offer letters.

The aggregate fair value of the restricted shares granted amounted to RMB95,868,000. The Group recognised expenses of RMB1,009,000, RMB12,768,000, RMB6,052,000 and RMB6,848,000 during the years ended December 31, 2024 and 2025 and the six months ended June 30, 2025 and 2026, respectively.

The fair value of the restricted shares as at the grant date were determined with reference to the fair value of ordinary shares less the subscription price. The fair value of the ordinary shares is measured as the market value at the grant date, which is determined by an external valuer using the discounted cash flows method, taking into account the terms and conditions upon which the restricted shares were granted. Major inputs used for the determination of the fair values of ordinary shares during the Relevant Periods are listed as follows:

	At grant date
Expected volatility	50.37%-51.99%
Risk-free interest rate	1.19%-1.42%
Dividend yield	0%

29. RESERVES

The Group

The amounts of the Group's reserves and the movements therein are presented in the consolidated statement of changes in equity in the Historical Financial Information.

(a) Capital reserve

The capital reserve of the Group represents the difference between the par value of the shares issued and the consideration received.

(b) Other reserve

Other reserve of the Group represents the net present value of the redemption amount on ordinary shares as stipulated in note 26 to the Historical Financial Information.

(c) Share-based payment reserve

The share-based payment reserve represents the equity-settled share awards as set out in note 28 to the Historical Financial Information.

(d) Surplus reserves

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 surplus reserves until the cumulative total of the reserves reaches 50% of the companies registered capital. Subject to approval from the relevant PRC authorities, the surplus reserves may be used to offset any accumulated losses or increase the registered capital of the companies. The surplus reserves are not available for dividend distribution to equity holders of the PRC companies.

The Company

The amounts of the Company's reserves and the movements therein for the Relevant Periods are presented as follows:

Year ended December 31, 2023

	Paid-in capital	Capital reserve	Surplus reserves	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023	15,000	17,000	7,500	228,130	267,630
Profit for the year	–	–	–	124,421	124,421
Total comprehensive income for the year	–	–	–	124,421	124,421
Dividend declared *(note 11)*	–	–	–	(10,000)	(10,000)
At December 31, 2023	15,000	17,000	7,500	342,551	382,051

Year ended December 31, 2024

	Paid-in capital	Capital reserve	Other reserve	Share-based payment reserve	Surplus reserves	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2024	15,000	17,000	–	–	7,500	342,551	382,051
Profit for the year	–	–	–	–	–	123,761	123,761
Total comprehensive income for the year	–	–	–	–	–	123,761	123,761
Appropriations to statutory surplus reserve	–	–	–	–	4,459	(4,459)	–
Capital reduction *(note 27)*	(6,082)	(17,000)	–	–	(7,500)	(151,238)	(181,820)
Share-based payment *(note 28)*	–	–	–	1,009	–	–	1,009
Recognition of redemption liabilities on ordinary shares *(note 26)*	–	–	(162,180)	–	–	–	(162,180)
Dividend declared *(note 11)*	–	–	11,130	–	–	(90,000)	(78,870)
At December 31, 2024	8,918	–	(151,050)	1,009	4,459	220,615	83,951

Year ended December 31, 2025

	Paid-in capital/Share capital	Capital reserve	Other reserve	Share-based payment reserve	Surplus reserves	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2025	8,918	–	(151,050)	1,009	4,459	220,615	83,951
Profit for the year	–	–	–	–	–	115,725	115,725
Total comprehensive income for the year	–	–	–	–	–	115,725	115,725
Transfer of retained profits to paid-in capital *(note 27)*	1,082	–	–	–	–	(1,082)	–
Dividend declared *(note 11)*	–	–	15,900	–	–	(100,000)	(84,100)
Conversion into a joint stock company	20,000	21,927	135,150	(8,070)	(4,459)	(164,548)	–
Share-based payment *(note 28)*	–	–	–	12,768	–	–	12,768
Appropriations to statutory surplus reserves	–	–	–	–	7,071	(7,071)	–
At December 31, 2025	30,000	21,927	–	5,707	7,071	63,639	128,344

Six months ended June 30, 2026

	Share capital	Capital reserve	Share-based payment reserve	Surplus reserves	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2026	30,000	21,927	5,707	7,071	63,639	128,344
Profit for the period	–	–	–	–	49,794	49,794
Total comprehensive income for the period	–	–	–	–	49,794	49,794
Share-based payment *(note 28)*	–	–	6,848	–	–	6,848
At June 30, 2026	30,000	21,927	12,555	7,071	113,433	184,986

30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the Relevant Periods, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB2,919,000, RMB8,392,000, RMB4,658,000, RMB5,515,000, respectively, in respect of lease arrangements for buildings.

The Group has established supplier finance arrangements that are offered to some of the Group's key suppliers in the Chinese mainland. Suppliers that participate in the supplier finance arrangements will receive payments at the original due dates on invoices sent to the Group from the Group's external finance provider. In order for the finance provider to pay the invoices, the goods must have been received or supplied and the invoices must have been approved by the Group. Payments to suppliers at the invoice due date are processed by the finance provider. Payment terms with suppliers have not been renegotiated in conjunction with the arrangements.

All financial liabilities that are part of the supplier finance arrangements are included in interest-bearing bank loans in the statement of financial position and within the current portion of secured bank loans, respectively.

	As at December 31,			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Carrying amount of financial liabilities that are part of the supplier finance arrangements included:				
Interest-bearing bank loans	–	–	12,738	2,289
Of which suppliers have received payments	–	–	12,738	2,289

The normal payment term of the Group is due within 60 days after invoice. After the supplier finance arrangements established, the actual payment term had been extended by 1 year.

The Group reclassified trade payables of RMB12,738,000 and RMB2,289,000 to interest-bearing bank loans in respect of the supplier finance arrangements during the year ended December 31, 2025 and the six months ended June 30, 2026, respectively.

(b) Changes in liabilities arising from financing activities

As at December 31, 2023

	Bank loans	Lease liabilities	Dividend payable
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2023	22,542	5,581	–
Changes from financing cash flows	(22,833)	(3,647)	(10,000)
New leases	–	2,919	–
Interest expense	291	441	–
Dividend declared	–	–	10,000
At December 31, 2023	–	5,294	–

As at December 31, 2024

	Bank loans	Lease liabilities	Redemption liabilities on ordinary shares	Dividend payable	Capital reduction payable
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2024	–	5,294	–	–	–
Changes from financing cash flows	1,973	(4,524)	–	(20,000)	(122,000)
New leases	–	8,392	–	–	–
Interest expense	27	358	9,024	–	–
Early cancellation of leases	–	(44)	–	–	–
Changes in other reserves	–	–	151,050	–	–
Dividend declared	–	–	–	90,000	–
Capital reduction	–	–	–	–	181,820
At December 31, 2024	2,000	9,476	160,074	70,000	59,820

As at December 31, 2025

	Bank loans	Lease liabilities	Redemption liabilities on ordinary shares	Dividend payable	Accrued [REDACTED] in other payables and accruals
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2025	2,000	9,476	160,074	70,000	–
Changes from financing cash flows	115,337	(4,962)	–	(114,310)	(1,133)
Changes from operating cash flows	–	–	–	–	(6,466)
New leases	–	4,658	–	–	–
Interest expense	1,963	392	12,997	–	–
Increase arising from supplier finance arrangements	12,738	–	–	–	–
Dividend declared	–	–	(15,900)	100,000	–
[**REDACTED**]	–	–	–	–	13,411
Accrual of deferred [**REDACTED**]	–	–	–	–	2,253
At December 31, 2025	132,038	9,564	157,171	55,690	8,065

As at June 30, 2026

	Bank loans	Lease liabilities	Redemption liabilities on ordinary shares	Accrued [REDACTED] in other payables and accruals
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2026	132,038	9,564	157,171	8,065
Changes from financing cash flows	191,829	(3,434)	–	(1,243)
Changes from operating cash flows	–	–	–	(7,640)
New leases	–	5,515	–	–
Interest expense	2,785	228	6,360	–
Increase arising from supplier finance arrangements	2,289	–	–	–
Dividend declared	–	–	–	–
[**REDACTED**]	–	–	–	1,774
Accrual of deferred [**REDACTED**]	–	–	–	313
At June 30, 2026	328,941	11,873	163,531	1,269

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows 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*
Within operating activities	132	118	337	141	211
Within financing activities	3,647	4,524	4,962	2,518	3,434
Total	3,779	4,642	5,299	2,659	3,645

31. RELATED PARTY TRANSACTIONS

(a) Balances with related parties

The Group

For details of the balances with a related party of the Group, please refer to note 16, 21 and 27 to the Historical Financial Information.

The Company

The Company had following balances with subsidiaries:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amounts due from subsidiaries . . .	792	50,549	35,508	48,537
Amounts due to subsidiaries	59	–	21,861	6,677

The balances with subsidiaries are trade in nature, unsecured, interest-free and are to be settled on demand.

(b) Other transactions with related parties:

The Company's controlling shareholders have guaranteed certain bank loans made to the Group as disclosed in note 22(a) to the Historical Financial Information and has guaranteed the payment obligations under the capital reduction agreement as disclosed in note 27 to the Historical Financial Information.

(c) Compensation of key management personnel of the Group:

	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, bonuses and benefits in kind (including contributions to pension plans)	7,389	21,704	10,748	4,991	5,848
Share-based payments . . .	–	904	11,180	5,425	5,823
Total compensation paid/payables to key management personnel .	7,389	22,608	21,928	10,416	11,671

Further details of directors' emoluments are included in note 8 to the Historical Financial Information.

32. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at December 31, 2023, 2024 and 2025 and June 30, 2026 are as follows:

Financial assets

The financial assets of the Group are all measured at amortized cost as at December 31, 2023, 2024 and 2025 and June 30, 2026.

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	31,017	15,049	42,368	15,609
Financial assets included in prepayments, other receivables and other assets	22,725	55,385	28,844	27,715
Cash and cash equivalents	200,766	187,301	137,126	117,544
Total	254,508	257,735	208,338	160,868

Financial liabilities

The financial liabilities of the Group are all measured at amortized cost as at December 31, 2023, 2024 and 2025 and June 30, 2026.

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills payables	68,513	76,506	84,867	116,823
Financial liabilities included in other payables and accruals	44,028	174,264	183,932	178,060
Interest-bearing bank loans	–	2,000	132,038	328,941
Redemption liabilities on ordinary shares	–	160,074	157,171	163,531
Total	112,541	412,844	558,008	787,355

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents, trade receivables, financial assets included in prepayments, other receivables and other assets, trade payables, financial liabilities included in other payables and accruals, interest-bearing bank loans and redemption liabilities on ordinary shares. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The directors meet periodically to analyse and formulate measures to manage the Group's exposure to these risks. Generally, the Group introduces conservative strategies on its risk management. The directors review and agree policies for managing each of these risks and they are summarised below:

(a) Foreign currency risk

The Group is exposed to transactional exchange rate risk. Such risk arises from transactions conducted by an operating entity in a currency other than its functional currency.

The following table shows the sensitivity analysis of exchange rate risk, reflecting the impact of reasonable and possible changes in foreign currency exchange rate on net profit after tax under the assumption that other variables remain unchanged:

	Increase/(decrease) in USD/RMB rate	Increase/(decrease) in profit before tax
	%	*RMB'000*
As at December 31, 2023		
If the USD strengthens against the RMB	5	3,852
If the USD weakens against the RMB	5	(3,852)
As at December 31, 2024		
If the USD strengthens against the RMB	5	4,472
If the USD weakens against the RMB	5	(4,472)
As at December 31, 2025		
If the USD strengthens against the RMB	5	4,241
If the USD weakens against the RMB	5	(4,241)
As at June 30, 2026		
If the USD strengthens against the RMB	5	1,599
If the USD weakens against the RMB	5	(1,599)

(b) Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year/period-end staging classification as at the end of each reporting period. The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

As at December 31, 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	–	–	–	31,017	31,017
Financial assets included in prepayments, other receivables and other assets					
– Normal**	22,769	–	40	–	22,809
Cash and cash equivalents					
– Not yet past due	200,766	–	–	–	200,766
Total	223,535	–	40	31,017	254,592

As at December 31, 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	–	–	–	15,049	15,049
Financial assets included in prepayments, other receivables and other assets					
– Normal**	55,435	–	316	–	55,751
Cash and cash equivalents					
– Not yet past due	187,301	–	–	–	187,301
Total	242,736	–	316	15,049	258,101

As at December 31, 2025

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	–	–	–	42,533	42,533
Financial assets included in prepayments, other receivables and other assets					
– Normal**	28,932	–	316	–	29,248
Cash and cash equivalents					
– Not yet past due	137,126	–	–	–	137,126
Total	166,058	–	316	42,533	208,907

As at June 30, 2026

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	–	–	–	15,659	15,659
Financial assets included in prepayments, other receivables and other assets					
– Normal**	27,792	–	316	–	28,108
Cash and cash equivalents					
– Not yet past due	117,544	–	–	–	117,544
Total	145,336	–	316	15,659	161,311

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 18 to the financial statements.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 18 to the financial statements.

(c) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank loans, and other available sources of financing.

The maturity profile of the Group's financial liabilities and lease liabilities as at the end of the each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

	As at December 31, 2023			
	Within one year or on demand	In the second year	In the third to fifth years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Lease liabilities	3,625	1,369	647	5,641
Trade payables	68,513	–	–	68,513
Financial liabilities included in other payables and accruals	44,028	–	–	44,028
Total	116,166	1,369	647	118,182

	As at December 31, 2024			
	Within one year or on demand	In the second year	In the third to fifth years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Lease liabilities	3,335	2,428	4,312	10,075
Interest-bearing bank loans	2,028	–	–	2,028
Trade payables	76,506	–	–	76,506
Financial liabilities included in other payables and accruals	174,264	–	–	174,264
Redemption liabilities on ordinary shares	160,074	–	–	160,074
Total	416,207	2,428	4,312	422,947

	As at December 31, 2025			
	Within one year or on demand	In the second year	In the third to fifth years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Lease liabilities	4,715	2,666	2,612	9,993
Interest-bearing bank loans	133,798	–	–	133,798
Trade payables	84,867	–	–	84,867
Financial liabilities included in other payables and accruals	183,932	–	–	183,932
Redemption liabilities on ordinary shares	157,171	–	–	157,171
Total	564,483	2,666	2,612	569,761

	As at June 30, 2026			
	Within one year or on demand	In the second year	In the third to fifth years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Lease liabilities	5,463	4,360	2,917	12,740
Interest-bearing bank loans	334,138	–	–	334,138
Trade and bills payables	116,823	–	–	116,823
Financial liabilities included in other payables and accruals	178,060	–	–	178,060
Redemption liabilities on ordinary shares	163,531	–	–	163,531
Total	798,015	4,360	2,917	805,292

(d) Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

The Group monitors capital using an asset-liability ratio, which is total liabilities divided by total assets. The asset-liability ratios as at the end of each reporting period were as follows:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total assets	558,143	597,139	781,150	1,070,284
Total liabilities	177,675	517,348	641,962	870,998
Asset-liability ratio	31.83%	86.64%	82.18%	81.38%

34. EVENTS AFTER THE RELEVANT PERIODS

On August 13, 2026, in accordance with a supplement agreement entered into between the Company and Youngy Group on August 12, 2026, the Company fully settled all outstanding balances with Youngy Group, including other receivables of RMB18,384,000 and capital reduction payables of RMB59,820,000.

35. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the Group's subsidiaries in respect of any period subsequent to June 30, 2026.

[REDACTED]

[REDACTED]

[REDACTED]

[**REDACTED**]

[REDACTED]

This Appendix contains a summary of the principal provisions of the Articles of Association adopted by the Company on December 30, 2025, which will become effective on the date on which the H Shares are [**REDACTED**] on the Stock Exchange. The main purpose of this Appendix is to provide potential investors with an overview of the Articles of Association of the Company, and therefore it may not contain all the information that is important for potential investors.

1 DIRECTORS AND BOARD OF DIRECTORS

(1) Power to Allot and Issue Shares

The Articles of Association of the Company does not contain clauses that authorize the Board of Directors to allocate or issue shares. The Board is required to formulate proposals in respect of any increase or reduction of the registered capital of the Company, the issuance of bonds or other securities and any listing plans, which are subject to approval by the shareholders' general meeting. Any allotment or issue of shares shall be in accordance with the procedures stipulated in applicable laws, administrative regulations and supervision rules.

(2) Power to Dispose Assets of Our Company or Any Subsidiary

The Board of Directors shall determine the authority of external investment, acquisition and sale of assets, asset mortgage, external guarantee matters, entrusted financial management, connected transactions, external donations within the scope of authorization granted by the general meeting.

(3) Compensation or Payments for Loss of Office

Shareholders have the right, by ordinary resolution at a general meeting, to remove any Director (including the chairman or any other executive Director) before the expiration of his or her term of office. Such removal shall not prejudice any claim for damages which the relevant Director may have in respect of any contract entered into with the Company.

(4) Loans to Directors

There are no provisions in the Articles of Association relating to loans to directors.

(5) Disclosure of Interest in Contracts with the Company or Any Subsidiaries

Without reporting to the Board of Directors or the general meeting and obtaining approval from the Board of Directors or the general meeting in accordance with the provisions of this Articles of Association, Directors shall not directly or indirectly conclude any contract or engage in any transaction with the Company.

(6) Remuneration

The appointment and removal of the members of the Board of Directors, as well as their remuneration and payment methods, shall be adopted by the general meeting by ordinary resolution.

(7) Retirement, Appointment, Removal

The Company shall have a Board of Directors. The Board shall consist of 8 directors and shall have one chairman, including 4 shareholders' representatives directors, 1 employees' representative director and 3 independent non-executive directors.

Directors shall be elected or replaced by the shareholders' general meeting, and may be removed by the shareholders' general meeting before the expiry of their terms of office. The term of office of the directors shall be three years, and the directors may be re-elected and re-appointed.

The term of office of the directors shall commence from the date of their appointment until the expiry of the term of the current session of the Board. If the term of office of a director expires but re-election is not made responsively, the said director shall continue fulfilling the duties as director pursuant to laws, administrative regulations, departmental rules, the Hong Kong Listing Rules and the Articles of Association until a new director is elected.

The directors of the Company are natural persons, and none of the following persons shall serve as our Director:

i a person who has no civil capacity or has limited civil capacity;

ii a person who has been sentenced to a criminal penalty for corruption, bribery, encroachment of property, misappropriation of property, or disruption of the order of the socialist market economy or has been deprived of political rights for a crime, and it has not been five years since completion of execution of the sentence, or if suspension of the sentence of the person is announced, it has not been two years since completion of probation;

iii a person who has served as a director, the factory chief, or the manager of an insolvent and liquidated company or enterprise and is held personally liable for such bankruptcy, and three years have not elapsed since the date when the bankruptcy and liquidation of the company or enterprise are completed;

iv a person who has served as the legal representative of a company or enterprise whose business license was revoked or which is ordered to close down due to any violation of law, and is held personally liable for the revocation, and three years have not elapsed since the date when the revocation or the order of closedown of the company or enterprise occurs;

v a person who has been listed as a dishonest judgment debtor by a people's court for his or her failure to repay a relatively large amount of debt that has become due;

vi a person who has been banned from entering the securities market by the CSRC and such term has not expired;

vii a person who has been publicly recognized by the stock exchange as unsuitable to serve as a director or a senior management of a listed company and whose disqualification period has not yet expired;

viii other contents as prescribed by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, securities regulatory rules of the place where the shares of the Company are listed.

Election or appointment of a director which violates the aforesaid provisions shall be void. A director who encounters the circumstance set out in the above paragraph during his/her term of office shall be dismissed by the Company, and the Company shall suspend his/her performance of duties.

(8) Borrowing Powers

The Company may, upon a resolution of the shareholders' meeting, or upon a resolution of the Board of Directors as authorized by the Articles of Association or the shareholders' meeting, issue shares or corporate bonds that are convertible into shares. The specific implementation shall comply with laws, administrative regulations, the rules of China Securities Regulatory Commission and securities regulatory rules of the place where the shares of the Company are listed.

2 ALTERATIONS TO CONSTITUTIONAL DOCUMENTS

The Company shall amend the Articles of Association under any of the following circumstances:

(1) After the amendments are made to the PRC Company Law, the Hong Kong Listing Rules securities regulatory rules of the place where the shares, securities regulatory rules of the place where the shares of the Company are listed, or relevant laws, administrative regulations, the provisions of the Articles of Association are in conflict with the amended laws or administrative regulations;

(2) there is a change in the Company's situation, which is inconsistent with the matters recorded in the Articles of Association;

(3) the shareholders' general meeting decides to amend the Articles of Association.

The amendments to the Articles of Association adopted by the shareholders' general meeting shall be submitted to the competent authorities for approval if they are subject to approval by the competent authorities. If there is any change relating to the registered particulars of the Company, application shall be made for registration of the changes in accordance with the laws.

3 SPECIAL RESOLUTIONS – MAJORITIES REQUIRED

Resolutions of the general meeting are divided into ordinary resolutions and special resolutions.

An ordinary resolution shall be passed by votes representing more than half of the voting rights (excluding treasury shares held by the Company) represented by the shareholders present at the meeting.

A special resolution shall be passed by votes representing at least two-thirds of the voting rights (excluding treasury shares held by the Company) represented by the shareholders present at the meeting.

The following matters shall be approved by ordinary resolutions at a general meeting:

(1) work reports of the Board of Directors;

(2) profit distribution plans and loss recovery plans formulated by the Board;

(3) appointment of members of the Board of Directors, and their remuneration and method of payment for them;

(4) appointment and dismissal of the accounting firm by the Company, and the remuneration of the accounting firm;

(5) matters other than those required by the laws, administrative regulations or the Articles of Association to be adopted by special resolution.

The following matters shall be approved by special resolutions at a general meeting:

(1) increase or reduction of the registered capital of the Company;

(2) division, split, merger, dissolution, liquidation or modification of form of the Company;

(3) amendments to the Articles of Association;

(4) purchase or disposal of material assets or provision of external guarantee by the Company within 1 year with an amount exceeding 30% of the latest audited total assets of the Company;

(5) such other matters as are required to be approved by special resolution under applicable laws, administrative regulations, the Hong Kong Listing Rules, the Articles of Association or the securities regulatory rules of the place where the Company's shares are listed, as well as any other matters which, in the opinion of the shareholders' general meeting by way of an ordinary resolution, may have a material impact on the Company and are required to be approved by special resolution.

4 VOTING RIGHTS

Shareholders exercise their voting rights in the number of voting shares they represent, and each share is entitled to one vote, except for holders of shares of a separate class

Shares of the Company held by the Company itself and treasury shares (if any) shall not carry any voting rights, and such shares are not included in the total number of shares with voting rights attending the general meetings.

In accordance with the listing rules of the stock exchange of the place where the Company's shares are listed or applicable laws and regulations, if any shareholder is required to abstain from voting on a particular resolution or restrict any shareholder from voting only for (or against) a resolution, the number of votes cast by such shareholder or its proxy in violation of the relevant provisions or restrictions shall not be included in the total number of voting shares.

5 REQUIREMENTS FOR ANNUAL GENERAL MEETINGS

General meetings are divided into annual general meetings and extraordinary general meetings. The annual general meeting shall be held in each financial year and shall be convened within six months after the end of the preceding financial year.

6 ACCOUNTS AND AUDIT

(1) Financial and Accounting Policies

The Company shall establish its financial and accounting system in accordance with applicable laws and administrative regulations, the Hong Kong Listing Rules, the securities regulatory rules of the place where the Company's shares are listed and the requirements of the relevant governmental authorities.

The Company shall prepare its annual financial accounting reports within four months from the end of each financial year.

The Company shall not establish other accounting books except for the statutory accounting books. The funds of the Company shall not be deposited in any account opened in the name of any individual.

(2) Appointment and Dismissal of Accountants

The Company employs an accounting firm that complies with the securities law to conduct accounting statement audit, net asset verification and other related consulting services. The employment period is one year, and can be renewed.

The employment and dismissal of accounting firms by the Company must be decided by the general meeting, and the Board of Directors shall not appoint accounting firms before the decision of the general meeting.

The Company guarantees to provide the accounting firm it employs with true and complete accounting vouchers, accounting books, financial and accounting reports and other accounting materials, and shall not refuse, conceal or make false statements.

The Company shall notify the accounting firm 30 days in advance when dismissing or no longer renewing the accounting firm. The accounting firm shall be allowed to state its opinions when the general meeting votes on dismissing the accounting firm. If the accounting firm proposes to resign, it shall explain to the general meeting whether the Company has any improper affairs.

7 NOTICE OF MEETINGS AND BUSINESS TO BE CONDUCTED THEREAT

The Company shall convene an extraordinary general meeting within 2 months from the date of occurrence of any of the following circumstances:

(1) the number of directors is less than the quorum stipulated in the Company Law or less than two-thirds of the number specified in the Articles of Association;

(2) when the unrecovered losses of the Company amount to one-third of the total amount of its share capital;

(3) when shareholders individually or jointly holding 10% or more of the Company's shares so request;

(4) when deemed necessary by the Board;

(5) when proposed by the Audit Committee;

(6) other circumstances stipulated by laws, administrative regulations, departmental rules or the Articles of Association.

General meetings shall be summoned by the Board in accordance with the laws, except as otherwise provided bylaws and regulations or the Articles of Association.

With the consent of more than half of all independent non-executive Directors, the independent non-executive Directors are entitled to propose to the Board to convene an extraordinary general meeting. The Board shall, in accordance with the laws, administrative regulations and the Articles of Association, give a written reply on whether or not to convene the extraordinary general meeting within 10 days after receiving the proposal from the independent non-executive Directors. If the Board agrees to convene the extraordinary general meeting, a notice of such meeting shall be issued within 5 days after the resolution of the Board is passed. If the Board does not agree to convene the extraordinary general meeting, it shall explain the reasons and make an announcement.

The Audit Committee shall have the right to propose to the Board to convene an extraordinary general meeting in writing. The Board shall, in accordance with the laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association, give a written reply on whether to convene the extraordinary general meeting or not within 10 days after receipt of the proposal. If the Board agrees to convene the extraordinary general meeting, a notice of such meeting shall be issued within 5 days after the resolution of the Board is passed. Any change to the original proposal in the notice is subject to the consent of the Audit Committee. If the Board does not agree to convene the extraordinary general meeting, or fails to give a reply within 10 days of receipt of the proposal, it is deemed that the Board is unable to perform or fails to perform its duty to convene a shareholders' general meeting, and the Audit Committee may convene and preside over the meeting on its own.

Shareholders individually or jointly holding 10% (excluding treasury shares held by the Company) or more of the Company's voting shares shall have the right to request the Board of Directors in writing to convene an extraordinary general meeting. The Board shall, in accordance with the laws, administrative regulations and the Articles of Association, give a written reply on whether to convene the extraordinary general meeting or not within 10 days after receipt of the written proposal. If the Board agrees to convene the extraordinary general meeting, a notice of such meeting shall be issued within five days after the resolution of the Board is passed. Any change to the original request made in the notice shall be subject to the consent of the relevant shareholders. If the Board does not agree to convene an extraordinary general meeting or does not reply within 10 days upon receipt of the proposal, the shareholders individually or jointly holding 10% (excluding treasury shares held by the Company) or more of the Company's shares shall have the right to propose to the Audit Committee to convene an extraordinary general meeting, and such proposal shall be made in writing.

If the Audit Committee agrees to convene the extraordinary general meeting, it shall issue a notice of general meeting within 5 days upon receipt of the request. Any changes to the original request in the notice shall be approved by the relevant shareholders. If the Audit Committee fails to issue the notice of the general meeting within the prescribed period, it shall be deemed that the Audit Committee will not convene and preside over the general meeting, and shareholders individually or jointly holding 10% (excluding treasury shares held by the Company) or more of the Company's shares for 90 days or more consecutively may summon and preside over the meeting by themselves.

When the Company convenes a general meeting, the Board and the Audit Committee and shareholders individually or jointly holding 1% (excluding treasury shares held by the Company) or more of the Company's shares shall have the right to submit proposals to the Company.

Shareholders individually or jointly holding 1% (excluding treasury shares held by the Company) or more of the Company's shares may submit ad hoc proposals in writing to the convener 10 days before a general meeting is convened. The convener shall, within 2 days upon receipt of the proposal, issue a supplementary notice of the general meeting which shall contain the contents of the provisional proposal, and submit the ad hoc proposals to the general meeting for review, except for ad hoc proposals that violate laws, administrative regulations, or the Articles of Association of the Company, or fall outside the scope of the general meeting powers.

Except as provided in the preceding paragraph, the convener shall not amend the proposals set out in the notice of the general meeting or add any new proposals after issuing the notice of the general meeting.

The convenor shall notify the shareholders through announcement at least 20 days prior to the annual general meeting, and shall notify the shareholders through announcement at least 15 days prior to the date of the extraordinary general meeting.

8 TRANSFER OF SHARES

Shares issued by the Company prior to the initial [**REDACTED**] of shares shall not be transferred within one year from the date on which the Company's shares are listed and traded on the stock exchange.

Directors and senior management of the Company shall declare to the Company their shareholdings in the Company and any changes thereof, and shall not transfer more than 25% of the total number of shares of the Company held by them each year during their terms of office; the shares of the Company held by them shall not be transferred within one year from the date on which the shares of the Company are listed and traded. The above personnel shall not transfer the shares of the Company held by them within half a year after they leave the Company.

9 POWER OF THE COMPANY TO PURCHASE ITS OWN SHARES

The Company shall not repurchase its shares, except under one of the following circumstances:

(1) reducing the registered capital of the Company;

(2) merging with another company that holds shares in the Company;

(3) using shares for employee stock ownership plan or share incentives;

(4) shareholders who object to resolutions of the general meeting on merger or division of the Company requesting the Company to buy back their shares;

(5) to use the shares for conversion of corporate bonds issued by the Company which are convertible into shares;

(6) where it is necessary for the Company to preserve its value and shareholders' interest.

The Company may repurchase its own shares through open market transactions on a centralized trading system, or by such other means as are permitted under applicable laws, administrative regulations, the CSRC, the Hong Kong Listing Rules and the securities regulatory authorities of the place where the Company's shares are listed. The repurchase of its shares by the Company under the circumstances set out in items (3), (5) and (6) above shall be conducted through public centralized trading.

Where the Company repurchases its shares under the circumstances set out in items (1) and (2) above, a resolution shall be passed at the general meeting of the Company. Where the Company repurchases its shares under the circumstances set out in items (3), (5) and (6) above, a resolution shall be passed at a Board meeting attended by more than two-thirds of the directors in accordance with the provisions of the Articles of Association or the authorization of the general meeting.

Where the Company repurchases its shares under the circumstances set out in item (1) above, such shares shall be canceled within 10 days from the date of repurchase; where the Company repurchases its shares under the circumstances set out in items (2) and (4) above, such shares shall be transferred or canceled within 6 months; where the Company repurchases its shares under the circumstances set out in items (3), (5) and (6) above, the total number of shares held by the Company shall not exceed 10% of the total issued shares of the Company, and such shares shall be transferred or canceled within 3 years.

Despite the above provisions, if applicable laws and regulations, as well as the securities regulatory rules of the place where the shares of the Company are listed, have other provisions regarding the aforementioned matters related to the repurchase of company shares, the company shall comply with their provisions. The repurchase of foreign shares listed overseas by the company shall comply with the Hong Kong Listing Rules and other relevant laws, regulations, the Hong Kong Listing Rules and regulatory provisions of the place where the company's foreign shares are listed. Subject to compliance with the Company Law and other relevant regulations, the Hong Kong Listing Rules, and other securities regulatory rules of the place where the shares of the Company are listed, the company may hold the repurchased shares as treasury shares and subsequently cancel, sell, or transfer such treasury shares at any time.

10 POWER OF ANY SUBSIDIARY OF OUR COMPANY TO OWN SHARES IN ITS PARENT

There are no provisions in the Articles of Association relating to ownership by subsidiary of our Company of shares in its parent.

11 DIVIDENDS AND OTHER METHODS OF DISTRIBUTION

After a resolution on the dividend distribution plan is made at the general meeting, the Company shall complete the distribution of the dividend (or shares) within two months.

The Company may distribute dividends in the form of cash, stocks or a combination of stocks and cash or other ways permitted by law, and to the extent that conditions for the distribution of cash dividends are satisfied, the Company shall give priority to the distribution of cash dividends.

12 PROXIES

All shareholders legally registered on the record date or their proxies are entitled to attend the general meeting, and shall exercise their voting rights at the general meeting in accordance with the relevant laws, administrative regulations, departmental rules and the Articles of Association.

Individual shareholders who attend the meeting in person shall produce their identity cards or other effective document or proof of identity. Proxies of individual shareholders shall produce their valid identity cards and the power of attorney of the shareholder.

Shareholder that is a legal person shall be represented at the meeting by its legal representative or a proxy appointed by the legal representative. If a legal representative attends the meeting, he/she shall present his/her identity card, valid proof that he/she is a legal representative; if a proxy attends the meeting, the proxy shall present his/her identity card, the written power of attorney issued by the legal representative of the shareholder according to law, a copy of the business license (with official seal) and the share certificate (except for shareholders who are recognized clearing houses (including [**REDACTED**]) or their proxies).

If the shareholder is a recognized clearing house (including [**REDACTED**]) or their proxies, the shareholder may authorize the corporate representative(s) or one or more persons as it thinks fit to act as its representative(s) at any general meeting (including but not limited to general meetings of shareholders and creditors); however, if more than one person is so authorized, the power of attorney shall specify the number and class of shares in respect of which each such person is authorized. The person so authorized may attend the meeting on behalf of the recognized clearing house (or its nominee) to exercise the rights equivalent to those of other shareholders under the law as if he/she were an individual shareholder of the Company.

If the power of attorney for voting is signed by a person authorized by the principal, the power of attorney or other authorization documents shall be notarized. The notarized power of attorney or other authorization documents, and the power of attorney for voting shall be placed at the domicile of the Company or at such other place as specified in the notice convening the meeting.

13 CALLS ON SHARES AND FORFEITURE OF SHARES

There are no provisions in the Articles of Association relating to calls on shares and forfeiture of shares.

14 INSPECTION OF REGISTER OF MEMBERS

The Company shall establish a register of shareholders in accordance with the certificates provided by the securities registration. The register of shareholders shall be sufficient evidence of the shareholders' shareholdings in the Company. Shareholders enjoy rights and assume obligations according to the types of shares they hold. Shareholders holding the same kind of shares shall enjoy the same rights and undertake the same obligations. The Hong Kong branch of the shareholder register must be available for shareholders to consult, but the Company may suspend the registration of shareholders in accordance with provisions equivalent to Section 632 of the Hong Kong Companies Ordinance.

When the Company convenes a general meeting, distributes dividends, conducts liquidation or engages in other activities that require the confirmation of the identity of shareholders, the Board or the convener of the general meeting shall determine the record date. Shareholders whose names appear on the register of shareholders after the close of trading on the record date shall be the shareholders entitled to relevant interests.

15 QUORUM FOR MEETINGS

There are no provisions in the Articles of Association relating to quorum for general meetings.

16 RIGHTS OF THE MINORITIES IN RELATION TO FRAUD OR OPPRESSION THEREOF

If Directors other than members of the Audit Committee or senior management personnel violate laws, administrative regulations, or the provisions of the Articles of Association while performing their duties, causing losses to our Company, shareholders who individually or jointly hold more than 1% of our Company's shares for more than 180 consecutive days have the right to request in writing that the Audit Committee file a lawsuit with the people's court; If the members of the Audit Committee violates laws, administrative regulations or the provisions of the Articles of Association while performing its duties, causing losses to our Company, the aforementioned shareholders may request in writing that the Board of Directors file a lawsuit with the people's court.

If the Audit Committee or the Board of Directors refuses to file a lawsuit after receiving a written request from the shareholders specified above, or fails to file a lawsuit within 30 days from the date of receiving the request, or if the situation is urgent and the failure to file a lawsuit immediately will cause irreparable damage to our Company's interests, the shareholders specified above have the right to directly file a lawsuit in their own name to the people's court for the benefit of our Company. If another person infringes on the legitimate rights and interests of our Company and causes losses to our Company, shareholders who individually or jointly hold more than 1% of our Company's shares for more than 180 consecutive days may file a lawsuit with the people's court in accordance with the above provisions.

If Directors or senior management personnel violate laws, administrative regulations, the Hong Kong Listing Rules or the provisions of the Articles of Association and harm the interests of shareholders, shareholders may file a lawsuit with the people's court.

If shareholders of the Company abuse their Shareholder rights and cause losses to our Company or other shareholders, they shall bear compensation liability in accordance with the law. If a Company's shareholders abuse the independent status of the Company's legal person and the limited liability of shareholders, evade debts, and seriously harm the interests of the Company's creditors, they shall bear joint and several liability for the Company's debts.

The controlling shareholder and actual controller of the Company shall comply with the following regulations:

(1) exercise shareholder rights in accordance with the law, shall not abuse control or use affiliated relationships to harm the legitimate rights and interests of the Company or other shareholders;

(2) strictly fulfill the public statements and commitments made, and shall not make unauthorized changes or exemptions;

(3) strictly fulfill the obligation of information disclosure in accordance with affiliated regulations, actively cooperate with the Company to conducted information disclosure well, and promptly inform the Company of major events that have Company or are planned to occur;

(4) shall not to occupy the funds of the Company in any way;

(5) shall not force, instruct or require the Company and related personnel to provide guarantees in violation of laws and regulations;

(6) shall not allowed to use the Company's undisclosed major information for personal gain, shall not allowed to disclose undisclosed major information related to the Company in any way, shall not allowed to engage in illegal and irregular activities such as insider trading, short-term trading, market manipulation, etc;

(7) shall not harm the legitimate rights and interests of the Company and other shareholders through unfair connected transactions, profit distribution, asset restructuring, external investments, or any other means;

(8) ensure the integrity of the Company's assets, independence of personnel, financial independence, institutional independence, and business independence, and shall not affect the independence of the Company in any way;

(9) other provisions of laws, administrative regulations, regulations of the CSRC, the Hong Kong Listing Rules, the securities regulatory rules of the place where the shares of the Company are listed, and the Articles of Association.

If the controlling shareholder or actual controller of the Company instructs a Director or senior management personnel to engage in behavior that harms the interests of the Company or shareholders, they shall bear joint and several liability with the Director or senior management personnel.

17 PROCEDURES ON LIQUIDATION

The Company shall be dissolved for the following reasons:

(1) the term of its operations as is stipulated in the Articles of Association has expired or events of dissolution specified in the Articles of Association have occurred;

(2) the shareholders' general meeting resolves to dissolve the Company;

(3) dissolution is necessary due to merger or division of the Company;

(4) the Company's business licence is revoked, the Company is ordered to close down or be revoked in accordance with the law;

(5) the Company encounters serious difficulties in its operation and management and its continuous existence will cause significant losses to the interests of shareholders, and such difficulties cannot be resolved through other means, shareholders holding 10% or more of the voting rights of all shareholders of the Company request the people's court to dissolve the Company.

Where a company encounters the dissolution circumstances specified above, it shall disclose such circumstances through the National Enterprise Credit Information Publicity System within 10 days.

Where the Company is dissolved pursuant to items (1), (2), (4) and (5) above, the Company shall be liquidated. The Directors of the Company as the liquidation obligors shall, within 15 days of occurrence of the cause of dissolution, form a liquidation committee to conduct liquidation. The liquidation group are composed of the Directors, except as otherwise provided in the Articles of Association or as otherwise provided by the general meeting. If the liquidation obligor fails to fulfill the liquidation obligation in a timely manner and causes losses to the Company or creditors, they shall bear the liability for compensation.

The liquidation committee shall notify creditors within 10 days from the date of its establishment, and publish an announcement in National Enterprise Credit Information Publicity System within 60 days.

If the liquidation committee discovers that the Company's assets are insufficient to repay its debts after cleaning up the Company's assets and preparing a balance sheet and an inventory of assets, it shall apply to the people's court for bankruptcy liquidation in accordance with the law.

Upon completion of the liquidation, the liquidation committee shall prepare a liquidation report which shall be submitted to the general meeting or the people's court for confirmation, and shall submit the same to the company registration authority, apply for cancelation of the company's registration.

18 ANY OTHER PROVISIONS MATERIAL TO THE COMPANY OR THE SHAREHOLDERS THEREOF

(1) General Provisions

Our Company is a permanently existing joint stock limited company.

The shareholders are responsible for the Company to the extent of their subscribed shares, and the Company is responsible for the Company's debts with all its assets.

The Articles of Association shall, from the date on which they take effect, be the legally binding document that regulates the organization and activities of the Company and the relationship of rights and obligations as between the Company and the shareholders and among the shareholders, and shall be legally binding on the Company, the shareholders, the directors, and senior officers. Based on the Articles of Association, any shareholder may bring a lawsuit against another shareholder, a director, or any senior officer. Any shareholder may bring a lawsuit against the Company, and the Company may bring a lawsuit against any shareholder, director, or any senior officer.

(2) Capital Increase and Capital Reduction

The Company may, based on its business and development needs and in accordance with the laws and regulations, increase its capital in the following ways, subject to separate resolutions of the shareholders' general meeting:

i offering securities to non-specific objects;

ii offering securities to specific objects;

iii distributing bonus shares to its existing shareholders;

iv conversion of reserve into share capital;

v other means as is stipulated by laws, administrative regulations, or as approved by CSRC, the Hong Kong Listing Rules and the securities regulatory authority of the place where the Company's shares are listed.

The Company may reduce its registered capital. When the Company reduces its registered capital, it shall prepare a balance sheet and an inventory of assets.

The Company shall reduce its registered capital in accordance with the procedures stipulated in the Company Law and other relevant regulations as well as the Articles of Association.

(3) Shareholders

Shareholders of the Company shall enjoy the following rights:

i to receive dividends and other distributions in proportion to the number of shares held;

ii to request to convene, summon, preside over, attend or appoint a proxy to attend shareholders' general meetings in accordance with the laws, and to exercise the corresponding rights to vote (unless such shareholder is required to abstain from voting on the relevant matter under the Hong Kong Listing Rules and applicable laws and regulations);

iii to supervise the operation of the Company, making suggestions or inquiries;

iv to transfer, give or pledge the shares held by them in accordance with the laws, administrative regulations and the Articles of Association;

v to review or copy the Articles of Association, the register of members, minutes of general meetings, resolutions of the Board meetings, and financial and accounting reports, shareholders who meet the regulations can review the accounting books and vouchers of the Company;

vi in the event of the termination or liquidation of the Company, to participate in the distribution of remaining assets of the Company in proportion to the number of shares held;

vii to request the Company to buy back the shares of shareholders objecting to resolutions of the general meeting concerning merger or division of the Company;

viii other rights stipulated by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

The Articles of Association, the resolution of the general meeting or the resolution of the Board of Directors shall comply with the law, and shall not deprive or restrict the legal rights of shareholders. The Company shall protect the lawful rights of shareholders and ensure that they are treated fairly.

Shareholders of the Company shall assume the following obligations:

i to abide by laws, administrative regulations and the Articles of Association;

ii to pay subscription monies according to the number of shares subscribed and the method of subscription;

iii not to withdraw its share capital unless under the circumstances stipulated by laws and regulations;

iv not to abuse the rights of shareholders to damage the interests of the Company or that of 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 other obligations imposed by laws, administrative regulations, the Hong Kong Listing Rules, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

(4) Board of Directors

The Board shall exercise the following powers:

i to summon general meetings and report its work to the general meetings;

ii to implement the resolutions of the general meeting;

iii to decide on the Company's business plans and investment plans;

iv to formulate the Company's profit distribution plans and loss recovery plans;

v to formulate proposals for the increase or reduction of the Company's registered capital, the issue of bonds or other securities and listing plans;

vi to formulate plans for material acquisitions, purchase of shares of the Company or merger, division, dissolution and change of corporate form of the Company;

vii to decide on the Company's external investment, acquisition and disposal of assets, pledge of assets, external guarantees, entrusted wealth management, connected transactions, external donations and other matters within the scope authorized by the general meeting;

viii to decide on the establishment of the Company's internal management bodies;

ix to appoint or remove the Company's general manager, secretary of Board of Directors and other senior management, and decide on their remuneration, rewards and punishments; to appoint or remove the Company's deputy general manager, chief financial officer and other senior management based on the nomination of the general manager, and decide on their remuneration, rewards and punishments;

x to develop the basic management system of the Company;

xi to formulate proposals for any amendment to the Articles of Association;

xii to manage the information disclosure of the Company;

xiii to propose to the general meeting the appointment or replacement of the accounting firm that audits the Company;

xiv to listen to the work report of the general manager of the Company and inspect his/her work of the general manager;

xv to consider and approve external guarantee matters of the Company that fall outside the scope of matters required to be considered by the general meeting;

xvi other functions and powers conferred by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, securities regulatory rules of the place where the shares of the Company are listed, the Articles of Association or the general meeting.

Unless otherwise provided by laws, administrative regulations, CSRC rules and the securities regulatory rules of the place where the Company's shares are [**REDACTED**], matters beyond the scope of authorization of the general meeting shall be submitted to the general meeting for consideration.

The resolution of the Board of Directors must be adopted by more than half of all directors.

(5) Duties of Directors

Directors shall comply with laws, administrative regulations, the Hong Kong Listing Rules and the provisions of this Articles of Association. They have a duty of loyalty to the company and shall take measures to avoid conflicts of interest between themselves and the company. They shall not use their powers to seek improper benefits.

Directors shall owe the following fiduciary duties to the Company:

i Directors shall not embezzle the Company's property, and shall not misappropriate the Company's funds;

ii Directors shall not deposit Company's funds into accounts held in their own names or in the name of any other individual;

iii Directors shall not use their power to bribe or accept other illegal income;

iv Without reporting to the Board of Directors or the general meeting and obtaining approval from the Board of Directors or the general meeting in accordance with the provisions of the Articles of Association, no direct or indirect contract or transaction shall be entered into with the Company;

v Directors shall not take advantage provided by their own positions to seek business opportunities belonging to the Company for oneself or others, except for reporting to the Board of Directors or the general meeting and obtaining approval from the general meeting resolution, or where the Company is unable to take advantage of such business opportunities in accordance with laws, administrative regulations, or the provisions of the Articles of Association;

vi Without reporting to the Board of Directors or the general meeting and obtaining approval from the general meeting, directors shall not engage in self operated or operate similar businesses as the Company for others;

vii Directors shall not accept commissions paid by others for transactions conducted with the Company as their own;

viii Directors shall not to disclose secrets of the Company without authorization;

ix Directors shall not abuse their connected relationships to damage the Company's interests;

x Directors shall have other fiduciary obligations stipulated in laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

Any income obtained by a director in violation of above provisions shall belong to the Company; if losses are caused to the Company, the director shall be liable for compensation.

Directors shall abide bylaws, administrative regulations and the Articles of Association. Directors shall have a diligent obligation to the Company and perform their duties with the reasonable care that managers should normally have for the maximum benefit of the Company.

Directors shall have the following diligent obligations to the Company:

i Directors shall prudently, earnestly and diligently exercise the powers the Company grants to them to ensure that the Company conducts its commercial activities in a manner that complies with the requirements of state laws, administrative regulations and state economic policies, and that the Company's commercial activities do not go beyond the scope of the business activities stipulated in the Company's business license;

ii Directors shall treat all shareholders fairly;

iii Directors shall maintain a timely awareness of the operation and management of the Company;

iv Directors shall sign written statements confirming the regular reports of the Company, and ensure that the information disclosed by the Company is true, accurate and complete;

v Directors shall provide accurate information and materials to the Audit Committee and shall not obstruct the Audit Committee from performing its or their duties;

vi Directors shall have other obligations of diligence stipulated in laws, administrative regulations, departmental rules and the Articles of Association.

The fiduciary duties owed by the Director to the Company and its shareholders shall not automatically be discharged upon the end of his/her term of office, and the obligation to maintain the confidentiality of the Company's trade secrets shall remain effective after the end of the term. The duration of other obligations shall be determined in accordance with the principle of fairness, depending on the length of time between the occurrence of relevant events and the departure, as well as the circumstances and conditions under which the Director's relationship with the Company is terminated. Any liabilities that a Director is required to bear for acts performed during his/her tenure shall not be exempted or terminated due to his/her departure.

When a director, in the performance of his/her duties for the company, causes damage to others, the company shall bear the liability for compensation; if the director is intentionally at fault or grossly negligent, he/she shall also bear the liability for compensation. Any director who violates laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, securities regulatory rules for the securities of the place where shares of the Company are listed or the Articles of Association in performing his/her duties and thereby causes losses to the Company shall be liable for compensation.

(6) Audit Committee

The Board of Directors of the Company shall establish Audit Committee to exercise the powers of the Supervisory Committee as stipulated in the Company Law.

(7) General Manager

The Company shall have one general manager who shall be appointed or dismissed by the Board of Directors.

The general manager shall be accountable to the Board and exercise the following powers:

i to be in charge of the production, operation and management of the Company, organize the implementation of the resolutions of the Board and report to the Board;

ii to organize the implementation of the Company's annual business plan and investment plan;

iii to draft plans for the establishment of the Company's internal management bodies;

iv to draft the basic management system of the Company;

v to formulate the specific rules and regulations of the Company;

vi to propose to the Board to appoint or dismiss deputy general managers, chief financial officer of the Company;

vii to appoint or dismiss management personnel other than those required to be appointed or dismissed by the Board;

viii to exercise other powers conferred by the Articles of Association or the Board.

The general manager is to attend board meetings as an observer.

(8) Reserves

In distributing its current-year after-tax profits, the Company shall allocate 10% of its profit to its statutory reserve fund. Allocations to the Company's statutory reserve fund may be waived once the cumulative amount of funds therein accounts for more than 50% of the Company's registered capital.

Where the statutory reserve fund is not sufficient to cover any loss made by the Company in the previous year, the current year's profit shall be used to cover such loss before any allocation is made to the statutory reserve fund pursuant to the preceding paragraph.

After an allocation to the statutory reserve fund has been made from the after-tax profit of the Company, and subject to the adoption of a resolution by the general meeting, an allocation may be made to the discretionary reserve fund.

After the Company has covered its losses and made allocations to the reserve funds, any remaining profit shall be distributed to the shareholders in proportion to their respective shareholdings, except as otherwise prescribed in the Articles of Association.

Where the general meeting violates the Company Law by distributing profits to shareholders, the profits so distributed shall be returned to the Company; shareholders and responsible directors and senior management personnel who cause losses to the Company shall be liable for compensation.

Profits shall not be distributed to shares held by the Company itself.

The reserves of the Company shall be used for covering loss and expanding production and other operations or be converted to increase the registered capital of the Company. Where reserves are used to cover loss of the Company, the discretionary and statutory reserves shall be first used; and if they are insufficient for covering loss, the capital reserve may be used according to the applicable provisions.

Where the statutory reserve is converted to increase the registered capital, the remainder of the reserve may not be less than 25% of the registered capital of the Company before the conversion.

FURTHER INFORMATION ABOUT OUR COMPANY

1. Incorporation of our Company

Our Company was established as a limited liability company in the PRC on December 16, 2008 and was converted into a joint stock limited company on November 18, 2025 under the laws of the PRC. As of the Latest Practicable Date, the registered capital of the Company was RMB30,000,000.

We have established a principal place of business in Hong Kong at Room 1910, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong, and was registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on January 27, 2026. We have appointed Ms. Yeung Siu Wai Kitty (楊小慧) as the authorized representative of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong. The address for service of process on our Company in Hong Kong is the same as its principal place of business in Hong Kong as set out above.

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 relevant provisions of our Articles of Association is set out in Appendix III to this document. A summary of certain relevant aspects of the laws and regulations of the PRC is set out in the section headed "Regulatory Overview" in this document.

2. Changes in the Share Capital of our Company

On December 16, 2008, our Company was established as a limited liability company with an initial registered capital of RMB1,000,000.

On March 19, 2024, the registered capital of the Company decreased from RMB15,000,000 to RMB8,918,000.

On April 15, 2025, the registered capital of the Company increased from RMB8,918,000 to RMB10,000,000.

On November 18, 2025, our Company was converted into a joint stock company with limited liability, and our share capital became RMB30,000,000 divided into 30,000,000 shares with a nominal value of RMB1.00 each.

Further, our Company expects to subdivide its Shares from one Share of RMB1.0 each into [four] Shares of RMB[0.25] each immediately upon the [**REDACTED**].

Save as disclosed above and in the section headed "History, Development and Corporate Structure" in this document, there has been no alteration in our share capital within two years immediately preceding the date of this document.

3. Restriction of Share Repurchase

Please refer to "Summary of Articles of Association" in Appendix III for details on the restrictions on the Share repurchase by our Company.

4. Resolutions of our Shareholders

Pursuant to a general meeting of our Shareholders held on December 30, 2025, the following resolutions, among others, were passed by our Shareholders:

(a) the issue of H Shares with a nominal value of RMB0.25 each by our Company and such H Shares to be [**REDACTED**] on the Main Board of the Stock Exchange;

(b) subject to the completion of the [**REDACTED**], the Articles of Association has been approved and adopted, which shall only become effective on the [**REDACTED**], and our Board has been authorized to amend the Articles of Association in accordance with any comments from the Stock Exchange and the relevant PRC regulatory authorities;

(c) subject to the completion of filing with CSRC, upon completion of the Share Subdivision and the [**REDACTED**], [**REDACTED**] will be converted into H Shares on a one-for-one basis;

(d) authorizing our Board to handle all relevant matters relating to, among other things, the implementation of issue of H Shares and the [**REDACTED**];

(e) subject to the completion of the [**REDACTED**], the granting of a general mandate to our Board to allot and issue Shares at any time within a period up to the date of the conclusion of the next annual general meeting of our Shareholders or the date on which our Shareholders pass a special resolution to revoke or change such mandate, whichever is earlier, provided that, the number of Shares to be issued shall not exceed 20% of the number of Shares in issue as at the date of the resolution granting the general mandate; and

(f) subject to the completion of the [**REDACTED**], the granting of a general mandate to our Board to repurchase H Shares issued on the Stock Exchange with an aggregate number of not exceeding 10% of the number of the total issued H Shares immediately following the completion of the [**REDACTED**], at any time within a period up to the date of the conclusion of the next annual general meeting of our Shareholders or the date on which our Shareholders pass a special resolution to revoke or change such mandate, whichever is earlier.

5. Changes in Share Capital of our Subsidiaries

Our subsidiaries are referred to in the Accountants' Report set out in Appendix I to this document.

There has been no alteration in the share capital or registered capital of any of the subsidiaries of our Company within the two years immediately preceding the date of this document.

FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of our Group within the two years preceding the date of this document that are or may be material:

(a) the termination agreement dated December 10, 2025 entered into among the Company, Gongchuang Onyx, Ms. Dan, Mr. Zhu, Mr. Zhai and Lenovo Tianjin, pursuant to which the parties agreed, among other things, to terminate the shareholder's special rights;

(b) the termination agreement dated December 10, 2025 entered into between the Company and Transcend Optronics, pursuant to which the parties agreed, among other things, to terminate the shareholder's special rights;

(c) the termination agreement dated December 10, 2025 entered into among the Company, Gongchuang Onyx, Ms. Dan, Mr. Zhu, Mr. Zhai and Taicang Jingbai, pursuant to which the parties agreed, among other things, to terminate the shareholder's special rights;

(d) the termination agreement dated January 6, 2026 entered into among the Company, Gongchuang Onyx, Ms. Dan, Mr. Zhu, Mr. Zhai, Chuangyu Mingguan and Chuangyu Mingrui, pursuant to which the parties agreed, among other things, to terminate the shareholders' special rights;

(e) the termination agreement dated December 10, 2025 entered into between the Company and Qianzhou Investment, pursuant to which the parties agreed, among other things, to terminate the shareholder's special rights; and

(f) the [**REDACTED**].

2. Intellectual Property Rights of our Group

(a) Trademarks

As at the Latest Practicable Date, our Group had registered the following trademarks which, in the opinion of our Directors, are material to our business:

No.	Trademark	Class	Registered owner	Place of registration	Registration number	Expiry date
1. . .	文石	9	Our Company	PRC	81945432	July 20, 2035
2. . .	文石	9	Our Company	PRC	41998448	July 20, 2030
3. . .	ONYX	9	Our Company	PRC	51015202	December 27, 2031
4. . .	ONYX	9	Our Company	U.S.	3890035	December 14, 2030
5. . .	BOOX	9	Our Company	PRC	8735005	October 20, 2031
6. . .	BOOX	9	Our Company	PRC	33063300	September 6, 2029
7. . .	BOOX	9	Our Company	Hong Kong	304783168	December 24, 2028
8. . .	BOOX	42	Our Company	Hong Kong	304952403	June 9, 2029
9. . .	BOOX	35, 41	Our Company	Hong Kong	305261553	April 29, 2030
10. .	BOOX	9	Our Company	U.S.	6970063	January 31, 2033
11. .	BOOX	9	Our Company	United Kingdom	UK00003368503	January 21, 2029
12. .	BOOX	9	Our Company	United Kingdom	UK00918003868	December 26, 2028
13. .	BOOX	9, 35, 41, 42	Our Company	World Intellectual Property Organization ("**WIPO**")	1578929	December 18, 2030
14. .	BOOX	9	Our Company	WIPO	1468890	January 4, 2029
15. .	BOOX	9	Our Company	European Union	18003868	December 26, 2028

No.	Trademark	Class	Registered owner	Place of registration	Registration number	Expiry date
16. .	BOOX	9	Our Company	Japan	6211099	December 27, 2029
17. .	BOOX	9	Our Company	Korea	40-1675631-0000	December 24, 2030
18. .	BOOX	9	Our Company	PRC	7155900	October 20, 2030
19. .	BOOX	9	Our Company	WIPO	1012948	May 26, 2029
20. .	BOOX	9	Our Company	U.S.	3851115	September 21, 2030
21. .	BOOX	9	Our Company	European Union	17365826	October 18, 2027
22. .	BOOX	9	Our Company	United Kingdom	UK00917365826	October 18, 2027
23. .	文石BOOX	9	Our Company	PRC	41981770	July 13, 2030
24. .	ONYX BOOX	9	Our Company	PRC	41974338	September 27, 2030
25. .	ONYX BOOX	35, 41	Our Company	WIPO	305261562	April 29, 2030
26. .	文石小文	9	Our Company	PRC	86779496	March 13, 2036
27. .	ONYXBOOX	9	Our Company	PRC	88283737	May 27, 2036
28. .	StarNote	9	Our Company	European Union	1911543	February 25, 2036

(b) Patents

As at the Latest Practicable Date, our Group had been granted the following patents which, in the opinion of our Directors, are material to our business:

No.	Patent	Registered owner	Place of registration	Type of patent	Patent number	Registration date
1. . . .	Handwriting speed optimization methods, tools, and systems on EINK screen devices (EINK屏幕設備上的手寫速度優化方法、工具及系統)	Our Company	PRC	Invention	ZL201711252661.3	December 1, 2017

No.	Patent	Registered owner	Place of registration	Type of patent	Patent number	Registration date
2. . . .	An e-ink screen refreshing method, device, electronic device and storage medium (一種電子墨水屏刷新方法、裝置、電子設備及存儲介質)	Our Company	PRC	Invention	ZL202110307795.0	March 23, 2021
3. . . .	A multi-document multi-process display method, device, device, and storage medium (一種多文檔多進程顯示方法、裝置、設備和存儲介質)	Our Company	PRC	Invention	ZL202110536931.3	May 17, 2021
4. . . .	A handwriting display method and device based on ink screen (一種基於墨水屏的手寫顯示方法及裝置)	Our Company	PRC	Invention	ZL202110728938.5	June 30, 2021
5. . . .	An ink screen graffiti refreshing method and device (一種墨水屏塗鴉刷新方法及裝置)	Our Company	PRC	Invention	ZL202210126299.X	February 10, 2022
6. . . .	An e-ink screen drive method, ink screen device and storage medium (一種電子墨水屏驅動方法、墨水屏設備和存儲介質)	Our Company	PRC	Invention	ZL202210821302.X	July 12, 2022
7. . . .	A font display enhancement method, device and storage medium for e-ink screens (一種電子墨水屏的字體顯示增強方法、裝置和存儲介質)	Our Company	PRC	Invention	ZL202210902352.0	July 29, 2022
8. . . .	Ink screen methods, devices, end devices, and storage media (墨水屏方法、裝置、終端設備和存儲介質)	Our Company	PRC	Invention	ZL202211013409.8	August 23, 2022

No.	Patent	Registered owner	Place of registration	Type of patent	Patent number	Registration date
9. . . .	A display device and system based on e-ink screen (一種基於電子墨水屏的顯示裝置及系統)	Our Company	PRC	Invention	ZL202211480696.3	November 23, 2022
10. . . .	An optimization method, device and storage medium based on multi-channel signal display of ink screen (一種基於墨水屏多通道信號顯示的優化方法、裝置和存儲介質)	Our Company	PRC	Invention	ZL202211213457.1	September 29, 2022
11. . . .	Page frame noise reduction methods, devices, storage media and e-ink screen equipment (頁面降噪方法、裝置、存儲介質及電子墨水屏設備)	Our Company	PRC	Invention	ZL202211158238.8	September 22, 2022
12. . . .	A handwritten note bookmark generation method, device, and storage medium for ink screens (一種墨水屏的手寫筆記標籤生成方法、裝置和存儲介質)	Our Company	PRC	Invention	ZL202211296086.8	October 21, 2022
13. . . .	Display device configuration methods, devices, devices, and readable storage media (顯示裝置配置方法、裝置、設備及可讀存儲介質)	Our Company	PRC	Invention	ZL202310228773.4	March 9, 2023
14. . . .	Handwriting display methods, devices, equipment, and media for ink screen equipment (用於墨水屏設備的筆跡顯示方法、裝置、設備以及介質)	Our Company	PRC	Invention	ZL202310311519.0	March 27, 2023

No.	Patent	Registered owner	Place of registration	Type of patent	Patent number	Registration date
15. . . .	File transfer method, device, device, and readable storage medium (文件傳輸方法、裝置、設備及可讀存儲介質)	Our Company	PRC	Invention	ZL202310193213.X	March 1, 2023
16. . . .	Saturation adjustment methods, devices, storage media and color ink screen equipment (飽和度調節方法、裝置、存儲介質及彩色墨水屏設備)	Our Company	PRC	Invention	ZL202310823300.9	July 5, 2023
17. . . .	Editing application interface configuration methods, devices and storage media (編輯應用的界面配置方法、設備以及存儲介質)	Our Company	PRC	Invention	ZL202311316689.4	October 11, 2023
18. . . .	A method to drive e-ink screens, devices, electronic device, and storage medium (墨水屏的驅動方法、裝置、電子設備以及存儲介質)	Our Company	PRC	Invention	ZL202410725670.3	June 5, 2024

(c) Copyrights

As at the Latest Practicable Date, our Group had registered the following copyrights in the PRC which, in the opinion of our Directors, are material to our business:

No.	Copyright	Registered owner	Place of registration	Registration number	Registration date
1. . . .	Onyx's Android-based reading software V1.0 (文石信息基於Android的閱讀軟件V1.0)	Our Company	PRC	2019SR0203778	March 1, 2019

No.	Copyright	Registered owner	Place of registration	Registration number	Registration date
2. . . .	Onyx's Android-based note-taking software V1.0 (文石信息基於Android的筆記軟件V1.0)	Our Company	PRC	2019SR0196998	February 28, 2019
3. . . .	Next-generation e-ink tablet operating system V1.0 (新一代電子墨水平板操作系統V1.0)	Our Company	PRC	2023SR0582894	June 6, 2023
4. . . .	StarNote note taking software V1.0 (StarNote筆記軟件 V1.0)	Our Company	PRC	2024SR0634872	May 11, 2024

(d) Domain names

As at the Latest Practicable Date, our Group owned the following domain names which, in the opinion of our Directors, are material to our business:

No.	Domain name	Registered owner	Registration date	Expiry date
1. . . .	boox.com	Our Company	October 23, 1998	October 22, 2030
2. . . .	onyx-international.com	Our Company	February 22, 2008	February 23, 2027
3. . . .	starnote.ai	Our Company	June 21, 2024	June 22, 2028

FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests of Directors and Chief Executive of our Company

Immediately following the Share Subdivision, completion of the [**REDACTED**] and the Conversion of [**REDACTED**] Shares into H Shares, and assuming no other changes are made to the issued share capital of our Company between the Latest Practicable Date and [**REDACTED**], the interests and/or short positions (as applicable) of our Directors and chief executive of our Company in the Shares, underlying Shares and debentures of our Company and any interests and/or short positions (as applicable) in shares, underlying Shares or debentures of any of our Company's associated corporations (within the meaning of Part XV of the SFO) which (i) will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions (as applicable) which they are taken or deemed to have under such provisions of the SFO), (ii) will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or (iii) will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules, to be notified to our Company and the Stock Exchange, in each case once the H Shares are [**REDACTED**] on the Stock Exchange, will be as follows:

(a) Interest in our Company

				As of the Latest Practicable Date(2)		Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised)(3)		
Name of Shareholder	Position	Type of Shares to be held upon [REDACTED]	Nature of Interest	Number of [REDACTED] Shares	Approximate percentage in the total issued Shares	Number of H Shares	Approximate percentage of shareholding in the relevant type of Shares	Approximate percentage in the total issued Shares
Ms. Dan(4), (5) . . .	Chairperson of our Board, executive Director and general manager	H Shares	Beneficial owner	8,199,000	27.33%	[REDACTED]	[REDACTED]%	[REDACTED]%
			Interest in controlled corporation	12,615,000	42.05%	[REDACTED]	[REDACTED]%	[REDACTED]%
			Interest held jointly with other persons	4,416,000	14.72%	[REDACTED]	[REDACTED]%	[REDACTED]%
Mr. Zhu(4), (5) . . .	Executive Director, deputy general manager, chief operating officer and chief technology officer	H Shares	Beneficial owner	3,786,000	12.62%	[REDACTED]	[REDACTED]%	[REDACTED]%
			Interest held jointly with other persons	21,444,000	71.48%	[REDACTED]	[REDACTED]%	[REDACTED]%
Mr. Zhai(4), (5) . . .	Executive Director and deputy general manager	H Shares	Beneficial owner	630,000	2.10%	[REDACTED]	[REDACTED]%	[REDACTED]%
			Interest held jointly with other persons	24,600,000	82.00%	[REDACTED]	[REDACTED]%	[REDACTED]%

Notes:

(1) All interests stated are long positions. For the avoidance of doubt, both [**REDACTED**] Shares and H Shares are ordinary Shares in the share capital of our Company and are considered as one class of Shares.

(2) The calculation is based on the total number of 30,000,000 Shares in issue as at the Latest Practicable Date.

(3) The calculation is based on the assumption that the Share Subdivision is completed, and immediately following the completion of the [**REDACTED**], there will be a total number of [**REDACTED**] H Shares (including [**REDACTED**] H Shares converted from [**REDACTED**] Shares without taking into consideration the exercise of [**REDACTED**]) in issue.

(4) Gongchuang Onyx is our Company's employee shareholding platform. The general partner of Gongchuang Onyx is Gongyi Onyx, of which Ms. Dan is the executive director and general manager and owns 99% interest. As of the Latest Practicable Date, Gongchuang Onyx had eight limited partners, and was owned as to approximately 30.68% by Ms. Dan as the largest limited partner. Mr. Zhu, Mr. Wang Jingbo, Mr. Zhai, Ms. Ouyang Supin and Mr. Li Shengjie are also limited partners of Gongchuang Onyx, owning approximately 17.13%, 14.40%, 14.03%, 12.00% and 2.38% interest in it respectively as of the Latest Practicable Date. None of the other limited partners of Gongchuang Onyx held more than 30% interest in it. As such, Ms. Dan is deemed to be interested in the Shares Gongchuang Onyx is interested in under the SFO.

(5) Pursuant to the Concert Party Agreement, Ms. Dan, Mr. Zhu and Mr. Zhai agreed that (i) they shall consult each other and seek consensus in advance on certain material operational and corporate governance matters, and shall form a unified position prior to casting votes at any shareholders' meeting or board meeting in relation to such matters, and (ii) where consensus cannot be reached after consultation, the proposal supported by the party holding the highest equity percentage in our Company shall prevail and be implemented, and the other parties shall vote accordingly. The parties further agreed that for a period of five years following the [**REDACTED**], the parties shall keep in sync with each other in any transfer or reduction of their holding of Shares acquired before the [**REDACTED**], and any proposed transfer or reduction of such Shares shall be (i) subject to the prior written consent of Ms. Dan, and (ii) conducted in accordance with their respective shareholding percentage. The Concert Party Agreement shall remain in force for an indefinite term from execution until terminated (i) by written agreement of the parties, (ii) for uncured material breach after a 30-day period following written notice, or (iii) due to changes in laws or the articles of our Company rendering performance of the agreement impossible. As such, being parties acting-in-concert, each of Ms. Dan, Mr. Zhu and Mr. Zhai is deemed to be interested in the Shares each other is interested in under the SFO.

2. Substantial Shareholders

Save as disclosed in the section headed "Substantial Shareholders" in this document, immediately following the completion of the [**REDACTED**] and the Conversion of [**REDACTED**] Shares into H Shares and without taking into account any Shares which may be issued pursuant to the exercise of the [**REDACTED**], our Directors are not aware of any other person (other than our Directors or chief executive) who will have an interest or short position in the Shares or the underlying Shares which would fall to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the issued voting shares of our Company.

3. Further Information about our Directors

(a) Particulars of Service Contracts and Letters of Appointment

Each of our Directors [has entered into] a service contract or letter of appointment with our Company. The principal particulars of these service contracts and the letters of appointment are (i) for an initial fixed term of three years commencing from the date of appointment; and (ii) subject to termination in accordance with their respective terms. 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, none of our Directors has entered, or is proposed to enter a service contract with any member of our Group (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

(b) Remuneration of Directors

For each of the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026, the total remuneration paid to our Directors amounted to RMB3.5 million, RMB19.7 million, RMB20.0 million and RMB10.5 million, respectively.

Save as disclosed above, no other payments have been paid or are payable by our Group to our Directors in respect of the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026.

There is no arrangement under which any Director has waived or agreed to waive future emoluments, nor has there been any waiver of emoluments by any Director during the current financial year.

Under the arrangement currently in force, our Company expects that the total remuneration (excluding year-end bonuses and share-based compensation) to be paid to our Directors by our Company for the year ending December 31, 2026 will be approximately RMB7.3 million.

Each of our Directors is entitled to reimbursement for all reasonable expenses properly incurred in the performance of his or her duties.

4. Agency Fees or Commissions Received

None of our Directors or the experts whose names are listed in the section headed "— Other Information — 7. Qualification of Experts" in this appendix had received any commissions, discounts, agency fee, brokerages or other special terms in connection with the issue or sale of any capital or security of our Company or any member of our Group within the two years immediately preceding the date of this document.

5. Employee Incentive Schemes

As of the Latest Practicable Date, our Company had adopted two employee incentive schemes with similar terms and conditions (the "**Employee Incentive Schemes**") and established one employee shareholding platform, namely Gongchuang Onyx, which will hold approximately [**REDACTED**]% of the issued share capital of our Company upon completion of the Share Subdivision, [**REDACTED**] (assuming the [**REDACTED**] is not exercised) and the Conversion of [**REDACTED**] Shares into H Shares. As of the Latest Practicable Date, all of the awards underlying an aggregate of 5,465,424 Shares of our Company under the Employee Incentive Schemes had been granted and vested. No further awards under Employee Incentive Schemes will be granted after the date of this document and the Employee Incentive Schemes will not cause any dilution of the shareholding of our Shareholders after the [**REDACTED**]. For the details of the employee shareholding platform and the Employee Incentive Schemes, see "History, Development and Corporate Structure — Employee Shareholding Platform".

6. Disclaimers

Save as disclosed in this document:

(a) none of our Directors is aware of any person (not being a Director or chief executive of our Company) who will, immediately following completion of the Share Subdivision, the [**REDACTED**] (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the [**REDACTED**]) and the Conversion of [**REDACTED**] Shares into H Shares, have an interest or short position in the 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;

(b) 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 its associated corporation (within the meaning of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO 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 our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers once the Shares are [**REDACTED**] on the Stock Exchange;

(c) none of our Directors or the experts named in "— Other Information — 7. Qualification of Experts" in this appendix has any direct or indirect interest in the promotion of our Company, or in any assets acquired or disposed of by or leased to, any member of our Group within the two years immediately preceding the date of this document, or which are proposed to be acquired or disposed of by or leased to any member of our Group;

(d) none of our Directors or the experts named in "— Other Information — 7. Qualification of Experts" in this appendix is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of our Group taken as a whole;

(e) save for the [**REDACTED**], none of the parties listed in "— Other Information — 7. Qualification of Experts" in this appendix:

   (i) is interested legally or beneficially in any of our Shares or any shares of any of our subsidiaries; or

   (ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe securities in any member of our Group;

(f) so far as is known to our Directors, as at the Latest Practicable Date, none of our Directors, their respective close associates or Shareholders of our Company who are interested in more than 5% of the issued share capital of our Company has any interests in the five largest customers or the five largest suppliers of our Group; and

(g) none of our Directors is interested in any business (other than the business of our Group) which competes or is likely to compete, directly or indirectly, with our business.

OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or its subsidiaries.

2. Litigation

Except as disclosed in this document, as of the Latest Practicable Date, no member of our Group was 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 any member of our Group, that would have a material adverse effect on our Group's results of operations or financial condition, taken as a whole.

3. Sole Sponsor

The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

The Sole Sponsor has made an application on our behalf to the Listing Committee for the [**REDACTED**] of, and permission to [**REDACTED**], H Shares to be issued as set out in this document (including any H Shares which may be issued pursuant to the exercise of [**REDACTED**]), on the Main Board of the Hong Kong Stock Exchange.

Pursuant to the engagement letter entered into between the Company and the Sole Sponsor, we have agreed to pay the Sole Sponsor a fee in the total amount of USD300,000 to act as the sponsor of our Company in connection with the [**REDACTED**].

4. Compliance Advisor

We have appointed Rainbow Capital (HK) Limited as our compliance advisor in compliance with Rule 3A.19 of the Listing Rules.

5. Preliminary Expenses

As of the Latest Practicable Date, our Company had not incurred any material preliminary expenses.

6. Promoters

The promoters of our Company comprised all of the ten then shareholders of our Company as of October 10, 2025 before our conversion into a joint stock limited liability company.

Save as disclosed in this document, within the two years preceding the date of this document, no cash, securities or other benefit has been paid, allotted or given or is proposed to be paid, allotted or given to any promoter in connection with the [**REDACTED**] and the related transactions described in this document.

7. Qualification 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 opinions and/or advice in this document are as follows:

Name	Qualification
China Securities (International) Corporate Finance Company Limited	Licensed to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) of regulated activities as defined under the SFO
Zhong Lun Law Firm	PRC legal advisor
Zhong Lun Law Firm	PRC data compliance legal advisor
Zhong Lun Law Firm LLP	U.S. international sanctions legal advisor
Ernst & Young	Certified Public Accountants and Registered Public Interest Entity Auditor under the Accounting and Financial Reporting Council Ordinance
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Independent industry consultant
KPMG Advisory (China) Limited Beijing Branch	Tax advisor

8. Consents of Experts

Each of the experts named in the section headed "— 7. Qualification of Experts" in this appendix above has given and has not withdrawn its written consent to the issue of this document with the inclusion of its report and/or letter and/or opinion and/or the references to its name included herein in the form and context in which it is respectively included.

None of the experts named above has any shareholding interests in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

9. Binding Effect

This document shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

10. Taxation of Holders of H Shares

(a) Hong Kong

Hong Kong stamp duty, currently charged at the ad valorem rate of 0.10% on the higher of the consideration for or the market value of the H Shares, will be payable by the purchaser on every purchase and by the seller on every sale of any Hong Kong securities, including H Shares (in other words, a total of 0.20% is currently payable on a typical sale and purchase transaction involving H Shares). In addition, a fixed stamp duty of HK$5.00 is currently payable on any instrument of transfer of H Shares. Where one of the parties is a resident outside Hong Kong and does not pay the ad valorem duty due by it, the duty not paid will be assessed on the instrument of transfer (if any) and will be payable by the transferee. If no stamp duty is paid on or before the due date, a penalty of up to ten times the duty payable may be imposed.

(b) Consultation with Professional Advisors

Potential investors in the [**REDACTED**] are urged to consult their professional tax advisors if they are in any doubt as to the taxation implications of [**REDACTED**] our H Shares (or exercising rights attached to them). None of our Company, our Directors, the Sole Sponsor, the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**] and the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], or any other person or party involved in the [**REDACTED**] accept responsibility for any tax effects on, or liabilities of, any person, resulting from the [**REDACTED**] in relation to our H Shares.

11. No Material Adverse Change

Our Directors confirmed that, up to the date of this document, there has been no material adverse change in the financial or trading position or prospect of our Group since June 30, 2026 (the end of the reporting period as set out in the Accountants' Report in Appendix I to this document).

12. Miscellaneous

Save as otherwise disclosed in this document:

(a) within the two years immediately preceding the date of this document:

(i) no share or loan capital of our Company or any of its subsidiaries has been issued, agreed to be issued or is proposed to be issued fully or partly paid either for cash or for a consideration other than cash;

(ii) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of its subsidiaries; and

(iii) no commission has been paid or is payable for subscribing or agreeing to subscribe, or procuring or agreeing to procure the subscriptions of any Share in our Company or any of our subsidiaries;

(b) no share or loan capital of our Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(c) there is no arrangement under which future dividends are waived or agreed to be waived;

(d) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this document;

(e) there are no founder, management or deferred shares in our Company or any of its subsidiaries;

(f) our Company has no outstanding convertible debt securities or debentures;

(g) our Company is not presently listed on any stock exchange or traded on any trading system; and

(h) our Company is a joint stock limited company and is subject to the PRC Company Law.

13. 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).

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this document and delivered to the Registrar of Companies in Hong Kong for registration were:

(a) the written consents referred to in the section headed "Statutory and General Information — Other Information — 8. Consents of Experts" in Appendix IV to this document; and

(b) a copy of the material contracts referred to in the section headed "Statutory and General Information — Further Information about our Business — 1. Summary of Material Contracts" in Appendix IV to this document.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be published on the website of the Stock Exchange at **www.hkexnews.hk** and our website at **www.boox.com** up to and including the date which is 14 days from the date of this document:

(a) the Articles of Association;

(b) the Accountants' Report of our Group from Ernst & Young, 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 the six months ended June 30, 2026;

(d) the report prepared by Ernst & Young 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 the section headed "Industry Overview" in this document;

(f) the PRC legal opinion issued by Zhong Lun Law Firm, our PRC Legal Advisor, in respect of certain aspects of our Group under the PRC laws;

(g) the memorandum of advice issued by Zhong Lun Law Firm LLP, our legal advisor as to U.S. international sanctions law;

(h) the transfer pricing report issued by KPMG Advisory (China) Limited Beijing Branch, our Tax Advisor;

(i) the material contracts referred to in the paragraph headed "Statutory and General Information — Further Information about our Business — 1. Summary of Material Contracts" in Appendix IV to this document;

(j) the service contracts referred to in the paragraph headed "Statutory and General Information — Further Information about our Directors and Substantial Shareholders — 3. Further Information about our Directors — (a) Particulars of service contracts and letters of appointment" in Appendix IV to this document;

(k) the written consents referred to in the paragraph headed "Statutory and General Information — Other Information — 8. Consents of Experts" in Appendix IV to this document; and

(l) a copy of the PRC Company Law, the PRC Securities Law and the Overseas Listing Trial Measures, together with unofficial English translations thereof.