

GLOSSARY OF TECHNICAL TERMS

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

“5G”	the fifth-generation technology standard for cellular networks in telecommunications
“AGV”	automated guided vehicle, a self-guided automated vehicle designed to autonomously transport materials in industrial manufacturing
“B2B”	business-to-business
“B2C”	business-to-consumer
“CAGR”	compound annual growth rate
“CFD”	computational fluid dynamics, a method using computer simulations to analyze and predict the behavior of fluids, including liquid and gas flows under various conditions
“CNC”	PC and PLC numerical control technology, a precise automation technology that controls devices through a sequence of pre-programmed control instructions executed by a computer, which completes product processing and improves the accuracy and efficiency of the manufacturing process
“CQC”	China Quality Certification Centre
“e-commerce”	commercial transactions conducted electronically on the internet
“GFA”	gross floor area
“HVAC”	heating, ventilation, and air conditioning
“Industrial Internet Platform”	a platform encompassing a set of integrated software capabilities

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“IoT”	Internet of Things, the collective network of connected devices and the technology that facilitates communication between devices and the cloud, as well as between devices themselves
“IT”	information technology
“Lights-Out Factory”	an advanced manufacturing facility relying on automation to minimize or eliminate human intervention
“mass-market”	air conditioners market with selling prices to end consumers under RMB2,500
“NFC”	near field communication, a set of communication protocols that enables two electronic devices or one electronic device and an NFC tag to communicate with each other
“OBM”	original brand manufacturer, a company that sells its manufactured products under its own brands
“ODM”	original design manufacturer, a company that designs and manufactures products that will eventually be sold under third-party brands
“OEM”	original equipment manufacturer, a company that manufactures products eventually be sold under third-party brands
“online retail model (網批新零售模式) ”	an integrated online and offline distribution model firstly introduced by us in the industry in 2017, which creates a flatter distribution structure empowered by our self-developed online management systems. For details, see “Business — Sales and Marketing — Our Sales Networks — Online Retail Model and “Hello AUX (小奧直賣)” — Mixed Model Integrates Online and Offline Advantages”
“photovoltaic”	a non-mechanical device that converts sunlight directly into electricity

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“PLC”	a Programmable Logic Controller, a digital computer specifically designed for use in industrial environments, which performs multi-axis servo control, logical operations, sequential control, timing, and counting tasks during the control process
“R&D”	research and development
“RFID”	Radio-Frequency Identification, a technology that utilizes radio waves for non-contact data transmission and reading, enabling the automatic identification and tracking of tags attached to objects
“VRF”	a single outdoor unit serves multiple indoor units, automatically adjusting cooling or heating output based on indoor load to allow independent temperature and airflow control in different zones, offering energy efficiency, comfort, and flexible control