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Post Hearing Information Pack of

Shanghai Longcheer Technology Co., Ltd.

上海龍旗科技股份有限公司

(the “Company”)

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

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上海龍旗科技股份有限公司

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

[REDACTED]

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

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

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

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

Nominal Value : RMB1.00 per H Share

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[REDACTED]

IMPORTANT

[REDACTED]

EXPECTED TIMETABLE

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EXPECTED TIMETABLE

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SUMMARY

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

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

OVERVIEW

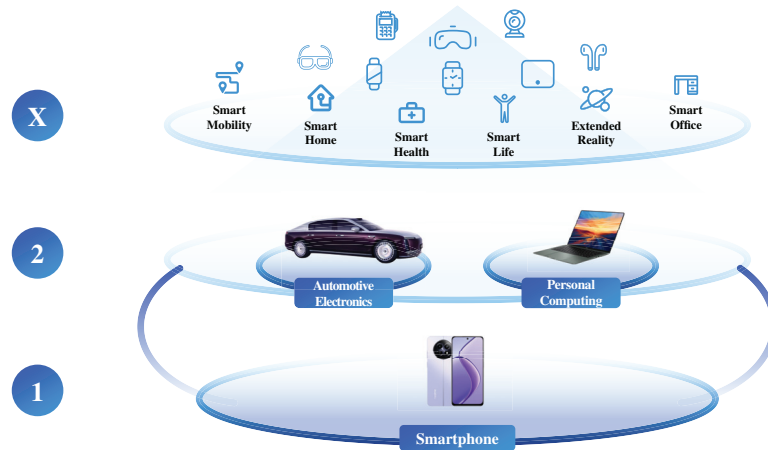
We are a leading global provider of smart devices and services, offering solutions — including product research, design, manufacturing, and support — for renowned smart device brands and leading technology companies worldwide. According to Frost & Sullivan, we are the world’s second largest consumer electronics ODM company by consumer electronics ODM shipments in 2024, with the market share of 22.4%, and the world’s largest smartphone ODM company by smartphone ODM shipments in 2024, with the market share of 32.6%. We primarily compete in the global consumer electronics ODM market, which is a subset of the global smart devices ODM market, and in turn, a subset of the global smart device manufacturing industry.

Founded in 2004, we have consistently upheld our core values of “customer centric, inspiring dedication, and long-term driven.” Over the past two decades, we have developed industry-leading capabilities across smart devices and formed a solution matrix, including prototype design, hardware innovation, system-level software platform development, lean production, supply chain integration, and quality control. Leveraging this sophisticated value chain expertise, we have built a diverse product portfolio that includes smartphones, AI PCs, automotive electronics, tablets, smart watches/bands, and smart eyewear. We have also established an extensive core customer base, including leading brands such as Xiaomi, Samsung Electronics, Lenovo, Honor, OPPO, and vivo. Such achievements are supported by our R&D and engineering team of around 5,200 professionals, who possess profound experience in product development across multiple platforms and operating systems. Furthermore, our global footprint and product customization capabilities enable us to deliver solutions worldwide. In 2024, we successfully listed on the main board of the Shanghai Stock Exchange (stock code: 603341).

Our Products and Solution

We have built the industry’s most expansive and integrated smart devices ecosystem across most popular platforms, such as Android and Windows. In response to emerging customer demands, market opportunities, and technology innovations in the AI era, our product portfolio encompasses a “1 + 2 + X” framework. At the core is our “1” — smartphones, which form the bedrock of our business. “2” represents our key growth drivers — personal computing and automotive electronics. And “X” encompasses a diverse array of emerging consumer electronics, including tablets, wearables, TWS earphones, and smart eyewear, completing our comprehensive product portfolio.

SUMMARY



- **Smartphone Business:** Smartphones are the primary driver of our operations and financial performance. In 2024, revenue from our smartphone products reached RMB36,132.7 million, accounting for approximately 77.9% of our total annual revenue. That same year, our ODM shipments for smartphones reached 172.9 million units, ranking us the world’s largest smartphone ODM company by smartphone ODM shipments in 2024, according to Frost & Sullivan. While solidifying our strong position in the 4G smartphone market, we have also proactively invested in R&D for 5G products. This strategic deployment has enabled us to successfully secure large-scale 5G model orders from leading global brands. Additionally, we are at the forefront of pioneering AI-powered, high-performance smartphone innovations. We have demonstrated a keen ability to accurately anticipate evolving market demands and respond effectively through technological innovations. Furthermore, we have strategically expanded into emerging regions and continuously optimized our customer base to ensure the ongoing success of our smartphone business.
- **Tablet Business:** We generated revenue from our tablet business of RMB3,696.3 million in 2024, accounting for approximately 8.0% of our total annual revenue. That same year, our ODM shipments for tablets reached 12.3 million units. We have continued to grow our customer base by attracting more leading companies in China, and we have successfully become a major ODM supplier for three top-tier domestic tablet brands. Our tablet products include both affordable entry-level models and premium flagship devices, which enable us to meet the diverse demands of mass-market consumers, enterprise professionals, and educational institutions. As a result, we have cemented our position as one of the global top three tablet ODM companies by tablet ODM shipments in 2024, according to Frost & Sullivan.

SUMMARY

- **AIoT Business:** Our AIoT business experienced rapid growth in 2024, with revenue reaching RMB5,573.1 million, accounting for approximately 12.0% of our total annual revenue. This represented a revenue growth of 122.0% compared to 2023. In 2024, our ODM shipments for AIoT devices reached 33.9 million units. We have risen to the forefront of the global smart wearables ODM market, with leading shipments for smart watches/bands.
- **Emerging Businesses:** In addition, we have made strategic investments in AI PCs and automotive electronics. In AI PCs, we successfully launched our first Qualcomm Snapdragon-based laptop products in the third quarter of 2024, supporting the expansion of AI applications in commercial and consumer domains. In automotive electronics, we have established partnerships with multiple OEMs and Tier-1 customers and secured over ten design wins, and are actively positioning ourselves in the overseas automotive electronics market.

In addition to hardware delivery, we offer standalone professional services, mainly including R&D and technical services and EMS, that allow us to further leverage our R&D, design, and manufacturing capabilities.

Expanded Global Footprint and Integrated Delivery Capabilities

Our R&D efforts are anchored by our five major centers in Shanghai, Shenzhen, Huizhou, Nanchang, and Hefei. We have recently expanded this network with new R&D centers in Xi'an and Suzhou. Across this expansive R&D ecosystem, our team of around 5,200 professionals as of September 30, 2025 brings deep expertise in developing solutions for Qualcomm and other leading platforms. They also possess strong software development capabilities spanning most popular platforms, such as Android and Windows.

On the manufacturing side, we operate modern manufacturing centers in Huizhou and Nanchang. We have further established overseas manufacturing centers in Vietnam and India. This manufacturing network across Asia enables us to seamlessly fulfill worldwide customer needs.

To support our global customer base, we have set up branch offices in the United States, South Korea, Japan, Hong Kong and Singapore. Leveraging our end-to-end, comprehensive service capabilities — spanning product definition, design, and mass-production — and our excellence in quality and cost control, we empower customers to rapidly bring innovative products to market. This integrated approach has allowed us to cultivate multiple well-received models with shipments exceeding 10 million units since their initial launch.

SUMMARY



OUR BUSINESS MODEL

We operate a highly integrated and flexible business model that features full-stack ODM solutions. Our business model is designed to create long-term value by embedding ourselves deeply in the product lifecycle of our customers — from concept and design to production and delivery. We leverage our accumulated R&D capabilities, modernized manufacturing infrastructure, and global supply chain network to deliver customized, high-quality products and services at scale.

At the heart of our business model is our comprehensive ODM offering, through which we provide integrated solutions that cover product hardware design, module customization, system-level software platform development, radiofrequency and antenna tuning, system-level testing and certification, supply chain management and component selection, as well as scalable manufacturing operations.

Our ODM business is primarily driven by complete device sales, which represent the core of our business model and the main source of our revenue. Under this arrangement, we deliver fully assembled smart devices to our customers, who rely on us to manage the entire product lifecycle. We are responsible for sourcing all or part of the electronic components and materials, overseeing production and quality control, and ensuring on-time delivery. Through entrusting us with such full-stack ODM services, our customers are able to reduce operational complexity and time-to-market, while leveraging our scale and technical expertise. Through organizing our ODM business primarily around complete device sales, we demonstrate our strength in delivering end-to-end manufacturing excellence and long-term value to our partners.

In limited cases, as requested by customers by typically considering different regional trade policies for components and finished products, we also support customers through component and semi-finished product sales. In these cases, we provide product design and deliver customized components, modules, and semi-finished assemblies, while third-party EMS providers arranged by customers then handle final integration. While this model offers flexibility for specific regulatory or logistical needs, it remains a supplementary solution offered by us.

SUMMARY

We also provide customers with independent product development services, including hardware and software design, system architecture, prototyping and validation. In addition, to enhance the utilization and efficiency of our manufacturing facilities, particularly in our Huizhou and Nanchang manufacturing centers, we also undertake EMS engagements with select brand customers.

OUR PRODUCTS

We offer a broad and evolving portfolio of smart devices and solutions across multiple product categories, including smartphones, tablets, AIoT devices, AI PCs and automotive electronics. Each product line is designed with technical expertise to meet the dynamic needs of global smart device brands and to serve a wide range of usage scenarios in the smart device ecosystem.

Smartphones

Smartphones are our core product category and the foundation of our integrated product strategy. We provide full-stack ODM services to a wide range of leading global brands, including Xiaomi, Samsung Electronics, Lenovo, Honor, OPPO, vivo, as well as major telecom operators. Over the years, we have successfully delivered several best-selling models in the global market and the Chinese market, such as the Redmi 9, Redmi Note 10, and Samsung Galaxy A05s, with cumulative shipments of each exceeding tens of millions of units.

Tablets

Our tablet business has developed into a comprehensive product line that serves a wide range of application scenarios as well as diverse requirements for form factors and performance. We are a trusted ODM partner to leading global brands, such as Lenovo and Xiaomi. As of the Latest Practicable Date, we had established ourselves as the principal ODM partner for tablet devices to three top-tier brand customers.

AIoT Devices

Our AIoT product portfolio encompasses a broad range of intelligent and connected devices, including smart watches/bands, smart eyewear and TWS earphones. We have established a leadership position in the smart wearable segment, providing high-performance smart watches/bands to leading global brands, such as Xiaomi, Samsung Electronics, OPPO, and Honor. In addition, smart eyewear represents a strategic area of innovation and product differentiation among our AIoT product portfolio. We have launched multiple generations of smart eyewear, each integrating cutting-edge features.

SUMMARY

Emerging Business Areas

As part of our long-term growth strategy, we are actively expanding into strategically important emerging categories, particularly AI PCs and automotive electronics. These segments leverage our established expertise in smart devices design and manufacturing, while creating new opportunities for technological innovation and business growth.

OUR STRENGTHS

We believe that the following competitive strengths contribute to our success and set us apart from our competitors: (i) established market position and comprehensive capabilities in the growing global smart device ODM market; (ii) strategic foresight driving industry development through long-term partnerships with blue-chip customers and a diversified product portfolio; (iii) comprehensive capabilities driven by a longstanding focus on R&D and innovation; (iv) full-stack solutions leveraging our comprehensive product portfolio and industry chain optimization; (v) scalable delivery based on our global footprint, localized deployment, flexible and efficient supply chain and smart manufacturing; and (vi) visionary founders and seasoned executive team with profound industry insights. For more details, see “Business — Our Strengths.”

OUR STRATEGIES

We aim to further grow our business by pursuing the following strategies: (i) continuing to expand the “1 + 2 + X” product portfolio and penetrate high potential segments; (ii) expanding product categories for and deepening collaborations with our customers; (iii) strengthening R&D and product innovation with AI as the core innovation engine; (iv) integrating our domestic and international operations to drive unparalleled synergies; and (v) strategic investments and acquisitions to expand the breadth of our business. For more details, see “Business — Our Strategies.”

R&D AND TECHNOLOGY

We view research and development as a core driver of our long-term competitiveness, scalability, and product innovation. Our R&D strategy is built on a commitment to continuous investment, systematic capability-building, and forward-looking technological exploration. We have established a comprehensive R&D system that integrates advanced infrastructure, disciplined processes and close collaboration with ecosystem partners to support the development of differentiated products across smartphones, AI PCs, automotive electronics and other smart device categories. Reflecting our strong innovation focus, we incurred research and development expenses of RMB1,507.8 million, RMB1,687.8 million, RMB2,080.2 million and RMB1,951.1 million in 2022, 2023 and 2024 and the nine months ended September 30, 2025, respectively. As of September 30, 2025, we employed approximately 5,200 R&D personnel, accounting for 29.1% of our total employees and underscoring our commitment to deepening our technological capabilities as we scale into new product categories and global markets.

SUMMARY

We are a technology-driven company with deep expertise in smart hardware innovation. Our core strengths are rooted in sustained investment in foundational technologies, including wireless communication, audio, display, optics, imaging, materials, and simulation. In line with global AI trends, we are actively deploying AI technologies across R&D and digital operations, exploring the use of AI agents to improve R&D efficiency, enhance product intelligence, and elevate user experience. In parallel, we are accelerating digital transformation across all major aspects of our operations, including R&D, manufacturing, supply chain, and quality management. Through the deployment of proprietary systems, we enhance operational transparency, drive process optimization, and achieve better cost control at scale.

MANUFACTURING

We operate a flexible and efficient manufacturing system that combines self-owned manufacturing facilities with strategic outsourcing arrangements to support the diversified and large-scale manufacturing needs of our customers. Over the years, we have established a comprehensive manufacturing footprint in both Chinese mainland and overseas markets, enabling us to enhance production capacity, improve cost efficiency, and respond swiftly to dynamic customer demands. Our manufacturing capabilities are supported by advanced production processes, intelligent automation, and rigorous quality control systems, ensuring the consistent delivery of high-quality smart devices across categories such as smartphones, tablets, and AIoT devices. For more details, see “Business — Manufacturing.”

CUSTOMERS AND SUPPLIERS

Our customers primarily consist of leading global smart device brands and top-tier technology companies, many of which maintain stringent supplier qualification standards. During the Track Record Period, the aggregate revenue generated from the largest five customers in each year/period amounted to RMB25,697.1 million, RMB21,650.3 million, RMB38,131.2 million and RMB24,881.0 million in 2022, 2023 and 2024 and the nine months ended September 30, 2025, respectively, representing approximately 87.6%, 79.6%, 82.2% and 79.4% of our total revenue in the respective year/period. The revenue generated from our largest customer in 2022, 2023 and 2024 and the nine months ended September 30, 2025 amounted to RMB13,357.1 million, RMB11,519.9 million, RMB17,261.7 million and RMB8,953.6 million, respectively, representing approximately 45.5%, 42.4%, 37.2% and 28.6% of our total revenue in the respective year/period.

Our suppliers primarily include providers for raw materials, equipment, production consumables, and packaging materials, as well as outsourced manufacturing service providers and external R&D and testing partners. During the Track Record Period, purchases from the largest five suppliers in each year/period amounted to RMB6,340.4 million, RMB4,209.8 million, RMB13,996.8 million and RMB9,828.4 million in 2022, 2023 and 2024 and the nine months ended September 30, 2025, respectively, which accounted for approximately 24.5%, 16.5%, 32.2% and 33.9% of our total purchases in the respective year/period. Our purchases from our largest supplier in each year/period during the Track Record Period amounted to RMB2,025.3 million, RMB948.1 million, RMB5,020.0 million and RMB3,718.1 million in 2022, 2023 and 2024 and the nine months ended September 30, 2025, respectively, which accounted for approximately 7.8%, 3.7%, 11.6% and 12.8% of our total purchases in the respective year/period.

SUMMARY

During the Track Record Period, certain of our five largest customers in each year were also our suppliers, and certain of our five largest suppliers in each year were also our customers. For details, see “Business — Overlap between Customers and Suppliers.”

Relationship with Our Largest Customer

Customer A, representing Xiaomi Group, was our largest customer in each year/period during the Track Record Period. As of the Latest Practicable Date, Xiaomi Group held 4.94% equity interest of our Company. Our revenue generated from our sales to Xiaomi Group was RMB13,357.1 million, RMB11,519.9 million, RMB17,261.7 million and RMB8,953.6 million in 2022, 2023, 2024 and the nine months ended September 30, 2025, respectively, representing 45.5%, 42.4%, 37.2% and 28.6% of our total revenue for the corresponding year/period, respectively. During the Track Record Period, Xiaomi Group was also our supplier and provided procurement services and the purchase amounts from Xiaomi Group accounted for 0.4% of our total purchase amount during the Track Record Period. Our business relationships with Xiaomi Group primarily include (i) sales of smart devices, (ii) factoring arrangement, and (iii) procurement services.

Notwithstanding our business relationships with Xiaomi Group during the Track Record Period, our Directors are of the view that we will be able to control the risk of reliance, and our significant sales to Xiaomi Group would not adversely affect our business operation, our financial performance and would not impact on our suitability for [REDACTED] due to (i) complementary industry positions and mutual benefit, (ii) win-win collaborations and co-growth trajectory, (iii) robust internal compliance and transparency, (iv) diversifying customer base leveraging our past successful experience, (v) expanding product categories. In addition, our Directors believe that our relationship with Xiaomi Group will continue to be mutually complementary to a large extent, and it is unlikely that there would be any materially adverse changes to, or termination of, such relationship in the foreseeable future. For details, see “Business — Relationship with Our Largest Customer.”

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

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

SUMMARY

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 indicated. Our historical results presented below are not necessarily indicative of the results that may be expected for any future period.

	For the year ended December 31,						For the nine months ended September 30,			
	2022		2023		2024		2024		2025	
	RMB'000	% of revenue	RMB'000	% of revenue	RMB'000	% of revenue	RMB'000	% of revenue	RMB'000	% of revenue
	(unaudited)									
Revenue	29,343,152	100.0	27,185,064	100.0	46,382,472	100.0	34,920,860	100.0	31,331,603	100.0
Cost of sales	(26,978,031)	(91.9)	(24,594,908)	(90.5)	(43,676,093)	(94.2)	(32,887,922)	(94.2)	(28,725,221)	(91.7)
Gross profit	2,365,121	8.1	2,590,156	9.5	2,706,379	5.8	2,032,938	5.8	2,606,382	8.3
Other income and gains	251,084	0.9	309,652	1.1	578,647	1.2	441,375	1.3	536,020	1.7
Sales and marketing expenses	(56,880)	(0.2)	(79,922)	(0.3)	(89,840)	(0.2)	(58,865)	(0.2)	(69,151)	(0.2)
Administrative expenses	(392,774)	(1.3)	(437,328)	(1.6)	(506,081)	(1.1)	(361,794)	(1.0)	(506,135)	(1.6)
Research and development expenses	(1,507,834)	(5.1)	(1,687,762)	(6.2)	(2,080,172)	(4.5)	(1,472,924)	(4.2)	(1,951,106)	(6.2)
Reversal of impairment losses/(impairment losses) on financial assets, net	2,700	0.0	(842)	(0.0)	(1,343)	(0.0)	125	0.0	(560)	(0.0)
Other expenses	(58,739)	(0.2)	(46,132)	(0.2)	(56,103)	(0.1)	(84,489)	(0.2)	(29,154)	(0.1)
Finance costs	(37,948)	(0.1)	(39,896)	(0.1)	(67,525)	(0.1)	(56,280)	(0.2)	(43,022)	(0.1)
Share of profits of associates	23,588	0.1	43,154	0.2	30,042	0.1	15,976	0.0	6,614	0.0
Profit before tax	588,318	2.0	651,080	2.4	514,004	1.1	456,062	1.3	549,888	1.8
Income tax expense	(26,805)	(0.1)	(48,369)	(0.2)	(20,654)	(0.0)	(30,634)	(0.1)	(35,404)	(0.1)
Profit for the year/period	561,513	1.9	602,711	2.2	493,350	1.1	425,428	1.2	514,484	1.6
Attributable to:										
Owners of the Company	561,301	1.9	605,316	2.2	501,132	1.1	430,855	1.2	507,275	1.6
Non-controlling interests	212	0.0	(2,605)	(0.0)	(7,782)	(0.0)	(5,427)	(0.0)	7,209	(0.0)

SUMMARY

Non-IFRS Measures

To supplement our consolidated financial statements which are presented in accordance with IFRS, we also use certain non-IFRS measures, namely, adjusted net profit (non-IFRS measure) and adjusted EBITDA (non-IFRS measure), as additional financial metrics. These non-IFRS measures are not required by or presented in accordance with IFRS. We believe that these non-IFRS measures facilitate comparisons of our operating performance by eliminating potential impacts of certain items listed below. We also believe that such non-IFRS measures present useful information in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of such non-IFRS measures may not be comparable to similarly titled measures presented by other companies. The use of these non-IFRS measures 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 condition as reported under IFRS.

We define adjusted net profit (non-IFRS measure) as profit for the year adding back share-based payments and [REDACTED]. Share-based payments are non-cash in nature and do not result in cash outflows. We define adjusted EBITDA (non-IFRS measure) as adjusted net profit (non-IFRS measure) adding back income tax expenses, finance costs, and depreciation and amortization, and less interest income under other income and gains.

The following table reconciles adjusted net profit (non-IFRS measure) and adjusted EBITDA (non-IFRS measure) to our profit for the year/period, presented in accordance with IFRS, for the years/periods indicated.

	For the year ended December 31,			For the nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000			(unaudited)	
Reconciliation of profit for the year/period to adjusted net profit (non-IFRS measure) and adjusted EBITDA (non-IFRS measure)					
Profit for the year/period	561,513	602,711	493,350	425,428	514,484
Add:					
Share-based payments	58,239	69,629	71,634	56,294	88,593
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Adjusted net profit (non-IFRS measure)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Add:					
Income tax expense	26,805	48,369	20,654	30,634	35,404
Finance costs	37,948	39,896	67,525	56,280	43,022
Depreciation and amortization . . .	321,397	369,625	446,413	342,694	382,375
Less:					
Interest income	102,502	139,912	160,361	105,311	96,866
Adjusted EBITDA (non-IFRS measure)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

SUMMARY

Revenue

Revenue by Product Type

During the Track Record Period, we primarily generated revenue from full-stack ODM solutions and value-added professional services related to our smart devices, including the manufacturing and sales of smartphones, AIoT devices, tablets and other smart devices. The following table sets forth the breakdown of our revenue by product type, both in absolute amounts and as percentages of total revenue, for the years/periods indicated.

	For the year ended December 31,						For the nine months ended September 30,			
	2022		2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	<i>(unaudited)</i>									
Smartphones	24,265,640	82.7	21,821,620	80.3	36,132,747	77.9	27,885,130	79.9	21,704,132	69.3
AIoT and other products ⁽¹⁾	1,887,127	6.5	2,510,561	9.2	5,573,138	12.0	3,837,130	11.0	5,603,482	17.9
– Smart wearables	1,413,365	4.8	1,798,583	6.6	3,643,370	7.9	2,576,022	7.4	2,861,052	9.1
– Smart eyewear	32,167	0.1	387,988	1.4	1,387,622	3.0	865,448	2.5	1,974,528	6.3
– AI PCs	–	–	–	–	3,171	0.0	1,938	0.0	196,393	0.6
– Automotive electronics	–	–	704	0.0	20,716	0.0	15,284	0.0	95,633	0.3
– Others ⁽²⁾	441,595	1.6	323,286	1.2	518,259	1.1	378,438	1.1	475,876	1.6
Tablets	2,798,156	9.5	2,509,102	9.2	3,696,313	8.0	2,542,749	7.3	2,990,404	9.5
Others ⁽³⁾	392,229	1.3	343,781	1.3	980,274	2.1	655,851	1.8	1,033,585	3.3
Total	29,343,152	100.0	27,185,064	100.0	46,382,472	100.0	34,920,860	100.0	31,331,603	100.0

Notes:

- (1) AIoT and other products primarily refer to AIoT devices and our products in emerging business areas, such as AI PCs and automotive electronics.
- (2) Primarily including smart speakers, smart learning devices, smart desk lamps and various accessory products.
- (3) Primarily including sales of raw materials and scrap components, and provision of factoring arrangement. For details on the factoring arrangement, see “Business — Sales and Marketing — Relationship with Our Largest Customer.”

Our revenue decreased by 7.4% from RMB29,343.2 million in 2022 to RMB27,185.1 million in 2023, and increased by 70.6% from RMB27,185.1 million in 2023 to RMB46,382.5 million in 2024. Our revenue decreased by 10.3% from RMB34,920.9 million in the nine months ended September 30, 2024 to RMB31,331.6 million in the nine months ended September 30, 2025. The fluctuations of our revenue during the Track Record Period were primarily due to fluctuations in our ODM shipments, which was in turn affected by end-consumer demands for smart devices.

SUMMARY

The following table sets forth the breakdown of the shipment and average selling price by product type, for the years/periods indicated.

	For the year ended December 31,						For the nine months ended September 30,			
	2022		2023		2024		2024		2025	
	Shipment	Average selling price	Shipment	Average selling price	Shipment	Average selling price	Shipment	Average selling price	Shipment	Average selling price
		(million unit) (RMB per unit)		(million unit) (RMB per unit)		(million unit) (RMB per unit)		(million unit) (RMB per unit)		(million unit) (RMB per unit)
Smartphones	125.5	187.1	125.3	168.8	172.9	204.1	127.8	211.8	117.3	181.2
AIoT and other products ⁽¹⁾	7.9	226.4	14.1	162.4	33.9	155.2	22.6	161.5	29.0	184.4
Tablets	6.3	438.4	7.4	330.6	12.3	285.5	9.0	269.8	9.1	321.1

Note:

- (1) AIoT and other products primarily refer to AIoT devices and our products in emerging business areas, such as AI PCs and automotive electronics.

Revenue by Geographical Location

The following table sets forth a breakdown of our revenue by geographical location, corresponding to the registered address of our customers, in absolute amounts and as percentages of our total revenue, for the years/periods indicated.

	For the year ended December 31,						For the nine months ended September 30,			
	2022		2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(unaudited)									
Chinese Mainland	22,279,637	75.9	23,392,783	86.1	31,406,597	67.7	23,041,794	66.0	19,065,646	60.9
Overseas	7,063,515	24.1	3,792,281	13.9	14,975,875	32.3	11,879,066	34.0	12,265,957	39.1
Asia (excluding Chinese mainland) ⁽¹⁾	5,859,813	20.0	3,068,369	11.3	14,367,107	31.1	11,390,158	32.7	11,414,180	36.4
South America	818,524	2.8	306,243	1.1	518,530	1.1	434,196	1.2	218,490	0.7
North America	259,332	0.9	326,006	1.2	66,491	0.1	49,897	0.1	545,280	1.7
Europe	125,828	0.4	86,452	0.3	20,920	0.0	2,527	0.0	79,337	0.3
Africa	—	—	5,211	0.0	2,827	0.0	2,288	0.0	8,670	0.0
Oceania	18	0.0	—	—	—	—	—	—	—	—
Total	29,343,152	100.0	27,185,064	100.0	46,382,472	100.0	34,920,860	100.0	31,331,603	100.0

Note:

- (1) Primarily including South Korea and India.

SUMMARY

Gross Profit and Gross Profit Margin

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

	For the year ended December 31,						For the nine months ended September 30,			
	2022		2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	<i>(unaudited)</i>									
Smartphones	1,719,442	7.1	1,800,425	8.3	1,686,729	4.7	1,318,345	4.7	1,650,870	7.6
AIoT and other products ⁽¹⁾	397,569	21.1	518,613	20.7	614,768	11.0	433,769	11.3	618,094	11.0
Tablets	205,407	7.3	239,252	9.5	309,339	8.4	209,458	8.2	195,091	6.5
Others ⁽²⁾	42,703	10.9	31,866	9.3	95,543	9.7	71,366	10.9	142,327	13.8
Total	<u>2,365,121</u>	8.1	<u>2,590,156</u>	9.5	<u>2,706,379</u>	5.8	<u>2,032,938</u>	5.8	<u>2,606,382</u>	8.3

Notes:

- (1) AIoT and other products primarily refer to AIoT devices and our products in emerging business areas, such as AI PCs and automotive electronics.
- (2) Primarily including sales of raw materials and scrap components, and provision of factoring arrangement. For details on the factoring arrangement, see “Business — Sales and Marketing — Relationship with Our Largest Customer.”

Our gross profit increased by 9.5% from RMB2,365.1 million in 2022 to RMB2,590.2 million in 2023, and further increased by 4.5% from RMB2,590.2 million in 2023 to RMB2,706.4 million in 2024. Our gross profit increased by 28.2% from RMB2,032.9 million in the nine months ended September 30, 2024 to RMB2,606.4 million in the nine months ended September 30, 2025.

Our overall gross profit margin grew from 8.1% in 2022 to 9.5% in 2023, mainly due to a reduction in the average procurement price of our raw materials as a result of cyclical market fluctuations. Our overall gross profit margin decreased from 9.5% in 2023 to 5.8% in 2024, mainly due to (i) an increase in the average procurement price of our raw materials as a result of cyclical market fluctuations, and (ii) our strategic market expansion initiatives in 2024 designed to strengthen our competitive positioning. Our overall gross profit margin increased from 5.8% in the nine months ended September 30, 2024 to 8.3% in the nine months ended September 30, 2025, primarily due to (i) our focus on higher-quality growth during this period by actively improving project quality and strategically foregoing certain low-margin projects, and (ii) the stabilization of raw material prices in the market, which ended the upward trend seen in 2024.

SUMMARY

Profit for the Year/Period

Our profit for the year increased by 7.3% from RMB561.5 million in 2022 to RMB602.7 million in 2023, primarily due to the increase in our gross profit, partially offset by the increases in our sales and marketing expenses, administrative expenses and research and development expenses pursuant to our business expansion and increased research and development activities. Our profit for the year decreased by 18.1% from RMB602.7 million in 2023 to RMB493.4 million in 2024, primarily due to the increase in research and development expenses attributable to the growth in the number of research and development personnel and the increased research and development activities, partially offset by the increase in our gross profit. Our profit for the period increased by 20.9% from RMB425.4 million in the nine months ended September 30, 2024 to RMB514.5 million in the nine months ended September 30, 2025, primarily due to the increase in our gross profit, partially offset by the increases in our sales and marketing expenses, administrative expenses and research and development expenses pursuant to our business expansion and increased research and development activities. For details, see “Financial Information — Year to Year Comparison of Results of Operations.”

Summary of 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 September 30,
	2022	2023	2024	2025
	RMB'000			
Current assets	11,283,913	15,985,780	22,160,739	22,569,820
Non-current assets	3,246,562	3,853,119	4,184,875	4,737,023
Total assets	14,530,475	19,838,899	26,345,614	27,306,843
Current liabilities	10,632,395	14,990,459	19,724,450	20,647,539
Non-current liabilities	741,996	1,023,043	1,028,034	919,474
Total liabilities	11,374,391	16,013,502	20,752,484	21,567,013
Net current assets	651,518	995,321	2,436,289	1,922,281
Net assets	3,156,084	3,825,397	5,593,130	5,739,830

Our net assets increased from RMB3,156.1 million as of December 31, 2022 to RMB3,825.4 million as of December 31, 2023, primarily attributable to our profit for the year in 2023 of RMB602.7 million.

Our net assets increased from RMB3,825.4 million as of December 31, 2023 to RMB5,593.1 million as of December 31, 2024, primarily attributable to the issue of shares of RMB1,560.0 million and our profit for the year in 2024 of RMB493.4 million, partially offset by dividends declared of RMB232.5 million and share issue expenses of RMB119.3 million.

SUMMARY

Our net assets increased from RMB5,593.1 million as of December 31, 2024 to RMB5,739.8 million as of September 30, 2025, primarily attributable to our profit for the nine months ended September 30, 2025 of RMB514.5 million, the increase of share-based payments of RMB90.9 million and the increase of share of other capital reserves of associates of RMB84.6 million, partially offset by shares repurchased under a share award scheme of RMB299.9 million and dividends declared of RMB228.8 million.

Our net current assets increased from RMB651.5 million as of December 31, 2022 to RMB995.3 million as of December 31, 2023, primarily attributable to (i) an increase in trade and bills receivables of RMB3,470.2 million, and (ii) an increase in cash and cash equivalents of RMB1,127.9 million; partially offset by an increase in trade and bills payables of RMB4,068.9 million as a result of an increase in our procurement of raw materials.

Our net current assets increased from RMB995.3 million as of December 31, 2023 to RMB2,436.3 million as of December 31, 2024, primarily attributable to (i) an increase in trade and bills receivables of RMB2,724.1 million, which was in line with the increase in our revenue, (ii) an increase in investment measured at FVTPL of RMB1,384.9 million, which represented our equity investments in listed companies and investments in wealth management products, and (iii) an increase in cash and cash equivalents of RMB1,054.6 million; partially offset by (i) an increase in trade and bills payables of RMB3,656.8 million as a result of an increase in our procurement of raw materials, and (ii) an increase in interest-bearing bank borrowings of RMB1,053.8 million.

Our net current assets decreased from RMB2,436.3 million as of December 31, 2024 to RMB1,922.3 million as of September 30, 2025, primarily attributable to (i) an increase in interest-bearing bank borrowings of RMB1,227.8 million, (ii) a decrease in pledged deposits of RMB776.4 million, and (iii) a decrease in trade and bills receivables of RMB517.0 million; partially offset by (i) an increase in cash and cash equivalents of RMB1,388.8 million, and (ii) a decrease in trade and bills payables of RMB630.3 million.

For details of the fluctuation in key items of our consolidated statements of financial position and net current assets during the Track Record Period, see “Financial Information — Discussion of Certain Key Items of Consolidated Statements of Financial Position.”

SUMMARY

Summary of Consolidated Statements of Cash Flow

The following table sets forth a summary of our consolidated cash flow statements for the years/periods indicated.

	For the year ended December 31,			For the nine months ended September 30,	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>			<i>(Unaudited)</i>	
Net cash from operating activities	1,470,989	1,466,228	1,026,493	919,587	915,761
Net cash from/(used in) investing activities . .	1,064,622	(698,067)	(2,066,719)	(1,427,145)	(289,868)
Net cash (used in)/from financing activities . .	<u>(547,549)</u>	<u>367,144</u>	<u>2,105,518</u>	<u>1,614,991</u>	<u>781,536</u>
Net increase in cash and cash equivalents	1,988,062	1,135,305	1,065,292	1,107,433	1,407,429
Cash and cash equivalents at beginning of the year/period	1,289,908	3,278,958	4,406,907	4,406,907	5,461,528
Effect of foreign exchange rate changes, net	<u>988</u>	<u>(7,356)</u>	<u>(10,671)</u>	<u>(82,835)</u>	<u>(18,586)</u>
Cash and cash equivalents at the end of the year/period	<u>3,278,958</u>	<u>4,406,907</u>	<u>5,461,528</u>	<u>5,431,505</u>	<u>6,850,371</u>

SUMMARY

KEY FINANCIAL RATIOS

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

	As of/For the year ended December 31,			As of/ For the nine months ended September 30,
	2022	2023	2024	2025
Gross profit margin ⁽¹⁾	8.1%	9.5%	5.8%	8.3%
Return on equity (ROE) ⁽²⁾⁽⁶⁾	18.4%	17.3%	10.5%	12.1%
Return on assets (ROA) ⁽³⁾⁽⁶⁾	3.8%	3.5%	2.1%	2.6%
Current ratio ⁽⁴⁾	1.1	1.1	1.1	1.1
Quick ratio ⁽⁵⁾	1.0	1.0	1.0	1.0

Notes:

- (1) Gross profit margin is calculated as gross profit divided by revenue for the respective year/period.
- (2) The return on equity (ROE) is calculated as profit for the year/period divided by average of the opening and closing balances of total equity for the respective year/period.
- (3) The return on assets (ROA) is calculated as profit for the year/period divided by average of the opening and closing balances of total assets for the respective year/period.
- (4) The current ratio is calculated as current assets divided by current liabilities as of the relevant date.
- (5) The quick ratio is calculated as current assets minus inventories, divided by current liabilities as of the relevant date.
- (6) The return on equity and return on assets for the nine months ended September 30, 2025 are calculated on an annualized basis. Accordingly, the annualized return on equity and return on assets may not be indicative of those for the full year ending December 31, 2025. [REDACTED] are cautioned not to place any undue reliance on such data.

RISK FACTORS

Our operations and the [REDACTED] involve certain risks and uncertainties, some of which are beyond our control and may affect your decision to [REDACTED] in us and/or the value of your [REDACTED]. See “Risk Factors” for details of our risk factors. Some of the major risks we face include: (i) our historical financial and operating results may not be indicative of our future performance; (ii) we derived a substantial portion of revenue from certain major customers during the Track Record Period and the loss of, or a significant reduction in, revenue from such customers could materially and adversely affect our results of operations; (iii) the global smart device ODM industry is highly competitive and concentrated

SUMMARY

among a few major players. If we cannot compete effectively, our market share and profitability could be adversely affected; (iv) our and our customers’ smart devices may have a relatively short product life cycle and are subject to rapidly evolving customer demands and consumer preferences; (v) we generally do not have long-term purchase commitments from most of our customers, which may subject us to uncertainty and revenue volatility from period to period; (vi) we may not be able to manage the pricing of our products as a result of any decrease in our bargaining power or changes in market conditions; (vii) our success depends on a stable and adequate supply of raw materials which are subject to price volatility and other risks; (viii) any disruption of our current manufacturing centers or failure to successfully execute our capacity expansion and equipment upgrade plans or failure to effectively utilize our production facilities may have a material adverse effect on our business, financial condition and results of operations; and (ix) any quality issues associated with our products may expose us to potential liabilities, subject us to risks relating to warranty claims, result in lost customers and sales, product recalls and increased compliance costs, which could adversely affect our results of operations and financial condition.

[REDACTED]

The statistics in the following table are based on the assumptions that the [REDACTED] has been completed and the [REDACTED] is not exercised:

	Based on the [REDACTED] of HK\$[REDACTED] per [REDACTED]	Based on the [REDACTED] of HK\$[REDACTED] per [REDACTED]
[REDACTED] of our Shares ⁽¹⁾	HK\$[REDACTED]	HK\$[REDACTED]
Unaudited [REDACTED] adjusted consolidated net tangible assets per Share ⁽²⁾	HK\$[REDACTED]	HK\$[REDACTED]

Notes:

- (1) The calculation of [REDACTED] of our Shares is based on (i) [REDACTED] expected to be in issue immediately following the completion of the [REDACTED]; and (ii) [470,331,544] A Shares in issue and outstanding with a closing price of RMB[41.77] (equivalent to approximately HK\$[46.05]) per A Share as of the Latest Practicable Date.
- (2) The unaudited [REDACTED] adjusted consolidated net tangible assets per Share is arrived at after the adjustments referred to in the section headed “Unaudited [REDACTED] Financial Information” in Appendix II to this document and is calculated based on [REDACTED] Shares in issue immediately following the completion of the [REDACTED] without taking into account any Shares which may be [REDACTED] upon the exercise of the [REDACTED].

SUMMARY

USE OF [REDACTED]

We estimate that we will receive net [REDACTED] from the [REDACTED] of approximately HK\$[REDACTED], after deducting [REDACTED], fees and estimated expenses payable by us in connection with the [REDACTED], and assuming an [REDACTED] of HK\$[REDACTED] per Share, being the mid-point of the indicative [REDACTED] range stated in this document, and that the [REDACTED] is not exercised. Assuming an [REDACTED] at the mid-point of the indicative [REDACTED] range, we currently intend to apply these net [REDACTED] for the following purposes: (i) approximately [REDACTED], or HK\$[REDACTED], will be used to expand our overall production capacity both domestically and internationally, thereby enhancing our self-production capabilities; (ii) approximately [REDACTED], or HK\$[REDACTED], will be used to support our ongoing research and development efforts, particularly to strengthen our independent R&D and innovation capabilities in key areas; (iii) approximately [REDACTED], or HK\$[REDACTED], will be used to improve our domestic and international marketing and customer expansion efforts; (iv) approximately [REDACTED], or HK\$[REDACTED], will be used to support our global strategic investments or acquisitions; and (v) approximately [REDACTED], or HK\$[REDACTED], will be used for working capital and other general corporate purposes.

See the section headed “Future Plans and Use of [REDACTED]” in this document for further information relating to our future plans and use of [REDACTED] from the [REDACTED].

[REDACTED]

SUMMARY

DIVIDENDS

During the Track Record Period, we declared cash dividends to our Shareholders as follows.

	For the year ended December 31,			For the nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000				
	(Unaudited)				
Dividends for ordinary shareholders of our Company recognized as distribution during the year/period:					
Interim dividend	293,014	—	—	—	—
Final dividend	162,039	—	232,548	232,548	228,798
Total	455,053	—	232,548	232,548	228,798

As of the Latest Practicable Date, we had paid these dividends in full.

On November 25, 2022, our general shareholders meeting passed resolutions regarding the shareholder dividend plan for the three years following our listing on the main board of the Shanghai Stock Exchange (the “**2022 Shareholder Dividend Plan**”). This plan stipulates that the total cash dividends to be distributed over this period shall be no less than 30% of the average annual distributable profit achieved, provided that the conditions for cash dividends are met. In addition, we will review and reaffirm our shareholder dividend plan at least every three years, taking into account our operational performance, investment strategies and long-term development goals.

After the completion of the [REDACTED], we may distribute dividends in the form of cash or by other means permitted by our dividend policy as included in our Articles of Association. A decision to declare or to pay dividends in the future and the amount of dividends will be at the discretion of our Shareholders’ meeting and will depend on a number of factors, including our results of operations, cash flows, financial condition, payments by our subsidiaries of cash dividends to us, business prospects, statutory, regulatory restrictions on our declaration and payment of dividends and other factors that our Board may consider important. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the relevant laws. Our Shareholders may approve any declaration of dividends. Save for the distribution standard set out in the 2022 Shareholder Dividend Plan, we had not specified any dividend payout ratio as of the Latest Practicable Date.

SUMMARY

According to applicable PRC laws and our Articles of Association, we will pay dividends out of our profit after tax only after we have made the following allocations: recovery of the losses incurred in the previous year; allocations to the statutory reserve equivalent to 10% of our profit after tax; allocations to a discretionary common reserve of certain percentage of our profit after tax that are approved by a Shareholders’ meeting.

[REDACTED] EXPENSES

[REDACTED] expenses to be borne by us are estimated to be approximately HK\$[REDACTED] (based on an [REDACTED] of [REDACTED] per Share, being the mid-point of the indicative [REDACTED] range of [REDACTED] to [REDACTED] per Share), representing approximately [REDACTED] of the estimated gross [REDACTED] from the [REDACTED] assuming no Shares are issued pursuant to the [REDACTED]. The [REDACTED] expenses consist of (i) [REDACTED] expenses, including [REDACTED] commission, of approximately HK\$[REDACTED], and (ii) [REDACTED] expenses of approximately HK\$[REDACTED], comprising (a) fees and expenses of our legal advisors and reporting accountants of approximately HK\$[REDACTED], and (b) other fees and expenses of approximately HK\$[REDACTED]. During the Track Record Period, we incurred [REDACTED] expenses of RMB[REDACTED], of which (i) RMB[REDACTED] was charged to the consolidated statements of profit or loss, and (ii) RMB[REDACTED] was directly attributable to the [REDACTED] of our H Shares to the [REDACTED] and is expected to be deducted from equity upon the [REDACTED]. Subsequent to the Track Record Period, approximately HK\$[REDACTED] is expected to be charged to our consolidated statements of profit or loss, and approximately HK\$[REDACTED] is expected to be accounted for as a deduction from equity upon the [REDACTED]. We do not believe any of the above fees or expenses are material or are unusually high for our Group. The [REDACTED] expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Mr. Du, Mr. Ge, Shanghai Xinhe, Kunshan Longcheer, Chengmai Qihe and Kunshan Qiyun, by virtue of the acting-in-concert arrangement, were collectively entitled to exercise or control the exercise of the voting rights attaching to approximately 38.69% of our total issued Shares (excluding treasury Share). Immediately following completion of the [REDACTED] (assuming the [REDACTED] is not exercised), Mr. Du, Mr. Ge, Shanghai Xinhe, Kunshan Longcheer, Chengmai Qihe and Kunshan Qiyun, by virtue of the acting-in-concert arrangement, will be collectively entitled to exercise or control the exercise of the voting rights attaching to approximately [REDACTED]% of our total issued Shares (excluding treasury Shares). Therefore, Mr. Du, Mr. Ge, Shanghai Xinhe, Kunshan Longcheer, Chengmai Qihe and Kunshan Qiyun are and will continue to be our Controlling Shareholders upon the [REDACTED]. For further details, see “Relationship with Our Controlling Shareholders.”

SUMMARY

LISTING ON THE SHANGHAI STOCK EXCHANGE

On March 1, 2024, our Company completed the A-Share Listing and our A Shares commenced trading on the Shanghai Stock Exchange (stock code: 603341). Our Directors confirm that, since the listing of the Shanghai Stock Exchange and up to the Latest Practicable Date, we had no instances of material non-compliance with the rules of the Shanghai Stock Exchange and other applicable securities laws and regulations of the PRC in any material respects, and, to the best knowledge of our Directors having made all reasonable enquiries, there was no material matter that should be brought to the [REDACTED]’ attention in relation to our compliance record on the Shanghai Stock Exchange.

For details, see “History and Corporate Structure — Listing on the Shanghai Stock Exchange and Reasons for the [REDACTED] of the Stock Exchange.”

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the Latest Practicable Date, there had been no material adverse change in our business, financial condition and results of operations since September 30, 2025, which is the end date of the years reported on in the Accountants’ Report as set out in Appendix I to this document, and there is no event since September 30, 2025 which would materially affect the information in the Accountants’ Report as set out in Appendix I to this document.

IMPACT OF COVID-19 PANDEMIC

During the Track Record Period and up to the Latest Practicable Date, the COVID-19 pandemic did not cause any disruption to our production facilities and supply chain. However, due to the macroeconomic and general industry challenges posed by the pandemic, our revenue from sales of smartphones decreased from 2022 to 2023. Despite this reduction, our business operations and financial condition remained stable during the Track Record Period and were not materially and adversely impacted by the COVID-19 pandemic.

DEFINITIONS

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

“A Share(s)”	ordinary shares issued by our Company, with a nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange and traded in Renminbi
“A-Share Listing”	public offering and listing of A Shares of our Company on the Shanghai Stock Exchange under the stock code 603341 on March 1, 2024
“Accountants’ Report”	the accountants’ report of our Company for the Track Record Period, as set out in Appendix I to this document
“affiliate”	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“AFRC”	the Accounting and Financial Reporting Council of Hong Kong
“Articles of Association” or “Articles”	the articles of association of our Company adopted on June 9, 2025 which will become effective upon the [REDACTED] and as amended from time to time, a summary of which is set out in Appendix V to this document
“Audit Committee”	the audit committee of the Board
“Board” or “Board of Directors”	the board of Directors of our Company
“Business Day” or “business day”	any day (other than a Saturday, Sunday or public holiday in Hong Kong and any day on which tropical cyclone warning no. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong) on which banks in Hong Kong are generally open for normal banking business

DEFINITIONS

“CAGR” compound annual growth rate

[REDACTED]

“Chengmai Qihe” Chengmai Qihe Enterprise Management Partnership (Limited Partnership) (澄邁旗禾企業管理合夥企業(有限合夥)), one of our Controlling Shareholders and a limited partnership organized in the PRC on December 25, 2014, the general partner of which is Mr. Du

“China” or “the PRC” the People’s Republic of China, but for the purpose of this document and for geographical reference only and except where the context requires otherwise, references in this document to “China” and the “PRC” do not apply to Hong Kong, the Macau Special Administrative Region and Taiwan of the PRC

“ChiNext” ChiNext Board of the Shenzhen Stock Exchange

“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

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

“Company” or “our Company” Shanghai Longcheer Technology Co., Ltd. (上海龍旗科技股份有限公司) (formerly known as Longcheer Technology (Shanghai) Limited (龍旗科技(上海)有限公司)), was established under the laws of the PRC with limited liability on October 27, 2004, the A Shares of which are listed on the Shanghai Stock Exchange (stock code: 603341), and if the context requires, includes its predecessors

DEFINITIONS

“Company Law” or “PRC Company Law”	the Company Law of the PRC (《中華人民共和國公司法》), as amended, supplemented or otherwise modified from time to time
“Compliance Advisor”	Guotai Junan Capital Limited
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Mr. Du, Mr. Ge, Shanghai Xinhe, Kunshan Longcheer, Chengmai Qihe and Kunshan Qiyun. See the section headed “Relationship with Our Controlling Shareholders” in this document
“CSDC”	China Securities Depository and Clearing Co., Ltd. (中國證券登記結算有限責任公司)
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會), a regulatory body responsible for the supervision and regulation of the PRC national securities markets
“Director(s)”	the director(s) of our Company
“EIT”	enterprise income tax
“EIT Law”	the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), as amended, supplemented or otherwise modified from time to time
“Employee Stock Ownership Scheme”	an A-Share employee stock ownership scheme approved by the Shareholders and adopted on May 26, 2025, the principal terms of which are set out in “Appendix VI — Statutory and General Information — C. Employee Incentive Schemes — 2. Employee Stock Ownership Scheme” to this document
“EU”	European Union
“Extreme Conditions”	extreme conditions caused by a super typhoon as announced by the government of Hong Kong

[REDACTED]

DEFINITIONS

“Frost & Sullivan” Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., a global market research and consulting company, and an Independent Third Party

“F&S Report” the report prepared by Frost & Sullivan

“General Rules of HKSCC” the General Rules of HKSCC as may be amended or modified from time to time and where the context so permits, shall include the HKSCC Operational Procedures

[REDACTED]

“Group,” “our Group,” “we,” “us” or “our” our Company and all of our subsidiaries or, where the context so requires, in respect of the period before our Company became the holding company of its present subsidiaries, the businesses operated by such subsidiaries or their predecessors (as the case may be)

“H Share(s)” overseas [REDACTED] foreign share(s) in the share capital of our Company with a nominal value of RMB1.00 each [REDACTED]

[REDACTED]

“Haikou Longcheer” Haikou Longcheer Technology Investment Co., Ltd. (海口龍旗科技投資有限公司), a limited liability company established in the PRC on October 20, 2025 and a wholly-owned subsidiary of our Company

“Hefei Longcheer Smart Technology” Hefei Longcheer Smart Technology Co., Ltd. (合肥龍旗智能科技有限公司), a limited liability company established in the PRC on November 22, 2021 and a wholly-owned subsidiary of our Company

“HK Longcheer” Longcheer Telecommunication (H.K.) Limited, a company incorporated in Hong Kong with limited liability on April 21, 2004 and a wholly-owned subsidiary of our Company

[REDACTED]

DEFINITIONS

[REDACTED]

“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars,” “HK dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

[REDACTED]

DEFINITIONS

[REDACTED]

“Huizhou Longcheer”	Longcheer Electronics (Huizhou) Co., Ltd. (龍旗電子(惠州)有限公司), a limited liability company established in the PRC on November 26, 2009 and a wholly-owned subsidiary of our Company
“IFRS”	International Financial Reporting Standards, which include standards, amendments and interpretations promulgated by the International Accounting Standards Board and the International Accounting Standards and interpretation issued by the International Accounting Standards Committee
“Independent Third Party(ies)”	person(s) or company(ies) who/which, to the best of our Directors’ knowledge, information and belief, having made all reasonable enquiries, are not our connected persons
“INR”	Indian rupee, the official currency of India

[REDACTED]

“International Sanctions”	all applicable laws and regulation to economic sanctions, export controls, trade embargoes and wider prohibitions and restrictions on international trade and investment related activities, including those adopted administered and enforced by the U.S. Government, the UK, the EU and its member states, UN or Government of Australia

DEFINITIONS

“International Sanctions Legal Advisors”

Hogan Lovells, our legal advisors as to U.S. regulatory laws and International Sanctions laws in connection with the [REDACTED]

[REDACTED]

“Joint Sponsors”

has the meaning given to it in the Listing Rules and, unless the context requires otherwise, refers to the joint sponsors named in “Directors and Parties Involved in the [REDACTED]” in this document

“Kunshan Longcheer”

Kunshan Longcheer Investment Management Center (Limited Partnership) (昆山龍旗投資管理中心(有限合夥)), one of our Controlling Shareholders and a limited partnership organized in the PRC on December 25, 2014, the general partner of which is Shanghai Xinhe

“Kunshan Qiyun”

Kunshan Qiyun Investment Management Center (Limited Partnership) (昆山旗雲投資管理中心(有限合夥)), one of our Controlling Shareholders and a limited partnership organized in the PRC on December 2, 2014, the general partner of which is Mr. Ge

“Latest Practicable Date”

December 22, 2025, being the latest practicable date for the purpose of ascertaining certain information in this document prior to its publication

[REDACTED]

DEFINITIONS

[REDACTED]

“Listing Guide” or “Guide for New Listing Applicants”	the Guide for New Listing Applicants as published by the Stock Exchange in December 2023 and amended from time to time
“Listing Rules” or “Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange, which is independent from and operated in parallel with the GEM of the Stock Exchange
“Miaobo Software”	Miaobo Software Co., Ltd. (上海妙博軟體技術有限公司), a limited liability company established in the PRC on January 16, 2014, and a wholly-owned subsidiary of our Company
“MIIT”	the Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)
“MOF” or “Ministry of Finance”	the Ministry of Finance of the PRC (中華人民共和國財政部)
“MOFCOM” or “Ministry of Commerce”	the Ministry of Commerce of the PRC (中華人民共和國商務部) (formerly known as the Ministry of Foreign Trade and Economic Cooperation of the PRC (中華人民共和國對外經濟貿易部))
“Mr. Du”	Mr. DU Junhong (杜軍紅), our founder, the chairman of our Board, an executive Director and one of our Controlling Shareholders
“Mr. Ge”	Mr. Ge Zhengang (葛振綱), an executive Director, our general manager and one of our Controlling Shareholders
“Nanchang Longcheer”	Nanchang Longcheer Information Technology Co., Ltd. (南昌龍旗信息技術有限公司), a limited liability company established in the PRC on July 17, 2017, and a wholly-owned subsidiary of our Company

DEFINITIONS

“Nanchang Longcheer Smart Technology” Nanchang Longcheer Smart Technology Co., Ltd. (南昌龍旗智能科技有限公司), a limited liability company established in the PRC on July 27, 2022, and a wholly-owned subsidiary of our Company

“NDRC” the National Development and Reform Commission (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

[REDACTED]

“NPC” the National People’s Congress of the PRC (中華人民共和國全國人民代表大會)

[REDACTED]

DEFINITIONS

[REDACTED]

“Overseas Listing Trial Measures”	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》) released by the CSRC on February 17, 2023 and took effect on March 31, 2023
“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC
“PRC GAAP”	generally accepted accounting principles in the PRC
“PRC Legal Advisors”	Beijing DeHeng Law Offices, the legal advisors to our Company as to the laws of the PRC
“PRC Securities Law”	the Securities Law of the People’s Republic of China (《中華人民共和國證券法》), as amended, supplemented or otherwise modified from time to time

[REDACTED]

“document”	this document being issued in connection with the [REDACTED]

DEFINITIONS

[REDACTED]

“Regulation S”	Regulation S under the U.S. Securities Act
“Remuneration and Assessment Committee”	the remuneration and assessment committee of the Board
“Restricted Share Scheme”	the restricted A-Share Scheme approved by the Shareholders and adopted on May 26, 2025, the principal terms of which are set out in “Appendix VI — Statutory and General Information — C. Employee Incentive Schemes — 1. Restricted Share Scheme” to this document
“Restricted Share(s)”	the restricted A-Shares to be granted and issued as incentives to certain participants under the Restricted Share Scheme
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Rule 144A”	Rule 144A under the U.S. Securities Act
“SAFE”	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
“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)
“SAT”	the State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
“Securities and Futures Ordinance” or “SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“SFC”	the Securities and Futures Commission of Hong Kong
“Shanghai-Hong Kong Stock Connect”	a securities trading and clearing links program developed by the Hong Kong Stock Exchange, Shanghai Stock Exchange, HKSCC and China Securities Depository and Clearing Corporation Limited for mutual market access between Hong Kong and Shanghai

DEFINITIONS

“Shanghai Haocheng”	Shanghai Haocheng Information Technology Co., Ltd. (上海豪承信息技術有限公司), a limited liability company established in the PRC on October 13, 2009, and a wholly-owned subsidiary of our Company
“Shanghai Longcheer Smart Technology”	Shanghai Longcheer Smart Technology Co., Ltd. (上海龍旗智能科技有限公司), a limited liability company established in the PRC on October 19, 2021, and a wholly-owned subsidiary of our Company
“Shanghai Stock Exchange”	the Shanghai Stock Exchange (上海證券交易所)
“Shanghai Xinhe”	Shanghai Xinhe Enterprise Management Co., Ltd. (上海芯禾企業管理有限公司), one of our Controlling Shareholders and a limited liability company incorporated in the PRC on June 7, 2018, which is owned as to 51% by Mr. Du and as to 49% by Mr. Ge
“Share(s)”	ordinary share(s) in the capital of our Company with a nominal value of RMB1.00 each, comprising A Shares and upon [REDACTED], H Shares
“Shareholder(s)”	holder(s) of our Share(s)

[REDACTED]

“Sponsor-[REDACTED]”	has the meaning given to it in the Listing Rules and, unless the context requires otherwise, refers to the sponsor-[REDACTED] named in “Directors and Parties Involved in the [REDACTED]” in this document

[REDACTED]

“State Council”	the State Council of the PRC (中華人民共和國國務院)
“Stock Exchange” or “Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited

DEFINITIONS

“Strategy and ESG Committee”	the strategy and ESG committee of the Board
“subsidiarie(s)”	has the meaning ascribed to it in section 15 of the Companies Ordinance
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
“Tianjin Jinmi”	Tianjin Jinmi Investment Partnership (Limited Partnership) (天津金米投資合夥企業(有限合夥)), a limited partnership established in the PRC on July 16, 2014, and one of our Shareholders
“Track Record Period”	the financial years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2025

[REDACTED]

“United States,” “USA” or “U.S.”	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
“U.S. dollars,” “US\$” or “USD”	United States dollars, the lawful currency of the United States
“U.S. Securities Act”	the United States Securities Act of 1933, as amended and supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder
“VAT”	value added tax
“Vietnam Longcheer”	Longcheer Meiko Electronics Vietnam Co., Ltd., a company incorporated in Vietnam with limited liability on May 20, 2020, and a subsidiary of our Company

DEFINITIONS

[REDACTED]

“Xiaomi Group”

Xiaomi Corporation (小米集团), a company controlled through weighted voting rights and incorporated in the Cayman Islands with limited liability, with its shares listed on the Stock Exchange (stock code: 1810), as well as its affiliates

“%” per cent

For the purpose of this document, references to “provinces” of China include provinces, municipalities under direct administration of the central government and provincial-level autonomous regions.

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

Certain amounts and percentage figures have been subject to rounding adjustments; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

For ease of reference, the names of PRC laws and regulations, governmental authorities, institutions, nature persons or other entities (including certain of our subsidiaries) have been included in this document in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail. English translations of company names and other terms from the Chinese language are provided for identification purposes only.

GLOSSARY OF TECHNICAL TERMS

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

“4G”	the fourth-generation mobile communication standard, also known as the fourth-generation mobile communication technology
“5G”	the fifth-generation mobile communication standard, also known as the fifth-generation mobile communication technology
“AI”	artificial intelligence, simulation of human intelligence by machine
“AIoT”	Artificial Intelligence of Things, the combination of AI technologies with the IoT infrastructure to achieve more efficient IoT operations, improve human-machine interactions and enhance data management and analytics
“AI PC(s)”	personal computer(s) equipped with AI technologies
“AOI”	automated optical inspection, an automated visual quality control process in electronics manufacturing that uses cameras and image processing to check PCBs for defects after component placement and soldering
“AR”	augmented reality
“BI”	business intelligence
“BOM”	bill of materials
“Buy & Sell model”	a collaboration model between us and certain of our customers. We procure certain materials and components from the customers for our production, primarily due to considerations such as material quality and timely supply
“CAGR”	compound annual growth rate

GLOSSARY OF TECHNICAL TERMS

“chipset”	a group of integrated circuits on a computer mainboard that manages data flow between the processor, memory, storage, and peripherals
“CIT”	customer interface test, a final pre-delivery validation process that verifies if a product’s hardware/software interfaces meet client-specific requirements for functionality, usability, and compatibility
“ECU”	electronic control unit, an embedded system or micro-controller-based device that controls one or more electrical systems or subsystems
“design for manufacturability”	an engineering approach that optimizes product designs to simplify manufacturing, reduce costs, and improve quality by proactively addressing production constraints during the design phase
“EMS”	electronic manufacturing services
“ESG”	Environmental, Social and Governance
“FPM”	financial performance management
“IC”	integrated circuit, a miniature electronic device that combines multiple electronic components onto a single semiconductor chip
“Internet of Things” or “IoT”	Internet of Things, which describes the network of devices that are embedded with sensors, software and other technologies for the purpose of connecting and exchanging data with other devices and systems over the Internet or other communications networks
“IPD”	integrated product development, a comprehensive product and R&D management framework, characterized by examining product and R&D management philosophies and structures from the perspective of product investment and development
“LCM”	liquid crystal module, a fully integrated display assembly that combines a liquid crystal panel, backlight unit, driver circuits, and structural components into a functional unit ready for installation in devices

GLOSSARY OF TECHNICAL TERMS

“mainboard”	the main PCB in a product which holds the electronic components
“manufacturing center(s)”	hub(s) for our manufacturing activities, including the centers in Huizhou, Nanchang, Vietnam, and India (in collaboration with a third-party EMS partner)
“MCU”	microcontroller unit, a compact integrated circuit that controls electronic devices
“MES”	manufacturing execution system
“MMI”	man-machine interface, the hardware and software components that enable interaction between humans and electronic devices
“MR”	mixed reality
“MRP”	material requirement planning
“NG”	no good, a quality control term marking defective products, components, or processes that fail to meet standards
“OA”	on-the-spot audit
“OS”	operating system
“ODM”	original design manufacturing
“OEM”	original equipment manufacturing
“PC”	personal computer
“RAUD”	reliability, availability, usability, and durability
“R&D”	research and development
“RF”	radio frequency
“RTOS”	real-time operating system

GLOSSARY OF TECHNICAL TERMS

“PCB”	printed circuit board, a flat plate or base of insulating material containing a pattern of conducting materials, which becomes an electronic circuit when components are soldered to it
“PCBA”	printed circuit board assembly, the fully assembled electronic circuit
“PLM”	product lifetime management
“QA”	quality assurance
“QMS”	quality management system
“SA”	standalone, a network architecture that operates independently without relying on existing infrastructure
“shipment”	in the context of the ODM shipment of our products, including complete units, semi-knocked down and completely knocked down
“SiP”	System-in-Package, an advanced semiconductor packaging technology that integrates multiple electronic components, such as processors, memory, sensors, and passive elements, into a single compact module. These components are connected internally, allowing the SiP to perform as a complete functional system while saving space and improving performance in electronic devices.
“smart eyewear”	smart eyewear encompasses products such as AI glasses and smart head-mounted display devices capable of delivering augmented reality (AR), extended reality (ER), virtual reality (VR), and mixed reality (MR) experiences
“SMT”	surface mount technology, a method in which the electrical components are mounted directly onto the surface of a printed circuit board
“SoC”	system on chip, an integrated circuit that consolidates multiple core components of an electronic system onto a single chip

GLOSSARY OF TECHNICAL TERMS

“S&OP”	sales and operations planning, an integrated business management process
“SPI”	solder paste inspection, a quality control process in SMT manufacturing that uses special devices to check solder paste deposits on PCBs before component placement
“SRM”	supplier relationship management
“TWS”	true wireless stereo, a wireless audio technology that enables the transmission of stereo sound signals via Bluetooth without the need for any physical cables
“VMI”	vendor managed inventory
“WMS”	warehouse management system
“XR”	extended reality

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 certain forward-looking statements and information relating to us and our subsidiaries that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this document, the words “aim,” “anticipate,” “believe,” “could,” “estimate,” “expect,” “going forward,” “intend,” “may,” “might,” “ought to,” “plan,” “potential,” “predict,” “project,” “seek,” “should,” “will,” “would” and the negative of these words and other similar expressions, as they relate to us or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change.

These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this document. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing our Company which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our mission, goals and strategies;
- our future business development, financial conditions and results of operations;
- future developments, trends and conditions in the industry and markets in which we operate or into which we intend to expand;
- our expectations regarding demand for and market acceptance of our products and services;
- our expectations regarding our relationships with customers, business partners, suppliers and other partners;
- changes in the macro environment, regional and global economy, as well as industry trends related to our operations;
- our ability to adequately protect our reputation and brand image, as well as our intellectual property rights;
- our ability to obtain adequate capital resources to fund future development plans;
- our ability to control costs, as well as to achieve and maintain operational efficiency;

FORWARD-LOOKING STATEMENTS

- our ability to attract and retain qualified personnel;
- competition in the industries and markets in which we operate or into which we intend to expand;
- our proposed use of [REDACTED];
- rapid developments in technology and our ability to successfully keep up with technological advancement;
- changes in currency exchange rates;
- relevant government policies and regulations relating to industries which we operate in;
- certain statements in this document with respect to trends in prices, operations, margins, overall market trends, and risk management;
- change of volatility in interest rates, equity prices, volumes, operations, margins, risk management and overall market trends; and
- other statements in this document that are not historical facts.

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. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this document might not occur in the way we expect or at all. Accordingly, the forward-looking statements are not a guarantee of future performance and you should not place undue reliance on any forward-looking information. 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.

In this document, statements of or references to our intentions or those of the Directors are made as of the date of this document. Any such information may change in light of future developments.

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

RISKS RELATING TO OUR INDUSTRY AND BUSINESS

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

During the Track Record Period, we experienced fluctuations in our revenue and profits. Our revenue decreased by 7.4% from RMB29,343.2 million in 2022 to RMB27,185.1 million in 2023 and increased by 70.6% to RMB46,382.5 million in 2024, and our revenue decreased from RMB34,920.9 million in the nine months ended September 30, 2024 to RMB31,331.6 million in the nine months ended September 30, 2025, primarily due to fluctuations in our ODM shipments, which was in turn affected by end-consumer demands for smart devices. Our profit for the year increased from RMB561.5 million in 2022 to RMB602.7 million in 2023, primarily due to the increase in our gross profit, partially offset by the increases in our sales and marketing expenses, administrative expenses and research and development expenses pursuant to our business expansion and increased research and development activities. Our profit for the year decreased to RMB493.4 million in 2024, primarily due to the increase in research and development expenses attributable to the growth in the number of research and development personnel and the increased research and development activities, partially offset by the increase in our gross profit. Our profit for the period increased from RMB425.4 million in the nine months ended September 30, 2024 to RMB514.5 million in the nine months ended September 30, 2025, primarily due to the increase in our gross profit, partially offset by the increases in our sales and marketing expenses, administrative expenses and research and development expenses pursuant to our business expansion and increased research and development activities. For details, see “Financial Information — Year to Year Comparison of Results of Operations.” Our past performance is not necessarily indicative of future results. Our financial and results of operations may not meet the expectations of public market analysts or [REDACTED]. The effects of changing regulatory, economic, public health, environmental, competitive conditions and many other factors cannot be fully predicted and may have a material adverse effect on our business, financial condition, results of operations and prospects. As we continue our business expansion, we cannot assure you that we will achieve the expected results or maintain the same levels of revenue growth and profitability as we have achieved historically. We believe that period-to-period comparisons of our results of operations during the Track Record Period may not be indicative of our future performance and you should not rely on them to predict the future performance of our results of operations.

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

During the Track Record Period, we generated a substantial portion of revenue from a limited number of customers. For the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025, revenue generated from our five largest customers in each year/period accounted for 87.6%, 79.6%, 82.2% and 79.4% of our total revenue in each year/period, respectively, and revenue generated from our largest customer in each year/period accounted for 45.5%, 42.4%, 37.2% and 28.6% of our total revenue in each year/period, respectively. Our current concentration on a few major customers exposes us to the risks of substantial losses if such major customers significantly reduce orders to us, or stop engaging in businesses with us at all. For example, our major customers may develop in-house product development and manufacturing capabilities instead of adopting ODM services. For instance, one of our major customers is reported to be launching its own factory to manufacture some of its smartphone products. Specifically, any of the following events, among others, may cause material fluctuations or declines in our revenue and have a material and adverse effect on our business, financial condition and results of operations: (i) the reduction, delay or cancellation of purchase orders from one or more of our major customers; (ii) the reduction in the purchase price of our products; (iii) the rejection of products manufactured by us for one or more of our major customers due to manufacturing defects or other reasons; (iv) the loss of one or more of our major customers and our failure to identify and obtain additional or replacement customers that can replace the lost sales volume at satisfactory pricing or other terms; or (v) the failure or inability of any of our major customers to make timely payment for our products.

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

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

We are a leading global provider of smart devices and services and we operate a highly integrated and flexible business model that combines full-stack ODM solutions with R&D services. The global smart device ODM industry is highly competitive that include intense price competition, frequent introduction of new products, frequent consumer demands for product replacement or upgrade, rapid adoption of product advancements and diverse preferences of consumers. In addition, the global smart device ODM industry is also concentrated with a few major players accounting for a substantial portion of market shares. We compete principally in terms of our product design, development and manufacturing capabilities, scale of manufacturing capacity, product quality and ability to deliver products in compliance with domestic and international standards. This requires a combination of various

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elements, including, without limitation, accurate analysis and prediction of market trends, timely collection of consumer feedback, strong research and development capability and flexible and cost-effective product production.

We expect competition to intensify in the future as technology and market develop, and existing competitors introduce new and more competitive products alongside their existing products. Current competitors and new entrants may seek to develop new offerings, technologies or capabilities that could render many of our products obsolete or less competitive. We face escalating competitive challenges as brand owners increasingly demand enhanced technical capabilities, faster time-to-market, and more innovative solutions from their ODM suppliers. Should we fail to maintain our technological edge through continued R&D investment and talent acquisition, brand owners may accelerate their transition toward in-house product development and manufacturing capabilities. This industry-wide trend toward vertical integration among major brands represents a structural risk that could reduce the addressable market for ODM services in our product categories. In addition, our competitors may attract our current and potential customers to favor their products and therefore reduce our ODM shipments. The occurrence of any of these circumstances may hinder our growth and our ability to compete and reduce our market share and profitability, and in turn materially and adversely affect our business, results of operations, financial condition and prospects.

Our and our customers’ smart devices may have a relatively short product life cycle and are subject to rapidly evolving customer demands and consumer preferences.

Many of our and our customers’ products have relatively short product life cycles due to frequent new product launches by our customers, rapidly changing technologies and evolving industry standards. To compete effectively in the global smart device ODM industry, we are required to satisfy the rapidly evolving customer demands and consumer preferences, which requires our constant research and development in new products and product technologies. Developing new products and product technologies are a complex process requiring high levels of innovation and skilled research and development personnel, as well as the accurate anticipation of technological and market trends. We cannot assure you that we will be able to identify and develop new products and product technologies successfully, if at all, or on a timely basis. In addition, introducing new products or entering in new markets carries inherent market risks, including uncertainties regarding marketing and consumer preferences. Failure to anticipate and respond to these preferences can have adverse effects on our sales performance and profitability. For details, see “— We may not be able to successfully execute our growth strategies and manage the associated challenges in new and evolving business areas.”

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

The success of our business depends, to a significant extent, on consumer demand and spending in the smart device market where we sell our products to our customers. Numerous external factors beyond our control can influence the level of consumer demand and spending on smart devices. These factors include general economic conditions, inflationary pressures,

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consumer disposable income, recession concerns, unemployment rates, geopolitical tensions, disease outbreaks, availability of consumer credit, interest rates, sales tax rates, and consumer perceptions of personal well-being and security. Reduced consumer confidence and spending cutbacks can lead to a decrease in demand for smart devices, which could in turn affect the demands for our customers’ products. If sales of our customers’ products decline or if their products do not achieve market acceptance as expected, our business and results of operations could be adversely affected.

The smart device market has historically been cyclical and has experienced downturns with declines in average selling prices that have adversely affected, and may in the future materially adversely affect, our business, results of operations and financial condition. According to Frost & Sullivan, the cyclical nature of smart device market and declines in average selling price are propelled by technological change, product iteration period, and market policies. Industry cycles are typically characterized by breakthrough technologies like AI that ignite periods of exponential growth, followed by phases of market maturation and potential decline in price of existing technologies. On average, the replacement cycle for consumer electronics ranges from three to five years, influencing the product iteration period and market demand. Additionally, global policy frameworks, such as trade-in incentives in the Chinese market, play a pivotal role in affecting product replacement cycles and prices of smart device. For the first time in the recent four years, the global average selling price for smartphone saw a decline in 2024, dropping by 3.1%. In particular, in recent years, the global economy has faced significant challenges, including disruptions across industries and supply chains, inflationary pressures in many countries and ongoing volatility in global markets. Any extended global economic downturn could lead to decreased discretionary spending in the smart device market, causing consumers to reduce their purchases. As a result, we may have difficulty maintaining or expanding our revenue or customer base, which could have a material and adverse effect on our business, results of operations, and financial condition.

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

Our products are primarily smart devices that must comply with various industry standards and technical requirements issued by regulatory bodies or industry participants. For example, the *Radio Regulation of the People’s Republic of China* (《中華人民共和國無線電管理條例》) promulgated by the State Council and the Central Military Commission, the *Regulation on the Safety and Protection of Radioisotopes and Radiation Devices* (《放射性同位素與射線裝置安全和防護條例》) promulgated by the State Council, the *Measures for the Administration of Safety Licensing for Radioisotopes and Radiation Devices* (《放射性同位素與射線裝置安全許可管理辦法》) promulgated by the former Ministry of Environmental Protection. Industry standards and technical requirements in our market are evolving and may change significantly over time. In addition, large industry-leading smart device brands play a significant role in developing standards and technical requirements. Our customers also may design certain specifications and other technical requirements specific to their products. These technical requirements may change as customers introduce new or enhanced products.

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

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

We generally do not have long-term purchase commitments from our customers. We cannot assure you that order volumes and selling prices will be consistent with our historical record nor our expectation. Cancellations, reductions or postponements of purchase orders by a major customer or by a group of customers could adversely affect our business, financial condition and results of operations. The absence of long-term purchase commitments with pre-determined prices may also mean our selling prices are subject to fluctuations.

In addition, we make significant decisions, including determining the levels of orders that we will seek and accept, production schedules, raw material procurement commitments, personnel needs and other resource requirements, based on our estimates of customer requirements. The nature of our customers’ commitments and the possibility of rapid changes in consumer demands for their products restrict our ability to accurately estimate future customer requirements. Occasionally, customers may require rapid increases in product delivery, which can strain our resources. We may not be able to increase our production volume or even manufacturing capacity at any given time to meet our customers’ demands. On the other hand, a reduction in customer demand may negatively impact our financial condition, result of operations and prospect.

We may not be able to manage the pricing of our products as a result of any decrease in our bargaining power or changes in market conditions.

We price our products based on a framework where the product cost, development expenses, and reasonable margin do not exceed the total cost, expenses, and margin that would be incurred by the customer through in-house development. In practice, we also take into account the prevailing competitive landscape when setting specific product pricing, allowing us to remain flexible and responsive to market dynamics. Our ability to set favorable prices at our desired margins and to accurately estimate costs, among other factors, has a significant impact on our profitability. We cannot assure you that we will be able to maintain our pricing or bargaining power or that our gross profit margin will not be affected by market conditions or other factors. In the event that we are faced with higher pricing pressure due to intensified competition from other manufacturers, continued decrease in prices to our customers in the end market or any other reasons, or if we otherwise lose bargaining power due to weaker demand

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for our products, we may need to reduce the prices and lower the margins of our products. Moreover, we may not be able to accurately estimate our costs or pass on all or part of any increase in our costs of production, in particular the costs of raw materials, components and parts, to our customers. As a result, our results of operations and profitability could be materially and adversely affected.

We may not be able to successfully execute our growth strategies and manage the associated challenges in new and evolving business areas.

As part of our long-term growth strategy, we are actively expanding into strategically emerging categories, particularly AI PCs and automotive electronics. The production of different products requires different technical and production capabilities, especially in the case of automotive electronics, which must comply with stringent automotive standards and specialized manufacturing processes. For example, manufacturing automotive electronics products necessitates automotive-grade production lines that ensure safety, reliability and performance. We have a limited experience and track record in developing and manufacturing these new products compared to our established smartphones and other products, which may not provide a meaningful basis on which to evaluate our business. In addition, we expect our growing operations to place a strain on our management, personnel, systems and resources. If we are unable to manage our business growth with respect to these new products, we may not be able to take advantage of market opportunities, execute our growth strategies or respond to competitive pressure. To successfully execute our growth strategies and manage our growth, we believe we must effectively:

- expand and upgrade our product design and development capabilities;
- hire, train, integrate and manage additional qualified senior management, engineers, sales and marketing personnel and information technology personnel;
- implement additional, and improve existing, administrative and operations systems, procedures and controls;
- manage our business relationships with customers and suppliers; and
- manage our financial condition and allocate resources to address future demand for different products.

We cannot assure you that such efforts will reach our expected success. We cannot assure you that we will be able to effectively manage our growth, that our current infrastructure, systems, procedures and controls or any new measures to enhance them will be adequate and successful to support our expanding operations or that our strategies and new business initiatives will be executed successfully.

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As we enter new markets, we will also encounter new competitors who may manufacture and offer products comparable to ours with better quality or on a more cost-efficient basis. If we are unable to manage our growth or compete in the markets for our new products effectively, our business, financial condition and results of operations could be adversely affected.

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

The raw materials we procured primarily consisted of electronic components, functional modules, structural parts and packaging materials. For the year ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025, our direct material costs amounted to RMB23,691.7 million, RMB21,720.3 million, RMB38,538.3 million and RMB24,998.8 million, representing 80.7%, 79.9%, 83.1% and 79.8% of our revenue for the respective years. Our production volume and production costs depend on our ability to source quality raw materials at competitive prices. If we are unable to obtain raw materials in the quantities, of a quality or at a price that we require, our production volume, quality of products and profitability may be adversely affected.

Raw materials used in our production are subject to price volatility caused by external conditions, such as market supply and demand, commodity price fluctuations, currency fluctuations, fluctuations in transportation costs, changes in governmental policies and natural disasters. China’s producer price index has seen intermittent declines in recent years, particularly between 2022 and 2023, primarily due to reduced electronic component shortages and a slowdown in consumer electronics demand. However, as the consumer electronics industry recovered in 2024, the price index began stabilizing and trending upward. For details, see “Industry Overview — Overview of Global Consumer Electronics ODM Industry — Raw Material of Global Consumer Electronics ODM Industry.” During the Track Record Period, our procurement costs of raw materials generally mirrored the cyclical fluctuations of raw material costs in the global consumer electronics ODM industry. For details, see “Financial Information — Description of Selected Components of Consolidated Statements of Profit or Loss — Gross Profit and Gross Profit Margin.” There is no assurance that our raw material cost will not increase significantly in the future. Our ability to pass increased raw material costs along to our customers may be limited by competitive pressure. We cannot assure you that we will be able to raise the prices of our products sufficiently to cover increased costs resulting from increases in the cost of our raw materials or overcome the interruption of sufficient supply of qualified raw materials for our products. As a result, any significant price increase of our raw materials may have an adverse effect on our profitability and results of operations.

If our current suppliers decide to terminate business relationships with us or if the raw materials supplied by our current suppliers fail to meet our standard, or if our current supplies of raw materials are interrupted for any reason, qualified suppliers may not be readily available and we may not be able to easily switch to other suppliers in a timely manner, which may materially and adversely affect our business and financial results.

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Some of raw materials used in our production are provided by our customers on consignment basis, primarily including SoCs. Under this model, SoCs are procured directly by our customers and then provided to us at no consideration for use in production, and accordingly are not recorded as our purchases. If our customers experienced significantly procurement shortage due to factors such as market supply and demand, commodity price fluctuations, currency fluctuations, fluctuations in transportation costs, changes in governmental policies and natural disasters, they may be forced to curtail their own production and shipments, which in turn could lead them to reduce, delay, or cancel their demand for our products and services. Historically, some of our customers were reported to be adversely impacted by global semiconductor shortage in 2022 and storage shortage in 2025. For details, see “Financial Information — Description of Selected Components of Consolidated Statements of Profit or Loss — Gross Profit and Gross Profit Margin.”

Any disruption of our current manufacturing centers or failure to successfully execute our capacity expansion and equipment upgrade plans or failure to effectively utilize our production facilities may have a material adverse effect on our business, financial condition and results of operations.

As of September 30, 2025, we had four manufacturing centers in China, Vietnam and India. If we experience any unanticipated situation that forces us to shut down our manufacturing centers, our production will be severely disrupted, which may in turn materially and adversely affect our business and results of operations. Catastrophic events could also destroy any inventory located in our manufacturing centers. The occurrence of any catastrophic event could result in the temporary or long-term closure of our manufacturing centers, severely disrupt our business operations and materially and adversely affect our results of operations and financial condition. See also “— Risks Relating to Our Operations — Our business operations are susceptible to disruptions from force majeure events, including natural disasters, outbreaks of contagious diseases, and other extraordinary events, which could materially and adversely affect our business and results of operations, and such losses may not be fully covered by insurance.”

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

In addition, we are further expanding our manufacturing footprint globally, which may expose us to additional operational, logistical, environmental and regulatory risks associated with managing overseas production. We may incur additional costs in managing our overseas production and may incur additional costs in relation to operating manufacturing facilities globally.

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

Our success depends on consistently delivering quality and reliable products. If the quality of any of our products deteriorates or fail to meet customers’ expectations, we may face customer complaints, return requests, or order cancellations. Any defects in our products could also expose us to potential liabilities, such as warranty claims, or claims for damages.

We may need to incur significant costs to address quality issues, including those related to product recalls. In the event of defective products, we could be compelled to recall our products and become subject to product liability claims, which may cause financial and reputational damage. Even if we ultimately prevail in defending against such claims, we may still incur substantial costs. Any quality issues of our product would have a negative impact on our sales, adversely affecting our results of operations and financial condition. In addition, we are subject to law and regulations governing the quality of our products and we may incur additional costs if such law and regulations become more stringent.

We are subject to risks associated with outsourced production, including risks inherent in managing manufacturing process and timelines.

During the Track Record Period, we engaged qualified third-party manufacturers to perform certain processing tasks, which primarily involved SMT processing and final assembly and packaging. In 2022, 2023 and 2024 and the nine months ended September 30, 2025, our outsourced processing costs amounted to RMB811.8 million, RMB362.5 million, RMB649.7 million and RMB310.0 million, respectively. We are subject to risks associated with outsourced production, including risks inherent in managing manufacturing process and timelines. There is no assurance that we will be able to monitor the performance of these third-party manufacturers as directly and efficiently as with our own staff. Our ability to complete orders could be impaired if we are unable to make procurement from third-party manufacturers at reasonable costs or at all. If a third-party manufacturer fails to provide materials or services as required, we may need to source substitutes on a delayed basis or at a higher replacement cost than anticipated, which may have an adverse impact on our profitability.

We are exposed to quality risks related to the products manufactured by these third-party manufacturers. We have in place quality control measures, such as quality checks, regular assessment and quality inspection upon receiving of finished products from our contract manufacturers, however, we cannot guarantee complete oversight over the manufacturing process or the procurement of raw materials. This lack of control presents potential risks to our business. The quality control system of third-party manufacturers may not be adequate and could have deficiencies that we are unaware of, which may lead to hidden defects in the products that are difficult to detect upon receipt. Any failure in maintaining product quality could subject us to product liability claims and adversely affect our reputation, business prospects and results of operations. Even if we are able to identify any hidden defects, the

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process of returning and re-supplying a new batch of products can be time-consuming, leading to delays in delivery and potential claims of contractual liabilities from our customers. In the event of disputes regarding the quality of products supplied by these third-party manufacturers, we may need to resort to legal recourses, which can be both time-consuming and costly. Product defects could also tarnish our brand’s reputation, negatively impacting our sales performance and financial results. Such circumstances could have a material and adverse effect on our reputation, business prospects and results of operations.

Moreover, we may be affected by fluctuations in the production costs of these third-party manufacturers. The production costs of these third-party manufacturers may rise if the price of key raw materials, which in turn may affect our costs.

RISKS RELATING TO FINANCIAL, ACCOUNTING AND TAX MATTERS

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

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

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

In 2022, 2023 and 2024 and the nine months ended September 30, 2025, our gross profit margin was 8.1%, 9.5%, 5.8% and 8.3%, respectively. The fluctuations in gross profit margins during the Track Record Period were primarily due to changes in product mix, pricing pressure and fluctuations in raw materials costs. For details, see “Financial Information — Period to Period Comparison of Results of Operations.” Our historical and future gross profit margin may continue to be affected by these factors.

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

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

A substantial portion of our revenues and cost of sales is denominated in RMB. However, as we also operate a part of our business in certain geographic markets outside of Chinese mainland, we are subject to risks associated with foreign currency exchange fluctuations. We recorded foreign exchange losses under other expenses of nil, RMB7.4 million, RMB10.7 million and RMB18.8 million in 2022, 2023, 2024, and the nine months ended September 30, 2025.

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

In managing the foreign exchange risks, we used foreign currency forward contracts as hedging instruments. Our foreign currency forward contracts recorded as assets amounted to RMB0.7 million and nil as of December 31, 2024 and September 30, 2025, respectively. Our derivative financial instruments recorded as liabilities amounted to RMB3.0 million, RMB23.1 million, RMB27.6 million and RMB47.1 million, respectively, as of December 31, 2022, 2023 and 2024 and September 30, 2025. We recorded effective portion of losses in fair value of hedging instruments arising during the year under other comprehensive income of RMB3.0 million, RMB20.1 million and RMB3.8 million in 2022, 2023 and 2024, respectively, and recorded effective portion of gains in fair value of hedging instruments arising during the period of RMB21.8 million and RMB0.7 million in the nine months ended September 30, 2024 and 2025, respectively. Our adoption of and decisions related to hedging instruments depend on the nature of the transaction and financial market conditions after conducting a detailed assessment. However, the availability and effectiveness of these hedging measures may be limited, and we may not be able to adequately cover our exposure or at all.

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

We continuously improve our product pipelines and launch new products that respond to evolving customer preferences, which require us to manage our inventory effectively. Our inventory primarily includes raw materials, outsourced processing materials, work-in-progress and finished goods. As of December 31, 2022, 2023 and 2024 and September 30, 2025, our inventories amounted to RMB1,144.4 million, RMB1,714.8 million, RMB1,881.6 million and RMB2,235.0 million, respectively, and we recorded provision for impairment loss on inventories of RMB111.5 million, RMB77.5 million, RMB83.6 million and RMB86.3 million, respectively. Our inventory turnover days were 19.9 days, 20.9 days, 14.8 days and 19.3 days in 2022, 2023 and 2024 and the nine months ended September 30, 2025, respectively.

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

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

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

During the Track Record Period, a majority of our trade and bills receivables were outstanding for less than one year. We generally grant our customers a credit period of between 60 to 90 days. Our trade receivables turnover days were 58.4 days, 96.2 days, 80.1 days and 97.6 days in 2022, 2023, 2024 and the nine months ended September 30, 2025, respectively. As of December 31, 2022, 2023 and 2024 and September 30, 2025, our trade and bills receivables amounted to RMB5,538.2 million, RMB9,008.4 million, RMB11,732.5 million and RMB11,215.5 million, respectively. There is no assurance that all such amounts will be settled

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on time or at all, and we are subject to credit risk in collecting the trade and bills receivables due from the customers. Our performance, liquidity and profitability will be adversely affected if significant amounts due to us are not settled on time. The bankruptcy or deterioration of the credit condition of any of our major customers could also materially and adversely affect our business.

Our level of indebtedness may adversely affect our ability to raise additional capital to fund our operations, expose us to interest rate risk and prevent us from meeting our obligations under our indebtedness.

During the Track Record Period, we, to a certain extent, used bank borrowings to finance our capital expenditures and business operations. We expect that we may continue to do so in the future and our liquidity risk may increase. As of December 31, 2022, 2023 and 2024 and September 30, 2025, our interest-bearing bank borrowings amounted to approximately RMB986.0 million, RMB1,465.2 million, RMB2,501.4 million and RMB3,638.9 million, respectively.

We cannot assure you that we will not have a substantial level of bank and other borrowings in the future. The high level of bank and other borrowings and gearing ratio may (i) make it more difficult for us to satisfy our obligations under our indebtedness, exposing us to the risk of default, which, in turn, would negatively affect our ability to operate as a going concern, (ii) require us to allocate a higher portion of our cash flow from operations to fund repayments of principal and interest on our borrowings, thus reducing the availability of our cash flow for other purposes (such as working capital, capital expenditure and other corporate purposes); (iii) increase our vulnerability to adverse economic or industry conditions; (iv) limit our flexibility in planning for, or reacting to, changes in our business or in the industry in which we operate; (v) potentially restrict us from pursuing potential strategic business opportunities; (vi) limit our ability to borrow additional funds; (vii) increase our exposure to interest rate fluctuations; (viii) increase our exposure to unpredictable adverse events, such as not having enough cash to cover potential product liability and/or expenses for upgrading technologies or equipment requirement for our production; and (ix) decrease our ODM shipments or our rate of expansion, since our operation budget will be limited as a result of the repayment of our indebtedness.

As a result of the covenants and restrictions, we are limited in how we conduct our business, and we may be unable to raise additional debt or equity financing to compete effectively or to take advantage of new business opportunities. A breach of any of the restrictive covenants could result in a default with respect to the related indebtedness. If a default occurs, the relevant lenders could demand immediate payment. This, in turn, could cause cross-default or payment acceleration of our other debts. In the event that some or all of our debts are accelerated and becomes immediately due and payable, we may not have the funds to repay, or the ability to refinance, such debt.

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We are exposed to changes in the fair value of our investments measured at FVTPL. Fluctuations in their values would affect our results of operations and financial condition.

As of December 31, 2022, 2023 and 2024 and September 30, 2025, we recorded investments measured at FVTPL of RMB269.2 million, RMB318.5 million, RMB1,627.6 million and RMB1,516.8 million, respectively. The non-current portion of investments measured at FVTPL, which represents our equity investments in unlisted companies, amounted to RMB269.2 million, RMB318.5 million, RMB242.7 million and RMB348.1 million in 2022, 2023 and 2024 and the nine months ended September 30, 2025, respectively. The current portion of our investments measured at FVTPL amounted to nil, nil, RMB1,384.9 million and RMB1,168.7 million as of December 31, 2022, 2023 and 2024 and September 30, 2025, respectively, primarily reflecting our equity investments in listed companies and investments in wealth management products. Fair values of investments measured at FVPL are determined based on quoted prices in active markets, other market-observable inputs, or unobservable inputs using valuation techniques. For details, see note 23 to the Accountant’s Report included in Appendix I to this document.

For investments measured at FVTPL, factors beyond our control can significantly influence and cause adverse changes to the market-observable inputs that we use and thereby affect the fair value of such investments. These factors include, but are not limited to, general economic condition, changes in market interest rates, stability of the capital markets, shifts in our creditworthiness and other market-driven variables. Any of these factors, as well as others, could cause the fair values to fluctuate or our estimates to vary from actual results, which could materially and adversely affect our results of operation and financial condition. Additionally, judgment and estimation are required in establishing the relevant valuation techniques where market-observable data for certain financial assets are not readily available, which inherently involves a certain degree of uncertainty. Changes in assumptions relating to our valuation could result in material adjustments to the fair value of such investments, which may, in turn, have a material adverse effect on our financial position and results of operations.

Government grant we have enjoyed may change or discontinue, which may adversely affect our financial condition and results of operation.

In 2022, 2023 and 2024 and the nine months ended September 30, 2025, we recorded government grants of RMB138.7 million, RMB135.4 million, RMB179.3 million and RMB216.0 million, respectively. Please see “Financial Information — Description of Selected Components of Consolidated Statements of Profit or Loss — Other Income and Gains” for details. The government grants we enjoyed were based on relevant government regulations and our actual operating conditions, including (i) grants related to income, representing subsidies received from the local governments in connection with our operating activities and other subsidies; and (ii) government grants related to assets, representing subsidies received for the purchase and construction of assets. If relevant policies change in the future, there is no assurance that we would continue to enjoy these government grants at the historical levels, or at all. In some cases, we may be required to satisfy certain conditions or contractual obligations before receiving government grants. However, there can be no assurance that we will be able to fully satisfy these conditions or perform such obligations, and it is possible that

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governmental authorities may discontinue such grants or require partial or full repayment of the government grants we previously received. Any change, suspension or discontinuation of these government grants to us could adversely affect our financial condition, results of operations and cash flows.

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

The EIT Law imposes a tax rate of 25% on business enterprises. Our Company and some of our subsidiaries are entitled to preferential tax treatment. For example, our Company and several of our subsidiaries in Chinese mainland have been qualified as High and New Technology enterprises and enjoyed a preferential income tax rate of 15% during the Track Record Period. In 2022, 2023 and 2024 and the nine months ended September 30, 2025, we recorded income tax expense of RMB26.8 million, RMB48.4 million, RMB20.7 million and RMB35.4 million, respectively. Accordingly, they were entitled to a preferential income tax rates during the Track Record Period. For details, see “Financial Information — Description of Selected Components of Consolidated Statements of Profit or Loss — Income Tax Expense.” To the extent there are any changes in the laws and regulations governing preferential tax treatment or increases in our effective tax rate due to any other reasons, our tax liability would increase correspondingly. In addition, the Chinese government may amend or restate regulations on income, withholding, value-added, and other taxes. Non-compliance with the tax laws and regulations in Chinese mainland may also result in penalties or fines imposed by relevant tax authorities. Adjustments or changes to tax laws and regulations in Chinese mainland and tax penalties or fines could affect our businesses, financial condition and results of operations.

We also operate in countries and regions overseas and are subject to various taxes. Due to the fact that the tax environment can be different in different jurisdictions and that the regulations regarding various taxes, including but not limited to corporate income tax, are complex, our overseas operations may expose us to risks associated with the overseas tax policy changes. Due to economic and political conditions, tax rates in various jurisdictions may be subject to significant change. Our effective tax rates could be affected by changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities, or changes in tax laws or their interpretation. Dealing with such regulatory complexities and changes may require us to invest more managerial and financial resources, which in turn could affect our results of operations.

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

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We may continue to incur share-based payment expenses in the future, which could adversely affect our financial performance and dilute your shareholding.

We have adopted several employee incentive schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of our operations. Our employees (including our Directors) receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments. In 2022, 2023 and 2024 and the nine months ended September 30, 2025, we incurred share-based payment expenses of RMB58.2 million, RMB69.6 million, RMB71.6 million and RMB88.6 million, respectively.

We believe share-based awards as part of an overall compensation package are important to attracting and retaining key personnel and employees, and we plan to continue to grant share-based payment compensation to employees in the future. As a result, our share-based payment expenses may increase, which may have an adverse effect on our results of operations and financial condition and dilute your shareholding.

RISKS RELATING TO OUR OPERATIONS

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

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

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

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

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

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

These risks include, among others, changes in local laws and regulations (such as labor, tax, customs, environmental and foreign investment laws), unexpected changes in trade policies or tariffs, import and export restrictions, foreign exchange control policies, and challenges in protecting intellectual property rights in foreign jurisdictions. In particular, rising geopolitical tensions could lead to increased trade barriers, sanctions, or other restrictions that may adversely impact our ability to operate or expand in certain markets. For details, see “Regulatory Overview — Sanction Laws and Regulations.” We are closely monitoring potential changes in international trade policy and assessing the potential impact of such trade policy changes on our business operations and financial performance. For example, recently, the U.S. proposed to impose multiple rounds of tariffs on a wide range of goods imported from multiple countries, including China, and China responded with retaliatory tariffs. Since February 2025, both countries raised reciprocal tariffs on each other’s imported goods to 125%. However, on May 12, 2025, both the U.S. and China modified these tariff measures: the U.S. removed the 125% tariff and temporarily reduced tariffs on Chinese goods to 10% by suspending a 24% duty for 90 days. The PRC government announced the same tariff adjustments, removing the 125% retaliatory tariff and cutting tariffs on U.S. goods from 34% to 10% for the same period. These policies have adversely affected the global economy and financial markets, our business operations in certain countries could be materially and adversely affected by the change of such international trade regulations, including duties, tariffs and antidumping penalties. In addition, as relevant policies are rapidly evolving, it may be difficult to evaluate their potential future impacts.

Furthermore, we may experience difficulties in engaging and retaining a skilled workforce, managing third-party suppliers, or adapting to different business cultures and regulatory frameworks in our overseas operations. Any disruption or delay in our international operations, or any failure to comply with applicable laws and regulations, could result in penalties, increased compliance costs, reputational harm, or even the suspension of our business activities in the affected jurisdictions.

Our future partnerships and/or acquisitions may prove to be difficult to integrate and manage or may not be successful. Failure to address such risk may have a material adverse effect on our financial condition and results of operations.

In the future, as a strategic approach to further enhance our market presence, we may enter into partnerships or make acquisition to complement our existing business. As of the Latest Practicable Date, we had not identified any specific target for such acquisition.

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This strategy entails potential risks that could have a material adverse effect on our business, financial condition, results of operations and prospects, including:

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

In addition, we may not be able to identify attractive acquisition opportunities, or make acquisitions on attractive terms or obtain financing necessary to complete and support such acquisitions. We cannot assure you that any of such acquisitions will result in long-term benefits to us or that we will be able to effectively manage the integration and growth of our operations. Failure to address such risks may have a material adverse effect on our financial condition and results of operations.

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

We, our Directors and our management may from time to time be subject to claims, disputes, lawsuits and other legal and administrative proceedings. Legal proceedings and administrative actions, may seek to recover large indeterminate amounts or to limit our operations, and the possibility that they may arise, and their magnitude may remain unknown for substantial periods of time. In particular, legal proceedings, including regulatory actions, may result from product defects, antitrust scrutiny of market practices for anti-competitive conduct, as well as disputes related to customer payments and product quality, both in Chinese mainland and in other jurisdictions. For example, as we expand our operations globally, antitrust or competition regulatory authorities in certain jurisdictions may find our cooperation with other entities, or our conduct of business with other entities in a coordinated way, is not compliant with certain antitrust or competition laws and regulations. Consequently, we may be subject to certain antitrust investigations, lawsuits or regulatory proceedings, and may be subject to fines, civil liability or criminal liability. Further, the nature of our business and operations is such that we are subject to product liability claims relating to personal injury or property damage. Third parties who are subject to such injury or damage may bring claims or legal proceedings against us. Certain product liability claims may be the result of defects from component and parts purchased from our suppliers. Such claims, including the damages being sought, whether or not they have any basis, may be substantial and could extend beyond the direct losses suffered by our counterparties. A substantial legal liability or adverse regulatory outcome and the substantial cost of defending litigation or regulatory proceedings may have an

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adverse effect on our business, results of operations, financial condition, cash flows and reputation. Further, such lawsuits, regulatory proceedings and investigations could also divert significant resources from our normal operations.

We may not be able to adequately protect our intellectual property rights or trade secrets and may have intellectual property disputes, which may result in loss of market share to our competitors and affect our business and results of operations.

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

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

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

Policing unauthorized use of proprietary technology is difficult and costly, and we may need to resort to litigation to enforce or defend patents issued to us or to determine the enforceability, scope and validity of our proprietary rights or those of others. Any such litigation may require significant expenditure of financial and managerial resources and could have a material adverse impact on our business, financial condition and results of operations.

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An adverse determination in any such litigation will impair our intellectual property rights and may harm our business, prospects and reputation. In addition, given that the enforceability and scope of protection of proprietary rights in Chinese mainland are uncertain and still evolving, we may choose not to litigate or spend significant resources in litigation to enforce our intellectual property rights or to defend our patents against unauthorized use by third parties.

We may be the subject of unfair competition, harassing, or other detrimental conduct by third parties including complaints to regulatory authorities, negative social media postings, and the public dissemination of malicious assessments of our business that could harm our reputation and cause us to lose market share, customers and revenue.

We may be the subject of unfair competition, harassing, or other detrimental conduct by third parties. Such conduct includes complaints, anonymous or otherwise, to regulatory authorities. We may be subject to government or regulatory investigation as a result of such third-party conduct and may be required to expend significant time and incur substantial costs to address such third-party conduct, and there is no assurance that we will be able to conclusively refute each of the allegations within a reasonable period of time, or at all. Additionally, allegations, directly or indirectly against us, may be posted online by anyone, whether or not related to us, on an anonymous basis. Customers value readily available information concerning manufacturers and their products and services and often act on such information without further investigation or authentication and without regard to its accuracy. The availability of information on social media is virtually immediate, as is its impact. Social media immediately publish the content their subscribers and participants post, often without filters or checks on the accuracy of the content posted. Information posted may be inaccurate and adverse to us, and it may harm our reputation, business operations and financial performance. The harm may be immediate without affording us an opportunity for redress or correction. Our reputation may be negatively affected as a result of the public dissemination of anonymous allegations or malicious statements about our business, which in turn may cause us to lose market share, customers and revenue.

We could be adversely affected as a result of our operations and investments in certain countries and business areas that are subject to evolving economic sanctions and restrictions of the United States government, the United Nations Security Council, the EU and other relevant sanctions authorities.

The United States and other jurisdictions or organizations, including the EU, the U.K., the United Nations and Australia, have comprehensive or broad economic sanctions targeting certain countries, or against industry sectors, groups of companies or persons, and/or organizations within such countries (the “**Relevant Countries**”). For details, see “Regulatory Overview — Sanction Laws and Regulations.” We cannot predict the interpretation or implementation of government policy at the U.S. federal, state or local levels or the interpretation or implementation of any policy by the EU, the U.K., the United Nations or the government of Australia or by the governments or agencies of other applicable jurisdictions with respect to any current or future activities by us or our affiliates in these countries. Our business and reputation could be adversely affected if the government of the United States, the

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EU, the U.K., the United Nations or any governmental entities were to determine that any of our activities constitute violations of the sanctions they impose. In addition, as sanctions programmes evolve over time, new requirements or restrictions may render our business activities to be the subject of sanctions and increase our associated risks. During the Track Record Period, we sold our ODM products to a customer listed on the Entity List, and certain components we procured are subject to the United States Export Administration Regulations, 15 C.F.R. Parts 730-774 (“**EAR**”). For details, see “Business — Compliance with International Sanctions Laws and Regulations.” We cannot be certain what additional export control actions the U.S. government may take that could impact our products, suppliers or customers. The U.S. government could further expand the scope of items subject to the EAR in a manner that captures our products. Additional actions could also take the form of additional designations on the Entity List, which could make our products subject to the EAR for certain transactions if involving those parties. In addition, in the event that any of our customers becomes subject to economic sanctions in the future, we may have to discontinue our business with such customers due to potential economic sanctions liability risks. In such events, our financial results may be materially and adversely affected. We cannot provide any assurance that our future business will be free of sanctions risk or our business will conform to the expectations and requirements of the authorities of U.S. or any other jurisdictions. Our business and reputation could be adversely affected if the authorities of U.S., the EU, the U.K., the United Nations, Australia or any other jurisdictions were to determine that any of our future activities constitutes a violation of the sanctions or export controls they impose or provides a basis for a sanctions designation of us.

We are subject to stringent environmental protection laws and regulations, both in Chinese mainland and in the international jurisdictions in which we operate. Any failure to comply with the relevant laws and regulations could result in significant penalties, operational disruptions, and reputational damage to us.

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

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

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

In accordance with applicable laws, we contribute to statutory social insurance programs for our employees, including pension, medical, unemployment, work-related injury, and maternity insurance. In addition, we provide supplementary commercial insurance coverage, such as group accident insurance, group medical insurance, and critical illness insurance, and have also purchased employer liability insurance. From an operational risk perspective, we have procured various commercial insurance policies, including property all-risk insurance, cargo transportation insurance, and commercial general liability insurance covering product liability, completed operations, and premises liability. To mitigate trade-related risks, we have also secured domestic and short-term export credit insurance, with coverage tailored based on specific customer profiles and transaction terms. We do not, however, carry insurance in respect of certain risks that we believe are not insured under customary industry practice in China, or which are uninsurable on commercially acceptable terms, if at all, such as key man life insurance. Accordingly, there may be circumstances in which we will not be covered or compensated, in part or at all, for specific losses, damages and liabilities. We cannot guarantee that our insurance coverage is sufficient to cover potential losses.

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

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

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

- hiding unauthorized or unlawful activities;
- intentionally concealing material facts or failing to perform necessary due diligence procedures designed to identify potential risks that are material to our decision to make or dispose of investments and to engage in certain projects;
- improperly using or disclosing confidential information;
- engaging in improper activities such as offering bribes to, or receiving bribes from, counterparties in return for any type of benefit or gain;
- misappropriating funds;

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- conducting transactions that exceed authorized limits;
- engaging in misrepresentation or fraudulent, deceptive or otherwise improper activities; or
- otherwise failing to comply with applicable laws or our internal policies and procedures.

Our internal control procedures are designed to monitor our operations and ensure overall compliance. However, such internal control procedures may be unable to identify all instances of misconducts of our employees relating to our operations, non-compliance or suspicious transactions in a timely manner, if at all. Furthermore, it is not always possible to detect and prevent fraud and other misconduct and the precautions we take to prevent and detect such activities may not be effective. There is no assurance that fraud or other misconduct will not occur in the future. If such fraud or other misconduct does occur, it may result in negative publicity for us.

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

We own and lease properties in Chinese mainland and overseas primarily for office, manufacturing, warehousing, and staff dormitory functions. For details, see “Business — Properties.”

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

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

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

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

We rely extensively on IT systems, some of which are supported by third-party vendors, to manage and operate our business. We may have failures of these systems in the future. If these systems cease to function properly, if these systems experience security breaches or disruptions or if these systems do not provide the anticipated benefits, our ability to manage our operations could be impaired, which could have a material adverse impact on our results of operations, financial condition, and cash flows. If the software installed on the computers used by us and our employees is not properly authorized or licensed, we may be subject to claims or litigations from software vendors. We may be subject to IT system failures or network disruptions caused by natural disasters, accidents, power disruptions, telecommunications failures, acts of terrorism or war, computer viruses, physical or electronic break-ins, or other events or disruptions. System redundancy and other continuity measures may be ineffective or inadequate, and our business continuity and disaster recovery planning may not be sufficient for all eventualities. Such failures or disruptions could adversely impact our business by, among other things, preventing access to our internet services, interfering with customer transactions or impeding the assembling and shipping of our products. These events could materially and adversely affect our reputation, financial condition and operating results.

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

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

Our business may be adversely affected by the occurrence of force majeure events, including natural disasters, outbreaks of contagious diseases, and other extraordinary events, such as typhoons, severe storms, earthquakes, floods, fires or other natural disasters or similar events especially in the areas where we operate. In addition, any outbreak of a contagious disease, such as severe acute respiratory syndrome (SARS), Middle East respiratory syndrome, avian influenza or novel coronavirus disease (COVID-19), could disrupt our operations with respect to our global supply chain, production, delivery and sales. Such events could decrease the demand for our products, impact the productivity of our workforce, make it difficult or impossible for us to manufacture and deliver products to our customers in a timely manner, or to receive materials and equipment from our suppliers. Should major public health emergencies, including pandemics, arise, we could be adversely affected by more stringent employee travel restrictions, additional requirements in freight, relevant policies affecting the movement of products between regions, delays in the ramp-up of the manufacturing capacity and disruptions in the operations of our suppliers. In the event of a natural disaster, we could incur significant losses, which could require substantial recovery time and result in significant expenditures in order to resume operations.

RISK FACTORS

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

The legal systems of geographic markets where we operate are consistently evolving. Laws and regulations that are recently enacted may not sufficiently cover all aspects of economic activities in such markets. In particular, the interpretation and enforcement of these laws and regulations are subject to future implementations, and the application of some of these laws and regulations to our businesses still needs further clarification. Since local administrative and court authorities are authorized to interpret and implement statutory provisions and contractual terms, it may be difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we have in many of the geographic markets where we operate. Local courts may have discretion to reject enforcement of foreign awards or arbitration awards, which may affect our judgment on the relevance of legal requirements and our ability to enforce our contractual rights or claims.

Furthermore, many of the legal systems in the geographic markets where we operate are based in part on their respective government policies and internal interpretations, some of which are published from time to time and may have retroactive effects. As a result, we may not be aware of our violation of certain policies or rules until sometime after the violation. In addition, administrative and court proceedings in certain of our geographic markets may be protracted, resulting in substantial costs and diversion of resources and management attention depending on the complexity of the cases.

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

RISKS RELATING TO GOVERNMENT REGULATIONS

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

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

RISK FACTORS

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

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

As of December 31, 2024, the number of dispatched workers engaged by us exceeded the Limit, primarily because with the customers’ order demand growth, we need additional workers to deliver customer orders in short term, resulting in the number of dispatched workers exceeding the stipulated Limit in relevant periods. By the end of May 2025, we had enhanced our dispatched worker arrangements to ensure the number of dispatched workers engaged by us was within the Limit. For details, see “Business — Employees — Labor Dispatch.” However, we cannot assure you that the relevant government authorities will not impose penalties on us and our subsidiaries for such historical non-compliance, which may adversely affect our business, profitability and reputation.

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

RISK FACTORS

During the Track Record Period, we did not pay social insurance and housing provident fund in full for some of our employees. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any administrative penalties in connection with our contribution of social insurance plans during the Track Record Period. For details, see “Business — Employees — Social Insurance and Housing Provident Funds.” We cannot guarantee you that the competent government authorities will not require us to settle the outstanding amount within the specified time limit or impose late payment penalties on us based on such complaints, reports or other claims. In the event of any such non-compliance, we may be required to pay any shortfall in social insurance contributions within a prescribed time period and to pay penalties if we fail to do so.

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

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

Our business and production are subject to various risks, including operational risks and occupational and environmental hazards. We must comply with the extensive environmental, handling of hazardous substances, chemical manufacturing, health and safety laws and regulations and stringent standards in relation to the manufacturing and sale of products which are promulgated by the government authorities in Chinese mainland. According to these laws and regulations, we are required to maintain safe production conditions and protect the occupational health of our employees. For example, if any of our subsidiaries in Chinese mainland engaging in manufacturing fails to comply with the relevant laws on prevention and treatment of occupational diseases, then such subsidiary may be subject to fines and other administrative penalties, and also, any employees who are deemed to suffer from occupational diseases may have rights to seek compensation from us. We may experience various types of difficulties in connection with the manufacturing of our products. Accidents, if they occur, could materially affect our production and may give rise to personal injuries and fatalities, damages to or destruction of properties or manufacturing facilities, and pollution and other environmental damages. Any of these consequences, if significant, could result in business interruption, legal liability and damages to our reputation and corporate image. While we conduct regular inspections of the facilities we operate and conduct regular equipment maintenance to ensure that our operations comply with applicable laws and regulations, we cannot assure you that we will not experience any major accidents or work-related injuries in our future production processes.

RISK FACTORS

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

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

We are also subject to various cybersecurity laws and regulations that govern the protection of digital infrastructure, data integrity, and network security. These laws often require businesses to implement robust cybersecurity measures, report incidents of data breaches, and ensure compliance with security frameworks. Failure to comply with these laws to the extent applicable to us or a cybersecurity incident could result in severe financial penalties, operational disruptions, and reputational damage. As cybersecurity laws continue to evolve, we face the challenge of staying compliant across multiple jurisdictions, which may necessitate significant investments in technology, personnel, and training.

We have implemented systems and processes intended to secure our information technology systems and prevent unauthorized access to or loss of sensitive data. As with all companies, these security measures may not be sufficient for all eventualities and may be vulnerable to hacking, employee error, malfeasance, system error, faulty password management or other non-compliant incidents.

RISK FACTORS

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

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

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

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

RISK FACTORS

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

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

Non-PRC resident holders of our H Shares may be subject to Chinese mainland income tax obligations.

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

RISK FACTORS

Under the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) and its implementation rules, dividends from sources within Chinese mainland paid to foreign individual investors who are not PRC resident individuals are generally subject to a withholding tax at a rate of 20% and gains from Chinese mainland sources realized by such investors on the transfer of shares are generally subject to a 20% income tax rate, in each case, subject to any reduction or exemption set forth in applicable tax treaties and laws in Chinese mainland. Pursuant to the Circular on Questions Concerning the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 045 (《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》) (Guo Shui Han [2011] No. 348) dated June 28, 2011, issued by the SAT, dividends paid to non-PRC resident individual holders of H Shares are generally subject to individual income tax of Chinese mainland at the withholding tax rate of 10%, depending on whether there is any applicable tax treaty between Chinese mainland and the jurisdiction in which the non-PRC resident individual holder of H Shares resides as well as the tax arrangement between Chinese mainland and Hong Kong. Non-PRC resident individual holders who reside in jurisdictions that have not entered into tax treaties with Chinese mainland are subject to a 20% withholding tax on dividends received from us. However, pursuant to the Circular Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) issued by the MOF and the SAT on March 30, 1998, gains of individuals derived from the transfer of listed shares of enterprises may be exempt from individual income tax. In addition, on December 31, 2009, the MOF, the SAT and the CSRC jointly issued the Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of Listed Shares Subject to Sales Limitation (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知》) (Cai Shui [2009] No. 167) which states that individuals' income from the transfer of listed shares on certain domestic exchanges shall continue to be exempted from individual income tax, except for the relevant shares which are subject to sales restrictions as defined in the Supplementary Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of the Listed Shares Subject to Sales Limitations (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的補充通知》) (Cai Shui [2010] No. 70). As of the Latest Practicable Date, the aforesaid provision had not expressly provided that individual income tax shall be collected from non-PRC resident individuals on the sale of shares of PRC resident enterprises listed on overseas stock exchanges. If Chinese mainland income tax is imposed on gains realized from the transfer of our H Shares or on dividends paid to our non-Chinese mainland resident investors, the value of your [REDACTED] in our H Shares may be affected. Furthermore, our Shareholders whose jurisdictions of residence have tax treaties or arrangements with Chinese mainland may not qualify for benefits under such tax treaties or arrangements.

RISK FACTORS

Our offshore subsidiaries may be treated as a resident enterprise for tax purposes in Chinese mainland.

Under the EIT Law and the Regulation on the Implementation 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》), enterprises established under the laws of jurisdictions outside of Chinese mainland with “de facto management bodies” located in Chinese mainland may be considered PRC resident enterprises for tax purposes and may be subject to the PRC EIT at the rate of 25% on their global income. In addition, the Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Resident Enterprises on the Basis of De Facto Management Bodies (《國家稅務總局關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》) (Guo Shui Fa [2009] No. 82) (the “Circular 82”), specifies that certain Chinese-controlled offshore incorporated enterprises, defined as enterprises incorporated by enterprises or enterprise groups within Chinese mainland as major controlling shareholders under the laws of foreign countries (regions) will be classified as resident enterprises if all of the following conditions are met: (i) senior management personnel and departments that are responsible for daily production, operation and management are located mainly within Chinese mainland; (ii) financial and personnel decisions are subject to determination or approval by bodies or persons in Chinese mainland; (iii) primary properties, accounting books, company seal, and minutes of board meetings and shareholders’ meetings are located or kept within Chinese mainland; and (iv) at least half of the directors with voting rights or senior management reside within Chinese mainland. The SAT has subsequently provided further guidance on the implementation of Circular 82.

As our Company is a PRC enterprise, our offshore subsidiaries may be questioned by the competent regulatory authorities, and if our offshore subsidiaries are deemed PRC resident enterprises, the competent regulatory authorities may request EIT at 25% on such our offshore subsidiaries’ global income, except that the dividends they receive from our Chinese mainland subsidiaries, if any, may be exempt from the EIT to the extent such dividend income constitutes “dividends received by a PRC resident enterprise from its directly invested entity that is also a PRC resident enterprise.” Nonetheless, it remains subject to future interpretation as to what type of enterprise would be deemed a “PRC resident enterprise” for such purposes. The EIT on our subsidiaries’ global income could significantly increase our tax burden and affect our cash flows and profitability.

RISK FACTORS

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

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

RISKS RELATING TO THE [REDACTED]

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

As we are listed on the Shanghai Stock Exchange and will be [REDACTED] on the Main Board of the Stock Exchange, we will be required to comply with the listing rules (where applicable) and other regulatory regimes of both jurisdictions, unless an exemption is available or a waiver has been obtained. Accordingly, we may incur additional costs and resources in continuously complying with all sets of listing rules in the two jurisdictions.

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Our A Shares are listed on the Shanghai Stock Exchange, and the characteristics of the A share and H share markets may differ.

Our A Shares are listed and traded on the Shanghai Stock Exchange. Following the [REDACTED], our A Shares will continue to be traded on the Shanghai Stock Exchange and our H Shares will be traded on the Stock Exchange. Under current laws and regulations of Chinese mainland, without the approval from the relevant regulatory authorities, our H Shares and A Shares are neither interchangeable nor fungible, and there is no direct trading or settlement between the H Share and A Share markets. With different trading characteristics, the H Share and A Share markets have divergent [REDACTED], liquidity and [REDACTED] bases, as well as different levels of retail and institutional [REDACTED] participation. As a result, the [REDACTED] of our H Shares and A Shares may not be comparable. Nonetheless, fluctuations in the price of our A Shares may adversely affect the price of our H Shares, and vice versa. Due to the different characteristics of the H Share and A Share markets, the historical prices of our A Shares may not be indicative of the performance of our H Shares. You should therefore not place undue reliance on the trading history of our A Shares when evaluating the [REDACTED] decision in our H Shares.

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

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

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

The price and [REDACTED] of our H Shares may be subject to significant volatility in response to various factors beyond our control, including the general market conditions of the securities in Hong Kong and elsewhere in the world. The Stock Exchange and other securities markets have, from time to time, experienced significant price and [REDACTED] volatility that are not related to the operating performance of any particular company. The business and performance and the [REDACTED] of the shares of other companies engaging in similar business may also affect the [REDACTED] and [REDACTED] of our H Shares. In addition to market and industry factors, the [REDACTED] and [REDACTED] of our H Shares may be highly volatile for specific business reasons, such as fluctuations in our revenue, earnings, cash flows, [REDACTED], expenditures, regulatory developments, relationships with our business partners, movements or activities of key personnel, or actions taken by competitors. Moreover,

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shares of other companies [REDACTED] on the Stock Exchange have experienced price volatility in the past, and it is possible that our H Shares may be subject to changes in [REDACTED] not directly related to our performance.

Holders of our H Shares are subject to the risk that the [REDACTED] of our H Shares could fall during this period before the [REDACTED] of our H Shares begins.

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

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

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

Future [REDACTED] or perceived [REDACTED] of our H Shares in the [REDACTED] could have a material adverse effect on the [REDACTED] of our H Shares and our ability to [REDACTED] additional capital in the future, or may result in dilution of your shareholding.

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

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In addition, while [REDACTED] subscribing shares in the [REDACTED] are not subject to any restrictions on the disposal of the H Shares they [REDACTED], they may have existing arrangements or agreement to [REDACTED] part or all of the H Shares they hold immediately or within certain period upon completion of the [REDACTED] for legal and regulatory, business and market, or other reasons. Such [REDACTED] may occur within a short period or any time or period after the [REDACTED]. Any [REDACTED] of the H Shares [REDACTED] by such [REDACTED] pursuant to such arrangement or agreement could adversely affect the [REDACTED] of our H Shares and any sizeable sale could have a material and adverse effect on the [REDACTED] of our H Shares and could cause substantial volatility in the [REDACTED] of our H Shares

Our historical dividends may not be indicative of our future dividend policy, and there can be no assurance whether and when we will pay dividends in the future.

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

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

Certain facts, forecast and other statistics in this document are derived from various government resources. However, our Directors cannot guarantee the quality or reliability of such source materials. Nevertheless, information from official government sources has not been independently verified by us, the Joint Sponsors, [REDACTED] or any of their respective affiliates or advisers and, therefore, we make no representation as to the accuracy of such facts and statistics. Further, we cannot assure our [REDACTED] that they are stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In all cases, our [REDACTED] should consider carefully how much weight or importance should be attached to or placed on such facts or statistics.

RISK FACTORS

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

This document contains forward-looking statements with respect to our business strategies, operating efficiencies, competitive positions, growth opportunities for existing operations, plans and objectives of management, certain [REDACTED] information and other matters. The words “aim”, “anticipate”, “believe”, “could”, “predict”, “potential”, “continue”, “expect”, “intend”, “may”, “might”, “plan”, “seek”, “will”, “would”, “should” and the negative of these terms and other similar expressions identify a number of these forward-looking statements. These forward-looking statements, including, amongst others, those relating to our future business prospects, capital expenditure, cash flows, working capital, liquidity and capital resources are necessarily estimates reflecting the best judgment of our Directors and management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. As a consequence, these forward-looking statements should be considered in light of various important factors, including those set out in this section. Accordingly, such statements are not a guarantee of future performance and [REDACTED] should not place undue reliance.

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

We strongly caution our [REDACTED] not to rely on any information contained in press articles or other media regarding us, our Shares and the [REDACTED]. Prior to the publication of this document, there may be press and media coverage regarding the [REDACTED] and us. 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 any responsibility for any such press or media coverage or the accuracy or completeness of any such information or publication. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this document, we disclaim responsibility for it and our [REDACTED] should not rely on such information.

WAIVERS AND EXEMPTIONS

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

Rules	Subject matter
Rules 3.28 and 8.17 of the Listing Rules .	Appointment of joint company secretaries
Rules 8.12 and 19A.15 of the Listing	Management presence in Hong Kong
Rules	

[REDACTED]

APPOINTMENT OF JOINT COMPANY SECRETARIES

Pursuant to Rule 8.17 of the Listing Rules, we must appoint a company secretary who satisfies the requirements under Rule 3.28 of the Listing Rules. According to Rule 3.28 of the Listing Rules, we must appoint as our company secretary an individual, who, by virtue of his or her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary.

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

- (a) a member of The Hong Kong Chartered Governance Institute;
- (b) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); or
- (c) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

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

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

WAIVERS AND EXEMPTIONS

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

We have appointed Mr. ZHOU Liangliang (周良梁) (“**Mr. Zhou**”), our Board secretary as our joint company secretary with effect from the [REDACTED]. Our Group’s key operations and principal business activities are conducted outside of Hong Kong. We believe that the company secretary role requires a person to be deeply familiar with our operations and the specific industry context, and to be able to cultivate strong relationships with both the Board and the management. It would be in the best interests of our Company and our corporate governance to have as its joint company secretary a person such as Mr. Zhou who has been with our Company since October 2019. As our Board secretary, Mr. Zhou is deeply familiar with our operations and is able to cultivate strong relationships with both the Board and the management. Our Directors believe that Mr. Zhou’s intimate knowledge of our Company and operations is essential for the performance of company secretary duties in the most effective and efficient manner. For biographical details, see “Directors and Senior Management.”

Since Mr. Zhou does not possess the qualifications stipulated in Rule 3.28 of the Listing Rules, he is not able to fulfill the requirements to act as a company secretary of a [REDACTED] stipulated under the Listing Rules. To support Mr. Zhou in performing the duties of company secretary, we have appointed Mr. CHOW Shing Lung (鄒醒龍) (“**Mr. Chow**”), who is an associate member of both The Hong Kong Chartered Governance Institute (formerly known as the Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute in the United Kingdom and meets the requirements under Rule 3.28 of the Listing Rules, as a joint company secretary to provide assistance for a three-year period from the [REDACTED] so as to enable Mr. Zhou to acquire the relevant experience as required under Note 2 to Rule 3.28 of the Listing Rules to duly discharge his duties.

Accordingly, we have applied for, and the Stock Exchange [has granted] us, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules in relation to the appointment of Mr. Zhou as our joint company secretary for a period of three years from the [REDACTED]. Such waiver has been granted on the conditions that: (i) Mr. Zhou is assisted by Mr. Chow, who possesses the qualifications or experience as required under Rule 3.28 of the Listing Rules and is appointed as our joint company secretary throughout the three-year waiver period, to discharge his function as a company secretary and gain the relevant experience under Rule 3.28 of the Listing Rules; and (ii) this waiver will be revoked in the event of any material breaches of the Listing Rules by our Company. In addition, Mr. Zhou will comply with the annual professional training requirements under Rule 3.29 of the Listing Rules and enhance his understanding of the Listing Rules during the three-year period from the [REDACTED]. We will further ensure that Mr. Zhou has access to the relevant

WAIVERS AND EXEMPTIONS

training and support to familiarize himself with the Listing Rules and the duties of a company secretary of an [REDACTED] on the Stock Exchange. Prior to the expiration of the three-year period, we will further evaluate the qualifications and experience of Mr. Zhou to determine whether he has satisfied the requirements as stipulated under the Listing Rules and whether he needs further assistance. We will liaise with and seek the Stock Exchange’s confirmation on whether Mr. Zhou, having benefited from the assistance of Mr. Chow for three years, has acquired the skills necessary to carry out the duties of a company secretary and the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules and is capable of discharging the functions of company secretary alone so that a further waiver will not be necessary.

MANAGEMENT PRESENCE IN HONG KONG

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

We currently do not have two executive Directors who are ordinarily resident in Hong Kong for the purposes of Rule 8.12 of the Listing Rules. Since our headquarters and most of our business operations are managed and conducted in the PRC, it is in our best interest for them to be based in the places where our Group has significant operations. We consider it practically difficult and commercially unreasonable and undesirable for our Company to arrange for two executive Directors to be ordinarily resident in Hong Kong, either by means of relocation of existing executive Directors or appointment of additional executive Directors. Therefore, we do not, and do not contemplate in the foreseeable future that we will, have sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rule 8.12 of the Listing Rules.

Accordingly, we have applied for, and the Stock Exchange [has granted] us, a waiver from strict compliance with Rules 8.12 and 19A.15 of the Listing Rules, on the basis that we implement the following arrangements to ensure there is an effective channel of communication between our Company and the Stock Exchange:

- (a) **Authorized representatives:** both of our Company’s authorized representatives, Mr. Du, our executive Director, and Mr. Chow Shing Lung (鄒醒龍) (“**Mr. Chow**”), our joint company secretary, will act as our principal channels of communication with the Stock Exchange. Accordingly, our authorized representatives will be able to meet with the relevant members of the Stock Exchange on reasonable notice and will be readily contactable by telephone, facsimile and/or email to promptly deal with enquiries from the Stock Exchange;

WAIVERS AND EXEMPTIONS

- (b) **Directors:** each of our authorized representatives has means to contact all members of our Board (including our independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact the members of our Board for any matters. In the event that any Director expects to travel or otherwise be out of office, he/she will provide a contactable phone number of him/her to the authorized representatives. Pursuant to Rule 3.20 of the Listing Rules, each of our Directors shall provide their telephone number, mobile phone number, facsimile number (if available), email address (if available), residential address and correspondence address to the Stock Exchange. To the best of our knowledge and information, each Director who does not ordinarily reside in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period upon request of the Stock Exchange;
- (c) **Compliance advisor:** we have appointed Guotai Junan Capital Limited as our Compliance Advisor upon [REDACTED] pursuant to Rule 3A.19 of the Listing Rules, who will, in addition to the authorized representatives and our Directors, act as an additional channel of communication with the Stock Exchange for a period commencing on the [REDACTED] and ending on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [REDACTED]. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Advisor will have access at all times to our authorized representatives, the Directors and other senior management. We shall also ensure that our authorized representatives, Directors and senior management will promptly provide such information and assistance as the Compliance Advisor may need or may reasonably require in connection with the performance of the Compliance Advisor’s duties as set forth in Chapter 3A of the Listing Rules. We shall ensure that there are adequate and efficient means of communication among our Company, authorized representatives, Directors, senior management and the Compliance Advisor, and will keep the Compliance Advisor fully informed of all communications and dealings between the Stock Exchange and us. Any meeting between the Stock Exchange and our Directors will be arranged through the authorized representatives or the Compliance Advisor or directly with our Directors within a reasonable time frame. We will also inform the Stock Exchange promptly in respect of any change in the Compliance Advisor; and
- (d) **Hong Kong legal advisor:** we will retain a Hong Kong legal advisor to advise us on the on-going compliance requirements, any amendment or supplement to and other issues arising under the Listing Rules and other applicable laws and regulations in Hong Kong after the [REDACTED].

WAIVERS AND EXEMPTIONS

[REDACTED]

WAIVERS AND EXEMPTIONS

[REDACTED]

WAIVERS AND EXEMPTIONS

[REDACTED]

WAIVERS AND EXEMPTIONS

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WAIVERS AND EXEMPTIONS

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[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. DU Junhong (杜軍紅)	Room 703 No. 26, Lane 99, Dongxiu Road Pudong New District Shanghai PRC	Chinese
Mr. GE Zhengang (葛振綱)	Room 1404 No. 4, Lane 3158, Caobao Road Minhang District Shanghai PRC	Chinese
Mr. GUAN Yadong (關亞東)	Room 404 No. 11, Xinsong Third Village Minhang District Shanghai PRC	Chinese
Ms. QIN Yanling (覃豔玲)	Room 702 No. 4, Lane 31, Yazhi Road Minhang District Shanghai PRC	Chinese
Independent Non-executive Directors		
Dr. SHEN Jianxin (沈建新)	Room 501 Unit 1, Building 62 Waidongshan Lane Xihu District Hangzhou City Zhejiang Province PRC	Chinese
Mr. YANG Chuan (楊川)	Room 1802 No. 6, Lane 699, Longlan Road Xuhui District Shanghai PRC	Chinese
Dr. NIU Shuangxia (牛雙霞)	11/F Hung Hing Court 1 Valley Road Kowloon Hong Kong	Chinese (Hong Kong)

For further details of our Directors, see “Directors and Senior Management.”

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

PARTIES INVOLVED IN THE [REDACTED]

Joint Sponsors

Citigroup Global Markets Asia Limited

50/F, Champion Tower
Three Garden Road
Central
Hong Kong

Haitong International Capital Limited

Suites 3001-3006 and 3015-3016
One International Finance Centre
No. 1 Harbour View Street
Central
Hong Kong

Guotai Junan Capital Limited

27/F, Low Block
Grand Millennium Plaza
181 Queen’s Road Central
Hong Kong

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

[REDACTED]

Legal Advisors to Our Company

As to Hong Kong and U.S. laws:

Kirkland & Ellis

26/F, Gloucester Tower

The Landmark

15 Queen’s Road Central

Hong Kong

As to PRC laws:

Beijing DeHeng Law Offices

12/F, Tower B

Focus Place

No. 19 Financial Street

Beijing

PRC

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

As to U.S. regulatory laws and International Sanctions laws:

Hogan Lovells

11th Floor, One Pacific Place
88 Queensway
Hong Kong

Legal Advisors to the Joint Sponsors and [REDACTED]

As to Hong Kong and U.S. laws:

Herbert Smith Freehills Kramer

23/F, Gloucester Tower
15 Queen’s Road Central
Hong Kong

As to PRC laws:

Jingtian & Gongcheng

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China Central Place
77 Jianguo Road
Chaoyang District
Beijing
PRC

Reporting Accountants and Auditor

Ernst & Young

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

Industry Consultant

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

Room 2504, Wheelock Square
No. 1717 West Nanjing Road
Jing’an District
Shanghai
PRC

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Compliance Advisor

Guotai Junan Capital Limited

27/F, Low Block

Grand Millennium Plaza

181 Queen’s Road Central

Hong Kong

[REDACTED]

CORPORATE INFORMATION

**Registered Office in Chinese Mainland
and Headquarters**

Floor 1, Building 1
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Xuhui District
Shanghai
PRC

Principal Place of Business in Hong Kong

46/F, Hopewell Centre
183 Queen’s Road East
Wan Chai
Hong Kong

Company’s Website

www.longcheer.com

*(Information contained in this website does
not form part of this document)*

Joint Company Secretaries

Mr. ZHOU Liangliang (周良梁)

Building 1, 401 Caobao Road
Xuhui District
Shanghai
PRC

Mr. CHOW Shing Lung (鄒醒龍)

*an associate member of both The
Hong Kong Chartered Governance Institute
and The Chartered Governance Institute in
the United Kingdom*

46/F, Hopewell Centre
183 Queen’s Road East
Wan Chai
Hong Kong

Authorized Representatives

Mr. DU Junhong (杜軍紅)

Building 1, 401 Caobao Road
Xuhui District
Shanghai
PRC

Mr. CHOW Shing Lung (鄒醒龍)

46/F, Hopewell Centre
183 Queen’s Road East
Wan Chai
Hong Kong

CORPORATE INFORMATION

Audit Committee

Mr. YANG Chuan (*Chairperson*)

Dr. SHEN Jianxin

Dr. NIU Shuangxia

Remuneration and Assessment Committee

Dr. NIU Shuangxia (*Chairperson*)

Mr. YANG Chuan

Dr. SHEN Jianxin

Nomination Committee

Dr. SHEN Jianxin (*Chairperson*)

Mr. DU Junhong

Dr. NIU Shuangxia

Strategy and ESG Committee

Mr. DU Junhong (*Chairperson*)

Mr. GE Zhengang

Dr. SHEN Jianxin

[REDACTED]

Principle bank(s)

China Merchants Bank Co., Ltd.

Shanghai Minhang Sub-branch

365 Xinsong Road

Minhang District

Shanghai

PRC

Shanghai Pudong Development Bank Co.,

Ltd. Huizhou Branch

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4 Yunshan West Road

Huicheng District

Huizhou City

Guangdong Province

PRC

INDUSTRY OVERVIEW

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

OVERVIEW OF GLOBAL SMART DEVICE MANUFACTURING INDUSTRY

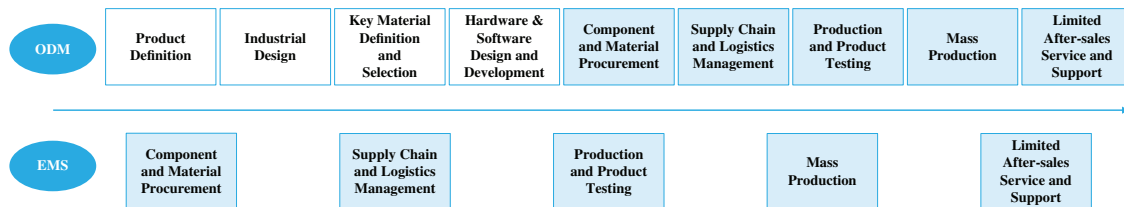
The Evolution of Smart Device Manufacturing

Industrialization of smart device manufacturing is becoming increasingly forward-looking, with comprehensive cross-sector coverage: At the beginning of the 21st century, smart devices represented by smartphones emerged rapidly as enabled by breakthroughs in mobile computing, touch interaction and other key technologies. Designing, producing, processing and assembling these complex, high-precision whole machine and functional modules required wireless communication technology, structural design technology and other related technologies, gradually forming the innovative implementation platform. Subsequent advances of wireless RF, artificial intelligence (AI) and other technologies progressively expanded boundaries of smart device manufacturing from smartphones to broader fields. In the early stage of technological evolution, smart device manufacturing primarily focused on consumer electronics products such as smartphones, tablets, laptops, and AIoT devices. This technological maturation broadened applications into residential, commercial, and industrial ecosystems. Notably, smart vehicles evolved from basic mobility tools into multifunctional platforms integrating commute, business and entertainment, while smart robots transitioned from industrial settings to residential, commercial, healthcare and educational environments. The deepening convergence of electrification and intelligence in smart vehicle and smart robotic products urgently necessitates manufacturing platforms with agile deployment response capabilities, promoting the forward-looking approach of smart device manufacturing from consumer electronics towards ubiquitous ecological manufacturing.

INDUSTRY OVERVIEW

Analysis of smart device manufacturing participants: Currently, participants of smart device manufacturing mainly include Original Design Manufacturing (ODM) and Electronic Manufacturing Service (EMS) providers. ODM providers offer brand owners full-stack smart device services, including R&D, design, production and delivery. EMS providers focus on meeting the large-scale manufacturing and supply chain requirements of brand owners. Thus, EMS provider concerns the mid-to-downstream segments of the electronics manufacturing industry, serving brand owners mainly on production process. By contrast, ODM providers allow brand owners to concentrate on brand building and market expansion since they provide solutions from product design. As ODM providers deliver end-to-end solutions from product definition, industrial design, hardware and software development to manufacturing and delivery, they can also serve as EMS suppliers to brand owners. Meanwhile, leading market participants are building co-developed ODM and EMS models and flexible manufacturing systems to meet brands’ end-to-end needs from prototype development to mass production.

Comparison Analysis of ODM & EMS Providers



Source: Frost & Sullivan

As the core concepts and innovation implementation platform for smart devices, leading ODM providers will grasp more business extension opportunities: Currently, as the types and demand of smart devices evolve, brand customers’ cooperation with ODM providers continues to deepen and diversify. Leading ODM providers, such as our Group, are no longer just responsible for product design and manufacturing, but have become key strategic partners for brand owners throughout the entire process from conceptualization, design and development, to mass production, delivery and market feedback tracking. This close cooperation mechanism enables ODM providers not only to assist customers in developing their existing product, but also to proactively propose forward-looking innovation directions. This helps customers achieve product innovation and mass production, continuously enhancing product value. In this process, leading ODM providers, as key strategic extensions of brand owners, will seize more business opportunities as global top brands diversify their smart device ecosystems.

INDUSTRY OVERVIEW

In the context of AI-era, leading ODM providers enable brand owners to deliver efficiently by utilizing their sharp market insights and streamlined, platform-based solutions: Leading ODM providers have become crucial partners for brand owners seeking to expand their smart device lines as AI rapidly integrates into various industries. These ODM providers leverage their keen market insights and mature platform capabilities to facilitate this growth. Through deep collaboration with brands across multiple industries and product categories, leading ODM providers have established systematic, multi-dimensional market insight and feedback mechanisms. Their understanding of AI allows them to accurately identify diverse consumer trends and technological advancements. This enables them to extract common patterns, providing forward-looking support for product planning and technical decision-making, ultimately helping brand owners develop products with strong market potential. Further, ODM providers’ years of experience in modular platforms and efficient, controllable design capabilities significantly shorten development cycles. This boosts the speed from concept to launch, adapting to the rapid changes in product forms and iteration driven by AI. ODM providers with comprehensive market judgment, integrated industry resources, and platform capabilities are becoming core to the smart device ecosystem. As brand owners accelerate their AI-era product strategies, these manufacturers will play a pivotal role in enabling efficient commercial delivery, fostering industrial collaboration, reshaping the value chain, and securing a proactive stance in future competition.

Building Growth-oriented Product Matrix through ODM’s Integrated Hardware and Software Capabilities

- *Scalable hardware manufacturing:* Leading ODM providers leverage their scaled manufacturing, flexible production systems, and comprehensive supply chain to form a digital manufacturing platform. This enables breakthroughs in smart manufacturing, including product mounting and inspection. They also optimize hardware performance by integrating new AI hardware with core technologies like audio, display, camera, materials, and simulation.
- *Mature software R&D and testing system:* ODM providers possess mature software customization capabilities. Their underlying architecture is deeply adapted for smart device OS development and optimization across hardware platforms. Systematic software testing, automated analysis, and debugging tools ensure overall system functionality, fluidity, and task management.
- *Integrated hardware and software capabilities:* As crucial partners from concept to market, ODM providers excel at integrating hardware and software. This enhances product performance and user experience while accelerating development and time-to-market. Brand owners increasingly collaborate with leading ODM providers to jointly develop new products.

INDUSTRY OVERVIEW

Value Chain of Global Smart Device ODM Industry

Pioneering companies are instrumental in driving the construction of robust industrial value chain: Leading ODM providers of smart devices have built comprehensive, end-to-end service system covering R&D, design, manufacturing, supply chain management, and global delivery. This has been achieved through deep ecological collaboration and strong supply chain integration capabilities. By working closely with upstream component suppliers and downstream brand clients, leading ODM providers forged a symbiotic and mutually beneficial industrial chain, significantly improving product market responsiveness and innovation capabilities.

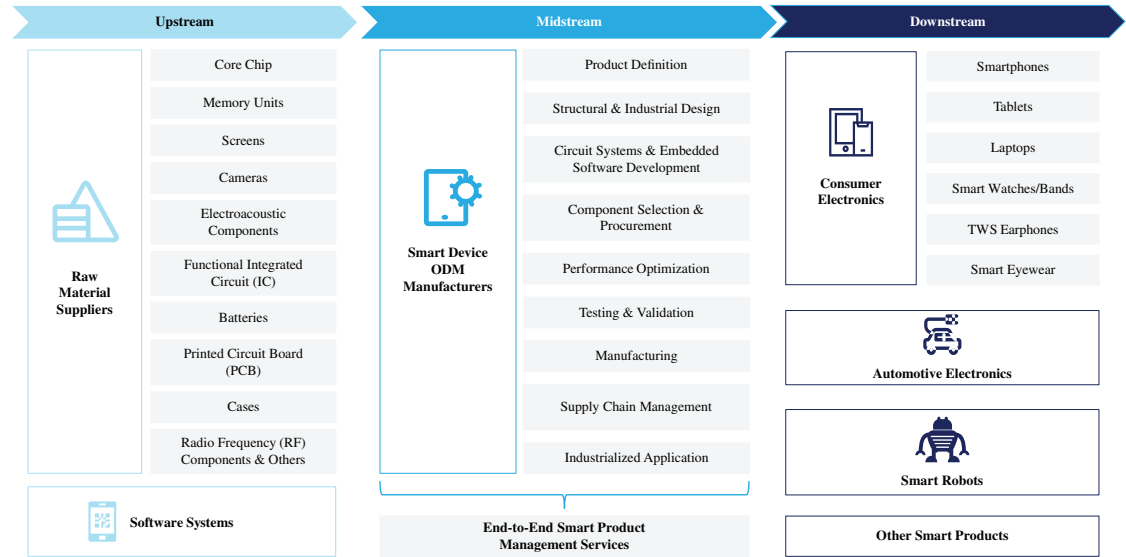
Upstream — leading ODM providers are tightly integrated with their supply chains: The upstream primarily consists of suppliers of chips, sensing and interaction hardware, electronic components, software systems, and structural parts. Leading smart device ODM providers, relying on close collaboration with the supply chain, quickly respond to market changes, launch competitive products, and provide superior services to customers. For instance, they deeply engage in the selection and development of semiconductor components, promoting and accelerating the introduction of new products.

Midstream — smart manufacturing drives efficiency gains for leading ODM providers: In the midstream, smart device ODM providers offer a comprehensive suite of services including product definition, structural and industrial design, circuit system and embedded software development, component selection and procurement, testing and validation, manufacturing, supply chain management, etc. Leading providers distinguish themselves through rapid product iteration, robust intelligent manufacturing systems, and digitized supply chain management, allowing them to meet the demands of multi-brand, multi-category products for large-scale production while achieving high yield rates and short delivery cycles through refined processes and stringent quality control.

Downstream — product definition capabilities expand the range of scenarios covered by smart devices: The downstream consists of global smart device brand owners, including smartphones, tablets, laptops, various AIoT terminals, automotive electronics, smart robots and other smart devices. As one of the core manufacturing modes in the consumer electronics sector, penetration rate of ODM mode in consumer electronics products grew from 40.3% in 2020 to 46.2% in 2024, and is expected to reach 50.8% by 2029. The ODM mode will also continue to penetrate emerging fields like automotive electronics and smart robots. Leveraging their technological expertise and market demand forecasting, ODM manufacturers provide product definition solutions to clients, helping them continuously and efficiently launch more competitive smart devices and expand their coverage across the smart device industry chain.

INDUSTRY OVERVIEW

Smart Device ODM Industry Value Chain



Source: Frost & Sullivan

Market Drivers and Trends of Global Smart Device ODM Industry

New opportunities for smart device ODM providers presented by AI wave

The AI wave is driving a comprehensive revolution in the functions, forms, and user experience of smart devices, leading to rapid industry iteration. Smart device ODM providers, with their mature modular design capabilities, agile supply chain response systems, and extensive experience in multi-category, large-scale product manufacturing, are helping new products efficiently transition from AI technology prototypes to mass-produced products, ushering in new development opportunities. Core AI smart devices include AI smartphones, AI PCs, AIoT devices, AI robots, etc. Smart device ODM providers' efficient, cost-effective, hardware-software integrated platform solutions are accelerating the commercialization of these product categories.

Globalized end-to-end supply chain collaboration

Smart device ODM providers are accelerating their global strategic expansion to better meet the large-volume, widespread global supply chain demands of clients in industries such as consumer electronics, automotive electronics, and smart robots. Currently, leading companies in the sector are enhancing market competitiveness by establishing multinational R&D, production, and sales networks. On one hand, they are establishing smart manufacturing bases in key regions like Southeast Asia, India, and North America. On the other hand, they are continuously optimizing their global supply chain collaboration systems to achieve globalized R&D, production, and sales. Smart device ODM manufacturers are fully leveraging their core technologies and economies of scale while significantly shortening product delivery cycles through localized production, thereby realizing a full-chain collaborative service.

INDUSTRY OVERVIEW

Growing demand for end-to-end services and diversified needs in smart device manufacturing

Due to intensifying market competition and accelerated product iteration, smart device brand owners are experiencing an increase in demand for integrated design, manufacturing, and delivery services across the entire process, as well as diversified needs. In light of this trend, smart device manufacturers must build an end-to-end service system encompassing product definition, innovative design, production management, and logistics delivery to enhance product realization efficiency and market responsiveness. Leading smart device ODM providers are actively deploying supply chain resources that align with their strategic development, constructing capabilities for synergistic ODM/EMS mode development and flexible manufacturing systems. This approach allows them to meet the diverse needs of brand owners, thereby strengthening their comprehensive service capabilities and market competitiveness in the smart device manufacturing sector.

OVERVIEW OF GLOBAL CONSUMER ELECTRONICS ODM INDUSTRY

Consumer electronics refer to smart electronic products used by consumers in their daily lives. They are typically easy to operate and feature characteristics such as entertainment and portability. Consumer electronics products include smartphones, tablets, laptops and AIoT devices (smart watches/bands, TWS earphones, smart eyewear).

The consumer electronics industry is propelled by technological innovation, rapid product iteration, and evolving consumer preferences. Industry cycles are typically characterized by breakthrough technologies that ignite periods of exponential growth, followed by phases of market maturation. For example, recent advancements in AI have significantly revitalized the sector. Additionally, global economic conditions and policy frameworks, such as trade-in incentives in the Chinese market, play a pivotal role in accelerating product replacement cycles and stimulating consumer demand. On average, the replacement cycle for consumer electronics ranges from three to five years, reflecting the dynamic innovation and market forces.

Market Size of Global Consumer Electronics Industry

From 2021 to 2023, the consumer electronics industry experienced a downturn, primarily due to the deterioration of the global macroeconomic environment. Intensifying inflation and geopolitical tensions weakened consumer purchasing power. In addition, supply chain disruptions and chip shortages during the pandemic drove up the prices of certain consumer electronics products, and further dampened market demand. In 2024, the industry began to recover, driven mainly by technological innovation and the release of replacement demand. The rapid proliferation of AI technologies accelerated the iteration of products such as smartphones, tablets, and AIoT products. New categories like AI smartphones and AI PCs have stimulated consumer interest in product upgrades.

INDUSTRY OVERVIEW

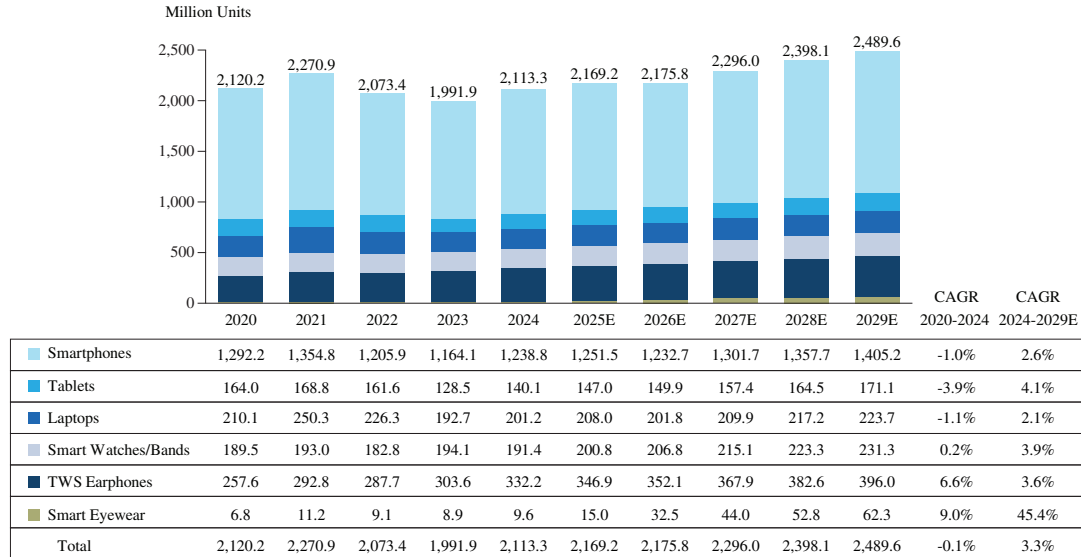
As consumers’ purchases of consumer electronics products are not one-time transactions, their replacement needs are heavily influenced by factors such as product innovation and upgrades, attractive pricing driven by cost control and policy support, as well as spending preference. Therefore, the historical periodic decline does not necessarily indicate a continued decrease in the future. Looking ahead, the consumer electronics industry is expected to grow under the dual drivers of technological innovation and policy support. The rapid adoption of AI technologies is accelerating the expansion of product types. At the same time, policy initiatives in China, such as consumer electronics trade-in policy is continuously stimulating replacement demand, further revitalizing the market. China formally implemented the trade-in subsidy policy on January 20, 2025 for the purchase of new consumer electronics products, including smartphones, tablets, smart watches/bands, and other products. For products priced between RMB3,300 and RMB6,000, a subsidy of RMB500 would be provided, while products priced below RMB3,300 receive a subsidy calculated at 15% of the purchase price. Consumer electronics trade-in policy lowers the purchase barrier and cost for consumers while stimulating the supply vitality, thereby accelerating the adoption of new products. This trade-in policy will further stimulate consumers’ appetite for spending on new consumer electronics products and bolster the recovery of consumption.

Thus, global shipments of consumer electronics are expected to grow from 2,113.3 million units in 2024 to 2,489.6 million units in 2029. As human-computer interaction methods evolve, smart eyewear is set to become the category with the greatest development potential in the consumer electronics industry, with the global shipments expected to grow from 9.6 million units in 2024 to 62.3 million units in 2029, representing a CAGR of 45.4% during this period.

The global consumer electronics market is experiencing heightened competition, characterized by shortening product life cycles and accelerating technological iterations. It is increasingly difficult for small and medium-sized brand owners to survive within the ecosystems of large brand owners and established supply chains. Consequently, the market is expected to become more concentrated, with a larger market share held by a few leading companies. Further, leading companies in the consumer electronics industry will intensely focus on end-device technology evolution trends, building differentiated product portfolios through forward-looking R&D to continuously solidify their leading positions.

INDUSTRY OVERVIEW

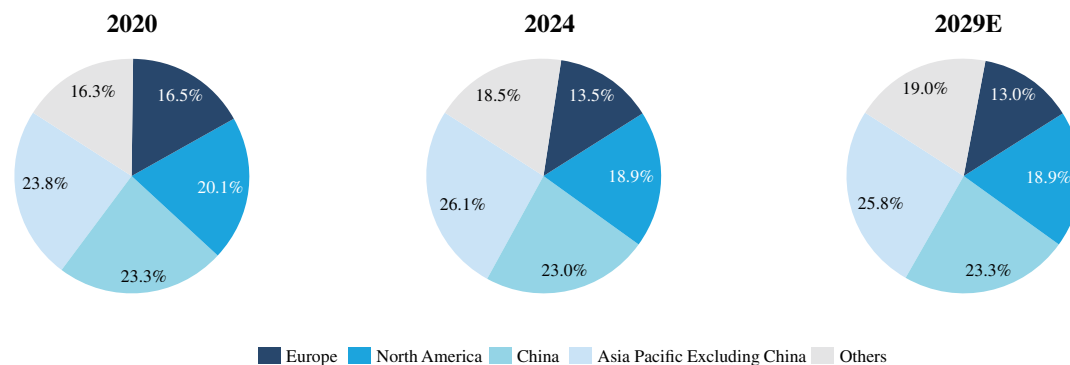
Global Shipments of Consumer Electronics by Product Types, 2020-2029E



Source: Frost & Sullivan

The global shipments of consumer electronics are relatively stable. In 2024, the market shares for Europe, North America, China, Asia-Pacific excluding China and other regions reached 13.5%, 18.9%, 23.0%, 26.1% and 18.5%, respectively. By 2029, it is projected that the market shares for China and other regions will increase, with Europe, North America, China, Asia-Pacific excluding China, and other regions reaching 13.0%, 18.9%, 23.3%, 25.8% and 19.0%, respectively.

Global Shipments of Consumer Electronics by Regions, 2020, 2024 and 2029E



Source: Frost & Sullivan

INDUSTRY OVERVIEW

The global consumer electronics industry has seen a remarkable increase in the market share of consumer electronics ODM and EMS providers in terms of shipments, rising from 75.1% in 2020 to 79.7% in 2024. In particular, consumer electronics ODM providers accounted for 40.3% within the whole global consumer electronics market in 2020, growing to 46.2% by 2024. The market share of consumer electronics ODM and EMS providers in terms of shipments is expected to further increase to 82.5% by 2029, with ODM providers alone expected to contribute 50.8% of global consumer electronics shipments, maintaining the rapid growth rate in global consumer electronics industry.

Consumer electronics ODM refers to the manufacturer with full-stack R&D and manufacturing capabilities, which can independently complete the entire cycle from product definition, design and development, to production and delivery.

Platform-based capabilities enable full-chain empowerment in consumer electronics:

The consumer electronics industry is characterized by its immense scale and diverse product portfolios. Intricate upstream and downstream supply chains for individual products are also notable, with a prevalent trend towards fine-grained specialization within the industry. As this professional division of labor progresses, leading ODM providers leverage their comprehensive capabilities and extensive technological expertise. They serve as vital collaborators for brand owners, demonstrating significant economies of scale in aspects like product solution design, supply chain enablement, and management.

Simultaneously, as demand in the consumer electronics market continues to grow, the penetration rate of ODM mode will continue to rise. For brand owners that intend to self-manufacture products, they are required to invest significant initial capital to build and maintain factories, production lines, and extensive manufacturing supply chains. Furthermore, their internal factories often lack the rapid response capability needed for scaling capacity or converting product types rapidly. Major brand owners continue to focus their resources and efforts on core competencies such as branding, marketing, and software development and design. By contrast, ODM providers offer one-stop services encompassing product design, R&D, engineering, and testing, thereby more suitable to meet brand owners’ needs for cost-efficiency, economies of scale, and rapid iteration.

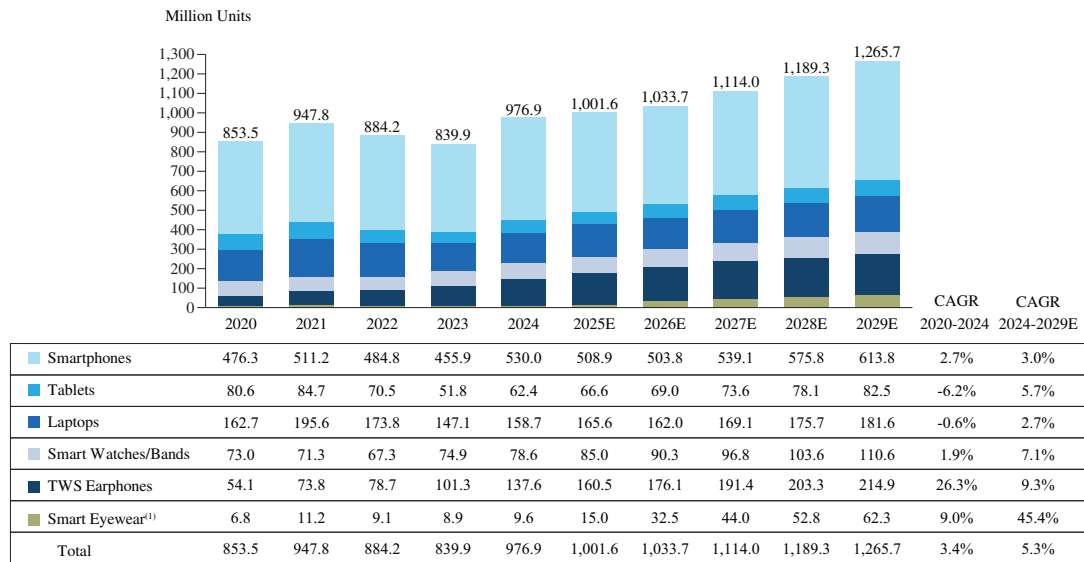
Market Size of Global Consumer Electronics ODM Industry

Consumer electronics ODM providers leverage their established technological capabilities, economies of scale, and efficient supply chain management to deliver end-to-end solutions for the consumer electronics sector. This strategic approach refines the global division of industrial labor, enabling highly efficient resource integration across the industry. Consumer electronics brand owners will increasingly cooperate with ODM providers depending on ODM providers’ R&D, design and manufacturing capabilities, while focusing themselves on brand marketing and channel development. As a result, global ODM shipments of consumer electronics grew from 853.5 million units in 2020 to 976.9 million units in 2024. Smartphones are the core category of consumer electronics ODM industry, accounting for 54.3% of overall ODM shipments in 2024. Currently, the major manufacturing modes for smartphones and tablets are ODM and EMS, while laptops are predominantly manufactured through the ODM model.

INDUSTRY OVERVIEW

It is anticipated that the ODM mode will continue to expand into various product categories in the future, driven by the increasing popularity of smart devices, shortened product iteration cycles in the AI-era, and the expected further growth of ODM global shipments of consumer electronics to 1,265.7 million units by 2029. Meanwhile, the mergers and acquisitions related to a leading ODM provider reshaped the competitive landscape of this industry. The consumer electronics ODM industry is expected to become more concentrated among the other top players.

Global ODM Shipments of Consumer Electronics by Product Types, 2020-2029E



Source: Frost & Sullivan

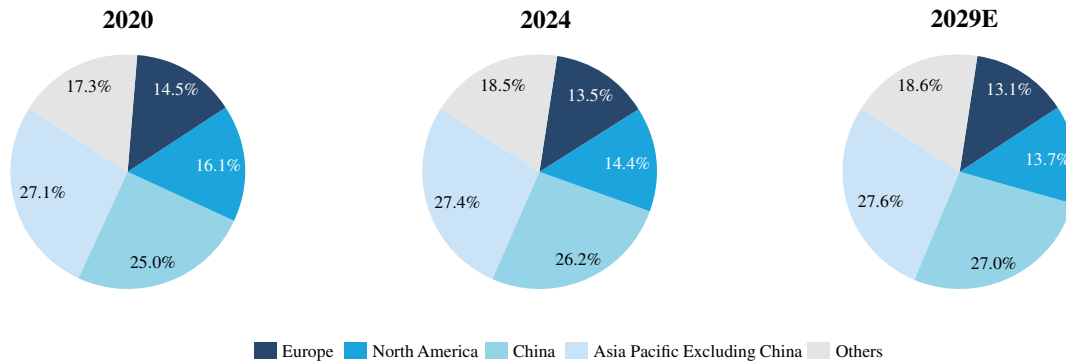
Note:

- (1) The manufacturing cooperation for smart eyewear is characterized by a blended and evolving landscape, including models such as ODM and EMS. This diversification and integration, driven by ongoing product iterations, makes it challenging to distinctly segment the various cooperation types.

The global ODM shipments of consumer electronics are mainly concentrated in Asia-Pacific excluding China and China. In 2024, the market shares for Europe, North America, China, Asia-Pacific excluding China, and other regions reached 13.5%, 14.4%, 26.2%, 27.4% and 18.5%, respectively. By 2029, it is projected that the market shares for Europe, North America, China, Asia-Pacific excluding China, and other regions will reach 13.1%, 13.7%, 27.0%, 27.6% and 18.6%, respectively.

INDUSTRY OVERVIEW

Global ODM Shipments of Consumer Electronics by Regions, 2020, 2024 and 2029E



Source: Frost & Sullivan

Market Drivers and Trends of Global Consumer Electronics ODM Industry

Consumer electronics market rebounds and AI technology adoption accelerates

Global consumer electronics shipments grew by 6.1% in 2024, returning to a growth trajectory, as user demand for smart devices recovers. AI technology is accelerating its on-device implementation in smartphones, laptops, smart eyewear, etc., driving consumer electronics products toward intelligence and connectivity. As a new feature in consumer electronics, AI continues to transform product forms and create new opportunities for the supply chain and consumer electronics ODM providers. AI-powered consumer electronics products, including AI smartphones and AI PCs will offer broad growth potential in the future. Among sub-categories of consumer electronics products, smartphones and laptops are core product forms, with their combined shipments accounting for 68.1% of total consumer electronics shipments in 2024. Global shipments of AI smartphones are expected to grow rapidly from 235.0 million units in 2024 to 1,060.9 million units in 2029, representing a CAGR of 35.2%. And global shipments of AI PCs are expected to increase rapidly from 34.2 million units in 2024 to 174.5 million units in 2029, with a CAGR of 38.5%. In the future, brand owners will leverage AI computing power for enhanced features such as image recognition, voice interaction, and personalized recommendations, improving user experience and encouraging shorter replacement cycles. This will continuously expand the overall consumer electronics market size, bringing new product design and manufacturing demands for ODM providers.

INDUSTRY OVERVIEW

Surge in demand for AIoT device ODM

The expanding IoT ecosystem encompasses from wearables and in-car terminals to various smart home components. AIoT devices requires higher standards for device-edge-cloud collaboration, low-power communication, and system security, making ODM providers with multi-category, integrated R&D, and mass-delivery capabilities indispensable partners in industrial, consumer, and commercial scenarios. Advancements in edge computing and increased scenario intelligence are driving exponential growth in AI-powered AIoT devices. Smart eyewear, leveraging a system-level integration of hardware architecture and intelligent algorithms, have not only broken through traditional interaction paradigms but have also explored a new market, with shipment volume projected to reach 62.3 million units by 2029. The highly integrated and customized nature of AIoT devices prompts ODM providers with capabilities in hardware-software co-development, AI algorithm adaptation, and supply chain expertise to become a critical link in the industry. This trend will drive a rapid increase in demand for AIoT device ODM mode, leading to a scaled and highly efficient industrial division of labor.

Increasing ODM penetration rate

Driven by cost-effectiveness and supply chain optimization, more brands are outsourcing design and production of their main best-selling and mature products to ODM providers. Brand owners can effectively reduce fixed capital investment, and as ODM providers serve multiple brands and clients, they possess advantages in economies of scale for procurement. Concurrently, ODM providers offer one-stop services from design to production, which can significantly shorten the development and mass production cycles for new products, allowing for a swift response to market changes in the AI era. This effectively optimizes the supply chain and enhances value after resource concentration. Further, as ODM providers enhance their customization capabilities and delivery reliability, they are evolving into a core platform within the consumer electronics industry chain. Their penetration in the global market is expected to rise steadily. For example, the ODM penetration rate by shipment volume for smartphones, tablets, laptops, smart watches/bands, and TWS earphones are projected to increase from 42.8%, 44.5%, 78.9%, 41.1%, and 41.4% in 2024 to 43.7%, 48.2%, 81.2%, 47.8%, and 54.3% by 2029, respectively. Looking ahead, as the adoption of AI and manufacturing automation technologies increases among ODM manufacturers, their technological intensity will grow, leading to overall industry efficiency improvements and continuous expansion of their product coverage.

INDUSTRY OVERVIEW

Rising technical threshold

Next-generation smartphones require better network performance, optical imaging systems, thermal management, and system integration. For instance, 5G SA RF circuit discrete design technology can optimize RF antenna layout, fully unleashing device performance. Thermal simulation technology, through thermal simulation models, enables the design of heat dissipation structures, ensuring the thermal performance of consumer electronic products. Therefore, based on continuously enhancing their technological reserves, ODM providers need to prioritize investment in R&D areas such as RF antenna layout, efficient heat dissipation structures, and embedded software optimization. This will allow them to consistently introduce the latest technologies and features into mature product price segments, thereby boosting product competitiveness. Furthermore, in the face of the high complexity and rapid iteration demands of AI smart hardware, ODM providers need to possess leading capabilities in intelligent manufacturing cost optimization and scaled production. By leveraging their advantages in supply chain management, customized development, and rapid iteration, they can maintain stable customer relationships. Consequently, rapid, efficient, and high-quality R&D and design capabilities are crucial for ODM providers, making their R&D and design prowess one of their core competencies in consumer electronics.

Consolidation among leading ODM providers

As the technological barrier for smart devices rises, brand owners which master core technologies are showing a trend towards centralization among top-tier participants. This consolidation trend is already evident in the fields of smartphones, tablets, and other consumer electronics. The pattern is expected to extend to the AI product sector. ODM providers, with extensive experience and technical strength gained from long-term collaborations with leading tech companies, are well-positioned to participate in the technological layout and innovation breakthroughs of emerging products. This collaborative model allows ODM providers to quickly enter new technological fields, maintaining a competitive advantage during industrial upgrades, and the trend of strengthening leading enterprises is becoming increasingly significant.

INDUSTRY OVERVIEW

Entry Barrier of Global Consumer Electronics ODM Industry

- **Customer resource barrier:** Leading brands impose extremely stringent qualification reviews on their suppliers. Only ODM providers that successfully navigate complex product validation and production capability assessments can be added to their approved vendor lists. The long-standing collaborations between brand owners and their mature ODM partners have fostered stable demand forecasting and collaboration mechanisms, from concept to final product realization. New participants, often lacking industry reputation and a track record of fulfilling large orders, typically find it difficult to secure trial orders and ongoing partnership opportunities.
- **Technical expertise barrier:** The consumer electronics ODM industry spans a multidisciplinary range of fields, including antenna design, baseband processing, optical modules, embedded software, thermal management, and simulation testing. This necessitates that ODM providers possess comprehensive technical expertise across the entire product development lifecycle, from product definition to integrated hardware and software debugging. Furthermore, it requires collaboration among experts in various domains such as project management, supply chain, and quality assurance. New entrants must rapidly establish a profoundly skilled R&D team and a robust testing and certification system. Failing to do so will make it challenging to meet brand owners’ dual demands for innovation and quality.
- **Production and delivery barrier:** Consumer electronics products are characterized by rapid iteration and global launch and delivery, which requires ODM providers to possess highly flexible production line switching, high yield control, and global logistics network capabilities. Once a design is finalized, it’s necessary to complete process optimization, production ramp-up, and quality verification in an extremely short period. Any delay can cause brand owners to miss their market window. New entrants, lacking large-scale smart factories and mature operation and maintenance systems, will find it difficult to compete with experienced manufacturers in terms of delivery cycles and quality stability.
- **Capital barrier:** The ODM mode relies on scaled production to amortize R&D and manufacturing costs. This necessitates substantial upfront capital investment for establishing automated production lines, procuring high-end testing and packaging equipment, and maintaining ample work-in-progress and inventory funding. Without stable financing channels and sufficient cash flow, new entrants will struggle not only to build out production lines but also to maintain cost competitiveness when faced with raw material price fluctuations, making it difficult to achieve sustainable economies of scale.

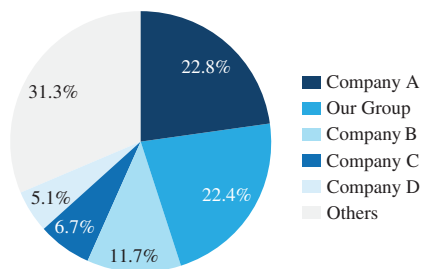
INDUSTRY OVERVIEW

Competitive Landscape of Global Consumer Electronics ODM Industry

Global shipments of consumer electronics ODM reached 976.9 million units in 2024, with combined and concentrated market share of the top five participants being 68.7%. Among them, our Group achieved ODM shipments of consumer electronics, primarily including smartphones, tablets, laptops, smart watches/bands, TWS earphones and smart eyewear, of 219.1 million units in 2024, ranking second in the global market with a market share of 22.4%.

**Competitive Landscape of
Global Shipments of
Consumer Electronics ODM, 2024**

Global Shipments of Consumer Electronics ODM Industry:
976.9 Million Units



**Top 5 ODM Providers in Global Consumer
Electronics ODM by Shipments, 2024**

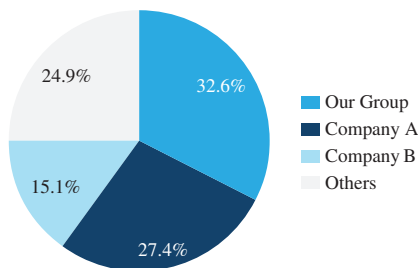
Ranking	Company	Shipments of Consumer Electronics ODM Providers (Million Units)	Market Share (%)
1	Company A	222.3	22.8%
2	Our Group	219.1	22.4%
3	Company B	113.9	11.7%
4	Company C	65.3	6.7%
5	Company D	50.0	5.1%

Source: Frost & Sullivan

Global shipments of smartphone ODM reached 530.0 million units in 2024, with combined and concentrated market share of the top three participants being 75.1%. Among them, our Group achieved ODM shipments of smartphone of 172.9 million units in 2024, ranking first in the global market with a market share of 32.6%.

**Competitive Landscape of
Global Shipments of Smartphone ODM, 2024**

Global Shipments of Smartphone ODM Industry:
530.0 Million Units



**Top 3 ODM Providers in Global Smartphone
ODM by Shipments, 2024**

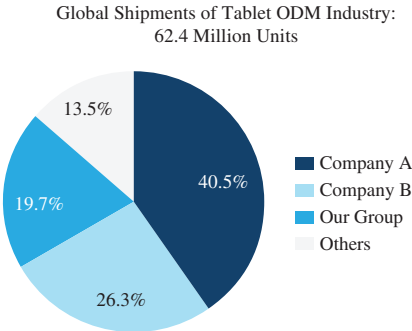
Ranking	Company	Shipments of Smartphone ODM Providers (Million Units)	Market Share (%)
1	Our Group	172.9	32.6%
2	Company A	145.0	27.4%
3	Company B	80.0	15.1%

Source: Frost & Sullivan

INDUSTRY OVERVIEW

Global shipments of tablet ODM reached 62.4 million units in 2024, with combined and concentrated market share of the top three participants being 86.5%. Among them, our Group achieved ODM shipments of tablet of 12.3 million units in 2024, ranking third in the global market with a market share of 19.7%.

**Competitive Landscape of
Global Shipments of Tablet ODM, 2024**



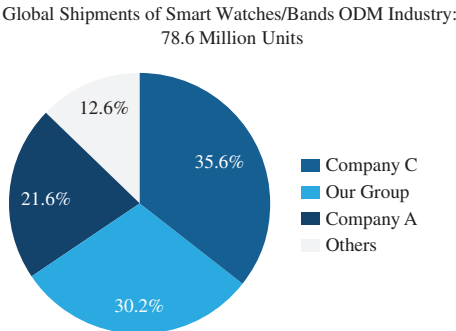
**Top 3 ODM Providers in Global Tablet
ODM by Shipments, 2024**

Ranking	Company	Shipments of Tablet ODM Providers (Million Units)	Market Share (%)
1	Company A	25.3	40.5%
2	Company B	16.4	26.3%
3	Our Group	12.3	19.7%

Source: Frost & Sullivan

Global shipments of smart watches/bands ODM reached 78.6 million units in 2024, with combined and concentrated market share of the top three participants being 87.4%. Among them, our Group achieved ODM shipments of smart watches/bands of 23.7 million units in 2024, ranking second in the global market with a market share of 30.2%.

**Competitive Landscape of
Global Shipments of
Smart Watches/Bands ODM, 2024**



**Top 3 ODM Providers in Global Smart
Watches/Bands ODM by Shipments, 2024**

Ranking	Company	Shipments of Smart Watches/Bands ODM Providers (Million Units)	Market Share (%)
1	Company C	28.0	35.6%
2	Our Group	23.7	30.2%
3	Company A	17.0	21.6%

Source: Frost & Sullivan

Notes:

1. Founded in 2005 and headquartered in Shanghai, China, Company A is a listed company specializing in the design and manufacturing of smart devices, including intelligent terminals, high-performance computing devices, and AIoT solutions. Company A focuses on the ODM of smartphones, tablets, smart watches/bands, laptops and TWS earphones.

INDUSTRY OVERVIEW

2. Founded in 2006 and headquartered in Zhejiang Province, China, Company B is a listed company specializing in ODM of consumer electronics and semiconductor solutions across multiple application domains. Company B specializes in the ODM of smartphones, tablets and other AIoT products.
3. Founded in 2001 and headquartered in Shandong Province, China, Company C is a listed company with core business operations encompassing precision components, intelligent acoustic systems, and smart hardware solutions. Company C focuses on the ODM of TWS earphones, smart watches/bands, and smart eyewear.
4. Founded in 2005 and headquartered in Guangdong Province, China, Company D is a non-listed company mainly specializing in ODM of smartphones.

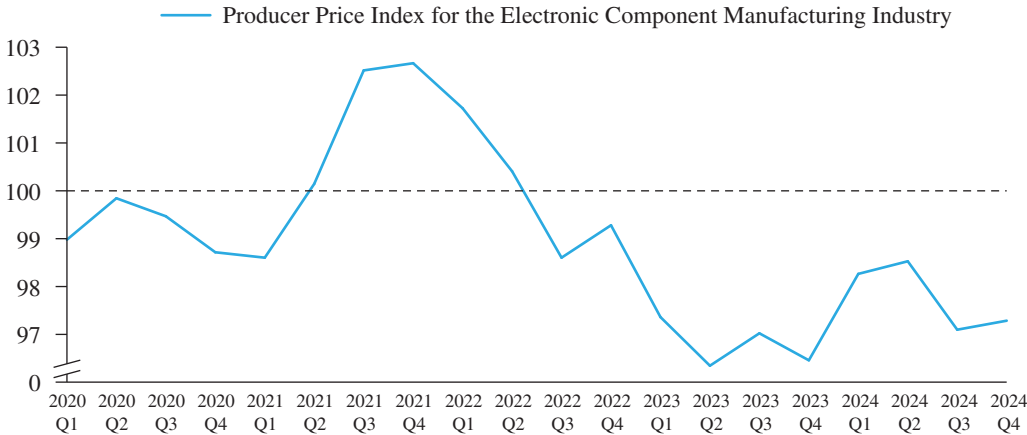
Raw Material of Global Consumer Electronics ODM Industry

China’s producer price index for the electronic component manufacturing industry is a key indicator reflecting fluctuations in raw material costs associating with the consumer electronics ODM industry. The electronic component manufacturing industry and the producer price index are subject to cyclical market fluctuations, primarily driven by factors including volatility of global supply chain, geopolitical tensions, global pandemic, fluctuation of raw material costs, and acceleration of technological advancements. In recent years, this producer price index has experienced intermittent declines. Specifically, during 2021Q1 and 2022Q2, the outbreak of the pandemic led to supply chain disruptions and constrained production capacity, severely impacting the component supply. And between 2022 and 2023, the price index saw a downturn, largely attributed to the mitigation of electronic component shortage and slowdown in consumer electronics demand. In 2024, as the consumer electronics industry recovered, the price index was stabilizing and gradually showing an upward trend.

The market cycle in the electronic component manufacturing industry generally last from four to five years. After a period when the China’s producer price index for the electronic component manufacturing industry remains at a relatively low level, there typically reaches the stage of supply shortage driven by factors such as rise of demand and technological innovation, thus leading to an increase in raw material prices. For example, with the accelerating iteration of AI products, continuous market demand pull is expected to gradually guide the index in 2025 back to the level of four to five years ago. Further, these cyclical market fluctuations are closely related to the raw material cost variations in the global consumer electronics ODM industry. Amid component shortages and volatile demand, raw material prices typically rise, subsequently pushing up both manufacturing costs and the final average selling price. However, the core component such as SoCs are usually procured directly by the brand owners. Therefore, raw material cost of ODM manufacturers has not seen a major fluctuation.

INDUSTRY OVERVIEW

China’s Producer Price Index for the Electronic Component Manufacturing Industry, 2020-2024



Source: National Bureau of Statistics (NBS) of China, Frost & Sullivan

Note: China’s producer price index for the electronic component manufacturing industry reflects the overall trend and magnitude of change in the factory gate prices of electronic component manufacturing enterprises’ products when they are first sold within a given period.

OVERVIEW OF GLOBAL AUTOMOTIVE ELECTRONICS INDUSTRY

Automotive electronics are crucial components of the automotive industry and intelligent vehicle technology solutions. They primarily encompass automotive electronic control systems and in-car electronic and electrical systems. The automotive electronic control systems include engine electronic systems, chassis electronic systems, driving assistance systems, and body electronic systems. The in-car electronic and electrical systems cover safety and comfort systems, as well as infotainment and connectivity systems.

ODM Mode Accelerates the Reshaping of Automotive Electronics Supply Chain

The software and hardware manufacturing segments of the automotive electronics industry are attracting more leading consumer electronics ODM providers. They are primarily entering with intelligent automotive electronic products such as smart cockpit domain controllers, chassis domain ECUs, vehicle communication modules, LiDAR, and AR-HUD. Traditional suppliers have only recently entered the emerging smart vehicle industry, and the competitive landscape is still dynamically adjusting. Amidst this trend, manufacturing models are progressively evolving towards a more specialized and customized collaborative division of labor. The ODM mode, already mature and widely applied in the massive and established consumer electronics sector, represents a more efficient way of industrial chain division.

INDUSTRY OVERVIEW

In the smart vehicle sector, as market competition intensifies, OEMs are shifting their strategy from emphasizing full-stack capabilities to prioritizing cost and efficiency. Vehicle manufacturers are increasingly entrusting development and manufacturing to automotive electronics producers. Under the backdrop of vehicle manufacturers’ “technology architecture authorization”, the ODM mode will become an increasingly important partnership for vehicle manufacturers seeking rapid, customized delivery. Among these, ODM/EMS providers whose core business is consumer electronics, after entering the automotive electronics field, can leverage their robust precision manufacturing, supply chain, and modular platform integration capabilities to achieve rapid mass production and cost control. They are gradually forming comprehensive solution-based service capabilities in core smart vehicle elements like smart cockpits and intelligent chassis. In the future, the penetration rate of ODM/EMS providers primarily focused on consumer electronics is expected to rise rapidly in the automotive electronics industry.

Market Size of Global Automotive Electronics Industry

Continuous advancement of technologies such as AI, cloud computing, big data, 5G communications, and vehicle-to-everything (V2X) is further driving the upgrade of intelligent cockpit, intelligent driving, and intelligent connected solutions, leading to sustained growth in the automotive electronics market. The market size of global automotive electronics industry grew from RMB1,880.0 billion in 2020 to RMB2,493.4 billion in 2024, representing a CAGR of 7.3%. Looking forward, the development of automotive intelligence is expected to further drive the demand for automotive electronics and hence push the market growth. The market size of global automotive electronics is expected to grow further to RMB3,330.3 billion in 2029, representing a CAGR of 6.0% from 2024 to 2029.

Market Drivers and Trends of Global Automotive Electronics Industry

Technical platform integration capabilities accelerate the scaled delivery of automotive electronics

The rapid advancements in electrification and intelligent technologies are reshaping the trajectory of the automotive industry, fostering the integration of traditional components with emerging innovative technologies. For instance, modern smart cockpit domain products are progressively adopting intelligent multi-modal interaction methods like touchscreens, voice recognition, and gesture control, replacing conventional buttons. This provides seamless interaction with vehicle functions, entertainment systems, and navigation. Leading enterprises possess the capability to integrate technology platforms, thereby enhancing industry production efficiency. They are also building a responsive, cost-controllable, and supply-chain-optimized platform for the large-scale delivery of automotive electronics, bridging the gap from product design to commercialization. In the future, leading consumer electronics ODM providers, leveraging their efficient and cost-effective product platform capabilities to enter the automotive electronics sector, are expected to form deeply interdependent business cooperation models with vehicle manufacturers, enabling the scaled delivery of automotive electronic products.

INDUSTRY OVERVIEW

Consumer electronics ODM providers possess cross-domain synergy advantages

ODM providers with extensive experience in mass production within the consumer electronics sector can significantly empower the automotive electronics industry by accelerating iteration, reducing costs, improving efficiency, and ensuring consistent product quality control. Simultaneously, leading clients in the consumer electronics ODM industry are rapidly expanding into the smart vehicle domain. This strategic extension will directly drive the migration of the mature consumer electronics ODM mode to the automotive electronics sector. Long-term cooperating ODM providers, leveraging their mature modular design capabilities, large-scale production experience, and existing supply chain collaborative advantages, will be among the first to seize opportunities in the automotive electronics arena, thereby reshaping the competitive landscape of the automotive electronics industry.

SOURCE OF INFORMATION

We commissioned Frost & Sullivan to conduct market research on global smart device manufacturing, consumer electronics ODM and automotive electronics industries and prepare the Frost & Sullivan Report. Frost & Sullivan is an independent global consulting firm founded in 1961 in New York that offers industry research and market strategies. We have contracted to pay RMB450,000 to Frost & Sullivan for compiling the Frost & Sullivan Report.

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

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

REGULATORY OVERVIEW

OVERVIEW OF THE LAWS AND REGULATIONS IN THE PRC

The content disclosed in this section is an overview of the major Chinese laws, regulations and provisions related to our business and does not constitute a detailed analysis of Chinese laws. It is not all Chinese laws applicable to our business operations in China, and such Chinese laws may change in the future.

Laws and Regulations on Companies and Foreign Investment

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

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

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On October 26, 2022, the MOFCOM and the NDRC published the Encouraged Industry Catalogue for Foreign Investment (2022 Version) (《鼓勵外商投資產業目錄(2022年版)》) (the “Encouraging Catalogue”), which was implemented on January 1, 2023, further expanding the scope of encouraged industry catalogue for foreign investment. The *Special Administrative Measures for the Entry of Foreign Investment (Negative List) (2024 version)* (《外商投資准入特別管理措施(負面清單)(2024年版)》) (hereinafter referred to as the “Negative List”) jointly issued by the NDRC and the MOFCOM on September 6, 2024, which became effective on November 1, 2024, uniformly listed the special administrative measures for the entry of foreign investment, such as shareholding requirements and senior management requirements, as well as the industries that are prohibited for foreign investment. The Negative List covers 11 industries, and any field not falling in the Negative List shall be administered under the principle of equal treatment for domestic and foreign investment. Our business does not involve any category listed in the Negative List. According to the Encouraging Catalogue, our businesses, namely “Software Development and Production” and “Manufacturing of Wearable Smart Devices”, fall within the scope that encourages foreign investment.

In accordance with the *Measures for the Reporting of Foreign Investment Information* (《外商投資信息報告辦法》) promulgated by the MOFCOM and the SAMR on December 30, 2019, which came into effect on January 1, 2020, for foreign investors carrying out investment activities directly or indirectly in China, the foreign investors or foreign-invested enterprises shall submit investment information to the competent commerce authorities through the enterprise registration system and the National Enterprise Credit Information Publicity System.

Pursuant to the *National Security Law of the People’s Republic of China* (《中華人民共和國國家安全法》) issued by the SCNPC on February 22, 1993 and last amended and implemented on July 1, 2015, the state shall establish the rules and mechanisms for national security review and supervision, and conduct national security review of foreign investment, particular materials and key technologies, network information technology products and services that affect or may affect national security, construction projects that involve national security matters, and other major matters and activities.

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

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Laws and Regulations on Artificial Intelligence

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

On July 8, 2017, the State Council issued the *Notice on Issuing the “Development Plan on the New Generation of Artificial Intelligence”* (《關於印發<新一代人工智能發展規劃>的通知》), which outlined three strategic steps for developing new-generation artificial intelligence technology, and specified the goal for China’s artificial intelligence technology to reach a world-leading level and for China to become a major global artificial intelligence innovation center. On November 8, 2018, the MIIT issued the *Work Plan for Unveiling Key Tasks for Innovation in the New Generation Artificial Intelligence Industry* (《新一代人工智能產業創新重點任務揭榜工作方案》), encouraging the selection of a group of innovative enterprises possessing key artificial intelligence technologies to jointly strive to enhance products, platforms, and services with advanced technologies and excellent performance.

On August 1, 2019, the Ministry of Science and Technology promulgated and implemented on the same day the *Work Guidelines for the Construction of National Open Innovation Platforms for the New Generation Artificial Intelligence* (《國家新一代人工智能開放創新平台建設工作指引》). The guidelines highlighted “opening and sharing” as an important concept of promoting AI-related technological innovation and industry development in China, and encouraged the testing of open innovation platforms to form standardized and modular models, middleware, and application software, and to provide open and shared hardware and software services to society through open interfaces, model libraries, algorithm packages, and other means. The *Work Guidelines for the Construction of National New Generation Artificial Intelligence Innovation Development Pilot Zones (Revised Edition)* (《國家新一代人工智能創新發展試驗區建設工作指引(修訂版)》), promulgated by the Ministry of Science and Technology on August 29, 2019, revised on September 29, 2020, and came into effect on the same day, emphasized creating an institutional environment conducive to the innovative development of artificial intelligence, advancing the construction of artificial intelligence infrastructure, and strengthening the support for the innovative development of artificial intelligence.

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On March 11, 2021, the National People’s Congress approved the *Outline of the 14th Five-Year Plan for National Economic and Social Development and Vision 2035 of the People’s Republic of China* (《中華人民共和國國民經濟和社會發展第十四個五年規劃和2035年遠景目標綱要》), which pointed out the focus will be on high-end chips, operating systems, key artificial intelligence algorithms, sensors, and other key fields, and that China should accelerate R&D breakthroughs and iterative applications in basic theories, fundamental algorithms, equipment materials, and other areas.

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

The *Measures for the Management of Generative Artificial Intelligence Services* (《生成式人工智能服務辦法》), issued by the Cyberspace Administration of China on July 10, 2023, defined generative artificial intelligence as models and technologies capable of generating content such as text, images, audio, and video. According to the *Measures for the Management of Generative Artificial Intelligence Services*, providers of generative artificial intelligence services shall take effective measures to improve the accuracy and reliability of content generated by generative artificial intelligence. Providers of generative artificial intelligence services shall (1) assume responsibility as content producers in accordance with the law and fulfill network information security obligations; (2) assume responsibility as personal information processors in accordance with the law and fulfill personal information protection obligations; and (3) carry out training data processing activities such as pre-training and optimization training in accordance with the law, including (i) using data and underlying models with legitimate sources; (ii) where intellectual property is involved, the intellectual property rights enjoyed by others in accordance with the law shall not be infringed upon; (iii) where personal information is involved, the consent of the individual shall be obtained or other circumstances stipulated by laws and administrative regulations shall be met; and (iv) taking effective measures to improve the quality of training data and enhance the authenticity, accuracy, objectivity, and diversity of training data. In addition, providers of generative artificial intelligence services with characteristics of public opinion or capable of social mobilization shall, in accordance with the *Provisions on the Security Assessment for Internet Information Services with Characteristics of Public Opinions or Capable of Social Mobilization* (《具有輿論屬性或社會動員能力的互聯網信息服務安全評估規定》), declare a security assessment to the national cybersecurity administration department, and perform algorithm recordation in accordance with the *Provisions on the Administration of Algorithmic Recommendations for Internet Information Services* (《互聯網信息服務算法推薦管理規定》).

REGULATORY OVERVIEW

Regulations on Intelligent Connected Vehicles

According to the *Opinions on Strengthening the Access Administration of Intelligent Connected Vehicles Manufacturers and Products* (《關於加強智能網聯汽車生產企業及產品准入管理的意見》), issued by the MIIT on July 30, 2021 and came into effect on the same day, manufacturers of intelligent connected vehicles should strengthen their capabilities in vehicle data security management and vehicle cybersecurity assurance; regulate online upgrade activities for vehicle products, ensure the safety of such upgrades, and shall not add autopilot functions to vehicles through online software upgrades without approval.

Laws and Regulations on Production Safety

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

Regulations on the Management of Medical Devices

According to the *Regulation on the Supervision and Administration of Medical Devices* (《醫療器械監督管理條例》), which came into effect on April 1, 2000, last amended on February 9, 2021, and became effective on June 1, 2021, the state shall conduct the classification administration of medical devices according to their risk levels. The medical devices of Class I shall be subject to product recordation administration, and the medical devices of Class II and Class III shall be subject to product registration administration.

According to the *Measures for the Supervision and Administration of Medical Device Production* (《醫療器械生產監督管理辦法》) promulgated on July 20, 2004 and last amended on March 10, 2022, which came into effect from May 1, 2022, whoever plans to engage in the production of Class II medical devices shall be subject to the approval of the medical products administration of the province, autonomous region, or municipality directly under the Central Government at the place where it is located and obtain the medical device production permit in accordance with the law. Whoever plans to engage in the production of Class I medical devices shall undergo recordation for the production of medical devices with the medical products administration at the level of a districted city where it is located.

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According to the *Measures for the Supervision and Administration of Medical Devices* (《醫療器械經營監督管理辦法》) promulgated on July 30, 2014, amended on November 17, 2017, and last amended on March 10, 2022, which came into effect on May 1, 2022, licensing or recordation is not required for business activities involving Class I medical devices. Recordation administration shall apply to business activities involving Class II medical devices. Licensing administration shall apply to business activities involving Class III medical devices.

The classification of specific medical devices is stipulated in the Medical Device Classification Catalog (《醫療器械分類目錄》), which was issued on August 31, 2017 and amended on March 28, 2022 and August 15, 2023. Certain of our smart watches that is capable of measuring adult blood pressure and pulse rate and/or collecting single-lead ECG data from the adult wrist, are classified as Class II medical devices by the Medical Device Classification Catalog, and blood glucose monitor that is externally sourced and sold with a specific model of our smart watches is classified as a Class III medical device. Our PRC subsidiary has obtained the Medical Device Production License and Medical Device Operation License for these devices.

Regulations on Radio Transmission Equipment

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

According to the *Types and Sample Requirements for Radio Transmission Equipment Type Approval* (《無線電發射設備型號核准設備類型及樣品要求》) issued by the MIIT, certain of our products that includes smartphones, AI PCs, automotive electronics, tablets, smart watches/bands and smart eyewear, with 5.8/2.4GHz band wireless local area network and Bluetooth are classified as regulated radio transmitting equipment (which is categorized as 5.8/2.4GHz band wireless local area network equipment). These products have obtained the Radio Transmitting Equipment Type Approval Certificate (《無線電發射設備型號核准證》) issued by the MIIT, certifying its compliance with the *Radio Regulation of the People's Republic of China*. (《中華人民共和國無線電管理條例》)

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Laws and Regulations on Radiation Safety

According to the *Law of the People’s Republic of China on Prevention and Control of Radioactive Pollution* (《中華人民共和國放射性污染防治法》) promulgated by the SCNPC on June 28, 2003, which came into effect from October 1, 2003, an entity producing, selling or using radioisotope and ray devices shall, in accordance with the relevant provisions of the State Council on prevention of radioactivity from the radioisotope and ray devices, apply to obtain a permit, and make registration accordingly. An entity producing, selling, using or storing radioactive sources shall set up and improve the security system, designate special persons to be responsible for the system, ensure the implementation of the system of liability for safety, and formulate the necessary measures for meeting emergency from accidents.

According to the *Regulation on the Safety and Protection of Radioisotopes and Radiation Devices* (《放射性同位素與射線裝置安全和防護條例》) promulgated by the State Council on September 14, 2005 (last amended and implemented on March 2, 2019), and the *Measures for the Administration of Safety Licensing for Radioisotopes and Radiation Devices* (《放射性同位素與射線裝置安全許可管理辦法》) promulgated by the former Ministry of Environmental Protection on January 18, 2006 (last amended and implemented on January 4, 2021), any entity that produces, sells, or uses radioisotopes or radiation devices shall obtain a radiation safety permit. We had obtained the Radiation Safety License required for users of radiation devices under the People’s Republic of China on Prevention and Control of Radioactive Pollution as we use Class III radiation devices.

Regulations on Urban Drainage

According to the *Administrative Measures for the Licensing of Discharge of Urban Sewage into the Drainage Network* (《城鎮污水排入排水管網許可管理辦法》) promulgated by the Ministry of Housing and Urban-Rural Development on January 22, 2015, and last amended on December 1, 2022, which came into effect on February 1, 2023, enterprises, public institutions, and individual industrial and commercial households engaged in industrial, construction, catering, medical, and other activities that discharge sewage into urban drainage facilities shall apply for and obtain a drainage license.

Laws and Regulations on Environmental Protection

The Environmental Protection Law

According to the *Environmental Protection Law of the People’s Republic of China* (《中華人民共和國環境保護法》) promulgated by the SCNPC on December 26, 1989, last amended on April 24, 2014 and implemented on January 1, 2015, the environmental protection administrative department of the State Council shall generally supervise and administer the national environmental protection work. An environmental impact assessment shall be conducted as legally required for the construction of a project impacting the environment. The construction of a construction project that has not undergone environmental impact assessment as legally required may not be commenced. Pollution prevention and control facilities in

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construction projects shall be designed, constructed, and put into operation simultaneously with the main project. Pollution prevention and control facilities shall meet the requirements of the approved environmental impact assessment documents and shall not be dismantled or left idle without authorization. The state implements a pollutant discharge permit management system in accordance with legal provisions.

Pollutant Discharge Permit Management

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

According to the *Measures for Pollutant Discharge Permitting Administration* (《排污許可管理辦法》) promulgated by the Ministry of Ecology and Environment on April 1, 2024 and implemented on July 1, 2024, enterprises, public institutions and other producers and operators subject to pollutant discharge permit management in accordance with the law (hereinafter referred to as the “pollutant discharging entities”) shall apply for and obtain a pollutant discharge permit in accordance with the law and discharge pollutants in accordance with the provisions of the pollutant discharge permit. Without a pollutant discharge permit, no pollutant may be discharged. Enterprises, public institutions, and other producers and operators that are required by law to fill out a pollutant discharge registration form (hereinafter referred to as “pollutant discharge registration entities”) shall register their pollutant discharge on the national pollutant discharge permit management information platform. Pollutant discharging entities shall, before the actual act of discharging pollutants occurs, apply to the ecological environment department of the local people’s government at or above the municipal level of a districted city where their production and operation site is located to obtain a pollutant discharge permit. Pollutant discharge registration entities shall, before the actual act of discharging pollutants occurs, fill out the pollutant discharge registration form through the national pollutant discharge permit management information platform. After submission, a registration number and receipt will be generated in real time, which shall be retained by the pollutant discharge registration entity.

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Construction Project Environmental Protection

According to the *Law of the People’s Republic of China on Environmental Impact Assessment* (《中華人民共和國環境影響評價法》), promulgated by the SCNPC on October 28, 2002, and most recently revised and implemented on December 29, 2018, and the *Regulations on the Administration of Construction Project Environmental Protection* (《建設項目環境保護管理條例》), promulgated by the State Council on November 29, 1998, and last amended and implemented on July 16, 2017, the state practices the construction project environmental impact evaluation system. Catalog for the classified control of construction project environmental impact evaluation shall be compiled and published by the competent department of environmental protection administration under the State Council based on expert argumentation and solicitation of opinions from relevant authorities, industry associations, enterprises, public institutions, and the public. The construction entity shall organize the preparation of a report on environmental impact, a statement on environmental impact, or fill in an environmental impact registration form in accordance with the following provisions: (1) a report on environmental impact should be compiled for a construction project that may cause major impact on the environment, giving comprehensive and detailed evaluation of the pollution generated and environmental impact caused by the construction project; (2) a statement on environmental impact should be compiled for a construction project that may cause light impact on the environment, giving analysis or special-purpose evaluation of the pollution generated and environmental impact caused by the construction project; or (3) an environmental impact registration form should be filled out and submitted for a construction project that has slight impact on the environment and necessitates no environmental impact evaluation. Unless otherwise stipulated by laws and regulations, construction enterprises that need to prepare an environmental impact report or an environmental impact statement shall undergo environmental protection acceptance after the completion of the construction project. Environmental protection facilities that need to be built in conjunction with a construction project must be designed, constructed, and put into operation simultaneously with the main project. After the environmental protection facilities of a construction project pass the acceptance inspection, the construction project can be officially put into production or use.

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

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Laws and Regulations on Fire Protection

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

Laws and Regulations on the Import and Export of Goods

According to the *Foreign Trade Law of the People’s Republic of China* (“the *Foreign Trade Law*”) (《中華人民共和國對外貿易法》 (“《對外貿易法》”)), promulgated by the SCNPC on May 12, 1994 and revised on December 30, 2022, the filing and registration system for foreign trade operators was abolished from December 30, 2022. The Chinese government implements a system of free import and export of goods and technology, except as otherwise provided by laws and administrative regulations. Before December 30, 2022, foreign trade operators engaged in the import and export of goods or technology were required to complete filing and registration with the foreign trade department of the State Council or its authorized agency, unless otherwise stipulated by laws, administrative regulations, or the foreign trade authority of the State Council. Where any foreign trade operator failed to file for archival registration according to relevant provisions, the customs shall not handle the procedures of customs declarations and release of the import or export goods.

According to the *Provisions on the Recordation of Customs Declaration Entities of the People’s Republic of China* (《中華人民共和國海關報關單位備案管理規定》), promulgated by the General Administration of Customs on November 19, 2021 and implemented from January 1, 2022, a customs declaration entity is the consignee or consignor of imported or exported goods or a customs declaration enterprise, as filed with the customs. Where the consignee or consignor of imported or exported goods or a customs declaration enterprise applies for recordation, it shall obtain the qualification of market entities. In addition, where the consignee or consignor of imported or exported goods applies for recordation, it shall be put on record as a foreign trade operator. The recordation of customs declaration entities shall be valid for a long time. Temporary recordation is valid for one year, and a new recordation application may be made after the expiration of the period.

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Laws and Regulations on Product Quality

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

Laws and Regulations on Product Sales

Anti-Unfair Competition

Pursuant to the *Anti-Unfair Competition Law of the People’s Republic of China* (《中華人民共和國反不正當競爭法》), promulgated by the Standing Committee of the National People’s Congress on September 2, 1993 and last amended and implemented on April 23, 2019, the state has formulated a series of measures to curb unfair competition and safeguard market order. These measures include prohibitions against trade secret infringement, improper sales with awards, confusing commercial practices, fabrication and dissemination of false or misleading information, and other such acts. Business operators shall not bribe employees of the trading counterparty, any entities or individuals entrusted by the trading counterparty to handle relevant affairs, or entities or personnel who may influence the trading counterparty through authority or influence to obtain business opportunities or competitive advantages. In transactional activities, business operators may explicitly offer discounts to trading counterparties or pay commissions to intermediaries. When offering discounts to their trading counterparties or pay commissions to intermediaries, business operator shall accurately record these transactions in their accounting books. Recipients of discounts/commissions by business operators shall also be accurately recorded in the accounting books. Where a business operator violates relevant provisions of this Law, the regulatory authority may order cessation of illegal acts, confiscate illegal gains, and impose a fine not less than RMB50,000 but not more than RMB3,000,000 depending on severity; its business license may be revoked in severe cases.

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Anti-Money Laundering

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

Laws and Regulations on Intellectual Property Rights

Trademarks

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

Patents

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

REGULATORY OVERVIEW

Copyright and Software Products

The *Copyright Law of the People’s Republic of China* (“Copyright Law”) (《中華人民共和國著作權法》 (“《著作權法》”)), promulgated by the Standing Committee of the National People’s Congress on September 7, 1990, last amended on November 11, 2020, and implemented on June 1, 2021, stipulates that works created by Chinese citizens, legal entities, or other organizations, including literary, artistic, natural science, social science, engineering, and computer software works, enjoy copyright protection regardless of publication. Copyright holders are granted statutory rights, including the right of publication, right of authorship, and right of reproduction. The 2010 amendment to the Copyright Law extended copyright protection to Internet activities, products disseminated via the Internet, and software products. Additionally, the Copyright Law establishes a voluntary registration system administered by the China Copyright Protection Center.

Under the *Regulations on Computer Software Protection* (《計算機軟件保護條例》) issued by the State Council on December 20, 2001 and last amended on January 30, 2013, software copyright owners may register their works with software registration agencies recognized by the copyright administrative department under the State Council. Software copyright owners may license their rights to others and are entitled to royalties.

Domain Name

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

Laws and Regulations on Construction

Land Administration

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

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original people’s government that approved the land use. Among them, if the land use is to be changed within an urban planning zone, consent shall first be obtained from the competent urban planning administrative department prior to submission for approval.

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

Construction Engineering Planning Permit

Pursuant to the *Urban and Rural Planning Law of the People’s Republic of China* (《中華人民共和國城鄉規劃法》), promulgated by the Standing Committee of the National People’s Congress on October 28, 2007 and last amended on April 23, 2019, any construction entity or individual carrying out building, structure, road, pipeline, or other engineering projects within urban or town planning areas shall apply for a Construction Engineering Planning Permit from the urban and rural planning authority of the city/county people’s government or the town people’s government designated by the people’s government of the province, autonomous region, or municipality directly under the Central Government. If construction proceeds without obtaining a Construction Engineering Planning Permit or fails to comply with its provisions, the urban and rural planning authority at or above the county level shall order a halt to construction. If corrective measures can be taken to mitigate the impact on planning implementation, rectification shall be required within a specified period, along with a fine of 5% to 10% of the construction cost. If corrective measures are ineffective, demolition shall be ordered within a deadline. If demolition is unfeasible, the physical structure or illegal income shall be confiscated, and an additional fine of up to 10% of the construction cost may be imposed.

Construction Work Permit

Pursuant to the *Construction Law of the People’s Republic of China* (《中華人民共和國建築法》), promulgated by the Standing Committee of the National People’s Congress on November 1, 1997 and last amended and implemented on April 23, 2019, prior to commencing construction, the construction entity shall apply for a Construction Work Permit from the competent construction administrative department of the local people’s government at or above the county level in accordance with national regulations, except for small-scale projects below the threshold set by the State Council’s construction administrative department. According to the *Measures for the Administration of Construction Permits for Construction Projects* (《建築工程施工許可管理辦法》), issued and implemented by the Ministry of Housing and Urban-Rural Development of the People’s Republic of China on March 30, 2021, construction projects with an investment amount below RMB300,000 or a floor area below 300 square meters are exempt from applying for a Construction Work Permit.

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Completion Acceptance of Construction Projects

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

Laws and Regulations on Property Leasing

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

Laws and Regulations on Labor

Labor Law and Labor Contract

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

Under the *Labor Contract Law of the People’s Republic of China* (《中華人民共和國勞動合同法》) promulgated on June 29, 2007, last amended on December 28, 2012, and implemented on July 1, 2013 by the Standing Committee of the National People’s Congress, and the *Regulations on the Implementation of the Labor Contract Law of the People’s Republic of China* (《中華人民共和國勞動合同法實施條例》) issued by the State Council on September 18, 2008 and implemented on the same day, enterprises and other employers in China shall apply this Law when establishing labor relationships with workers, as well as in the conclusion, performance, modification, termination, or discharge of labor contracts. When hiring workers, employers shall truthfully inform them of job responsibilities, working conditions, workplace

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location, occupational hazards, work safety conditions, remuneration, and other information requested by the workers. A written labor contract shall be concluded to establish a labor relationship. A labor contract shall include the following terms: name, domicile, and legal representative or principal responsible person of the employer; name, address, and number of ID card or other valid identity document of the worker; term of the labor contract; job description and workplace location; working hours, rest, and leave; labor remuneration; social insurance; labor protection, working conditions, and occupational hazard prevention; and other matters required by laws and regulations to be included in the labor contract.

Dispatched Laborers

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

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

Social Insurance and Housing Provident Fund

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

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

In accordance with the Interpretation II of the Supreme People’s Court on Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》) which was promulgated by the Supreme People’s Court on July 31, 2025, and effective as of September 1, 2025, if an employer and an employee agree or the employee undertakes that social insurance contributions need not to be paid, the People’s Court shall deem such agreement or undertaking invalid. Where an employer fails to pay social insurance contributions in accordance with the law, and the employee seeks to terminate the labor contract and claims economic compensation from the employer in accordance with the Labor Contract Law of the People’s Republic of China (《中華人民共和國勞動合同法》), the People’s Court shall support such claims in accordance with the law. Where an employer subsequently makes up the unpaid social insurance contributions in accordance with the law and requests the employee to return the compensation already paid for social insurance contributions, the People’s Court shall support such claims in accordance with the law.

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

Under the *Regulations on Management of Housing Provident Fund* (《住房公積金管理條例》) issued by the State Council on April 3, 1999, and last amended and implemented on March 24, 2019, foreign-invested enterprises, urban private enterprises, and other entities shall register with the housing provident fund management center for housing provident fund contributions and handle the formalities for establishing housing provident fund accounts for their employees. Employers shall make timely and full contributions to the housing provident fund and shall not make late deposits or underpayments. If an employer fails to register for

REGULATORY OVERVIEW

housing provident fund contributions or fails to handle the formalities for establishing housing provident fund accounts for its employees, the housing provident fund management center shall order it to complete the formalities within a specified period. If the employer fails to comply within the time limit, a fine of RMB10,000 to RMB50,000 shall be imposed. If an employer delays or underpays the housing provident fund, the housing provident fund management center shall order it to make the payment within a specified period. If the employer still fails to pay within the time limit, the center may apply to the People’s Court for compulsory enforcement.

Occupational Diseases

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

Laws and Regulations on Taxes

Corporate Income Tax

Under the *Enterprise Income Tax Law of the People’s Republic of China* (《中華人民共和國企業所得稅法》) promulgated by the Standing Committee of the National People’s Congress on March 16, 2007, and last amended and implemented on December 29, 2018, as well as the *Implementation Regulations of the Enterprise Income Tax Law of the People’s Republic of China* (《中華人民共和國企業所得稅法實施條例》) issued by the State Council on December 6, 2007, amended on December 6, 2024, and implemented on January 20, 2025, enterprises are classified as resident enterprises and non-resident enterprises. A resident enterprise refers to an enterprise established in China under Chinese law or an enterprise established under foreign (regional) law but with its actual management institution located in China. Resident enterprises shall pay enterprise income tax at a rate of 25% on their income derived from both within and outside China. Eligible small and low-profit enterprises shall be subject to corporate income tax at a reduced rate of 20%. High-tech enterprises that are key to national support shall be subject to corporate income tax at a reduced rate of 15%.

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

Value-Added Tax (VAT)

Under the *Provisional Regulations of the People’s Republic of China on Value-Added Tax* (《中華人民共和國增值稅暫行條例》) issued by the State Council on December 13, 1993, and last amended and implemented on November 19, 2017, as well as the *Detailed Rules for the Implementation of the Provisional Regulations on Value-Added Tax of the People’s Republic of China* (《中華人民共和國增值稅暫行條例實施細則》) issued by the Ministry of Finance on December 25, 1993, last amended on October 28, 2011, and implemented from November 1, 2011, entities and individuals engaged in the sale of goods, processing or repair and replacement services, sale of services, intangible assets, real estate, or import of goods within China shall pay VAT. Unless otherwise stipulated, the VAT rate for the sale of goods, services, or leasing of tangible movable property, or import of goods is generally 17%.

According to the *Notice on Adjusting VAT Rates* (《關於調整增值稅稅率的通知》), jointly issued by the Ministry of Finance and the State Taxation Administration on April 4, 2018 and effective from May 1, 2018, for taxable VAT sales or import of goods originally subject to 17% and 11% rates, the rates were adjusted to 16% and 10% respectively starting from May 1, 2018.

Pursuant to the *Announcement on Deepening VAT Reform Policies* (《關於深化增值稅改革有關政策的公告》), jointly issued by the Ministry of Finance, the State Taxation Administration, and the General Administration of Customs of the People’s Republic of China on March 20, 2019, and effective from April 1, 2019, for general VAT taxpayers engaged in taxable VAT sales or import of goods originally subject to a 16% rate, the rate was adjusted to 13%; for those originally subject to a 10% rate, the rate was adjusted to 9%.

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Dividend Distribution

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

Under the *Arrangement Between the Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income* (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) promulgated by the State Taxation Administration on August 21, 2006 and effective from December 8, 2006, and related protocols, if a Hong Kong enterprise directly holds no less than 25% of the equity in a Chinese company, dividends distributed shall be taxed at a rate of 5%; otherwise, the income tax rate shall be 10%.

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》) issued by the State Taxation Administration on October 14, 2019 and effective from January 1, 2020, non-resident taxpayers may enjoy tax treaty benefits under the principle of “self-assessment, declaration for benefits, and retention of relevant data for future reference”. If a non-resident taxpayer self-assesses that it meets the conditions for enjoying treaty benefits, it may enjoy such benefits during tax declaration or through withholding agents during withholding declaration. At the same time, it shall collect and retain relevant data in accordance with regulations for future reference and accept subsequent management by the tax authorities.

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Laws and Regulations on Outbound Investment

Under the *Administrative Measures for Outbound Investment* (《境外投資管理辦法》) issued by the Ministry of Commerce on September 6, 2014 and implemented from October 6, 2014, the Ministry of Commerce and provincial-level competent commercial authorities shall implement filing or approval management for outbound investment by enterprises based on different circumstances. Outbound investments involving sensitive countries/regions or sensitive industries are subject to an approval system. Other outbound investments are subject to a filing system.

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

Laws and Regulations on Foreign Exchange Administration

According to the *Foreign Exchange Administration Regulation of the People's Republic of China* (《中華人民共和國外匯管理條例》) issued by the State Council on January 29, 1996, and last amended and implemented on August 5, 2008, RMB is freely convertible under the current account transactions supported by authentic and legally compliant documentation, such as foreign exchange transactions related to dividend distributions, interest and royalty payments and trade and services. However, free exchange for capital account transactions, including direction investment, loans, securities investments and repatriation of investment, remains subject to the approval or registration requirements with foreign exchange administration authorities.

According to the *Circular on Relevant Issues Concerning Foreign Exchange Administration of Overseas Listing* (《關於境外上市外匯管理有關問題的通知》) promulgated by the SAFE and implemented on December 26, 2014, a domestic company shall, within 15 working days after the completion of overseas listing and offering, register the overseas listing with the local foreign exchange administration at the place where it is registered with relevant material. A domestic company (other than banking financial institutions) shall, by virtue of its registration certificate for overseas listing business, open a “special foreign exchange account for overseas listing of domestic companies” with a domestic bank for its initial offering (or additional offering) and repurchase business to handle the exchange and transfer of funds for the relevant business. The overseas listing for domestic companies may repatriate raised funds to China or retain them offshore, provided that the use of such funds complies with the purpose stipulated in this document and other publicly disclosed documents.

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

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

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

According to the *Circular on Optimizing Administration of Foreign Exchange to Support the Development of Foreign-related Business* (《關於優化外匯管理支持涉外業務發展的通知》) issued by the SAFE on April 10, 2020 and implemented on June 1, 2020, the reform of facilitating the payment of income under the capital accounts shall be promoted nationwide. Under the prerequisite of ensuring authentic and legally compliant use of funds and compliance with the prevailing administrative provisions on use of income from capital projects, enterprises which satisfy the criteria are allowed to use income under capital account, such capital funds, foreign debts and overseas listing, for domestic payment without the need to provide proof materials for veracity to the bank beforehand for each transaction.

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Laws and Regulations on Overseas Listing

Overseas Securities Offering and Listing

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

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

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Confidentiality and Archives Administration

Pursuant to the *Provisions on Strengthening Confidentiality and Archives Administration for Overseas Securities Offering and Listing by Domestic Enterprises* (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) jointly promulgated by the CSRC and three other regulatory authorities on February 24, 2023 and implemented on March 31, 2023, domestic enterprises conducting overseas securities offerings and listings shall establish a sound confidentiality and archive work system, and implement corresponding confidentiality and archives management responsibilities. A domestic enterprise must obtain approval from the competent departments with the authority to examine and approve, in accordance with the laws, and file a record with the administrative department for confidentiality at the same level, when providing or publicly disclosing, or providing or public disclosing through its overseas listed entities, documents and data involving secrets of the State and work secrets of the organizations of the State to relevant securities companies, securities service institutions, overseas regulatory authorities, and other entities and individuals. Domestic enterprises shall strictly perform relevant procedures in compliance with the relevant provisions of the State, when providing or publicly disclosing, or providing or public disclosing through its overseas listed entities, any other documents or data which, if disclosed, may adversely affect national security or public interests, to relevant securities companies, securities service institutions, overseas regulatory authorities, and other entities and individuals. The working papers generated domestically by securities companies and securities service institutions, which provide services in respect of overseas offering and listing for domestic enterprises, shall be stored within the territory. Those that need to transmit working papers outbound shall go through examination and approval formalities in accordance with the relevant provisions of the State.

OVERVIEW OF THE LAWS AND REGULATIONS IN VIETNAM

The regulations in Vietnam that have significant impact on our business are set out below:

Laws on Investment and Enterprises

The Law on Investment (as enacted under Law No. 61/2020/QH14) and its implementing decrees/circulars, sets out the principal legal framework governing foreign investment in Vietnam. It sets forth provisions on investment conditions, procedures, incentivized and conditional sectors, and guarantees of investors’ rights, including property ownership and the right to transfer assets abroad. Foreign investors must comply with the investment conditions as prescribed under this Law. Before establishing an economic organization in Vietnam, they are required to develop an investment project and obtain an Investment Registration Certificate from the competent authority.

Enacted as Law No. 59/2020/QH14, the Law on Enterprises serves as the principal legal foundation for business operations in Vietnam. It sets forth the classification of enterprise types, the procedures for their formation, and key aspects such as asset ownership, capital contribution mechanisms, and profit allocation. The Law further specifies the scope of authority and duties assigned to corporate executives, including their role in formulating internal governance rules and authorizing company transactions and contractual agreements.

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Laws and Regulations relating to the Environment Protection

Environmental protection obligations applicable to production facilities in Vietnam are governed by the Law on Environmental Protection, as enacted under Law No. 72/2020/QH14. Under this legal framework, facilities engaged in environmentally sensitive operations, such as those discharging wastewater or air pollutants, are required to fulfill specific environmental compliance duties.

These duties include conducting environmental impact assessments and securing environmental permits for operations deemed to pose potential risks. Facilities involved in activities like wastewater discharge or emissions must also adhere to applicable standards for treatment, monitoring, inspection, and environmental reporting throughout their operational lifecycle.

Laws on Construction, Fire and Rescue

The regulatory framework governing investors’ responsibilities in construction, renovation, and repair activities in Vietnam is established under the Law on Construction, enacted as Law No. 50/2014/QH13 and its amended documents. This Law outlines key obligations such as design appraisal, application for construction permits, inspection and acceptance procedures, and the formal completion of works for operational use.

For facilities subject to fire safety oversight, particularly industrial and manufacturing facilities, compliance is mandated under the Law on Fire Prevention, Fighting, and Rescue No. 55/2024/QH15. This legislation requires: (1) appraisal and approval of fire prevention and fighting system designs, and (2) inspection and acceptance of fire safety infrastructure prior to commissioning and operational launch.

Labor Laws

Labor-related issues in Vietnam are governed by a set of core legislative instruments:

- The Labor Code, as enacted under Law No. 45/2019/QH14, sets out the foundational legal framework for regulating the relationship between employers and employees. It sets out mandatory provisions on wages, working hours, rest periods, occupational safety and hygiene, and social insurance obligations. The Code also establishes mechanisms for resolving labor disputes and applies to both domestic and foreign workers operating in Vietnam.
- Complementing the Labor Code are several specialized laws that define employer responsibilities in detail. These include the Law on Social Insurance (Law No. 41/2024/QH15), the Law on Health Insurance (Law No. 25/2008/QH12, as amended by Law No. 51/2024/QH15), and the Law on Occupational Safety and Hygiene (Law No. 84/2015/QH13). These laws govern obligations related to insurance

REGULATORY OVERVIEW

contributions, workplace safety standards, environmental hygiene, and employee welfare. Collectively, these regulations form a comprehensive legal framework aimed at safeguarding workers’ rights and ensuring compliance across all sectors of employment in Vietnam.

Laws and Regulations relating to Commercial Activities

Property ownership rights, the rights and obligations of traders in commercial activities, and other essential business transactions, such as sale, lease, loan, and borrowing, are primarily governed by the Civil Code 2015 (Law No. 91/2015/QH13). The Civil Code 2015 sets out the foundational legal framework for civil relations, including personal and property rights, contract formation, and dispute resolution. In addition, specialized laws such as the Commercial Law (Law No. 36/2005/QH11) and the Law on Foreign Trade Management (Law No. 05/2017/QH14) regulate specific aspects of commercial conduct, including trade practices, trader obligations, and international goods transactions.

Laws on Taxes

In Vietnam, corporate tax policies, applicable tax rates, and tax incentives for businesses are governed by several key legislative instruments:

- *Law on Corporate Income Tax (Law No. 14/2008/QH12, amended by Laws No. 32/2013/QH13, No. 71/2014/QH13, and No. 61/2020/QH14)*: This law regulates taxable income, applicable tax rates, exemptions and reductions, and the mechanism for carrying forward business losses.
- *Law on Value-Added Tax (Law No. 48/2024/QH15)*: Goods and services used for production, business, and consumption in Vietnam are subject to Value-Added Tax (VAT), except for specific categories exempted under the Law. The law also outlines VAT calculation methods, credit and refund mechanisms, and obligations for domestic and foreign suppliers.
- *Law on Export and Import Duties (Law No. 107/2016/QH13)*: This law governs tax obligations related to the export and import of goods, including the basis for tax calculation, payment deadlines, and conditions for exemption, reduction, and refund of duties.

For export processing enterprises, eligibility for incentives on export duties requires confirmation from the customs authority regarding compliance with inspection and supervision requirements.

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Laws and Regulations on Bank and Finance

The State Bank of Vietnam (SBV) has issued Circular No. 06/2019/TT-NHNN governing the opening and management of foreign investment capital accounts for foreign investors, which are used to record revenue and expenditure transactions related to foreign direct and indirect investment activities in Vietnam. Obligations related to the registration of foreign loans and the conversion of mid-term loans with the SBV are set out in Circular No. 12/2022/TT-NHNN.

LAWS AND REGULATIONS RELATED TO BUSINESS IN INDIA

The regulations in India that have significant impact on our business are set out below:

Laws and Regulations relating to Corporate Governance and Foreign Exchange Transactions

The Companies Act, 2013

The Companies Act, 2013 came into force on September 12, 2013. This statute governs the incorporation, regulation, management, governance and dissolution of companies. It aims to promote corporate governance, protect the interests of shareholders and other stakeholders, ensure transparency and accountability, facilitate ease of doing business, and regulate financial and managerial aspects of companies.

Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI)

Secretarial Standards are approved by the Central Government under Section 118(10) of the Companies Act, 2013, are professional guidelines that enhance the quality and transparency in corporate governance practices, specifically regarding company meetings. These Standards aim to ensure uniformity, accountability, and legal compliance in the conduct of Board meetings and General meetings across companies incorporated under the Companies Act, 2013. They serve to assist companies in adhering strictly to the procedural and disclosure requirements mandated by law, thereby promoting efficient decision-making and safeguarding the interests of members and stakeholders. A revised version of the Secretarial Standards took effect on April 1, 2024.

The Foreign Exchange Management Act

The Foreign Exchange Management Act, 1999 (“**FEMA**”), is a comprehensive legislation which governs foreign exchange transactions. FEMA came into force on June 1, 2000, replacing the restrictive Foreign Exchange Regulation Act of 1973. FEMA aims to facilitate external trade and international payments, making it easier for Indian businesses and individuals to engage in global commerce. It seeks to promote a stable and well-organized foreign exchange market that supports India’s economic growth and integration with the global economy. Additionally, FEMA provides clear regulatory procedures for foreign exchange transactions, ensuring transparency and ease of compliance for all stakeholders.

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Laws and Regulations relating to Labor and Employment

The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act

The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (“**POSH Act**”), came into force on December 9, 2013. The primary aim of POSH Act is to prevent incidents of sexual harassment by creating awareness among employees, employers, and organizations about what constitutes sexual harassment and implementing preventive measures. POSH Act seeks to establish a zero-tolerance policy towards sexual harassment while promoting gender equality and ensuring women’s fundamental right to work with dignity.

The Payment of Gratuity Act

The Payment of Gratuity Act, 1972 (“**Gratuity Act**”) which came into force on September 16, 1972, is a social-welfare legislation to ensure that employees receive a lump-sum benefit in recognition of their long and meritorious service at the time of retirement, resignation, death or disablement. Gratuity Act aims to provide financial security and social protection to employees in factories, mines, oilfields, plantations, ports, railway companies, shops and other establishments employing ten or more persons. By mandating a uniform scheme nationwide, Gratuity Act prevents disparity in gratuity payments across industries and regions and fosters employees’ confidence in the stability of their post-service income.

The Maternity Benefit Act

The Maternity Benefit Act, 1961 (“**Maternity Benefit Act**”) came into force on November 1, 1963. It is a comprehensive social security legislation to regulate the employment of women in certain establishments during periods before and after childbirth while providing maternity and other related benefits. Maternity Benefit Act ensures benefit or fully paid leave from employment for women to take care of their child, and its purpose is to regulate employment in certain establishments of women workers for certain period before and after childbirth. Maternity Benefit Act is applicable to every shop and establishment in which 10 (ten) or more persons are employed.

The Equal Remuneration Act

The Equal Remuneration Act, 1976 came into force on March 8, 1976, to eliminate gender-based wage discrimination and to ensure that men and women receive equal pay for the same work or work of a similar nature. Its principal aim is to give effect to the constitutional guarantee of equality of opportunity and non-discrimination in matters of employment and remuneration, thereby promoting gender justice and workplace fairness.

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The Minimum Wages Act

The Minimum Wages Act, 1948 (“**Minimum Wages Act**”), which came into force on March 15, 1948, is a foundational labor statute enacted to protect workers from exploitation by ensuring they receive a basic standard of pay that meets their subsistence needs. Its primary objective is to guarantee that every worker is paid at least the statutory minimum wage for their employment, thereby preventing unduly low wages and fostering social justice. Minimum Wages Act empowers both the Central and State Governments to fix, review, and revise minimum rates of wages for scheduled employments and groups of workers, taking into account the cost of living, the need for social security, and regional economic conditions.

The Delhi Shops and Establishments Act

The Delhi Shops and Establishments Act, 1954 (“**Delhi S&E Act**”), which came into force on February 1, 1955, regulates the conditions of work and employment in commercial establishments within the National Capital Territory of Delhi. Its primary aim is to ensure fair and humane working conditions, prevent exploitation, and safeguard the health, safety, and welfare of employees engaged in shops, offices, residential hotels, restaurants, theatres, and other establishments. By mandating standardized norms for hours of work, rest intervals, leave entitlements, and record-keeping, Delhi S&E Act promotes orderly regulation of trade and commerce while protecting workers’ rights.

Uttar Pradesh Dookan Aur Vanijya Adhishthan Adhiniyam

Uttar Pradesh Dookan Aur Vanijya Adhishthan Adhiniyam, 1962 (“**UP S&E Act**”), which came into force on December 26, 1962, governs the regulation of commercial and service establishments across Uttar Pradesh, with the principal aim of securing humane working conditions and protecting the rights of employees. It applies to all shops, restaurants, hotels, cinemas, theatres, residential hotels, dispensaries, workshops, and other establishments where business is carried on by retail or services — in Uttar Pradesh.

The Industrial Disputes Act

The Industrial Disputes Act, 1947 (“**ID Act**”) came into force on April 1, 1947. ID Act was enacted to secure industrial peace by providing a legal framework for the investigation and settlement of disputes between employers and employees in industrial establishments, including companies. Its primary objective is to promote harmonious employer-employee relations, prevent work stoppages, and ensure uninterrupted production while safeguarding workers’ rights. It provides for various mechanisms like conciliation, arbitration, and adjudication, while also addressing issues like layoffs, retrenchment, and unfair labor practices.

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Laws and Regulations relating to Taxation

The Income Tax Act

The Income Tax Act, 1961 (“**Tax Act**”) came into force on April 1, 1964. Tax Act is India’s principal statute governing the levy, administration, and collection of direct taxes from any assessee, which includes a company. Tax Act aims to raise revenue for public expenditure while promoting equity and economic growth through progressive taxation, exemptions, deductions, and incentives. Tax Act seeks to balance the government’s fiscal needs with taxpayers’ ability to pay, enshrining the principles of fairness, neutrality, and transparency.

The Goods and Services Tax Act

The Goods and Services Tax Act, 2017 (“**GST Act**”) came into force on July 1, 2017. It is a comprehensive, destination-based consumption tax that replaced India’s cascading indirect tax regime by subsuming multiple central and state levies into a single unified levy. Its aims to create a common national market by eliminating tax-on-tax, simplifying compliance, and enhancing transparency in the movement of goods and services across states. By integrating central excise duty, service tax, value-added tax, and several other levies, GST Act fosters ease of doing business and reduces transaction costs. Its main goal is to establish a single, efficient tax system that lowers tax rates, simplifies business processes, and fosters economic growth.

Laws and Regulations relating to Information Technology and Data Protection

The Information Technology Act

The Information Technology Act, 2000 (“**IT Act**”), which came into force on October 17, 2000, provides a legal framework for various aspects of digital transactions, data privacy and protection, cybersecurity, and cybercrime in India. It outlines penalties for cyber offenses and establishes mechanisms for addressing them.

The Sensitive Personal Data or Information (SPDI) Rules

The Sensitive Personal Data or Information (SPDI) Rules, 2011, framed under the Information Technology Act, 2000, came into force on April 11, 2011, and established a critical framework for the protection and management of sensitive personal data in India. The primary aim of the SPDI Rules is to safeguard individuals’ sensitive personal information by mandating reasonable security practices and procedures for organizations that collect, store, process, or transfer such data. SPDI Rules seek to prevent unauthorized access, disclosure, or misuse of sensitive personal data or information, thereby protecting privacy rights and promoting trust in electronic transactions.

REGULATORY OVERVIEW

Laws and Regulations relating to Product Liability

The Consumer Protection Act

The Consumer Protection Act, 2019 (“**CP Act**”), which came into force on July 20, 2020, was designed to safeguard consumer interests and provide a mechanism for the timely resolution of consumer disputes. It replaces the former Consumer Protection Act, 1986 and aims to address the evolving landscape of consumer markets, including e-commerce and online transactions. CP Act introduces the concept of product liability, holding manufacturers, sellers, and service providers accountable for defective products and services.

SANCTIONS LAWS AND REGULATIONS

United States

The Office of Foreign Assets Control (“**OFAC**”) is the primary agency responsible for administering U.S. sanctions programmes 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 U.S. 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/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’s comprehensive sanctions programmes currently apply to Cuba, Iran, North Korea, the Crimea region of Russia/Ukraine, and the self-proclaimed Luhansk People’s Republic (LPR) and Donetsk People’s Republic (DPR) regions (the comprehensive OFAC sanctions programme against Sudan was terminated on October 12, 2017). OFAC also prohibits virtually all business dealings with persons and entities identified in the SDN List. Entities 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) are also blocked, regardless of whether that entity is expressly named on the SDN List. Additionally, 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.

REGULATORY OVERVIEW

United Nations

The United Nations Security Council (the “UNSC”) can take action to maintain or restore international peace and security under Chapter VII of the United Nations Charter. Sanctions measures encompass a broad range of enforcement options that do not involve the use of armed force. Since 1966, the UNSC has established 30 sanctions regimes.

The UNSC sanctions have taken a number of different forms, in pursuit of a variety of goals. The measures have ranged from comprehensive economic and trade sanctions to more targeted measures such as arms embargoes, travel bans, and financial or commodity restrictions. The UNSC has applied sanctions to support peaceful transitions, deter non-constitutional changes, constrain terrorism, protect human rights and promote non-proliferation.

There are 14 ongoing sanctions regimes which focus on supporting political settlement of conflicts, nuclear non-proliferation, and counter-terrorism. Each regime is administered by a sanctions committee chaired by a non-permanent member of the UNSC. There are ten monitoring groups, teams and panels that support the work of the sanctions committees. United Nations sanctions are imposed by the UNSC, usually acting under Chapter VII of the United Nations Charter. Decisions of the UNSC bind members of the United Nations and override other obligations of United Nations member states.

European Union

Under European Union sanction measures, there is no “blanket” ban on doing business in or with a jurisdiction targeted by sanctions measures. It is not generally prohibited or otherwise restricted for a person or entity to do business (involving non-controlled or unrestricted items) with a counterparty in a country subject to European Union sanctions where that counterparty is not a Sanctioned Person and not engaged in prohibited activities, such as exporting, selling, transferring or making certain controlled or restricted products available (either directly or indirectly) to, or for use in a jurisdiction subject to sanctions measures, provided that no funds and economic resources are made available to the Sanctioned Persons.

United Kingdom and United Kingdom overseas territories

As of January 1, 2021, the United Kingdom is no longer an EU member state. EU law including EU sanctions measures continued to apply to and in the United Kingdom until December 31, 2020. EU sanctions measures had also been extended by the United Kingdom on a regime-by-regime basis to apply in the United Kingdom overseas territories, including the Cayman Islands. Starting from January 1, 2021, the United Kingdom applies its own sanctions programs and has extended its autonomous sanctions regimes to apply to and in the United Kingdom overseas territories.

REGULATORY OVERVIEW

Australia

The Australian restrictions and prohibitions arising from the sanctions laws apply broadly to any person in Australia, any Australian anywhere in the world, companies incorporated overseas that are owned or controlled by Australians or persons in Australia, and/or any person using an Australian flag vessel or aircraft to transport goods or transact services subject to United Nations sanctions.

U.S. EXPORT CONTROLS

The United States has implemented and has proposed additional restrictions, some of which may impact Chinese companies, including us. BIS has, since October 2022, amended the EAR to limit the PRC from accessing U.S. technology in advanced computing, semiconductors and related items used in the manufacturing of semiconductors. For instance, in October 2022, BIS issued an interim final rule (the “**BIS October 2022 IFR**”) requiring license for exports, re-exports, or transfers of any item subject to the EAR when there is “knowledge” that the item is destined for end use in the development or production of ICs at a fab in China that fabricates ICs meeting certain criteria. On December 2, 2024, BIS issued an interim final rule (the “**BIS December 2024 IFR**”) and a final rule (the “**BIS December 2024 FR**”), which expanded controls in the EAR on advanced computing and semiconductor manufacturing items. The United States has increased export controls restrictions on China through the Export Administration Regulations (the “**EAR**”), administered by the Bureau of Industry and Security of the U.S. Department of Commerce (the “**BIS**”), which includes a list of foreign persons on which certain trade restrictions are imposed, including businesses, research institutions, government and private organizations, individuals and other types of legal persons (the “**Entity List**”). Products produced outside of the United States (i.e., foreign produced items in U.S. export controls context) that contain a *de minimis* threshold (usually varies from 10% to 25%) of controlled U. S.-origin items, or otherwise subject to the foreign direct product rules because of the end-user or end-use, would be subject to the EAR export restrictions because of the U. S.-origin incorporated in or otherwise used in the development of such products. Where a foreign person is included on the Entity List, the export, re-export and/or transfer (in-country) of items which are subject to the EAR including the type of aforementioned foreign produced items generally is prohibited unless the specified license requirements are met.

In addition, EAR also maintains a list of items, software, and technology that are subject to export controls (the “**Commerce Control List**”). The Commerce Control List is primarily based on multilateral export control lists, such as the Wassenaar Arrangement’s List of Dual-Use Goods and Technologies and Munitions List, BIS can also implement unilateral licensing requirements and other controls on items subject to U.S. export controls jurisdiction that can restrict exports and reexports to certain countries, as well as transfers within a country to a different end-user or end-use. The Commerce Control List is divided into ten categories, represented by the first digit of the Export Control Classification Number (“**ECCN**”). An item subject to the EAR is classified with an ECCN. The type(s) of designated export controls measures applied on such item are set out in the Commerce Control List under each ECCN entries or products are classified as EAR99. During the Track Record Period, certain

REGULATORY OVERVIEW

components we procured (“**Procured Items**”) are subject to the EAR. These Procured Items are classified under the ECCNs as 3A991, 4A994, 5A991, 5A992.c, or EAR99. These Procured Items, other than those classified as EAR99, are controlled for anti-terrorism reasons, and are only subject to a license requirement (i.e. export restrictions) for export, re-exports or transfers (in-country) to entities designated on the BIS’ Entity List, Denied Persons List or Unverified List (the “**BIS Lists Entities**”) and Crimea region, Cuba, Iran, Luhansk People’s Republic and Donetsk People’s Republic regions, North Korea and Syria, as well as Russia and Belarus (collectively, the “**AT Sanctioned Countries**”), or restricted under the U.S. Chip Export Restrictions if intended for use in Chinese Mainland, Hong Kong SAR, or Macau SAR for certain prohibited end-uses set forth in section 744.23 of the EAR. Those classified as EAR99 are generally low-technology consumer goods that do not require a license in most situations. Our procurements of these Procured Items subject to the EAR are not subject to licensing requirement; and our sales to certain regions or entities subject to International Sanctions did not represent a violation to the applicable export restrictions. See “Business — Compliance with International Sanctions Laws and Regulations” for details of our procurements and sales of items subject to the EAR.

U.S. TARIFFS

On May 14, 2024, the Office of the United State Trade Representative announced a plan to raise the tariff rate applicable to U.S. imports of electric vehicles from China from 25% to 100%. On September 13, 2024, the United States Trade Representative announced the final Section 301 tariff increases on imports from China, which imposed a tariff rate of 100% effective from September 27, 2024. China responded with increased tariffs. Since February 2025, both countries raised reciprocal tariffs on each other’s imported goods to 125%. However, on May 12, 2025, both the U.S. and China modified these tariff measures: the U.S. removed the 125% tariff and temporarily reduced tariffs on Chinese goods to 10% by suspending a 24% duty for 90 days. The PRC government announced the same tariff adjustments, removing the 125% retaliatory tariff and cutting tariffs on U.S. goods from 34% to 10% for the same period. On August 12, 2025, both the U.S. and China announced to extend these tariff measures for another 90 days. On November 1, 2025, the U.S. government announced that the 10% reciprocal tariff will be maintained until November 10, 2026.

During the Track Record Period, our exports to the U.S. represented approximately 0.9% of our total revenue for the same period. Given that (i) the sales revenue from our U.S. exports is negligible, (ii) our main exported products, such as smartphones and tablets, fall under the categories exempt from reciprocal tariffs imposed by the U.S. mentioned above, and (iii) our customers, who import the end products incorporating our products in the U.S., are responsible for the tariffs pursuant to the relevant clause in the sales agreement, any rise in U.S. tariffs are unlikely to have a material impact on our business operations.

HISTORY AND CORPORATE STRUCTURE

OVERVIEW

Our Company was established in 2004, when our Founder, Mr. Du, perceptively identified the opportunities and potential in the consumer electronics industry. Over the past decades, we have evolved into a leading global provider of smart devices and services, offering solutions — including product research, design, manufacturing, and support — for renowned smart device brands and leading technology companies worldwide. The ongoing and expanding success of our Group was predominantly driven by the dedication and efforts of our management team, led by Mr. Du, the chairman of our Board and our executive Director, and Mr. Ge, our executive Director and general manager. For details of the background and industry experience of Mr. Du, see “Directors and Senior Management — Board of Directors — Executive Directors.”

In March 2024, the A Shares of our Company were listed on the Shanghai Stock Exchange (stock code: 603341). See “— Corporate Development and Major Shareholding Changes — Conversion into a Joint Stock Limited Company and Listing on the Shanghai Stock Exchange” for more details.

KEY CORPORATE AND BUSINESS DEVELOPMENT MILESTONES

The following table sets forth our key corporate and business development milestones:

Year	Milestones
2004	Our Group was established in Shanghai, the PRC.
2005	Longcheer Holdings Limited, a then offshore investment holding entity which indirectly held 100% equity interest in our Company, was listed on the Singapore Stock Exchange in May.
2011	Our Huizhou manufacturing base commenced production, marking us as one of the pioneering companies in the industry to develop ODM business.
2017	Our AIoT devices entered mass production.
2020	Our Nanchang manufacturing base, another major production base, commenced production and achieved an annual shipment volume exceeding 100 million units.
2023	We established a strategically distributed manufacturing network across Huizhou, Nanchang, Vietnam and India to support our large-scale, manufacturing operations in Asia and enhance delivery efficiency for both domestic and international customers.

HISTORY AND CORPORATE STRUCTURE

Year	Milestones
2024	Our Company was listed on the Shanghai Stock Exchange in March (stock code: 603341). We became the second largest global consumer electronics ODM company by consumer electronics ODM shipments, and the world’s largest smartphone ODM company by smartphone ODM shipments, according to Frost & Sullivan.
2025	We established our Xi’an and Suzhou R&D centers.

OUR MAJOR SUBSIDIARIES

Set out below are the major subsidiaries that made material contributions to our results of operations during the Track Record Period.

Subsidiary ⁽¹⁾	Principal business activities	Date of establishment	Jurisdiction
Huizhou Longcheer	Manufacture and procurement of raw materials	November 26, 2009	PRC
Nanchang Longcheer	Manufacture and procurement of raw materials	July 17, 2017	PRC
Miaobo Software	R&D and sales of software	January 16, 2014	PRC
Shanghai Longcheer Smart Technology	R&D and design of technology and sales in the domestic market	October 19, 2021	PRC
HK Longcheer	Overseas procurement of raw materials and sales	April 21, 2004	Hong Kong
Vietnam Longcheer ⁽¹⁾	Assembly, processing, manufacture, export, and wholesale of electronic components	May 20, 2020	Vietnam

Note:

- (1) Our Company held 100% equity interests in the above major subsidiaries throughout the Track Record Period, except for Vietnam Longcheer, which was held as to 49% and 51% by our Group and Meiko Elec. Hong Kong Co., Ltd. (“**Meiko**”) upon its establishment, and subsequently became an 80% owned subsidiary of our Group in May 2023 as a result of the acquisition by our Group of the 31% equity interest from Meiko. Upon completion of the acquisition and up to the Latest Practicable Date, Meiko held the remaining 20% equity interest in Vietnam Longcheer.

HISTORY AND CORPORATE STRUCTURE

CORPORATE DEVELOPMENT AND MAJOR SHAREHOLDING CHANGES

Establishment and Early Development

The history of our Company can be traced back to the first few years of the 21st century, when our Founder, Mr. Du, perceptively identified the opportunities and potential in the consumer electronics industry. On October 27, 2004, our Company was established as a wholly foreign owned enterprise in the PRC and an indirect subsidiary of Longcheer Holdings Limited (currently known as LCT Holdings Limited, the “**LCT Holdings**”, together with its then subsidiaries, the “**LCT Group**”), a company founded by Mr. Du in Bermuda in August 2004 as an offshore investment holding entity. Upon establishment, our Company was a PRC operating entity of the LCT Group to operate the group’s mobile business.

Previous Listing on the Singapore Stock Exchange and Subsequent Restructuring

On May 13, 2005, LCT Holdings was listed on the Singapore Stock Exchange under the stock symbol of BJL. LCT Holdings was primarily engaged in providing customers with complete knock-down (CKD) and semi knock-down (SKD) design solutions at the time of its Singapore listing.

Given our strategic pivot to consumer electronics ODM services since 2010, a sector where domestic players already held significant market presence, we believed that returning to the domestic capital market would better facilitate our growth and brand development. In anticipating of this strategic move, LCT Group underwent a series of restructurings between June 2014 and March 2015 including corporate structure reorganization and business and assets restructuring, to inject all consumer electronics ODM business previously held and operated by LCT Group into our Group, and the then management of LCT Group (including Mr. Du, our founder, chairman of our Board and our executive Director, and Mr. GUAN Yadong, our executive Director and deputy general manager) conducted a buyout of our Group. Upon completion of the aforesaid, our Company was converted from a foreign invested enterprise to a domestic company and became the holding company of our Group. Our Group has since been focusing on the consumer electronics ODM business and separated from the LCT Group, and the remaining LCT Group has since been engaging in investment holding and real estate management and was taken private and subsequently delisted from the Singapore Stock Exchange in December 2020 following the completion of a conditional cash tender offer initiated by its then shareholder, an entity controlled by Mr. Du.

For details of the listing on and delisting from the Singapore Stock Exchange, see “— Previous Listing on the Singapore Stock Exchange and A-Share Listing Attempt.”

HISTORY AND CORPORATE STRUCTURE

Conversion into a Joint Stock Limited Company and Listing on the Shanghai Stock Exchange

In May 2015, our Company accomplished all procedures required to convert from a limited liability company to a joint stock limited company.

On March 1, 2024, our Company completed the A-Share Listing and our A Shares commenced trading on the Shanghai Stock Exchange (stock code: 603341). In the A-Share Listing, we issued an aggregate of 60,000,000 A Shares, accounting for approximately 12.90% of our Company’s total issued Shares immediately following the A-Share Listing, for total gross proceeds of RMB1.56 billion. For details, see “— Listing on the Shanghai Stock Exchange and Reasons for the Listing on the Stock Exchange.”

Except for the outstanding share incentives under Restricted Share Scheme, the dilution effect of which is detailed in “Appendix VI — Statutory and General Information — C. Employee Incentive Schemes — 1. Restricted Share Scheme” to this document, there were no other outstanding options, warrants, or convertible securities that could potentially affect the shareholding structure of our Company as of the Latest Practicable Date.

MAJOR ACQUISITION, DISPOSALS AND MERGERS

Our Company did not carry out any major acquisitions, disposals or mergers during the Track Record Period and up to the Latest Practicable Date.

PREVIOUS LISTING ON THE SINGAPORE STOCK EXCHANGE AND A-SHARE LISTING ATTEMPT

Previous Listing on the Singapore Stock Exchange

Listing on and Delisting from the Singapore Stock Exchange

On May 13, 2005, LCT Holdings, the then offshore investment holding company of our Company, was listed on the Singapore Stock Exchange under the stock symbol of BJL.

Having considered our then development strategy and our desire to focus on providing consumer electronics ODM services, a sector where domestic players already held significant market presence, listing on the Singapore Stock Exchange no longer aligned with our strategic roadmap and financing needs. As the competitive landscape evolved, we recognized the need to restructure our equity structure, aligning with our geographic focus and operational footprint. As such, our Group conducted a series of restructurings to separate from LCT Group, upon completion of which our Company became the holding company of our Group in March 2015 and has since been focusing on the consumer electronics ODM business.

HISTORY AND CORPORATE STRUCTURE

LCT Group continued its operations in investment holding and real estate management since our separation, and was subsequently delisted from the Singapore Stock Exchange on December 21, 2020 by way of a conditional general offer initiated by an entity wholly owned by Mr. Du.

Compliance During Listing on the Singapore Stock Exchange

Our Directors confirm that, to the best of their knowledge and belief:

- (a) during the period when our Group (as a part of the LCT Group) was listed on the Singapore Stock Exchange (i) the LCT Group was in compliance in all material respects with all applicable rules and regulations of the Singapore Stock Exchange and applicable laws in Singapore; and (ii) the LCT Group was not subject to any administrative penalty by the Singapore Stock Exchange and/or any relevant law enforcement authority or regulator related to securities supervision; and
- (b) there are no further matters in relation to the prior listing of our Group (as a part of the LCT Group) on the Singapore Stock Exchange and the subsequent delisting that needs to be brought to the attention of the Stock Exchange, our Shareholders or the potential investors.

Based on the independent due diligence conducted by the Joint Sponsors, nothing has come to the Joint Sponsors’ attention that would reasonably cause the Joint Sponsors to disagree with the Directors’ confirmation above.

Previous A-Share Listing Attempt

On December 11, 2015, our Company submitted an application for listing on the ChiNext of the Shenzhen Stock Exchange (the “**Proposed A-Share Listing**”) to the CSRC. Guotai Haitong Securities Co., Ltd (formerly known as Haitong Securities Co., Ltd) was engaged as the sponsor for the Proposed A-Share Listing. At the time of the Proposed A-Share Listing, our Group was operated in the current line of business, offering solutions (including product research, design, manufacturing, and support) for smart device brands and technology companies. Our market focus at that time, however, was predominantly domestic/regional, whereas our Group has since expanded our geographic footprint to target a global customer base. On May 25, 2018, our Company was informed that the Proposed A-Share Listing application did not pass the review by the Issuance Examination Committee of CSRC primarily due to A-share regulator’s concern over the profitability of our business model, certain seasonal fluctuation features in revenue recording, and customer concentration.

HISTORY AND CORPORATE STRUCTURE

Our Directors believe that the non-passing of the then review of the Proposed A-Share Listing in 2018 does not have a material impact on our current operation and our [REDACTED] on the Stock Exchange, considering that, (i) although our Group was already operating in the current line of business at the time of the Proposed A-Share Listing, our business and operations has since been strengthened by remarkable progress achieved in several key areas, including accelerated product technology iteration, an expanded geographic reach of client base, and a strategic focus on premium customers, all of which have resulted in substantially improved profitability; (ii) our Group has established procedures, systems and controls that are adequate and effective having regard to our obligations to comply with the Listing Rules and other applicable legal and regulatory requirements; (iii) our Company was successfully listed on the Shanghai Stock Exchange on March 1, 2024; and (iv) since the Proposed A-Share Listing, we have optimized our business and demonstrated strong and sustainable operating capabilities.

Our Directors confirm that, to the best of their knowledge, our Directors are not aware of (i) any matters relating to the Proposed A-Share Listing that are relevant to the [REDACTED] on the Stock Exchange and should be reasonably highlighted in the document for potential [REDACTED] to form an informed assessment of our Company; (ii) any enquiries from the CSRC regarding the Proposed A-Share Listing that would affect the Company’s suitability for the [REDACTED] on the Stock Exchange; (iii) any matters relating to the Proposed A-Share Listing that may have implications on our Company’s suitability for the [REDACTED] on the Stock Exchange or on the truthfulness, accuracy and completeness of information disclosed in the Document; (iv) any disagreement or dispute between us and the professional parties involved in the Proposed A-Share Listing; or (v) any matters that need to be brought to the attention of the Stock Exchange and potential [REDACTED] in relation to the Proposed A-Share Listing.

Based on the independent due diligence conducted by the Joint Sponsors, nothing material has been brought to the Joint Sponsors’ attention to cast doubt on the Directors’ confirmation above.

LISTING ON THE SHANGHAI STOCK EXCHANGE AND REASONS FOR THE [REDACTED] ON THE STOCK EXCHANGE

On March 1, 2024, our Company completed the A-Share Listing and our A Shares commenced trading on the Shanghai Stock Exchange (stock code: 603341). Our Directors confirm that, since our listing on the Shanghai Stock Exchange and up to the Latest Practicable Date, we had no instances of material non-compliance with the rules of the Shanghai Stock Exchange and other applicable securities laws and regulations of the PRC in any material respects, and, to the best knowledge of our Directors having made all reasonable enquiries, there was no material matter that should be brought to the [REDACTED] attention in relation to our compliance record on the Shanghai Stock Exchange. Our PRC Legal Advisors are of the view that the confirmation of our Directors above with regard to our compliance records is accurate and reasonable. Based on the independent due diligence conducted by the Joint Sponsors, nothing has come to the Joint Sponsors’ attention that would cause them to disagree with the Directors’ confirmation with regard to the compliance records of the Company on the Shanghai Stock Exchange.

HISTORY AND CORPORATE STRUCTURE

Our Company seeks to [REDACTED] on the Hong Kong Stock Exchange to further enhance our capital strength and overall competitiveness, improve our international image and profile, meet the needs of the development of our overseas business and advance our globalization strategy. For details, see “Business — Our Strategies” and “Future Plans and Use of [REDACTED].”

CONCERT PARTY ARRANGEMENT

On November 1, 2021, Mr. Du and Mr. Ge entered into an acting-in-concert agreement, pursuant to which, (i) when exercising direct voting rights in our Company, and/or exercising indirect shareholder’s rights in our Company through the shareholding platforms controlled by them, namely Kunshan Longcheer (through Shanghai Xinhe), Chengmai Qihe and Kunshan Qiyun, Mr. Ge (and the persons under his direction) shall always consistently align with Mr. Du in expressing intentions and taking actions; (ii) in the event that the consensus could not be reached during discussion or at the time of exercising shareholder rights, Mr. Du’s view shall prevail and Mr. Ge (including the persons under his control) shall exercise voting rights or proposal rights in line with Mr. Du’s views (the “**Concert Party Arrangement**”). The Concert Party Arrangement will continue to be in effect for sixty months commencing from the date of the A-Share Listing.

In light of the above, Mr. Du and Mr. Ge together with the entities respectively controlled by them that directly or indirectly hold our Shares, will be a group of Controlling Shareholders upon the [REDACTED]. For details, see “Relationship with Our Controlling Shareholders — Overview.”

[REDACTED]

Pursuant to Rule 8.08(1) (as amended and replaced by Rule 19A.13A of the Listing Rules) of the Listing Rules, where a new applicant is a PRC issuer with other listed shares at the time of [REDACTED], this will normally mean that the portion of H shares for which [REDACTED] is sought that are held by the public, at the time of [REDACTED], must (a) represent at least 10% of the issuer’s total number of issued shares in the class to which H shares belong (excluding treasury shares); or (b) have an expected market value of not less than HK\$3.0 billion.

Our A Shares are listed on the Shanghai Stock Exchange. Assuming that (i) [REDACTED] H Shares are [REDACTED] and [REDACTED] in the [REDACTED] and none of which will be [REDACTED] to any core connected person of our Company, (ii) the [REDACTED] is not exercised, and (iii) [470,331,544] A Shares are in issue and outstanding upon completion of the [REDACTED], [REDACTED] H Shares, representing [REDACTED]% of our total issued and outstanding Shares (excluding any treasury Shares), will be counted towards the [REDACTED]. Based on the above, it is expected that our Company will satisfy the [REDACTED]. With respect to the [REDACTED] of HK\$[REDACTED], HK\$[REDACTED] and HK\$[REDACTED] per [REDACTED] (being the low end, mid-point and the high-end, respectively), the expected [REDACTED] of our H Shares held by the [REDACTED] would be HK\$[REDACTED], HK\$[REDACTED] and HK\$[REDACTED], respectively.

HISTORY AND CORPORATE STRUCTURE

[REDACTED]

Pursuant to Rule 8.08A (as amended and replaced by Rule 19A.13C) of the Listing Rules, where a new applicant is a PRC issuer with other listed shares at the time of listing, this will normally mean that the portion of H shares for which 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 5% 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\$50.0 million; or (b) have an expected market value at the time of listing of not less than HK\$600.0 million.

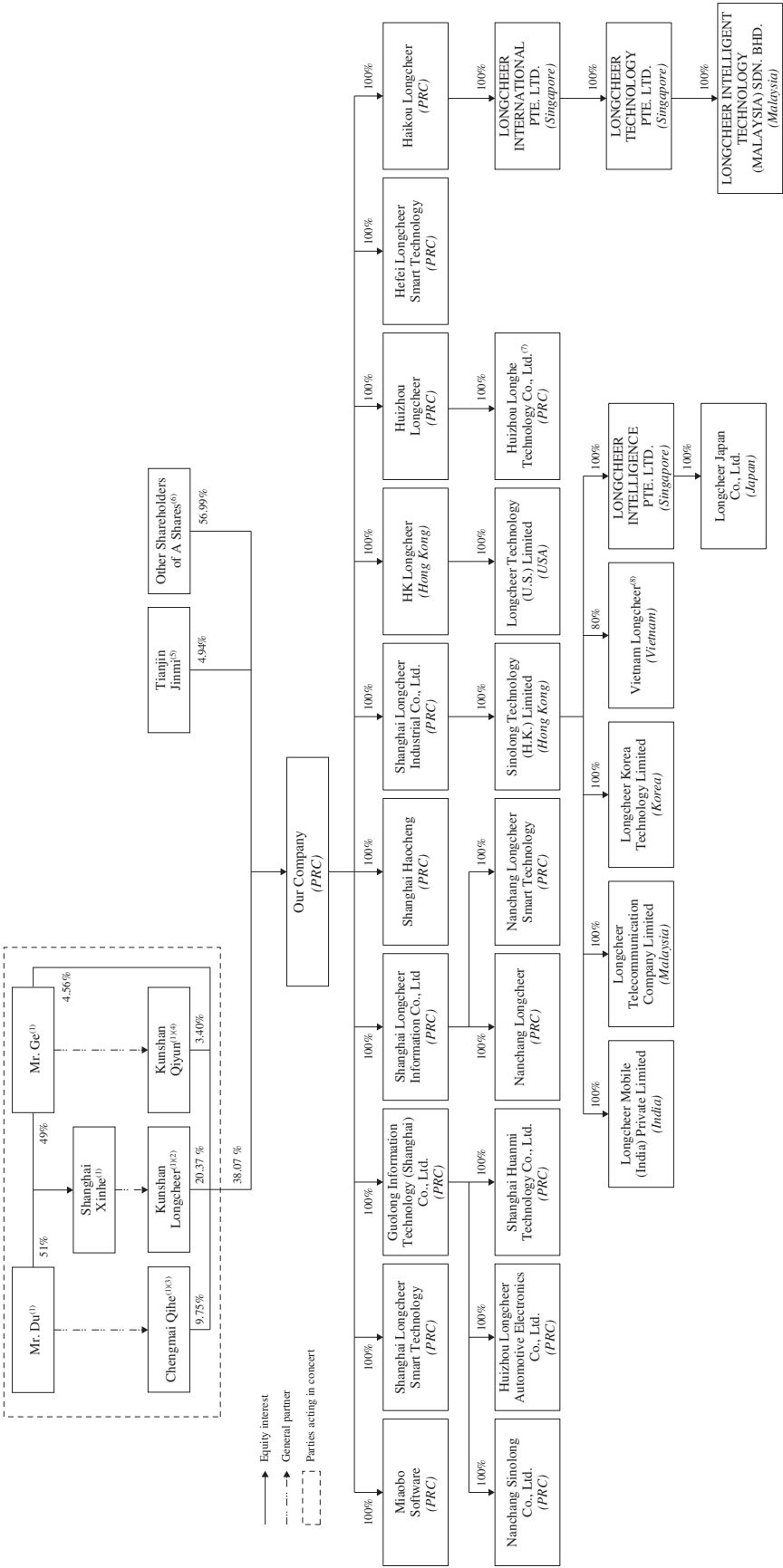
On the basis that (i) no [REDACTED] will be [REDACTED] under the [REDACTED] to any core connected person of our Company or person which is not regarded as a member of the public under Rule 8.24 of the Listing Rules and (ii) all [REDACTED] to be [REDACTED] to the [REDACTED] (if any) are excluded for the purpose of satisfying the [REDACTED] (assuming the [REDACTED] is not exercised) and based on the low-end of our indicative [REDACTED] range of HK\$[REDACTED], upon completion of the [REDACTED], it is expected that [REDACTED] Shares, representing [REDACTED]% of our total issued and outstanding Shares (excluding treasury Shares) with an expected [REDACTED] of HK\$[REDACTED], will be held by the [REDACTED] and not subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise) at the time of the [REDACTED]. Accordingly, we will satisfy the [REDACTED].

HISTORY AND CORPORATE STRUCTURE

OUR SHAREHOLDING AND CORPORATE STRUCTURE

Shareholding and Corporate Structure Immediately before the [REDACTED]

The following chart depicts a simplified shareholding and corporate structure of our Group immediately before completion of the [REDACTED] (assuming no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [REDACTED]):



HISTORY AND CORPORATE STRUCTURE

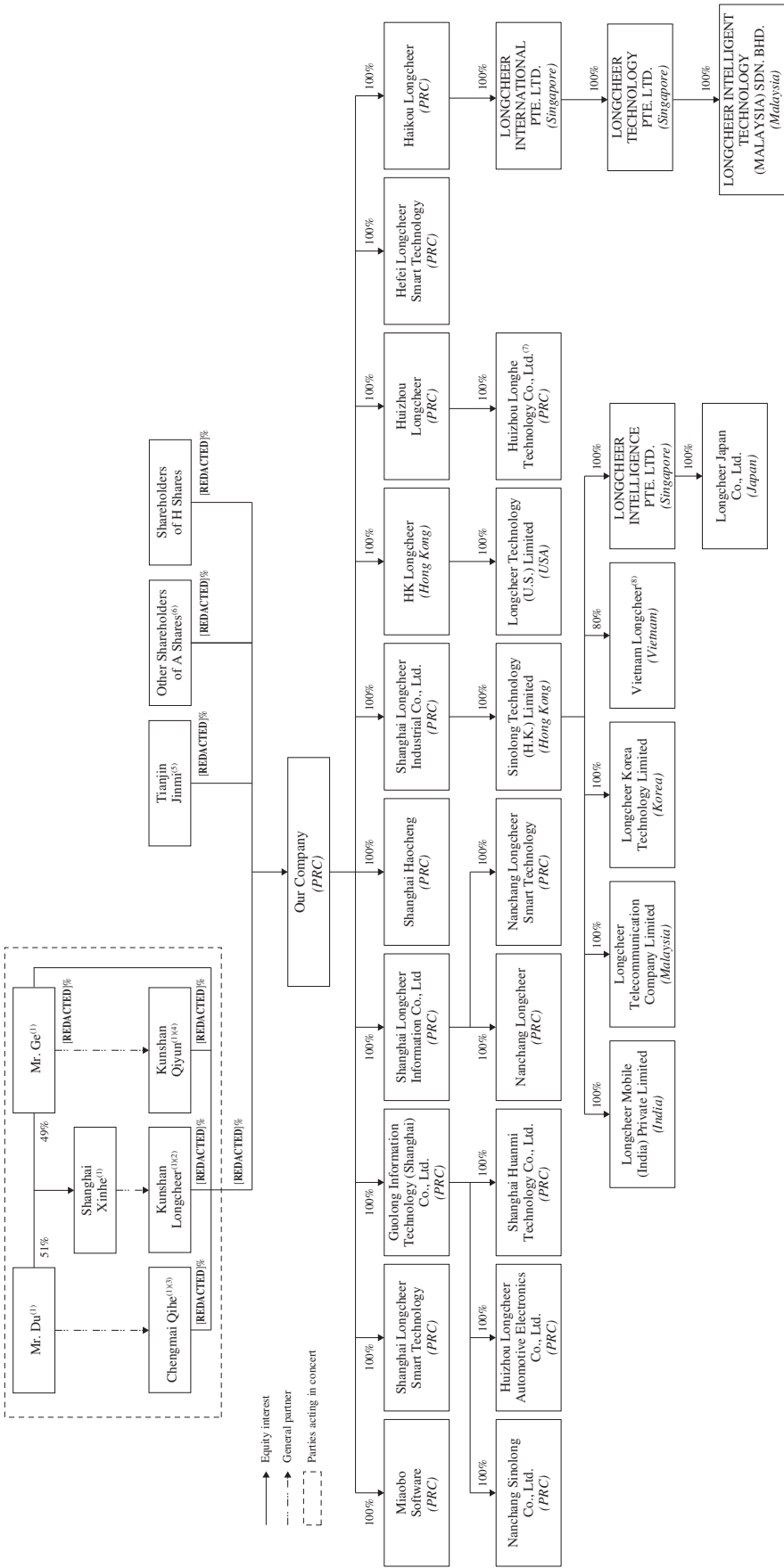
Notes:

- (1) As of Latest Practicable Date, (a) Kunshan Longcheer was a limited partnership controlled by its general partner, Shanghai Xinhe, which was a limited liability company owned by Mr. Du as to 51% and Mr. Ge as to 49%; (b) Chengmai Qihe was a limited partnership controlled by Mr. Du as its general partner; and (c) Kunshan Qiyun was a limited partnership controlled by Mr. Ge as its executive general partner. Mr. Du and Mr. Ge and entities respectively controlled by each of them were parties acting in concert. For details, see “Relationship with our Controlling Shareholders” and “Substantial Shareholders.”
- (2) As of the Latest Practicable Date, Shanghai Xinhe held 1% partnership interests in Kushan Longcheer. Kushan Longcheer had 18 limited partners, in which (a) 52.95% of the partnership interest was held by Mr. Du, (b) 9.50% of the partnership interest was held by Mr. GUAN Yadong (an executive Director and our deputy general manager), (c) 9.23% of the partnership interest was held by Mr. Ge, (d) 2.68% of the partnership interest was held by Mr. CHENG Lihui (our deputy general manager), (e) 0.30% of the partnership interest was held by Mr. ZHENG Qi’ang (our deputy general manager), (f) 0.24% of the partnership interest was held by Mr. ZHANG Zhijiong (our chief financial officer), (g) 0.23% of the partnership interest was held by Mr. ZHOU Liangliang (our Board secretary and deputy general manager), and (h) the remaining 23.87% of partnership interest was held by 11 employees and former employees of our Group.
- (3) As of the Latest Practicable Date, Mr. Du held 99% of the partnership interest in Chengmai Qihe. The remaining 1% partnership interest was held by an individual, an Independent Third Party.
- (4) As of the Latest Practicable Date, Mr. Ge held 45.08% of the partnership interest in Kunshan Qiyun. Ms. QIN Yanling (our employee representative Director), as a general partner (non-executive in nature as she does not have managing power over the partnership’s daily operations and cannot exercise voting rights attaching to the Shares held by Kunshan Qiyun) of Kunshan Qiyun, held 0.92% of the partnership interest in Kunshan Qiyun. Kunshan Qiyun had 19 limited partners, in which (a) 26.17% partnership interest was held by Mr. Du, (b) 2.16% of the partnership interest was held by Mr. WANG Boliang (our deputy general manager), (c) 1.54% of the partnership interest was held by Mr. CHENG Lihui, (d) 0.09% partnership interest was held by Mr. ZHENG Qi’ang, (e) 11.52% partnership interest was held by 14 employee and former employees of our Group, and (f) the remaining 12.52% partnership interest was held by an employee shareholding platform of our Group with Mr. CHENG Lihui (our deputy general manager) as the general partner holding 4.73% of the partnership and none of the 41 limited partners being our employees and former employees) holding 30% or more of the partnership interest therein.
- (5) As of Latest Practicable Date, Tianjin Jinmi was a limited partnership controlled by Tianjin Jinxing as its general partners, which was wholly owned by Xiaomi Inc., a consolidated affiliated company of Xiaomi Corporation, a company listed on the Stock Exchange (stock code: 1810), and ultimately controlled by Mr. LEI Jun (“Mr. Lei”). For further details of Tianjin Jinmi, see “Substantial Shareholders.”
- (6) Including 1,229,937 A Shares held in our Company’s stock repurchase account as treasury Shares and 6,270,000 A Shares held in the designated securities account of our Employee Stock Ownership Scheme, representing 1.59% of our total issued Shares as of the Latest Practicable Date.
- (7) The Company acquired the entire equity interest of Huizhou Longhe Technology Co., Ltd. from Shanghai Lilong Investment Management Co., Ltd. (上海利龍投資管理有限公司), a company controlled by Mr. Du, at a consideration of RMB57.8 million, which was completed on May 8, 2025.
- (8) As of Latest Practicable Date, Vietnam Longcheer was owned as to 20% by Meiko Elec. Hong Kong Co., Ltd., a subsidiary of Meiko Electronics Co., Ltd., a Japanese company listed on the Tokyo Stock Exchange (stock code: 6787).

HISTORY AND CORPORATE STRUCTURE

Shareholding and Corporate Structure upon Completion of the [REDACTED]

The following chart depicts a simplified shareholding and corporate structure of our Group upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised):



Notes (1) to (8): See “— Shareholding and Corporate Structure Immediately before the [REDACTED].”

BUSINESS

OVERVIEW

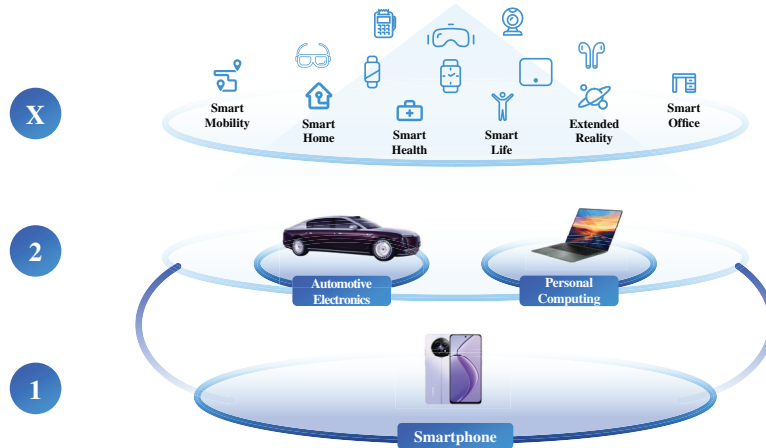
We are a leading global provider of smart devices and services, offering solutions — including product research, design, manufacturing, and support — for renowned smart device brands and leading technology companies worldwide. According to Frost & Sullivan, we are the world’s second largest consumer electronics ODM company by consumer electronics ODM shipments in 2024 with the market share of 22.4%, and the world’s largest smartphone ODM company by smartphone ODM shipments in 2024, with the market share of 32.6%. We primarily compete in the global consumer electronics ODM market, which is a subset of the global smart devices ODM market, and in turn, a subset of the global smart device manufacturing industry.

Founded in 2004, we have consistently upheld our core values of “customer centric, inspiring dedication, and long-term driven.” Over the past two decades, we have developed industry-leading capabilities across smart devices and formed a solution matrix, including prototype design, hardware innovation, system-level software platform development, lean production, supply chain integration, and quality control. Leveraging this sophisticated value chain expertise, we have built a diverse product portfolio that includes smartphones, AI PCs, automotive electronics, tablets, smart watches/bands, and smart eyewear. We have also established an extensive core customer base, including leading brands such as Xiaomi, Samsung Electronics, Lenovo, Honor, OPPO, and vivo. Such achievements are supported by our R&D and engineering team of around 5,200 professionals, who possess profound experience in product development across multiple platforms and operating systems. Furthermore, our global footprint and product customization capabilities enable us to deliver solutions worldwide. In 2024, we successfully listed on the main board of the Shanghai Stock Exchange (stock code: 603341).

Our Products and Solution

We have built the industry’s most expansive and integrated smart devices ecosystem across most popular platforms, such as Android and Windows. In response to emerging customer demands, market opportunities, and technology innovations in the AI era, our product portfolio encompasses a “1 + 2 + X” framework. At the core is our “1” — smartphones, which form the bedrock of our business. “2” represents our key growth drivers — personal computing and automotive electronics. And “X” encompasses a diverse array of emerging consumer electronics, including tablets, wearables, TWS earphones, and smart eyewear, completing our comprehensive product portfolio.

BUSINESS



- Smartphone Business:** Smartphones are the primary driver of our operations and financial performance. In 2024, revenue from our smartphone products reached RMB36,132.7 million, accounting for approximately 77.9% of our total annual revenue. That same year, our ODM shipments for smartphones reached 172.9 million units, ranking us the world’s largest smartphone ODM company by smartphone ODM shipments in 2024, according to Frost & Sullivan. While solidifying our strong position in the 4G smartphone market, we have also proactively invested in R&D for 5G products. This strategic deployment has enabled us to successfully secure large-scale 5G model orders from leading global brands. Additionally, we are at the forefront of pioneering AI-powered, high-performance smartphone innovations. We have demonstrated a keen ability to accurately anticipate evolving market demands and respond effectively through technological innovations. Furthermore, we have strategically expanded into emerging regions and continuously optimized our customer base to ensure the ongoing success of our smartphone business.
- Tablet Business:** We generated revenue from our tablet business of RMB3,696.3 million in 2024, accounting for approximately 8.0% of our total annual revenue. That same year, our ODM shipments for tablets reached 12.3 million units. We have continued to grow our customer base by attracting more leading companies in China, and we have successfully become a major ODM supplier for three top-tier domestic tablet brands. Our tablet products include both affordable entry-level models and premium flagship devices, which enable us to meet the diverse demands of mass-market consumers, enterprise professionals, and educational institutions. As a result, we have cemented our position as one of the global top three tablet ODM companies by tablet ODM shipments in 2024, according to Frost & Sullivan.

BUSINESS

- **AIoT Business:** Our AIoT business experienced rapid growth in 2024, with revenue reaching RMB5,573.1 million, accounting for approximately 12.0% of our total annual revenue. This represented a revenue growth of 122.0% compared to 2023. In 2024, our ODM shipments for AIoT devices reached 33.9 million units. We have risen to the forefront of the global smart wearables ODM market, with leading shipments for smart watches/bands.
- **Emerging Businesses:** In addition, we have made strategic investments in AI PCs and automotive electronics. In AI PCs, we successfully launched our first Qualcomm Snapdragon-based laptop products in the third quarter of 2024, supporting the expansion of AI applications in commercial and consumer domains. In automotive electronics, we have established partnerships with multiple OEMs and Tier-1 customers and secured over ten design wins, and are actively positioning ourselves in the overseas automotive electronics market.

In addition to hardware delivery, we offer standalone professional services, mainly including R&D and technical services and EMS, that allow us to further leverage our R&D, design, and manufacturing capabilities.

Expanded Global Footprint and Integrated Delivery Capabilities

Our R&D efforts are anchored by our five major centers in Shanghai, Shenzhen, Huizhou, Nanchang, and Hefei. We have recently expanded this network with new R&D centers in Xi'an and Suzhou. Across this expansive R&D ecosystem, our team of around 5,200 professionals as of September 30, 2025 brings deep expertise in developing solutions for Qualcomm and other leading platforms. They also possess strong software development capabilities spanning most popular platforms, such as Android and Windows.

On the manufacturing side, we operate modern manufacturing centers in Huizhou and Nanchang. We have further established overseas manufacturing centers in Vietnam and India. This manufacturing network across Asia enables us to seamlessly fulfill worldwide customer needs.

To support our global customer base, we have set up branch offices in the United States, South Korea, Japan, Hong Kong and Singapore. Leveraging our end-to-end, comprehensive service capabilities — spanning product definition, design, and mass-production — and our excellence in quality and cost control, we empower customers to rapidly bring innovative products to market. This integrated approach has allowed us to cultivate multiple well-received models with shipments exceeding 10 million units since their initial launch.

BUSINESS



Our Market Opportunities

In the early stages of technological evolution, smart device manufacturing has primarily focused on consumer electronics products such as smartphones, tablets, laptops, and AIoT devices. Leveraging the innovation and breakthroughs in these emerging product categories, the smart device market has further expanded to introduce high-potential new product categories such as automotive electronics and smart robotic products. According to Frost & Sullivan, the global shipments of consumer electronics are expected to increase from 2,113.3 million units in 2024 to 2,489.6 million units in 2029, representing a CAGR of 3.3%. Driven by continuous technological advancements and innovations, consumer electronics products are poised for ongoing updates, iterations, and sustained innovation in the coming years. For instance, the proliferation of 5G and AI technologies, coupled with growing consumer upgrade demand, will gradually revive the consumer electronics market, leading to products becoming increasingly lightweight, personalized, intelligent and premium.

As the largest consumer electronics segment, the global shipments of smartphones are expected to increase from 1,238.8 million units in 2024 to 1,405.2 million units in 2029, representing a CAGR of 2.6%. The consumer appetite for AI-powered smartphones is a key driver that will fuel ongoing growth and evolution within the smartphone market. As brand owners continue to leverage AI to differentiate their flagship device offerings and deliver more intelligent, personalized experiences, consumers will be incentivized to continuously upgrade their smartphones.

BUSINESS

Beyond smartphones, we are also well-positioned to capitalize on opportunities in other emerging smart device categories. For example, the rollout of Windows 11 and the increasing penetration of AI-powered PCs are expected to drive further development in the PC market. With the advancement of AI and breakthroughs in new materials and applications, many emerging wearable electronics markets are poised for significant growth in the coming years. Smart eyewear, in particular, is anticipated to be a key growth driver for the industry. Backed by policy support and technological innovation, the smart automotive market is expected to continue soaring in the coming years. As vehicle intelligence deepens, this will unlock new opportunities in the automotive electronics market.

Our Financial Highlights

In 2024, our ODM shipments of smartphones, tablets, and AIoT devices reached 172.9 million units, 12.3 million units, and 33.9 million units, respectively. Notably, we ranked first in the global smartphone ODM industry in terms of smartphone ODM shipments in 2024, with a market share of 32.6%, according to Frost & Sullivan. At the same time, our total revenue in 2024 reached RMB46,382.5 million, representing a robust 70.6% year-over-year growth. This growth was underpinned by the strong performance across our three core business segments: smartphones, tablets and AIoT devices. Specifically, our revenue from smartphones, tablets and AIoT devices amounted to RMB36,132.7 million, RMB3,696.3 million and RMB5,573.1 million, respectively, in 2024.

In the nine months ended September 30, 2025, our ODM shipments of smartphones, tablets, and AIoT devices reached 117.3 million units, 9.1 million units, and 29.0 million units, respectively. During the same period, our total revenue amounted to RMB31,331.6 million. Specifically, our revenue from smartphones, tablets and AIoT devices amounted to RMB21,704.1 million, RMB2,990.4 million and RMB5,603.5 million, respectively, in the nine months ended September 30, 2025.

OUR STRENGTHS

As a pioneering force and industry front-runner in smart device R&D, design, and manufacturing, we have built competitive advantages across various areas, and have cultivated a formidable competitive moat around our business.

Established Market Position and Comprehensive Capabilities in the Growing Global Smart Device ODM Market

We are a leading global provider of smart devices and services, offering solutions — including product research, design, manufacturing, and support — for renowned smart device brands and leading technology companies worldwide. Deeply-rooted for over two decades in the industry, we have amassed strong capabilities across smart devices and formed a solution matrix, including prototype design, hardware innovation, system-level software platform development, lean production, supply chain integration, and quality control. This has enabled us to gradually build a comprehensive product portfolio spanning smartphones, AI PCs, automotive electronics, tablets, smart watches/bands, and smart eyewear.

BUSINESS

The smart device market has expanded from consumer electronics products – which constitute the largest part of the smart device market – such as smartphones, tablets, laptops, and AIoT devices, to emerging product categories such as automotive electronics as well as smart robotic products. According to Frost & Sullivan, the global consumer electronics market is experiencing rapid growth, with shipments expected to increase from 2,113.3 million units in 2024 to 2,489.6 million units in 2029, representing a CAGR of 3.3%. On one hand, the consumer electronics market will continue to undergo steady, intelligent and interconnected development driven by the inelastic upgrade demand of consumers, resulting in continuous updates, iterations and sustained innovation. On the other hand, empowered by advanced technologies, smart devices products will also continually expand into new segments such as automotive electronics and smart robotics in the coming years. As the industry leader, we are well-positioned to capitalize on the favorable market trends and dynamics currently unfolding. By leveraging these powerful industry tailwinds, we can further reinforce our existing market leadership.

According to Frost & Sullivan, we are the world’s second largest consumer electronics ODM company in terms of consumer electronics ODM shipments in 2024:

- We are the world’s largest smartphone ODM company by smartphone ODM shipments in 2024, according to Frost & Sullivan, attaining unparalleled scale and industry expertise. Our ODM shipments for smartphones reached 172.9 million units in 2024, with a market share of 32.6% in the global smartphone ODM industry.
- In recent years, our AIoT business has experienced rapid growth, with our shipments of smart watches/bands ranking in the top two within such segment, positioning us at the forefront of the global smart wearables ODM market, according to Frost & Sullivan. Specifically in the smart eyewear segment, we have maintained close collaborations with global internet giants, successfully launching a wide range of smart eyewear with total shipments exceeding 2 million units in 2024, cementing our position as a globally leading smart eyewear provider.

As a globally preeminent ODM company, we have gained widespread industry recognition. In recent years, we have been honored with prestigious accolades from top-tier customers such as the Xiaomi Best Partner Award (2024), and the Lenovo Quality Innovation Award (2024). We have also been named one of Shanghai’s Top 100 Enterprises and included in the Fortune China 500 in 2024 and 2025. These accolades reflect our long-term corporate culture and serve as a testament to our technological prowess, product innovation, market expansion, and brand-building efforts.

BUSINESS

Strategic Foresight Driving Industry Development Through Long-term Partnerships with Blue-Chip Customers and a Diversified Product Portfolio

Our leading market position and strong brand reputation have enhanced customer trust, fueling a virtuous cycle. Since our inception, we have remained committed to our mission of providing industry-leading R&D, design, manufacturing, and comprehensive services to the world’s leading smart device brands, establishing ourselves as a trusted partner to global industry titans.

In our core smartphone business, we serve a majority of the world’s top-ranked smartphone manufacturers. Among the world’s top 10 smartphone brands in terms of shipment in 2024 according to Frost & Sullivan, we have established partnerships with eight of them. As of the Latest Practicable Date, our collaborations with these eight brands have lasted an average of over five years. Additionally, we have continuously strengthened and expanded these partnerships across multiple product categories, demonstrating our solid customer base and developing market coverage capabilities.

In addition, our proven track record of partnerships with key customers has cultivated extremely strong customer loyalty, translating into a stable and sizeable market share. We typically maintain long-term, deep partnerships with our key customers, which have fostered a high degree of mutual trust and seamless coordination, resulting in extremely strong customer stickiness. Renowned brands are highly selective when choosing ODM partners, meticulously evaluating factors such as technical expertise, production processes and manufacturing capabilities, product quality, and delivery abilities. Once an ODM partner has been proven capable across these key criteria, the renowned brands are reluctant to change ODM partner and often decide to forge long-term, large-scale business partnerships. Leveraging our stellar delivery track record and consistently extraordinary customer service, we have earned unwavering customer loyalty. Within the smartphone segment, we rank among the top three suppliers for eight of the above-mentioned world’s top 10 smartphone brands, according to Frost & Sullivan.

Our comprehensive strategic collaborations with our key customers have further amplified our co-growth trajectory, enabling us to continuously expand our business boundaries by capitalizing on the diversification of our customers’ product categories and ecosystems. Many of our key customers initially started from the smartphone segment, and have gradually expanded into other product categories, branching out beyond smartphones into areas such as tablets, smart watches/bands, laptops, and even automotive electronics. Correspondingly, the scope of our collaborations with these key customers has also expanded in tandem with their diversification, evolving from smartphones to tablets, smart watches/bands, laptops, and automotive electronics. For example, Xiaomi, one of our key customers, has transitioned from smartphones to tablets, smart watches/bands, and automotive segments, while our partnership has evolved from the initial smartphone collaboration in 2014 to encompass smart watches/bands in 2019, tablets in 2022, and automotive electronics in 2023.

BUSINESS

By partnering with these industry leaders, we can quickly respond to market demands and industry trends. Combined with our own industry insights and foresight, this enables us to effectively guide market development and support our technological innovation and product upgrades. The high standards set by key customers have further strengthened our capabilities, allowing us to better serve new customers. Furthermore, leveraging the market influence of these key customers has aided us in jointly spearheading industry development trends, maintaining our global leadership position, deepening collaborations, and realizing mutual success.

Comprehensive Capabilities Driven by a Longstanding Focus on R&D and Innovation

We have consistently viewed R&D and innovation as the core drivers of our development, and possess an industry-leading R&D team and deep technical expertise. Our formidable R&D capabilities ensure our technological leadership in product design and solution development, enabling us to spearhead industry-transforming innovations and rapidly respond to customers’ specific needs.

Besides our five R&D centers in Shanghai, Shenzhen, Huizhou, Hefei, and Nanchang, we have recently established additional R&D centers in Xi’an and Suzhou. These facilities enable us to cover the entire product development and manufacturing process, including product definition, comprehensive solution design, system-level software platform development, product testing and certification, supply chain management and integration, production operations, and final product delivery. As of September 30, 2025, our R&D team comprises approximately 5,200 professionals, accounting for 29.1% of our total employees, spanning multidisciplinary fields. As of the same date, we owned 755 registered patents, among which many were strategically focused on high-value patents in categories such as smart eyewear and automotive electronics.

In developing smart devices for multiple scenarios and categories, we possess rich experience and comprehensive capabilities in smart device ecosystem technologies and product solutions. This helps us shorten development cycles and rapidly respond to customer demands. We have built core technologies such as wireless communications, audio, display, optics, cameras, materials, and simulation. By leveraging universal hardware and software development platforms, AI large-model platforms, automated testing platforms, and advanced product architecture, we support R&D across diverse product categories and scenarios. Furthermore, we emphasize the establishment of forward-looking technology platforms, proactively researching and developing for future product forms and core components. In response to the trend of “hardware intelligence,” we have founded the “2111 Lab” dedicated to exploring new technologies, materials, and products, deepening industry-academia-research collaborative innovation and incubating new business categories.

BUSINESS

Moreover, we are actively embracing the global AI technology development trend, exploring the positive application of AI in R&D, manufacturing, and digital operations to enhance R&D efficiency, empower smart devices, improve user experience, and optimize operational efficiency.

- By integrating large language models, we have built our own proprietary vertical application models tailored to specific ODM scenarios, achieving software test automation, R&D process intelligence, and automated code generation. Our technical team conducts manual reviews and quality control to ensure high standards, effectively reducing repetitive work and accelerating development cycles. During the Track Record Period, we have already successfully deployed these models and demonstrated their effectiveness in enhancing productivity.
- In smart manufacturing, we primarily leverage AI technologies for intelligent detection and defect identification, such as applying machine vision for surface scratch detection, assembly precision verification (such as smartphone or PCBA scratches, missing parts, misalignment), and utilizing acoustic detection for product sound quality, noise, and interference assessment. Additionally, we are enhancing digital intelligence in our manufacturing centers across four dimensions: industrial technology digitalization, equipment and tool automation, manufacturing process standardization, and management decision intelligence.
- We also continuously optimize our own operational efficiency through AI technologies and digital management. For instance, our “Longcheer Wisdom (龍旗慧問)” platform empowers enterprise knowledge management and accelerates personnel training, while “Longcheer Intelligent Audit (龍旗智審)” leverages AI to enhance financial auditing precision. We have also established and continuously upgraded our digital systems, including product lifetime management system (“PLM”), warehouse management system (“WMS”), quality management system (“QMS”), supplier relationship management system (“SRM”) and financial performance management (“FPM”). These systems optimize the entire product lifecycle — from R&D, through procurement and supply chain, to production and service delivery — improving operational efficiency and management effectiveness to ensure accurate and scalable execution of customer projects.

Full-stack Solutions Leveraging Our Comprehensive Product Portfolio and Industry Chain Optimization

We provide our customers with full-stack ODM solutions, spanning from product definition and R&D to mass production and delivery. Our team has cultivated extensive expertise and established advantages throughout the entire value chain, including product hardware design, module customization, system-level software platform development, radiofrequency and antenna tuning, system-level testing and certification, supply chain management and component selection, as well as scalable manufacturing operations. Such comprehensive service capabilities allow us to deeply integrate into our customers’ product development processes, collaboratively defining functionalities and specifications to facilitate rapid iteration.

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Leveraging our robust full-stack capabilities, we have strategically expanded from single-category smartphone ODM to a diversified smart device ODM, building a rich product portfolio that has significantly broadened our market reach. Beyond smartphones, we have achieved scalable shipments and accumulated successful cases in tablets, AIoT devices, AI PCs, and automotive electronics. Notably, we have secured leading positions in high-growth segments such as smart watches/bands and smart eyewear.

Multi-category operations not only enhance our resilience against volatility in individual sectors but also generate technological synergies that drive economies of scale and business growth. The expertise we gained in smartphone R&D and manufacturing, such as communications, radiofrequency and cameras, can be rapidly replicated across segments like tablets and in-vehicle systems, reducing development costs. Additionally, sharing supply chain resources and manufacturing facilities across multiple product categories has improved asset utilization and strengthened our bargaining power in procurement.

Furthermore, we are committed to integrating and optimizing the industrial supply chain. As a leading consumer electronics ODM, we maintain close relationships with upstream component suppliers and downstream brand customers. Through collaborative R&D efforts with these upstream suppliers, we continuously refine key components to align with evolving consumer demands. This enables more components to meet the rigorous standards of renowned brands, which are then seamlessly incorporated into our product offerings. These enhancements not only ensure the unparalleled performance of our smart devices, but also strengthen our overall supply chain competitiveness by driving ongoing product upgrades — creating a symbiotic feedback loop of enhanced performance and supply capabilities.

For example, since 2022, we have expanded our collaboration with Bestechnic, a leading semiconductor and chipset provider in China, across multiple product categories, including wearables, watches/bands, TWS earphones and others. Under the framework of our collaboration, we are primarily responsible for product definition, system integration, and technical solution recommendation in accordance with the requirements of our customers. Bestechnic is responsible for supplying critical SoC and component solutions, as well as providing ongoing technical support and customization services to meet our specifications. While Bestechnic also supplies similar solutions to other companies in the industry, our collaboration leverages the respective strengths of both parties. Through our joint technical expertise and parameter optimization, we have recommended and successfully integrated Bestechnic’s solutions into wearable product lines of a global leading brand, and also helped ensure that the critical components provided by Bestechnic can be reliably delivered to end customers on time and to their specified quality standards. The collaboration has also resulted in enhanced product features, improved power efficiency, and accelerated time-to-market for the relevant product categories.

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Furthermore, we are exploring additional end-product possibilities through partnerships within our supply chain. In 2023, we established a strategic collaboration with Qualcomm, a global leader in semiconductor and wireless technology, covering multiple product segments, including smartphones, tablets, PC, smart watches, smart eyewear, etc. We are developing products based on the Snapdragon computing platform and Snapdragon XR platform, as well as exploring the application of the Snapdragon Auto platform in our automotive electronics projects. Our partnership with Qualcomm reflects our commitment to and facilitates our efforts in advancing product innovation and exploring new end-product possibilities through collaborations within our supply chain.

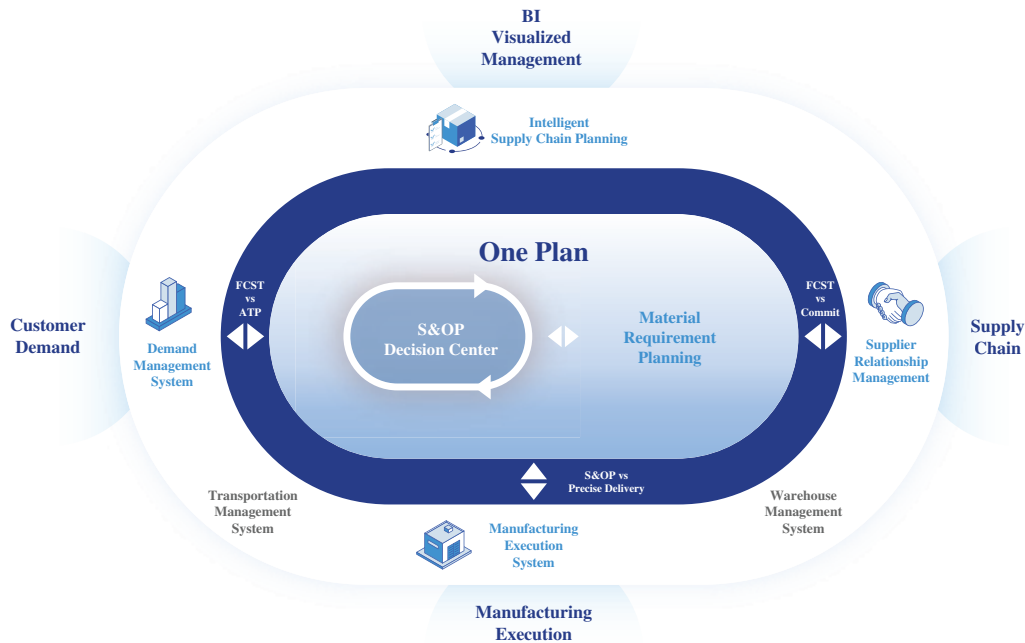
Scalable Delivery Based on Our Global Footprint, Localized Deployment, Flexible and Efficient Supply Chain and Smart Manufacturing

Combining global footprint and localized deployment, our delivery system is designed to enable rapid scalability while meeting local quality requirements. To fulfill the needs of our globally customers and construct a diversified supply chain, we have proactively expanded our domestic and overseas manufacturing capabilities through strategic and forward-looking planning.

We have established four manufacturing centers in Huizhou, Nanchang, Vietnam and India. To support our global customer base, we have set up branch offices in the United States, South Korea, Japan, Hong Kong and Singapore. Our manufacturing network across Asia provides customers with localized, flexible and reliable supply support. Domestically, we have two major manufacturing centers in Huizhou and Nanchang, strategically located in the core regions of the electronic supply chain in South and East China. These centers benefit from comprehensive supporting resources and a strong talent pool. Overseas, we have manufacturing centers in Vietnam and India, serving customer demands across various global markets while proactively addressing geopolitical risks. Furthermore, our multi-center global production deployment allows us to flexibly allocate manufacturing tasks between domestic and overseas centers based on location of the orders and international trade conditions. Closely collaborating with suppliers and partners worldwide, we can effectively mitigate the uncertainties posed by trade frictions and tariff barriers, ensuring supply chain security and efficiency.

We have also established a global supply chain management system, with international procurement and logistics centers in Hong Kong and Shenzhen. This enables us to efficiently coordinate raw material supply and cross-border transportation, ensuring timely component availability and on-time product delivery. Our “One Plan” MRP planning engine and end-to-end digitalized integrated management system enable massive-scale, flexible global delivery. By collecting different requests, converting product demands into material requirements, and sharing instructions with all supply chain partners, we ensure a single source for business activity instructions. This reduces potential confusion, eliminates multiple instructions, and ultimately improves operational efficiency.

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Benefiting from our extensive operational footprint and effective supply chain management, we can achieve rapid product scalability, massive-scale delivery, high-quality control, and efficient supply chain operations.

For smart manufacturing, we have constructed an intelligent manufacturing platform through years of automation efforts and the adoption of digital manufacturing systems. By introducing emerging smart technologies, we have achieved breakthroughs and widespread application of intelligent manufacturing techniques in areas such as product assembly and smart detection. Currently, dozens of our process steps, including PCBA visual inspection, system assembly, and end-product testing, have been largely automated, showcasing the economies of scale in our manufacturing capabilities.

Visionary Founders and Seasoned Executive Team with Profound Industry Insights

Our founder, Mr. Du, is an entrepreneur endowed with strategic foresight, innovative spirit, strong execution capabilities, and keen market acumen, possessing deep industry experience. Mr. Du’s visionary strategic mindset, exceptional ability to grasp the macro trends of the industry, and the wealth of practical experience he has amassed over the years have played a pivotal role in the Company’s global success and development. Since the founding of our Company in 2004, Mr. Du has been responsible for spearheading our Company’s overarching strategic planning, guiding the remarkable accomplishments over the past two decades. Mr. Du has been widely recognized in the industry, having received prestigious accolades such as the 2010 Shanghai Leader Talent award and the 2020 Shanghai Model Worker honor. Our Director and general manager, Mr. Ge, possesses deep industry knowledge and impeccable management expertise. Mr. Ge has held various pivotal business and operational leadership roles at our Company, formulating overall strategy and overseeing business operations and daily management of our Group.

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Under the visionary guidance of Mr. Du and the astute leadership of Mr. Ge, we have assembled a world-class management team that is highly proficient in our business, experienced, and globally-minded. Many of our executive Directors and senior managers boast over 20 years of industry experience, with distinguished backgrounds in R&D and advanced technology. We have also thoughtfully attracted management personnel and technical experts around the globe, bringing diverse backgrounds and expansive international perspectives to further enrich our leadership cadre. For details, see “Directors and Senior Management.” We firmly believe that the rich management experience and keen market insights of our seasoned leaders will play a crucial role in formulating insightful business strategies, achieving our strategic objectives with precision, and fostering exceptional team cohesion — ultimately helping us sustain our trajectory of stable and accelerated business growth.

Our employees, regardless of whether they are long-serving employees or internationally recruited talents, are united by the common core values of “customer centric, inspiring dedication, and long-term driven.” We persistently uphold a people-centric corporate culture, continuously enhancing employee welfare and well-being through the provision of a healthy and safe work environment, as well as comprehensive care measures.

OUR STRATEGIES

We plan to leverage the following strategic initiatives to fully seize market opportunities, expand our business domains, solidify our industry-leading position, and achieve quality growth:

Continuing to Expand the “1 + 2 + X” Product Portfolio and Penetrate High Potential Segments

We will further concentrate on developing smartphone models with commanding market share, solidifying our global leadership position as a smartphone ODM, while closely aligning with technology trends like 5G and AI to deliver highly competitive products for our valued customers.

We will also proactively explore and continuously develop new high-potential smart product lines, building a diversified and dynamic smart device ecosystem. We will persist in identifying and targeting high-growth, high-value niche markets. In particular, we will maintain our steadfast strategic focus on the smart eyewear segment, strengthening our in-depth collaboration with global leading technology companies. Additionally, we are planning to establish a joint venture with Agibot, a renowned player in the field of robotics. Leveraging our comprehensive R&D and manufacturing experience and industry insights for ODM products, combined with Agibot’s deep knowledge in robotics, the joint venture will work to industrialize the application of robots in modern smart manufacturing factories, aiming to solve practical challenges in industrial production scenarios and achieve automation and intelligence upgrading in industrial manufacturing. In September 2025, we entered into a framework procurement agreement with Agibot as our preliminary step to solidify such partnership. Pursuant to the agreement, we will mainly procure an initial order of embodied

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robots from Agibot to enhance the intelligence and automation of our manufacturing processes. While Agibot may also supply similar robots to its other business partners, the robots to be procured for our use will be customized to a certain extent to meet the specific requirements of our operations. The partnership also involves a joint exploration to identify and develop specific applications for embodied robots within our manufacturing environment and establishes a basis for us to potentially provide ODM services to Agibot for certain products in the future. Agibot retains full ownership of all intellectual property rights related to the products under this agreement. We retain ownership of all data generated from the use of these products, while granting Agibot a license to use such data as necessary for operational and product improvement purposes. While specific commercial terms remain under discussions at this stage, we believe this partnership represents an important step in our strategy to expand into advanced manufacturing technologies.

For our other existing smart product business, we will continue to accelerate market expansion and strategic collaboration opportunities, seizing industry trends to rapidly establish leading positions in niche segments, diversifying and optimizing our overall revenue sources.

Expanding Product Categories for and Deepening Collaborations with Our Customers

We will continue to strengthen and expand our collaborative relationships with distinguished customers such as Xiaomi, Samsung Electronics, Lenovo, Honor, OPPO and vivo. By providing them with superior solutions and comprehensive, tailored services, we aim to secure more model projects or diversify into new product segments with each of these esteemed blue-chip customers, establishing stable “one customer, multi-category, long-term cooperation” relationships.

While steadfastly maintaining our existing customer base, we will proactively cultivate new customers, particularly American and European brands, self-owned brands, and IoT hardware manufacturers, aiming to replicate our successful experience with a broader and more diversified customer ecosystem. This will enable us to capture greater market share and optimize the composition of our customer base.

Strengthening R&D and Product Innovation with AI as the Core Innovation Engine

Positioning AI as the driving force for innovation, we are committed to enabling comprehensive enhancements across our products, R&D, operations, management, and talent development.

On the product front, we will steadfastly increase our R&D investments and amplify our technological innovation capabilities. We will proactively expand into high-growth, high-value emerging business segments, such as AI PCs, automotive electronics, and smart eyewear, coalescing these focus areas into a comprehensive product matrix centered on AI to capitalize on prevailing market tailwinds. Furthermore, we will accelerate the seamless integration of AI with other hardware, empowering our customers with more “AI-native” product solutions. This includes smart devices equipped with built-in AI co-processors and devices endowed with local

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large model inference capabilities. Within our expansive AI product portfolio, we have already commenced production of AI PCs and smart eyewear, and will continue to strengthen new AI applications in ecosystems and user behaviors. Concurrently, we will persistently explore the integration touchpoints between our existing businesses and AI technologies, further driving the scaling of our AI-powered hardware products, such as AI tablets and other AI-infused product forms.

Operationally, we will construct an AI-driven digital operation system to optimize our supply chain and production scheduling. On the management front, we will further leverage AI tools to enhance the efficiency and scientificity of our R&D project management and human resources management. By deeply integrating AI into the very fabric of our operations, we will build a truly AI-empowered organization. Regarding talent, we will continue to recruit passionate individuals and technology elites to better support our business development aspirations.

Integrating Our Domestic and International Operations to Drive Unparalleled Synergies

We have already established strategic manufacturing centers in Vietnam and India to serve the European, American, and South Asian markets. Building upon this solid foundation, we plan to continuously invest in expanding and automating our existing overseas manufacturing centers to handle a greater volume of overseas customer orders. Concurrently, we will also evaluate the feasibility of setting up new manufacturing centers in Southeast Asia, North America, and Eastern Europe, positioning ourselves closer to regional markets and key customers.

We will consolidate the synergies between our domestic and overseas manufacturing systems, enhancing the risk resilience of our supply chain and the flexibility of our global delivery capabilities. Additionally, we will continue to strengthen our Longcheer Production System, which is dedicated to driving relentless improvements in product quality. Moreover, we will develop our AI PC benchmark factory in Nanchang.

Regarding R&D and business support, we will optimize our global resource allocation, establishing dedicated R&D or customer support teams in key overseas markets to collaborate seamlessly with our domestic R&D centers. This will enable us to provide our overseas customers with instant, uninterrupted technical services, regardless of time-zone differences.

Strategic Investments and Acquisitions to Expand the Breadth of Our Business

To further bolster our technological capabilities and expand the breadth of our business operations, we will selectively and judiciously pursue strategic investments or acquisitions of technologies, teams, assets, or companies in complementary or synergistic segments. These strategic investments or acquisitions will help optimize our technology landscape, expand our business scope, and increase our market share, collectively driving our future growth. As of the Latest Practicable Date, we have not yet identified any specific investment, collaboration or acquisition targets.

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OUR BUSINESS MODEL

We operate a highly integrated and flexible business model that features full-stack ODM solutions. Our business model is designed to create long-term value by embedding ourselves deeply in the product lifecycle of our customers — from concept and design to production and delivery. We leverage our accumulated R&D capabilities, modernized manufacturing infrastructure, and global supply chain network to deliver customized, high-quality products and services at scale.

At the heart of our business model is our comprehensive ODM offering, through which we provide integrated solutions that cover product hardware design, module customization, system-level software platform development, radiofrequency and antenna tuning, system-level testing and certification, supply chain management and component selection, as well as scalable manufacturing operations. In most cases, we serve as one of the ODM partners of our brand customers. For certain product categories, such as smart eyewear, we may currently act as the exclusive ODM partner for the relevant brand customer.

Our ODM business is primarily driven by complete device sales, which represent the core of our business model and the main source of our revenue. Under this arrangement, we deliver fully assembled smart devices to our customers, who rely on us to manage the entire product lifecycle. We are responsible for sourcing all or part of the electronic components and materials, overseeing production and quality control, and ensuring on-time delivery. Through entrusting us with such full-stack ODM services, our customers are able to reduce operational complexity and time-to-market, while leveraging our scale and technical expertise. Through organizing our ODM business primarily around complete device sales, we demonstrate our strength in delivering end-to-end manufacturing excellence and long-term value to our partners.

In limited cases, as requested by customers by typically considering different regional trade policies for components and finished products, we also support customers through component and semi-finished product sales. In these cases, we provide product design and deliver customized components, modules, and semi-finished assemblies, while third-party EMS providers arranged by customers then handle final integration. While this model offers flexibility for specific regulatory or logistical needs, it remains a supplementary solution offered by us.

We also provide customers with independent product development services, including hardware and software design, system architecture, prototyping and validation. In addition, to enhance the utilization and efficiency of our manufacturing facilities, particularly in our Huizhou and Nanchang manufacturing centers, we also undertake EMS engagements with select brand customers.

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OUR PRODUCTS

We offer a broad and evolving portfolio of smart devices and solutions across multiple product categories, including smartphones, tablets, AIoT devices, AI PCs and automotive electronics. Each product line is designed with technical expertise to meet the dynamic needs of global smart device brands and to serve a wide range of usage scenarios in the smart device ecosystem. The following table sets forth the breakdown of our revenue by product category, both in absolute amounts and as percentages of our total revenue, for the years/periods indicated:

	For the year ended December 31,						For the nine months ended September 30,			
	2022		2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	<i>(unaudited)</i>									
Smartphones	24,265,640	82.7	21,821,620	80.3	36,132,747	77.9	27,885,130	79.9	21,704,132	69.3
Tablets	2,798,156	9.5	2,509,102	9.2	3,696,313	8.0	2,542,749	7.3	2,990,404	9.5
AIoT and other products ⁽¹⁾	1,887,127	6.5	2,510,561	9.2	5,573,138	12.0	3,837,130	11.0	5,603,482	17.9
– Smart wearables	1,413,365	4.8	1,798,583	6.6	3,643,370	7.9	2,576,022	7.4	2,861,052	9.1
– Smart eyewear	32,167	0.1	387,988	1.4	1,387,622	3.0	865,448	2.5	1,974,528	6.3
– AI PCs	–	–	–	–	3,171	0.0	1,938	0.0	196,393	0.6
– Automotive electronics	–	–	704	0.0	20,716	0.0	15,284	0.0	95,633	0.3
– Others ⁽²⁾	441,595	1.6	323,286	1.2	518,259	1.1	378,438	1.1	475,876	1.6
Others ⁽³⁾	392,229	1.3	343,781	1.3	980,274	2.1	655,851	1.8	1,033,585	3.3
Total	29,343,152	100.0	27,185,064	100.0	46,382,472	100.0	34,920,860	100.0	31,331,603	100.0

Notes:

- (1) AIoT and other products primarily refer to AIoT devices and our products in emerging business areas, such as AI PCs and automotive electronics.
- (2) Primarily including smart speakers, smart learning devices, smart desk lamps and various accessory products.
- (3) Primarily including sales of raw materials and scrap components, and provision of factoring arrangement. For details on the factoring arrangement, see “Business — Sales and Marketing — Relationship with Our Largest Customer.”

We have adopted and will continue to advance our product portfolio under our “1 + 2 + X” strategy: maintaining smartphones as our core business with a focus on stability and leadership; accelerating scale and innovation in two strategic areas, namely AI PCs and automotive electronics; and further strengthening our presence in other categories such as tablets, wearables, TWS earphones, and smart eyewear. Through this strategic framework, we are able to capture emerging opportunities, deepen our capabilities across diversified smart device verticals, and build a resilient, innovation-driven ecosystem for sustainable long-term growth.

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Smartphones

Smartphones are our core product category and the foundation of our integrated product strategy. We are the world’s largest smartphone ODM company in terms of smartphone ODM shipments in 2024, according to Frost & Sullivan. We provide full-stack ODM services to a wide range of leading global brands, including Xiaomi, Samsung Electronics, Lenovo, Honor, OPPO, vivo, as well as major telecom operators. Over the years, we have successfully delivered several best-selling models in the global market and the Chinese market, such as the Redmi 9, Redmi Note 10, and Samsung Galaxy A05s, with cumulative shipments of each exceeding tens of millions of units.

Our smartphones are developed through a full-cycle product development approach, covering model selection of key components, appearance process design, optimization of features as selling points, and support for system algorithms, among others. They are equipped with precise connectors and feature light and thin design. Our smartphones are also designed with dust-proof, watertight, and leak-proof structures for different applications. In addition, through our proprietary multi-chip software compatibility technology, our smartphones achieve power-on hardware self-adaptation, enabling seamless integration of functional modules across platforms.

We customize competitive products according to the diversified demands of customers while keeping pace with the development trends of cutting-edge products. For instance, our design language spans trendy consumer styles to professional business aesthetics, allowing us to support a wide spectrum of customer positioning strategies. Meanwhile, with continued investment in 5G, AI-native capabilities, and next-generation user experiences, we are committed to maintaining our leadership in the global smartphone ODM sector through innovation, quality, and scale.

Leveraging our comprehensive and reliable solutions, as well as our stable partnerships with our major customers, our smartphone business maintained rapid growth during the Track Record Period. The ODM shipments of our smartphones amounted to 125.5 million units, 125.3 million units and 172.9 million units in 2022, 2023 and 2024, respectively, representing a CAGR of 17.4% from 2022 to 2024. The ODM shipments of our smartphones amounted to 117.3 million units in the nine months ended September 30, 2025.

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The following table sets forth the details of certain signature and representative smartphones for which we provided ODM services during the Track Record Period:

Brand and Model	Product Picture	Year of Launch	Product Specifications and Key Features
realme 12		2024	Chipset: MediaTek Dimensity 6100+ Dimensions: 165.6 x 76.1 x 7.69 mm Display: 6.72 inches Main camera: 108 MP+2M Battery: 5000 mAh 45W
Xiaomi Redmi 13C		2023	Chipset: MediaTek Dimensity 6100+ Dimensions: 168 x 78 x 8.1 mm Display: 6.74 inches Main camera: 50 MP+0.08 MP Battery: 5000 mAh 18W
Samsung Galaxy A05s		2023	Chipset: Qualcomm SM6225 Snapdragon 680 Dimensions: 168 x 77.8 x 8.8 mm Display: 6.7 inches Main camera: 50 MP+2M+2M Battery: 5000 mAh 25W
vivo Y35		2022	Chipset: MediaTek Dimensity 6020 Dimensions: 164.05 x 75.6 x 8.15 mm Display: 6.517 inches Main camera: 13 MP+2M Battery: 5000 mAh 15W
Honor Play 30 . .		2022	Chipset: Qualcomm SM4350-AC Snapdragon 480+ Dimensions: 163.7 x 75.1 x 8.7 mm Display: 6.5 inches Main camera: 13 MP Battery: 5000 mAh 10W

Tablets

Our tablet business has developed into a comprehensive product line that serves a wide range of application scenarios as well as diverse requirements for form factors and performance. We are among the top three tablet ODMs globally in terms of tablet ODM shipments in 2024, according to Frost & Sullivan. We are a trusted ODM partner to leading global brands, such as Lenovo and Xiaomi. As of the Latest Practicable Date, we had established ourselves as the principal ODM partner for tablet devices to three top-tier brand customers.

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Our comprehensive product portfolio covers the full spectrum of tablet solutions, from affordable entry-level models to premium flagship devices, which helps ensure that we meet the diverse demands of mass-market consumers, enterprise professionals, and educational institutions. Leveraging our expertise in industrial design, we create sleek, ergonomic, and durable form factors that enhance user experience across all price segments. Our system engineering capabilities enable hardware-software integration, optimizing performance for key use cases such as mobile productivity, digital learning, and multimedia consumption.

Our technological strengths are central to our competitiveness in the tablet market. To meet growing demands for longer usage time, we continuously optimize low-power circuit design through hardware disassembly and power management strategies tailored to different usage scenarios, achieving ever-improving battery performance across our tablet lineup. In camera system integration, our multi-camera debugging technology supports flexible optical configurations, including dual, triple, and quad-camera setups, allowing us to meet the increasing demand for imaging capability without compromising on design aesthetics or hardware compatibility. In addition, our proprietary multi-chip software compatibility technology enables automatic adaptation to various hardware configurations during system startup, which enhances operational efficiency and improves platform flexibility. The ODM shipments of our tablets amounted to 6.3 million units, 7.4 million units and 12.3 million units in 2022, 2023 and 2024, respectively, representing a CAGR of 39.7% from 2022 to 2024. The ODM shipments of our tablets amounted to 9.1 million units in the nine months ended September 30, 2025.

The following table sets forth the details of certain signature and representative tablets for which we provided ODM services during the Track Record Period:

Brand and Model	Product Picture	Year of Launch	Product Specifications and Key Features
Redmi Pad Pro . .		2024	Dimensions: 280 x 181.9 x 7.5 mm Display: 12.1 inches Platform: Qualcomm SM7435-AB Snapdragon 7s Gen 2 Front camera: 8MP Battery: 10000mAh 33W
Redmi Pad SE . .		2023	Dimensions: 255.5 x 167.1 x 7.4 mm Display: 11 inches Platform: Qualcomm SM6225 Snapdragon 680 4G Front camera: 5MP Battery: 8000mAh 18W

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Brand and Model	Product Picture	Year of Launch	Product Specifications and Key Features
Lenovo Tab		2024	Dimensions: 235.7 x 154.5 x 7.5 mm Display: 10.1 inches Platform: MTK G85 Octa core up to 2.0Ghz Front camera: 5MP Battery: 5100mAh 15W
Lenovo Y700 . . .		2023	Dimensions: 208.9 x 129.5 x 7.6 mm Display: 8.8 inches Platform: SM8475P (Snapdragon 8+ Gen 1) Front camera: 8MP Battery: 6550mAh 68W
vivo Pad 3.		2024	Dimensions: 266.4 x 192 x 6.6 mm Display: 12.1 inches Platform: SM8635 Snapdragon 8s Gen 3 Front camera: 5MP Battery: 10000mAh 44W

AIoT Devices

Our AIoT product portfolio encompasses a broad range of intelligent and connected devices, including smart watches/bands, smart eyewear and TWS earphones. We are a top-tier global AIoT ODMs in terms of shipment volume in 2024, according to Frost & Sullivan. Specifically, we are the world’s second largest ODM in terms of ODM shipment volume for smart watches/bands in 2024, according to Frost & Sullivan. The ODM shipments of our AIoT devices amounted to 7.9 million units, 14.1 million units and 33.9 million units in 2022, 2023 and 2024, respectively, representing a CAGR of 107.2% from 2022 to 2024. The ODM shipments of our AIoT devices increased from 22.6 million units in the nine months ended September 30, 2024 to 29.0 million units in the nine months ended September 30, 2025.

Smart Wearables

We have established a leadership position in the smart wearable segment, providing high-performance smart watches/bands to leading global brands, such as Xiaomi, Samsung Electronics, OPPO, and Honor. Our smart wearables integrate functions including health monitoring, fitness tracking, voice interaction, and notification management.

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In particular, we have developed a range of advanced technologies to enhance the performance and reliability of our smart watches/bands. By combining V0-rated flame-retardant plastics with advanced double-shot molding, we achieve structural water resistance and product safety. We have also developed innovative visual positioning algorithms for touchscreen assembly to solve the industry challenge of misaligned dial markers in premium circular smart watches. In functionality, our independently developed sports-related algorithm, based on neural networks, supports over 100 activity types across various hardware platforms with optimized power efficiency. Meanwhile, our health-related algorithm enables comprehensive monitoring features such as resting heart rate, calorie tracking, heart rate alerts, 24-hour continuous blood oxygen measurement, and sleep apnea detection, delivering accurate, real-time health insights for a wide range of user scenarios.

Smart Eyewear

Smart eyewear represents a strategic area of innovation and product differentiation among our AIoT product portfolio. We have launched multiple generations of smart eyewear, each integrating cutting-edge features, such as high-resolution cameras, advanced image processing, AI-powered voice assistance, and enhanced battery performance. Our second-generation AI glasses achieved strong commercial success and became one of the best-selling products in their category, accelerating the broader adoption of AI glasses across the globe. In 2024, the ODM shipments for our smart eyewear reached over 2 million units.

Building on the success in AI glasses, we have expanded our smart eyewear roadmap to include AR and MR devices. Our AR glasses incorporate full-color optical waveguide displays, delivering immersive visual overlays for navigation, training, and enhanced interaction with augmented content. In the MR space, we are exploring next-generation spatial computing devices featuring high-performance processors, extended battery life, and increased memory capacity. These MR devices are engineered to deliver high levels of immersion and responsiveness, catering to both entertainment and professional productivity applications.

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The following table sets forth the details of certain signature and representative AIoT devices for which we provided ODM services during the Track Record Period:

Brand and Model	Product Picture	Year of Launch	Product Specifications and Key Features
OPPO Watch X2 Mini		2025	Display: 1.32 inches Battery: 3.5-day long battery life
Redmi Watch 5.		2024	Display: 2.07 inches Battery: 24-day ultra-long battery life
Xiaomi Band 9 Pro		2024	Display: 1.74 inches Battery: 21-day ultra-long battery life
Samsung Galaxy Fit3.		2024	Display: 1.6 inches Battery: 13-day ultra-long battery life

Emerging Business Areas

As part of our long-term growth strategy, we are actively expanding into strategically important emerging categories, particularly AI PCs and automotive electronics. These segments leverage our established expertise in smart devices design and manufacturing, while creating new opportunities for technological innovation and business growth.

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AI PCs

Since 2023, we have strategically positioned ourselves in the AI PC sector, launching forward-looking initiatives to build foundational capabilities across technology research, ecosystem integration, and supply chain planning. Such early-stage strategic focus laid the groundwork for our accelerated business development and commercialization.

In 2024, we officially launched full-scale AI PC development programs and entered into deep engagement with key customers to facilitate rapid productization. As of the Latest Practicable Date, we had successfully secured partnerships with several leading domestic brands, such as MECHREVO and Honor, marking a significant step forward in our AI PC commercialization journey. Among these, the Honor AI PC project achieved volume production and shipment within the same year, giving us a first-mover advantage in this emerging category.

Our AI PC strategy builds on robust in-house industrial design and R&D capabilities in the global smartphone ODM sector. From the outset, we have focused our initial product offerings on the mid-to-high-end market, delivering devices that blend cutting-edge AI features with refined aesthetics and premium materials. Our customers can further incorporate next-generation technologies in these products, including AI touch control algorithms, AI-connected productivity, AI-enhanced audio, and AI-optimized long battery life, delivering smarter and more responsive computing experiences. At the same time, innovations in materials and system architecture have elevated product performance and perceived value, positioning our AI PC offerings as technology benchmarks within the industry. While maintaining our leadership in high-end offerings, we will also enter the entry-level markets by launching models to quickly scale our customer base and achieve economies of scale.



Automotive Electronics

Our automotive electronics business focuses on smart cockpit systems and chassis domain ECUs, addressing the growing demand for intelligent in-car technologies. In the smart cockpit domain, we offer a wide range of products, including cockpit domain controllers, center control displays, smart control tablets, in-car wireless charging modules, and smart mounting brackets, which are designed to enhance human-machine interaction, in-car entertainment delivery and vehicle personalization. Many of these products have already entered mass production and shipment. In the chassis domain, we manufacture key components such as suspension ECUs and brake ECUs, engineered to support real-time responsiveness, safety and durability under automotive-grade standards.

BUSINESS

To support R&D and production in automotive electronics, we have established dedicated production lines and validation laboratories at our manufacturing center in Huizhou. As of the Latest Practicable Date, we had established partnerships in the automotive electronics sector with multiple renowned OEMs and Tier-1 customers, such as Xiaomi and NIO, and had secured over ten design wins.

At the same time, we are actively expanding into international automotive markets, with multiple projects currently in customer evaluation and joint development stages. Our growing automotive electronics capabilities demonstrate our commitment to becoming a core technology supplier for the next generation of intelligent vehicles.



In-car Wireless Charging Modules



Smart Control Tablets

RESEARCH AND DEVELOPMENT

We view research and development as a core driver of our long-term competitiveness, scalability, and product innovation. Our R&D strategy is built on a commitment to continuous investment, systematic capability-building, and forward-looking technological exploration. We have established a comprehensive R&D system that integrates advanced infrastructure, disciplined processes and close collaboration with ecosystem partners to support the development of differentiated products across smartphones, AI PCs, automotive electronics and other smart device categories. Reflecting our strong innovation focus, we incurred research and development expenses of RMB1,507.8 million, RMB1,687.8 million, RMB2,080.2 million and RMB1,951.1 million in 2022, 2023 and 2024 and the nine months ended September 30, 2025, respectively. As of September 30, 2025, we employed approximately 5,200 R&D personnel, accounting for 29.1% of our total employees and underscoring our commitment to deepening our technological capabilities as we scale into new product categories and global markets.

BUSINESS

R&D Infrastructure

We have established a comprehensive R&D infrastructure comprising multiple innovation hubs across Chinese mainland, enabling agile development, resource integration, and close proximity to both talent and customers. As of the Latest Practicable Date, we operated seven R&D centers in Shanghai (R&D headquarters), Shenzhen, Huizhou, Nanchang, Hefei, Xi'an and Suzhou. The primary function of each of our R&D centers is as follows:

- *Shanghai R&D Center.* Our Shanghai R&D center serves as our core innovation headquarters, responsible for central planning, strategic research, and advanced engineering across all product lines.
- *Shenzhen R&D Center.* Our Shenzhen R&D center focuses on serving major customers in South China, such as Honor, OPPO, and vivo. It supports development across smartphones, tablets, and AIoT products.
- *Huizhou R&D Center.* Co-located with our manufacturing operations in the city, our Huizhou R&D center plays a key role in new product development and introduction, ensuring seamless transition from design to production.
- *Nanchang R&D Center.* Also integrated with our manufacturing base in the city, our Nanchang R&D center supports new product development and introduction, enabling effective transition from prototype to mass production.
- *Hefei R&D Center.* Focused on the R&D of smartphones, tablets, and AIoT products, our Hefei R&D center serves as a regional extension of the Shanghai R&D headquarters, enhancing our capacity for parallel development and delivery.
- *Xi'an R&D Center.* Similar to our Hefei center, the Xi'an R&D center is engaged in smartphone, tablet, and AIoT product R&D, providing additional support for cross-regional project execution and talent diversification.
- *Suzhou R&D Center.* Our most recently established R&D center, the Suzhou center is dedicated to the AI PC business, reinforcing our strategic focus on next-generation PC innovation.

Our R&D operations are built around a coordinated network of specialized centers across China, designed to maximize both innovation and market responsiveness. The Shanghai headquarters leads strategic planning and core technology development, while regional facilities, including our new Suzhou center focused on AI PCs, tailor solutions to specific industry and customer needs. Such integrated structure enables parallel development across smartphones, tablets, AIoT devices, AI PCs, and automotive electronics, ensuring both technical excellence and rapid commercialization. By combining centralized R&D leadership with localized expertise, we maintain strong synergies across all locations, accelerating design cycles and cultivating technical talent. By doing so, we have established a highly adaptive innovation engine that delivers calibrated solutions for China's fast-evolving smart device landscape.

BUSINESS

Our R&D organization is structured by technical specialization, with dedicated departments for hardware engineering, software development, mechanical design, industrial design, key components, imaging, product management, testing, and project management. With this structure, we intend to maintain deep technical expertise within our Group while supporting cross-functional collaboration across product lines and innovation stages.

In addition, we have established the 2111 Laboratory, which focuses on innovation of next-generation technologies, materials, and product categories. Our 2111 Laboratory is dedicated to advancing product planning and preliminary research for N+1 generation technologies, such as AI/AR glasses, as well as developing foundational technologies, including advanced System-in-Package (“SiP”), near-eye display, optics, AI large model application, materials, and ergonomics. It also plays a pivotal role in fostering industry-academia-research collaboration, building an ecosystem that bridges cutting-edge research with practical applications. Its efforts have contributed to key R&D achievements, including the proof-of-concept for AI/AR glasses and SiP, the establishment of an ergonomics database, and the deployment of proprietary AI models for test automation and internal knowledge management. By incubating new business lines and accelerating the commercialization of innovative ideas, the 2111 Laboratory serves as a cornerstone of our strategy to drive long-term technological advancements and market leadership.

During the Track Record Period, we retained increasing number of R&D personnel and therefore significantly strengthened our product design and development capabilities in the following key areas:

- *Expansion of R&D Network and End-to-End Service Capabilities:* As our R&D team grew, we established new research and development centers in Xi'an and Suzhou during the Track Record Period, strengthening our nationwide R&D footprint. This expansion enhances our ability to provide end-to-end services, boosting efficiency across the entire product lifecycle — from initial product definition, design simulation, and circuit system design to software platform development, testing, and certification. This has bolstered our integrated capabilities from initial concept to final delivery.
- *Cross-Category Technology Integration:* Our R&D teams have accumulated extensive experience across a diverse portfolio of products, including smartphones, tablets, smart watches/bands, AI PCs, automotive electronics, TWS earphones, and smart eyewear. This has advanced our capabilities in complex system integration and cross-category technology fusion. Specifically, our in-depth development of core underlying technologies such as wireless communication, audio, display, and optics enables us to deliver integrated solutions for diverse scenarios like smart offices, sports and health.

BUSINESS

- *Application of AI Technology:* We are proactively embracing AI trends by exploring the application of artificial intelligence in both our R&D processes and digital operations. This strategic focus has not only improved our internal R&D efficiency but has also empowered us to enhance the user experience of our end-products. This demonstrates our strengthened capabilities in driving both innovation and operational excellence.

R&D Process

We have built a comprehensive and structured R&D process that supports end-to-end innovation across multiple product lines, including smartphones, tablets, AIoT devices, AI PCs, and automotive electronics. Our R&D process covers all critical areas of the product development lifecycle — hardware engineering, software development, industrial design, mechanical design, simulation, and testing. With this comprehensive in-house capability, we are able to rapidly iterate and commercialize new technologies, while maintaining high levels of quality, reliability, and customer satisfaction.

To ensure systematic management and cross-functional integration, we have implemented a company-wide integrated product development (“**IPD**”) framework. The IPD process clearly defines development phases, responsibility matrices, and collaboration protocols across departments, aligning technical execution with business objectives. Under this framework, cross-functional teams from engineering, product management, quality assurance, and operations work together from the early concept stage through to mass production. As a result, we have managed to reduce development cycle times, improve risk management, and enhance product-market fit.

The IPD framework also facilitates continuous improvement and knowledge accumulation, as each project cycle contributes to our internal knowledge base and informs future development. By embedding process discipline and decision checkpoints into product innovation, we are able to balance speed and quality, ensure resource efficiency, and maintain strong alignment with customer requirements. With this structured yet agile approach to R&D, we respond quickly to market dynamics while delivering robust, competitive, and scalable solutions.

BUSINESS

Case Studies

Driving Innovation in High-Performance and Ultra-Thin AI PCs

To address the growing demand for both high performance and portability in laptops, we have invested in R&D focused on core technologies, such as processor performance optimization, battery life enhancement, and lightweight design. Guided by market insights and advanced technology pre-development, we have introduced a diverse range of products, including ultra-thin laptops and mini-PCs.

For leading domestic clients such as MECHREVO and Honor, we provide full-stack services covering hardware architecture design, system integration and adaptation, and supply chain coordination. Throughout the entire product development lifecycle, our team works closely with our customers to refine thermal solutions, interface layout, and software ecosystem integration. Through multiple rounds of performance tuning and mold optimization, we deliver tailored and differentiated solutions that meet diverse client needs.

For example, we successfully helped our customers address the dual demands of high performance and portability for laptop users. By leveraging our expertise in structural design, we applied magnesium alloy materials typically used in tablets to PC products, achieving an ultra-lightweight design of around 1kg. In addition, we utilized our advanced architectural capabilities to integrate an 80Wh high-capacity battery while maintaining a slim body thickness of just 14.95mm. These innovations enabled our customers to deliver groundbreaking products that combine exceptional battery life with unmatched portability, meeting evolving market expectations.

Our commitment to breakthrough technological innovation has enabled us to establish three core advantages: ultra-long battery life, ultra-thin design, and intelligent connectivity. Centering user experience in our design philosophy, we seamlessly combine high-efficiency battery management systems with lightweight body design to achieve a dual breakthrough in ultra-long battery life and extreme slimness. At the same time, we deeply integrate intelligent connectivity technologies to build a seamless digital ecosystem, setting new benchmarks in AI PC design.

With years of expertise in the smart device sector, we have built strong capabilities across key domains such as refined exterior design, display module development, touch technology optimization, antenna module solutions, and embedded software development. These technological strengths not only drive continuous innovation in our AI PC ODM business but also empower us to stand out in a highly competitive market.

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Customized Smart Control Tablets for Leading Automotive OEMs

As a Tier-1 supplier in the automotive electronics ODM sector, we have demonstrated our strong R&D capabilities through the development of advanced smart control tablet solutions aimed at enhancing the in-car user experience. Guided by the vision of delivering “technology in your palm, one-touch control,” our team conducted extensive industry research and user studies to address key technical challenges such as display quality, touch responsiveness, and system compatibility in smart control applications.

Since we entered into the domain of automotive electronics ODM, we have supported customers in achieving R&D breakthroughs by leveraging our comprehensive expertise and advanced technologies. With IATF 16949 automotive quality certification and ASPICE L2 software process certification, we developed intelligent domain controller solutions based on advanced SoC platforms. Our full-stack R&D team, covering hardware, software, and testing, enabled us to deliver industry-leading technical capabilities. The highly integrated domain controller supports multi-screen interaction within the cabin, spanning the central console, passenger display, and rear-seat screens, while incorporating innovative, portable designs. These advancements not only enhanced functionality but also set new benchmarks for product upgrades in the automotive industry.

Through iterative product definition and technical refinement, we successfully developed customizable armrest screens and rear-seat control panels tailored for leading OEMs. Our R&D team worked closely with each automaker to refine interface definitions, optimize installation layouts, and provide detailed recommendations for integration with surrounding vehicle components. Leveraging our deep expertise in display technology, touch interaction, and embedded software — accumulated over years of experience in the smart device ODM sector — we were able to deliver full-stack solutions that met the unique specifications of each customer.

The development process involved multiple rounds of simulation, prototyping, and fitment validation, enabling rapid design iteration and seamless adaptation across different vehicle platforms. Our solutions have been recognized by OEM partners for their intelligent functionality, luxury feel, and intuitive user experience, helping to elevate in-cabin comfort and reinforce the premium positioning of their vehicle models. This project not only showcased our ability to translate smart device innovation into automotive-grade applications, but also underscored our agility in collaborative development and our commitment to customer-centric design.

BUSINESS

R&D Collaboration

We are committed to building a forward-looking R&D collaboration network that integrates internal innovation capabilities with strategic external partnerships. Our R&D strategy follows a dual approach, prioritizing the development of in-house technological expertise while actively engaging with leading industry players, academic institutions, and research organizations. We believe this model allows us to foster talent development, accelerate knowledge exchange, and promote coordinated progress across the broader industry value chain.

To advance collaborative innovation, we have established long-term relationships with global technology leaders such as Qualcomm, working jointly on cutting-edge platform integration and product innovation. At the same time, we maintain close research ties with leading universities in Chinese mainland, particularly those located in the Yangtze River Delta region, through joint R&D programs and talent development initiatives. For example, we have partnered with a leading university on ergonomic design research for wearable products, and have jointly established internship bases with over ten institutions to support industry-academia cooperation and talent cultivation. By cultivating these multi-dimensional partnerships, we are able to share resources, co-develop breakthrough technologies, and strengthen the ecosystem surrounding smart hardware innovation.

R&D Policies

We have established a well-defined R&D policy framework that promotes innovation, process discipline, and talent development. To foster a culture of continuous innovation, we have implemented structured incentive mechanisms. Through these positive reinforcement initiatives, we stimulate innovation across product design, manufacturing processes, and technical iteration, ultimately enhancing product performance and market competitiveness.

To ensure the efficiency, standardization, and compliance of our R&D activities, we have put in place a comprehensive set of internal management protocols. These standardized procedures strengthen operational control and institutionalize innovation practices across our Group.

In parallel, we actively invest in talent development for our R&D personnel, offering structured technical and soft skills training, dual-career progression paths (technical and managerial tracks), access to academic conferences, and advanced lab environments to foster hands-on exploration. Our approach to R&D talent retention includes competitive compensation, comprehensive benefits, and a values-driven culture that emphasizes mission alignment and employee well-being. We also implement proactive retention programs, including satisfaction surveys, exit interviews, and a dedicated “talent return” program for rehiring high-performing former employees.

BUSINESS

OUR TECHNOLOGY AND DIGITALIZATION

We are a technology-driven company with deep expertise in smart hardware innovation. Our core strengths are rooted in sustained investment in foundational technologies, including wireless communication, audio, display, optics, imaging, materials, and simulation. In line with global AI trends, we are actively deploying AI technologies across R&D and digital operations, exploring the use of AI agents to improve R&D efficiency, enhance product intelligence, and elevate user experience. In parallel, we are accelerating digital transformation across all major aspects of our operations, including R&D, manufacturing, supply chain, and quality management. Through the deployment of proprietary systems, we enhance operational transparency, drive process optimization, and achieve better cost control at scale.

Our Technology

Over the years, we have built a strong technological foundation that serves as a key competitive barrier in the smart hardware ODM industry. Through continuous investment in core R&D, deep vertical integration, and broad technical coverage across product categories, we have developed robust and scalable technological capabilities that enable rapid innovation, high levels of customization, and long-term customer engagement.

Our customization process is tailored to meet specific customer requirements and involves a structured and collaborative approach. Based on the specific needs of our customers to optimize and expand their product portfolios, customization may include algorithm integration for display, audio, and camera systems, as well as meeting customer-specific needs such as low-temperature long battery life and instant-on functionality. These requirements often involve technological innovation and iteration to meet their specific needs. Our customization workflow encompasses several stages: (i) requirements analysis, (ii) cross-functional requirement alignment, (iii) implementation of customized features, and (iv) validation of the customized product. Such end-to-end approach ensures that we deliver solutions precisely aligned with customer needs, thereby strengthening our position as a trusted partner in the industry.

Set forth below is a description of our key technology domains:

- *Wireless RF and Antenna Technologies.* We have developed proprietary capabilities in multi-antenna design, high-performance RF paths, dual-band GPS optimization, antenna performance testing technology, antenna miniaturization, and RF power adjustment technologies, enabling us to deliver competitive RF solutions across device categories.
- *Baseband and Mainboard Design.* We are proficient in mainboard design across major chipset platforms, such as Qualcomm, as well as AIoT MCUs with strong technical expertise in circuit design and printed circuit board (“PCB”) stack optimization.

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- *Audio and Optical System Engineering.* We offer integrated design capabilities for audio and optical modules, covering component selection, structural design, circuit layout, and embedded software development. We possess advanced capabilities in acoustic chamber design, ghosting reduction, multi-camera architecture, and optical waveguide technologies.
- *Mechanical and Structural Design.* Our structural design team has extensive experience in aesthetic design, stability optimization, and integration efficiency, and has achieved technical breakthroughs in ultra-thin form factors, ultra-narrow bezels, professional-grade waterproofing, and PCB stack miniaturization.
- *Simulation Technologies.* As one of the earliest ODM players in Chinese mainland to invest in simulation-driven product development, we have built strong capabilities in RF, antenna, acoustic, optical, signal, structural, and thermal simulations. We use simulation modeling to accelerate development, reduce cost, and increase reliability, and have established a material parameter database to support simulation accuracy and reuse.
- *System-level Engineering.* We possess strong technical capabilities in operator certification and low-power system design, ensuring our products meet stringent global quality and compliance standards.
- *Software Development.* We have full-stack software development capabilities across most popular platforms, such as Android, Windows, RTOS and Wear OS, covering drivers, middleware, and user interface layers. We have also expanded our embedded software development capabilities, establishing strong technical expertise in specialized software algorithms for AIoT devices, including RTOS software platform development and motion and health algorithm design technologies. In addition, we also develop automated testing software tailored for different modules to enhance product verification and compatibility.
- *Intelligent Manufacturing.* Through long-term production experience and continuous technological innovation, we have developed advanced capabilities in precision assembly, automated production line design, intelligent inspection, and flexible manufacturing with rapid line-changeover technologies. These advancements have driven our manufacturing centers toward greater intelligent manufacturing, automated inspection, and flexible production capacity.
- *Information Management Systems.* To manage the complexity of ODM operations, we have independently developed a Manufacturing Execution System (“MES”) that enables full-process digital management from supply chain and production to logistics and delivery. The system supports real-time data collection across thousands of components and devices, enabling intelligent control, process synergy, and on-time, large-scale delivery.

BUSINESS

While these above-mentioned technology domains are not unique to us but are rather both generally applicable and critical to the smart device ODM industry, we have achieved a leading position in many aspects. For example, in the area of mechanical and structural design, we were the first in the industry to implement an IP68 waterproof design for a three-piece phone structure consisting of the front cover, middle frame, and battery cover. Moreover, in system-level engineering, we have developed a comprehensive and mature low-power system solution, which has been successfully commercialized and mass-produced in products for both domestic and international customers. These technological advancements underscore our ability to innovate and maintain a competitive edge in the smart device ODM industry.

Digitalization

We have established a comprehensive digital management framework that enhances coordination across the entire lifecycle of smart product development — from R&D and supply chain to manufacturing and delivery. Building on years of operational experience, we have independently developed and continuously upgraded a suite of digital tools to support intelligent, data-driven operations, significantly improving efficiency, flexibility, and cost control.

In project management, we have developed a proprietary project management system that enables precise planning. In manufacturing and supply chain operations, our previously introduced MES plays a central role in connecting production processes with upstream and downstream systems, enabling real-time data collection, intelligent control, and process coordination across multiple equipment types and workflows.

To support full-process digitalization, we have also implemented a range of enterprise systems, including PLM, WMS, QMS, SRM, and FPM. These systems enable seamless management of product design, procurement, inventory, quality assurance, supplier collaboration, and financial planning, ensuring operational transparency and optimal resource utilization throughout operations.

Furthermore, we are actively embracing AI large models and have begun deploying a centralized knowledge platform to enhance the intelligence and automation of R&D, manufacturing, and other aspects of our business operations. These initiatives further strengthen our digital capabilities and support our ability to respond quickly to market demands, deliver high-quality products at scale, and continuously improve customer satisfaction.

MANUFACTURING

We operate a flexible and efficient manufacturing system that combines self-owned manufacturing facilities with strategic outsourcing arrangements to support the diversified and large-scale manufacturing needs of our customers. Over the years, we have established a comprehensive manufacturing footprint in both Chinese mainland and overseas markets, enabling us to enhance production capacity, improve cost efficiency, and respond swiftly to dynamic customer demands. Our manufacturing capabilities are supported by advanced production processes, intelligent automation, and rigorous quality control systems, ensuring the consistent delivery of high-quality smart devices across categories such as smartphones, tablets, and AIoT devices.

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Manufacturing Models

We adopt a hybrid manufacturing approach that combines self-production and outsourced processing, allowing us to flexibly allocate resources based on the technical requirements and capacity needs of different production stages. This approach enhances our ability to manage production quality, optimize costs, and respond efficiently to customer demands. As of the Latest Practicable Date, our manufacturing centers located in Chinese mainland (Huizhou and Nanchang), Vietnam and India serviced as the core of our manufacturing capabilities.

Self-production

Under the self-production model, we organize and execute production activities using our own manufacturing facilities, equipment, and personnel. These manufacturing centers are equipped with automated surface mount technology (“SMT”) lines, precision assembly systems, and intelligent testing equipment, enabling us to handle key processes such as PCB assembly, module integration, final assembly, and quality inspection. The self-production model allows us to maintain strict control over product quality, production timelines, and intellectual property protection.

Outsourced Production

To meet delivery schedules and enhance overall production efficiency, we also engage qualified third-party manufacturers to perform certain processing tasks. Our outsourced production mainly covers SMT processing, final assembly and packaging. Upon completion of outsourced processes, all products are subject to our internal quality inspection procedures. Only products that meet our quality standards are approved for delivery to customers.

We have established a comprehensive management system to ensure the quality and reliability of outsourced operations. Specifically, we have implemented the Outsourced Processing Management Guidelines (《委外加工管理規範》), which set clear standards for production quality and risk control. Our outsourcing management department oversees the daily operations of our partnered factories, while the outsourcing quality assurance department is responsible for auditing and evaluating potential and existing vendors.

All outsourced manufacturers must pass a formal qualification process before being authorized to participate in production. The certification process includes qualification review, on-site audits, sample trial production, and small-batch trial runs. Based on the results of this assessment, we classify vendors into three tiers: strategic partners, core vendors, and reserve vendors, taking into consideration of their production capabilities, industry reputation, and the depth and breadth of their collaboration with us. In our outsourced manufacturing processes, these parties play varying roles and levels of involvement depending on their technical strengths, delivery capacity, and alignment with specific project needs. We also conduct ongoing performance evaluations on a monthly and quarterly basis, jointly managed by our engineering, planning, logistics, quality, and outsourcing management departments. This structured approach ensures that our outsourcing partners meet our expectations in terms of quality, efficiency, and compliance, while also mitigating the risk of over-reliance on any single supplier.

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Set forth below is a summary of the major terms in our contracts with key outsourced manufacturers:

- Contractual term The term of the contract shall be determined by mutual agreement between the parties, and any renewal of the contract shall be subject to mutual consultation and agreement prior to the expiration of the current term.
- Scope of service Outsourced manufacturers shall, within the specified timeframe, manufacture the required quantity of products in accordance with the composite process and quality standards, based on the orders, raw materials, bill of materials (“**BOM**”), drawings, technical specifications, quality requirements, and testing procedures/software provided by us. Depending on specific requirements, outsourced manufacturers may have to procure certain production consumables on their own, or we may supply the necessary production materials to them. We generally require the outsourced manufacturers to prioritize our delivery requirements in the event of production capacity conflicts.
- Subcontracting Outsourced manufacturers are generally prohibited from subcontracting any part of our orders to third parties without our prior written consent. Without our authorization, if any of our orders, raw materials, or related items are sent to unapproved manufacturing sites or facilities, we reserve the right to cancel all affected orders and to demand liquidated damages as well as full compensation for any losses incurred as a result of such unauthorized actions.

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- Orders We shall issue processing orders to outsourced manufacturers in advance and may request partial deliveries with specified delivery schedules. Upon receipt of an order, outsourced manufacturers shall promptly arrange production accordingly. In general, we reserve the right to request changes to the order quantity or delivery dates, and outsourced manufacturers shall accommodate such requests and make timely adjustments to their production plans upon receiving notice of the changes.
- Processing fees The processing fee for each product shall be based on the quotation or tender document mutually agreed upon by both parties.
- Manufacturing and delivery Outsourced manufacturers shall deliver the products to us on time, in the required quantity and quality, and in accordance with our specified production and packaging requirements. If outsourced manufacturers are unable to deliver on time due to their own reasons, they shall take necessary measures to meet the delivery schedule and minimize any delay. In the event that the delay in delivery is caused by the fault of the outsourced manufacturers, we are entitled to terminate the contract or cancel the current order. We reserve the right to claim compensation for any losses suffered by us due to such delay.
- Confidentiality and IP protection . Both parties shall be responsible for maintaining the confidentiality of each other’s intellectual property in accordance with the confidentiality provisions of the contract. Outsourced manufacturers shall ensure that any design drawings, documents, or other information provided by us are used solely for the purpose of performing the relevant contract and orders. Any unauthorized use beyond the scope of the contract shall constitute an infringement, for which the outsourced manufacturers shall bear full legal liability.

BUSINESS

The following table sets forth the designed production capacity under the self-production model, output, and utilization rate under the self-production model for our major product categories for the years/periods indicated:

	For the year ended December 31,			For the nine months ended September 30,
	2022	2023	2024	2025
Smartphones				
Designed production capacity				
(‘000 units) ⁽¹⁾	58,632	60,240	93,000	71,200
Total output (‘000 units) ⁽²⁾	78,325	65,728	106,677	74,722
Self-production (‘000 units) . .	55,074	54,554	83,896	63,419
Out-sourced production				
(‘000 units)	23,251	11,174	22,781	11,303
Utilization rate (%) ⁽³⁾	93.9	90.6	90.2	89.1
Tablets				
Designed production capacity				
(‘000 units) ⁽¹⁾	1,281	2,800	9,200	5,941
Total output (‘000 units) ⁽²⁾	5,428	5,992	11,663	8,424
Self-production (‘000 units) . .	1,159	2,397	8,177	5,225
Out-sourced production				
(‘000 units)	4,269	3,595	3,486	3,199
Utilization rate (%) ⁽³⁾	90.5	85.6	88.9	87.9
AIoT				
Designed production capacity				
(‘000 units) ⁽¹⁾	8,030	16,100	39,010	29,524
Total output (‘000 units) ⁽²⁾	7,366	14,054	36,469	29,643
Self-production (‘000 units) . .	7,364	14,054	36,469	26,468
Out-sourced production				
(‘000 units)	2	—	—	3,175
Utilization rate (%) ⁽³⁾	91.7	87.3	93.5	89.7

Notes:

- (1) The designed production capacity is calculated based on a number of assumptions, including but not limited to the daily operation time, the number of working days, the capacity of each production line per hour and the total number of production lines installed for the relevant year/period.
- (2) Total output represents the amount of output from both self-production and outsourced production.
- (3) Utilization rate is calculated by dividing output of self-production only by designed production capacity for the relevant year/period.

BUSINESS

The following table sets forth the designed production capacity under the self-production model, output, and utilization rate under the self-production model in our Huizhou, Nanchang and Vietnam manufacturing centers for major product categories for the years/periods indicated:

	For the year ended December 31,			For the nine months ended September 30,
	2022	2023	2024	2025
Huizhou				
Smartphones				
Designated production capacity (‘000 units) ⁽¹⁾	34,066	37,351	63,370	48,995
Total output of self-production (‘000 units) ⁽²⁾	32,494	34,369	56,961	44,473
Utilization rate (%) ⁽³⁾	95.4	92.0	89.9	90.8
Tablets				
Designated production capacity (‘000 units) ⁽¹⁾	598	1,049	6,852	3,564
Total output of self-production (‘000 units) ⁽²⁾	522	911	6,041	3,057
Utilization rate (%) ⁽³⁾	87.3	86.8	88.2	85.8
AIoT				
Designated production capacity (‘000 units) ⁽¹⁾	2,026	4,025	5,383	7,507
Total output of self-production (‘000 units) ⁽²⁾	1,745	3,373	4,793	6,642
Utilization rate (%) ⁽³⁾	86.1	83.8	89.0	88.5
Total				
Designated production capacity (‘000 units) ⁽¹⁾	36,690	42,425	75,605	60,066
Total output of self-production (‘000 units) ⁽²⁾	34,761	38,653	67,795	54,172
Utilization rate (%) ⁽³⁾	94.7	91.1	89.7	90.2

BUSINESS

	For the year ended December 31,			For the nine months ended September 30,
	2022	2023	2024	2025
Nanchang				
Smartphones				
Designated production capacity (‘000 units) ⁽¹⁾	24,566	22,889	29,624	19,699
Total output of self-production (‘000 units) ⁽²⁾	22,580	20,185	26,935	16,884
Utilization rate (%) ⁽³⁾	91.9	88.2	90.9	85.7
Tablets				
Designated production capacity (‘000 units) ⁽¹⁾	683	1,351	1,614	2,371
Total output of self-production (‘000 units) ⁽²⁾	637	1,246	1,490	2,163
Utilization rate (%) ⁽³⁾	93.3	92.2	92.3	91.2
AIoT				
Designated production capacity (‘000 units) ⁽¹⁾	6,004	12,075	32,961	14,538
Total output of self-production (‘000 units) ⁽²⁾	5,619	10,681	31,267	13,494
Utilization rate (%) ⁽³⁾	93.6	88.5	94.9	92.8
Total				
Designated production capacity (‘000 units) ⁽¹⁾	31,253	36,315	64,199	36,608
Total output of self-production (‘000 units) ⁽²⁾	28,836	32,112	59,692	32,541
Utilization rate (%) ⁽³⁾	92.3	88.4	93.0	88.9

BUSINESS

	For the year ended December 31,			For the nine months ended September 30,
	2022	2023	2024	2025
Vietnam				
Smartphones⁽⁴⁾				
Designated production capacity (‘000 Units) ⁽¹⁾	—	—	—	2,506
Total output of self-production (‘000 units) ⁽²⁾	—	—	—	2,062
Utilization rate (%) ⁽³⁾	—	—	—	82.3
Tablets⁽⁵⁾				
Designated production capacity (‘000 units) ⁽¹⁾	—	400	734	6
Total output of self-production (‘000 units) ⁽²⁾	—	240	646	5
Utilization rate (%) ⁽³⁾	—	60.0	88.0	88.9
AIoT				
Designated production capacity (‘000 units) ⁽¹⁾	—	—	666	7,479
Total output of self-production (‘000 units) ⁽²⁾	—	—	409	6,332
Utilization rate (%) ⁽³⁾	—	—	61.4	84.7
Total				
Designated production capacity (‘000 units) ⁽¹⁾	—	400	1,400	9,991
Total output of self-production (‘000 units) ⁽²⁾	—	240	1,055	8,399
Utilization rate (%) ⁽³⁾	—	60.0	75.4	84.1

Notes:

- (1) The designed production capacity is calculated based on a number of assumptions, including but not limited to the daily operation time, the number of working days, the capacity of each production line per hour and the total number of production lines installed for the relevant year/period.
- (2) Total output represents the amount of output from self-production only.
- (3) Utilization rate is calculated by dividing output of self-production only by designed production capacity for the relevant year/period.
- (4) During the Track Record Period, we only started to produce smartphones in Vietnam manufacturing center in the first half year of 2025.
- (5) In the nine months ended September 30, 2025, influenced by evolving business dynamics, the production in our Vietnam manufacturing center focused on the AIoT business, therefore causing a marked increase in the production capacity and output of AIoT devices and a decrease in those of tablets.

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Manufacturing Centers

To support our large-scale, manufacturing operations across Asia and enhance delivery efficiency for both domestic and international customers, we have established a strategically distributed manufacturing network across Huizhou, Nanchang, Vietnam and India. These manufacturing centers are equipped with advanced production infrastructure, enabling us to achieve high-capacity, high-quality, and flexible manufacturing for a wide range of smart devices.

- *Huizhou Manufacturing Center.* Established in 2011, our Huizhou manufacturing center serves as one of our core production hubs, supporting both domestic and overseas orders. The facility is equipped with 34 SMT lines, 67 final assembly lines, and two laboratories. Our Huizhou plant is capable of handling high-volume and diversified manufacturing tasks and supporting both production and continuous process optimization.
- *Nanchang Manufacturing Center.* Our Nanchang manufacturing center was established in 2020. It complements our Huizhou operations and plays a key role in enhancing our overall production capacity and geographic diversification. The Nanchang facility is equipped with 24 SMT lines, 60 final assembly lines, and two laboratories, serving both domestic and international customer orders. We have completed phase I of our Nanchang manufacturing center in the four quarter of 2024, mainly focusing on smartphone production and using the proceeds raised from A-Share Listing. As of the Latest Practicable Date, we were in the planning stage for phase II of our Nanchang manufacturing center to further enhance our production capacity. The phase II facility is expected to primarily focus on the manufacturing of AI PCs and smart eyewear, which is expected to be supported by [REDACTED] from the [REDACTED].
- *Vietnam Manufacturing Center.* Established in 2023, our Vietnam manufacturing center enables us to better serve overseas customers, especially under global supply chain localization requirements. We chose to establish a manufacturing center in Vietnam primarily because it offers a relatively favorable business environment for companies from Chinese mainland, with supportive policies and a well-developed downstream supply chain, and has become a proven location where many enterprises from Chinese mainland have successfully operated. The facility is equipped with eight SMT lines, 13 assembly lines, and one laboratory.
- *India Manufacturing Center.* Our India manufacturing center, with smartphones as the primary products manufactured, is primarily responsible for SMT processing and final assembly/packaging. In India, we currently collaborate with a related party, DBG Technology (India) Private Limited, a subsidiary of DBG Technology Co., Ltd., as our EMS partner primarily serving the Indian market. The reason for engaging an EMS partner for the assembling of our products in India was mainly due to regulatory considerations, in view of the foreign direct investment (“FDI”)

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restrictions introduced by the Indian authorities. Pursuant to the Press Note No.3 (2020 Series) by the Ministry of Commerce & Industry of India, prior governmental approvals for FDI would be required if such investment is from India’s neighboring countries, including China. For details on our transaction with this EMS partner, see “Financial Information — Related Party Transactions.” Under this arrangement, we provide the components, primarily in the form of raw materials, to the EMS partner and the EMS partner is responsible for assembling the finished products in India, which are then delivered to our local customers. While we do not directly handle the manufacturing tasks, the India manufacturing center in collaboration with our EMS partner is a hub for the manufacturing of our products. To support production, we coordinate the supply of materials to the EMS partner through entities based in Chinese mainland and Hong Kong. The EMS partner is responsible for assembling the finished products in the India manufacturing center in accordance with our specified quality standards and technical requirements, and for delivering the completed units to us within the agreed timelines. In addition, we intend to strengthen our local supply chain capabilities and support the growing demand in the Indian market.

Manufacturing Process

We have developed a robust and scalable production system that supports the efficient manufacturing of a wide range of smart devices. The production of different products requires different technical and production capabilities. Our production processes are optimized for both smartphones and tablets as well as AIoT devices, enabling us to meet diverse customer needs with high quality, consistency, and flexibility.

Smartphones and Tablets

Our production process for smartphones and tablets is comprehensive, standardized, and supported by advanced automation technologies. It primarily consists of the following key stages:

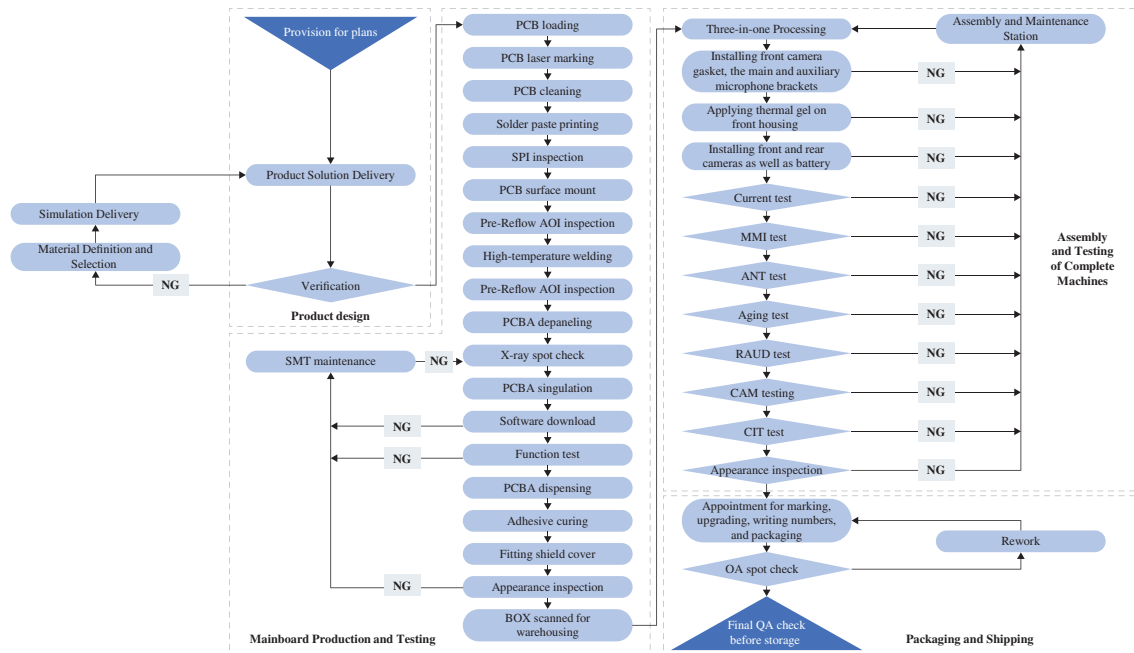
- *Production Design and Iteration.* We utilize product-level design methodologies, combining system architecture, component selection, and iterative simulation to define and optimize the bill of materials and technical specifications. Once the product solution has passed internal verification procedures, it proceeds to the mass production stage.
- *Mainboard Manufacturing and Testing.* We manufacture the mainboards for smartphones and tablets using fully automated SMT production lines, which accurately place the required components and electronic parts onto PCBs, followed by software programming. The SMT process includes PCB laser QR code marking, PCB loading into fixtures, PCB cleaning, solder paste printing, PCB component placement, high-temperature reflow soldering, de-paneling of PCBA, adhesive dispensing, adhesive curing, and installation of shielding covers. To ensure high

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production yield and quality consistency, we have implemented multiple in-line quality control measures throughout the SMT process, including X-ray inspection, solder paste inspection (“SPI”), automated optical inspection (“AOI”), PCBA functional testing, and visual inspections. Through the implementation of these measures, we are able to detect and eliminate defects, such as missing components, process deviations, soldering failures, and circuit anomalies.

- Final Assembly and Functional Testing.** Following the completion of mainboard production, we proceed with the integration of the mainboard with other modules and components, such as the display, front and rear cameras, battery, speakers, and housing to form the complete device. The assembled units are then subjected to a series of comprehensive functional tests, including current testing, man-machine interface testing, antenna testing, aging testing, receiver audio testing, camera testing, component interface testing, and visual inspection.
- Packaging and Shipping.** Once the assembled devices have passed all required tests, they are packaged together with accessories according to customer-specific shipping requirements. The packaging process ensures that each unit is sealed and labeled properly before being prepared for shipment.

The manufacturing process flowchart for our smartphones and tablets is as follows:



The production cycle of our smartphone and tablets, from R&D to mass production, typically ranges from four to six months.

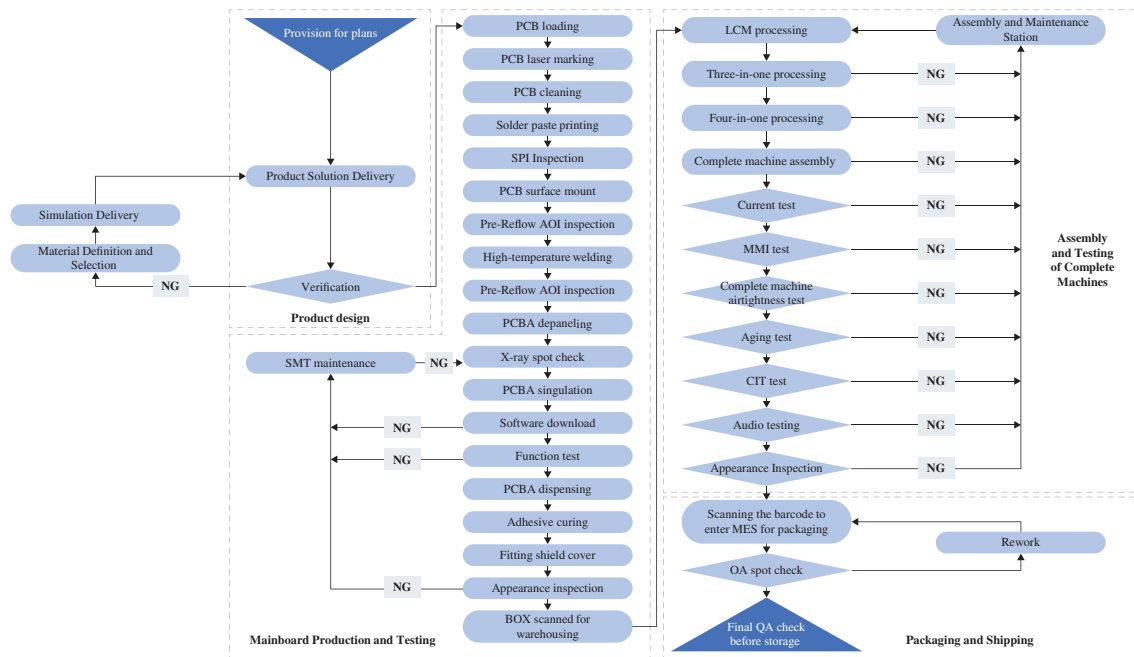
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AIoT Devices

We have established a flexible and modular manufacturing process tailored to the diverse specifications of our AIoT product portfolio. The process is designed to support a wide range of form factors, functionalities, and integration requirements, while ensuring efficiency, reliability, and product quality. The manufacturing process for our AIoT devices is largely similar to that of our smartphones and tablets and generally consists of four main stages: product design and iteration, mainboard manufacturing and testing, final assembly and functional testing, and packaging and shipping.

During the final assembly and testing stage, a key distinction from smartphone and tablet manufacturing is the inclusion of airtightness testing for the assembled device, which is essential for many AIoT devices to ensure environmental durability and protection. In addition, the functional testing procedures vary depending on the specific type and use case of the AIoT devices. Each product undergoes targeted testing based on its core application and feature set, ensuring it meets the necessary performance and reliability standards before shipment.

The manufacturing process flowchart for our AIoT devices is as follows:



The production cycle of our smart wearables, from R&D to mass production, typically ranges from five to eight months. For our smart eyewear products, the production cycle is generally longer, typically around one year.

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Automated and Intelligent Manufacturing

Our manufacturing initiative is driven by three core pillars: lean production, automation, and design for manufacturability, with digital transformation serving as a critical enabler. By deeply integrating advanced manufacturing technologies with information systems, we aim to enhance our entire manufacturing value chain. With this strategic approach, we strive for high-quality, cost-effective, agile, and on-time production, thereby providing operational support for our global expansion strategy.

We have accumulated extensive experience in the application and development of automation technologies. Over the years, we have achieved notable breakthroughs in key areas such as automated component mount, intelligent inspection, and 3D-AI technologies. These capabilities have enabled us to further advance toward lean management, intelligent manufacturing, automated quality control, and flexible production lines. As of the Latest Practicable Date, dozens of critical manufacturing processes, such as PCBA, attachment mounting, and automated testing, have reached a level of near-complete unmanned operation, delivering significant economies of scale.

To support the continued advancement of automation and intelligent production, we had accumulatively invested over RMB2 billion in production equipment as of the Latest Practicable Date. We continue to increase our investment in robotics and “machine replacement for labor” initiatives. As of the Latest Practicable Date, these efforts had allowed us to reduce labor demand by over 1,000 personnel annually, generating direct cost savings of more than RMB70 million each year.

QUALITY CONTROL

We are committed to delivering reliable product quality as a cornerstone of our mission to be a leading smart hardware and service provider. Our quality management system, certified to ISO 9001 standards across all major domestic and overseas manufacturing centers, ensures rigorous control processes from design to delivery. By integrating international best practices with localized execution, we consistently meet and exceed customer expectations for reliability, performance, and safety.

Policy and System

We have established a comprehensive quality control system that combines institutional policies with digital tools to ensure product safety, consistency, and traceability throughout the entire product lifecycle. Our internal procedures enable transparent management from raw materials to finished goods, supporting effective identification and resolution of quality issues.

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In 2024, we launched a company-wide initiative to integrate digital quality management with lean operations, which featured the deployment of a unified quality management platform (QMS 1.0) and other intelligent systems to streamline inspection, monitoring, auditing, and reporting processes. As a result, over 90% of our quality operations were digitalized as of the Latest Practicable Date, improving overall efficiency and reducing operational costs.

To foster a strong quality culture, we regularly conduct training, awareness campaigns, and internal reviews. We also collaborate with external institutions to enhance the professional capabilities of our quality teams. Our quality incentive program further encourages employee participation in continuous improvement efforts, ensuring long-term operational excellence.

Quality Control Process

We have implemented a comprehensive quality management system that covers the entire product lifecycle, structured around three core pillars — quality planning, quality control, and quality improvement. Our quality control system is applied across four key dimensions, namely R&D quality, raw material quality, manufacturing process quality, and customer service quality, ensuring end-to-end oversight of product safety and performance. The details of our quality control across the four key dimensions are as follows:

- *R&D Quality.* We proactively identify and mitigate potential product risks through a series of rigorous validation and reliability tests, including but not limited to safety protection mechanisms against battery overheating, short-circuiting, and thermal runaway. By addressing these risks at the design stage, we ensure that our products meet stringent safety standards and perform reliably under real-world usage scenarios, thereby minimizing safety hazards and enhancing end-user protection.
- *Raw Material Quality.* When introducing new materials and technologies, we utilize a digital management platform to support traceability and process oversight. Based on the principles of planning, control, and improvement, we have established a set of internal quality management guidelines, including Product Quality Planning (《產品質量策劃》), Product Quality Control (《產品質量控制》), and Product Quality Improvement (《產品質量改進》), to standardize quality processes and drive continuous performance enhancement.
- *Manufacturing Process Quality.* We incorporate fail-safe design features into production equipment to prevent operational errors and ensure worker safety. In addition, we maintain strict control over product appearance and surface quality to minimize potential consumer safety risks, such as sharp edges or molding defects. To further ensure consistency and compliance, we implement in-process quality check, real-time monitoring, and automated testing across key stages of the manufacturing line. These measures allow for early detection and timely correction of anomalies, contributing to higher first-pass yield rates and lower rework ratios.

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- *Customer Service Quality.* We are committed to delivering high-quality customer service by integrating lean manufacturing principles with market insights and user-centric innovation. Supported by a professional technical support team and a 24/7 response mechanism, we continuously refine our product quality monitoring and after-sales service metrics. Through targeted, high-efficiency services, we aim to reduce annual product failure and repair rates, translating product value into tangible benefits for our customers.

Product Recall Mechanism

We have established a comprehensive product recall mechanism to ensure timely and effective handling of post-market quality issues. In the manufacturing phase, we strictly follow the procedures outlined in our Nonconforming Product Control Policy (《不合格品控制程序》), which governs the traceability, isolation, and rework of defective or abnormal items. Through this process, we strive for zero leakage of nonconforming products into the market.

For post-sales scenarios, including customer complaints and field issues, we have defined clear product recall triggers and execution protocols. According to these protocols, we would initiate a product recall at the request of brand customers in circumstances where issues arise from product design, manufacturing processes, or component quality, such as in cases involving significant safety risks, widespread functional defects, or major quality incidents. These protocols also specify the scope of affected products, and the corrective actions to be taken, covering all relevant functions such as customer service, after-sales repair, and delivery logistics.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any product recall incidents that would, individually or in the aggregate, have material adverse effects on our results of operations, financial position, or growth prospects.

SALES AND MARKETING

As a company with a global vision, we carry out sales and marketing activities across both domestic and international markets. Our overseas sales have recorded an overall upward trend with certain fluctuations during the Track Record Period, reflecting changes in global customer demand, product launch schedules, and market conditions. In 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, revenue from overseas markets amounted to RMB7,063.5 million, RMB3,792.3 million, RMB14,975.9 million, RMB11,879.1 million and RMB12,266.0 million, respectively, accounting for 24.1%, 13.9%, 32.3%, 34.0% and 39.1% of our total revenue in the respective year/period.

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On the whole, the development of our overseas business has supported our revenue scale expansion, enhanced customer diversification, and improved the resilience of our business performance. Our exports to the U.S., however, only accounted for 1.7% of our total revenue during the Track Record Period, and therefore our business has had limited direct exposure to U.S. tariff measures and cross-broader trade policies. The expansion of overseas sales did not result in any material adverse impact from tariff or cross-border trade matters. For details, see “ — Regulatory Overview — U.S. Tariffs.” We have adopted a flexible and diversified global production and supply chain strategy, including establishing overseas manufacturing centers and working with local suppliers where appropriate, which enables us to manage logistics and cost efficiency and mitigate potential trade-related risks. In particular, we have been continuously strengthening our global manufacturing footprint, including establishing manufacturing centers in Vietnam and India. We plan to further expand our Vietnam manufacturing center, which we believe will help us better manage cross-border trade uncertainties going forward.

Leveraging our strong product capabilities and commitment to innovation, we continue to expand our market presence and strengthen brand recognition in Chinese mainland and overseas. Through a customer-oriented approach, we strive to deliver value, build long-term relationships, and respond effectively to evolving market demands.

Sales Model

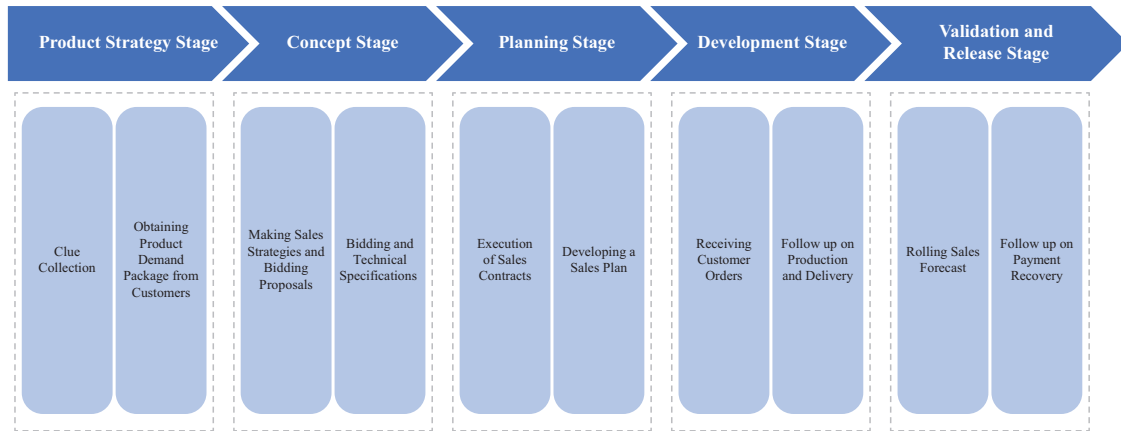
We adopt a diversified and proactive sales approach to develop and expand our customer base, including direct customer engagement, industry networking, and reputation-driven referrals. To enter a customer’s approved supplier list, we are typically required to undergo a comprehensive qualification process, which may include reviews of our technical capabilities, manufacturing standards, quality management systems, and corporate compliance. Even after qualification, we are subject to ongoing customer assessments and audits, which determine our eligibility to participate in project bidding or procurement discussions.

Once admitted into the supplier system, we generally obtain orders through competitive tenders, negotiated bids, or through customer-initiated procurement processes. In addition to responding to specific project needs, we also actively engage with customers by proposing forward-looking product and service solutions based on historical sales data, market trends, and consumer insights. Upon customer approval, we proceed with customized R&D and design, followed by production and delivery.

In most cases, once we are qualified as an approved supplier, we establish long-term and stable cooperative relationships with our customers, enabling us to participate continuously in future projects and deepen our strategic partnerships.

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The following chart illustrates our typical sales process across key product development stages:



Customers

Our customers primarily consist of leading global smart device brands and top-tier technology companies, many of which maintain stringent supplier qualification standards. We generally granted a credit period of between 60 to 90 days to our customers during the Track Record Period.

During the Track Record Period, the aggregate revenue generated from the five largest customers in each year/period amounted to RMB25,697.1 million, RMB21,650.3 million, RMB38,131.2 million and RMB24,881.0 million in 2022, 2023 and 2024 and the nine months ended September 30, 2025, respectively, representing approximately 87.6%, 79.6%, 82.2% and 79.4% of our total revenue in the respective year/period. The revenue generated from our largest customer in 2022, 2023 and 2024 and the nine months ended September 30, 2025 amounted to RMB13,357.1 million, RMB11,519.9 million, RMB17,261.7 million and RMB8,953.6 million, respectively, representing approximately 45.5%, 42.4%, 37.2% and 28.6% of our total revenue in the respective year. The following table sets forth details of our five largest customers in each year/period during the Track Record Period:

Customer	Type of Products Purchased	Background	Year of Commencement of Business Relationship	Revenue Contribution	% of Total Revenue
<i>(RMB'000)</i>					

For the nine months ended September 30, 2025

Customer A.	Smartphones, AIoT devices, and tablets	Affiliates of a public multinational corporation that designs, develops, and sells smartphones, smart hardware, and Internet of Things (IoT) products.	2014	8,953,639	28.6

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Customer	Type of Products Purchased	Background	Year of Commencement of Business Relationship	Revenue Contribution	% of Total Revenue
				(RMB'000)	
Customer B.	AIoT devices, smartphones, and tablets	Affiliates of a technology group specializing in smart devices, software platforms, and internet services.	2018	7,236,973	23.1
Customer C.	Smartphones and smart watches	Affiliates of a multinational corporation that designs, manufactures, and markets electronics, heavy industrial equipment (including shipbuilding and construction), financial services, and biotechnology products.	2021	4,035,523	12.9
Customer D.	Tablets, smartphones and earphones	Affiliates of a public multinational corporation in the information technology sector with operations spanning mobile devices, computing systems, semiconductor solutions, and telecommunications infrastructure.	2011	2,730,766	8.7
Customer H.	AIoT devices	A multinational corporation that designs, manufactures and sells eyewear products	2020	1,924,084	6.1
Total				24,880,985	79.4
<i>For the year ended December 31, 2024</i>					
Customer A.	Smartphones, AIoT devices, and tablets	Affiliates of a public multinational corporation that designs, develops, and sells smartphones, smart hardware, and Internet of Things (IoT) products.	2014	17,261,692	37.2
Customer B.	AIoT devices, smartphones, and tablets	Affiliates of a technology group specializing in smart devices, software platforms, and internet services.	2018	8,012,394	17.3

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Customer	Type of Products Purchased	Background	Year of Commencement of Business Relationship	Revenue Contribution	% of Total Revenue
				(RMB'000)	
Customer C.	Smartphones and smart watches	Affiliates of a multinational corporation that designs, manufactures, and markets electronics, heavy industrial equipment (including shipbuilding and construction), financial services, and biotechnology products.	2021	6,903,382	14.9
Customer D.	Tablets, smartphones and earphones	Affiliates of a public multinational corporation in the information technology sector with operations spanning mobile devices, computing systems, semiconductor solutions, and telecommunications infrastructure.	2011	3,344,024	7.2
Customer E.	AIoT devices, smartphones and tablets	A public company in information and communications technology (ICT) solutions and smart device products.	2016	2,609,680	5.6
Total				38,131,172	82.2
<i>For the year ended December 31, 2023</i>					
Customer A.	Smartphones, AIoT devices, and tablets	Affiliates of a public multinational corporation that designs, develops, and sells smartphones, smart hardware, and Internet of Things (IoT) products.	2014	11,519,947	42.4
Customer F.	AIoT devices, smartphones, and tablets	A public multinational corporation that designs, develops, and manufactures smartphones, smart hardware, and AI-driven ecosystem products.	2020	2,989,087	11.0

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Customer	Type of Products Purchased	Background	Year of Commencement of Business Relationship	Revenue Contribution	% of Total Revenue
				<i>(RMB'000)</i>	
Customer D.	Tablets and smartphones	Affiliates of a public multinational corporation in the information technology sector with operations spanning mobile devices, computing systems, semiconductor solutions, and telecommunications infrastructure.	2011	2,832,977	10.4
Customer C.	Smartphones and smart watches	Affiliates of a multinational corporation that designs, manufactures, and markets electronics, heavy industrial equipment (including shipbuilding and construction), financial services, and biotechnology products.	2021	2,528,173	9.3
Customer E.	AIoT devices, smartphones and tablets	A public company in information and communications technology (ICT) solutions and smart device products.	2016	1,780,076	6.5
Total				21,650,260	79.6
<i>For the year ended December 31, 2022</i>					
Customer A.	Smartphones, AIoT devices, and tablets	Affiliates of a public multinational corporation that designs, develops, and sells smartphones, smart hardware, and Internet of Things (IoT) products.	2014	13,357,127	45.5
Customer C.	Smartphones and smart watches	Affiliates of a multinational corporation that designs, manufactures, and markets electronics, heavy industrial equipment (including shipbuilding and construction), financial services, and biotechnology products.	2021	6,387,885	21.8

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Customer	Type of Products Purchased	Background	Year of Commencement of Business Relationship	Revenue Contribution	% of Total Revenue
				<i>(RMB'000)</i>	
Customer E.	AIoT devices, smartphones and tablets	A public company in information and communications technology (ICT) solutions and smart device products.	2016	2,166,753	7.4
Customer D.	Tablets and smartphones	Affiliates of a public multinational corporation in the information technology sector with operations spanning mobile devices, computing systems, semiconductor solutions, and telecommunications infrastructure.	2011	2,087,956	7.1
Customer G.	Smartphones, tablets, and automotive electronics	A state-owned corporation that develops, manufactures, and distributes telecommunications equipment and ICT solutions.	2022	1,697,371	5.8
Total				25,697,092	87.6

Except for Customer A which held a 4.94% equity interest of our Company as of the Latest Practicable Date, to the best knowledge of our Directors, none of our Directors or their respective close associates, and none of our Shareholders who own more than 5% of the Shares in issue, had any interest in any of our five largest customers in each year during the Track Record Period.

Relationship with Our Largest Customer

Customer A, representing Xiaomi Group, was our largest customer in each year/period during the Track Record Period. As of the Latest Practicable Date, Xiaomi Group held 4.94% equity interest of our Company.

Xiaomi Corporation was established in April 2010 and was listed on the Main Board of the Stock Exchange (stock code: 1810) in July 2018. Xiaomi is a consumer electronics and smart manufacturing company focus on smartphones, smart hardware and IoT platform. In particular, Xiaomi is one of the leading global smartphone brands. According to Canalys, in the second quarter of 2025, smartphone shipments of Xiaomi Group ranked among the top three globally for the 20 consecutive quarters.

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Our revenue generated from our sales to Xiaomi Group was RMB13,357.1 million, RMB11,519.9 million, RMB17,261.7 million and RMB8,953.6 million in 2022, 2023, 2024 and the nine months ended September 30, 2025, respectively, representing 45.5%, 42.4%, 37.2% and 28.6% of our total revenue for the corresponding year/period, respectively. During the Track Record Period, Xiaomi Group was also our supplier and provided procurement services and the purchase amounts from Xiaomi Group accounted for 0.6% of our total purchase amount during the Track Record Period. Our business relationships with Xiaomi Group primarily include:

- *Sales of Smart Devices.* During the Track Record Period, we provided smartphones, tablets, AIoT devices and automotive electronics to Xiaomi Group. For details, see “— Our Products.”
- *Factoring Arrangement.* The factoring arrangements provided by us and Xiaomi Group are primarily conducted via the Tianxing Supply Chain Finance Platform (the “**Tianxing Platform**”), which is a platform operated by Beijing Xiaomi Electronic Software Technology Co., Ltd. (北京小米電子軟件技術有限公司), and offers factoring services by Xiaomi Commercial Factoring (Tianjin) Co., Ltd. (小米商業保理(天津)有限責任公司) and Tianxing (Tianjin) Commercial Factoring Co., Ltd. (天星(天津)商業保理有限公司) (collectively, the “**Factoring Services Companies**”) and Xiaomi Finance H.K. Limited (“**Xiaomi Finance HK**”). After generating trade receivables or receiving the electronic certificates of trade receivables issued by us, the suppliers have two options on its own discretion. If the suppliers have urgent funding needs, they can initiate a financing application on the Tianxing Platform at any time before maturity date for trade receivable discounting, which will incur certain interest expenses. If the suppliers do not have immediate funding requirements, they can choose to hold the trade receivables of the corresponding electronic certificates until maturity and drawdown without incurring any interest. Upon receiving the financing application from the suppliers, the Tianxing Platform will review the materials and extend the financing for trade receivables to the suppliers if the requirements are met. The suppliers who submitted such factoring applications to the Factoring Services Companies and Xiaomi Finance HK supply general-purpose raw materials to us, rather than materials exclusively used in products manufactured under the Xiaomi brand.
 - *Factoring Arrangement regarding RMB-denominated Payment.* We issue electronic certificates of trade receivables on the Tianxing Platform to certain suppliers who have accepted such electronic certificates of trade receivables as the payment measures, within our pre-approved credit limit on this platform. For our RMB-denominated payment suppliers, if they choose to apply for financing, the relevant trade receivable of the suppliers will be transferred by us to one of the Factoring Services Companies upon our confirmation, which will directly pay the receivables to the suppliers. Upon maturity, we will deposit the payment for trade receivables into the factoring business account. For amounts where the suppliers have applied for financing arrangement, the

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payments will be made to the Factoring Services Companies to settle the receivables; for amounts where no financing arrangement has been applied, the payments will be made directly to the suppliers.

- *Factoring Arrangement regarding USD-denominated Payment.* We also have limited number of USD-denominated payment suppliers which opt to transfer relevant trade receivables to Xiaomi Finance HK through the Tianxing Platform. Upon our confirmation, Xiaomi Finance HK, as the factoring service provider, will directly advance the receivable payments to the suppliers. Upon maturity, we will pay the full amount into the designated account of the Tianxing Platform. The designated account will allocate the portion corresponding to the suppliers’ financing to Xiaomi Finance HK to settle the financing, and disburse the remaining non-financed portion to the suppliers.

Pursuant to the agreed proportion, Factoring Services Companies and Xiaomi Finance HK will then pay a portion of service fee to us respectively for our assistance in promoting the supply chain business cooperation through the platform, including among others verifying transaction authenticity, validating associated trade receivables, and processing timely payments to designated accounts. This service fee is accounted for as “other revenue” and is distinct from, and not used to offset, any trade receivables due from Xiaomi Group. Except as disclosed herein in this paragraph, there were no other relationships or arrangements among our Group, the Factoring Services Companies, Xiaomi Finance HK, and/or any of the suppliers subject to the factoring arrangement during the Track Record Period and up to the Latest Practicable Date. According to our PRC Legal Advisors, such factoring arrangement had complied with the applicable PRC laws and regulations.

As advised by Frost & Sullivan, the practice where enterprises introduce clients to factoring companies and assist them in verifying the authenticity of the receivables, while charging a service fee, is not uncommon in the industry. It is commercially reasonable for suppliers to accept such payment arrangements, as they may have financing requirements that can be efficiently settled within a large-scale and reliable platform like the Tianxing Platform or in cooperation with well-known factoring companies affiliated with Xiaomi Group. In 2022, 2023, 2024 and the nine months ended September 30, 2025, 149, 123, 152 and 114 of our suppliers submitted such factoring application to the Factoring Services Companies, respectively.

As of December 31, 2022, 2023, 2024 and September 30, 2025, the amounts of factoring financing obtained by suppliers from trade and bills payable via Factoring Services Companies or Xiaomi Finance HK amounted to RMB672.0 million, RMB923.6 million, RMB559.9 million and RMB373.0 million, respectively.

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During the Track Record Period, our revenue from Factoring Services Companies and Xiaomi Finance HK regarding such supplier finance arrangements amounted to RMB56.1 million, accounting for 0.04% of our total revenue during the same period.

- *Procurement Services:* During the Track Record Period, we also procured certain components, such as camera component and functional ICs, from Xiaomi Group for the production of the smart devices primarily through the Buy & Sell model. For details, see “— Procurement — Procurement Model.” Our purchases from Xiaomi Group amounted to RMB6.0 million, RMB3.9 million, RMB244.4 million and RMB443.1 million in 2022, 2023, 2024 and the nine months ended September 30, 2025, respectively. Such purchase amount increased significantly in 2024 and the nine months ended September 30, 2025, primarily because Xiaomi Group purchased certain chips directly from their suppliers and subsequently reselling them to our Group for use in our manufacturing processes, in order to centralize its procurement and better manage unit costs.

For further details of our customer concentration risk, see “Risk Factors — Risks Relating to Our Industry and Business — We derived a substantial portion of revenue from certain major customers during the Track Record Period and the loss of, or a significant reduction in, revenue from such customers could materially and adversely affect our results of operations.” Notwithstanding our business relationships with Xiaomi Group during the Track Record Period, our Directors are of the view that we will be able to control the risk of reliance, and our significant sales to Xiaomi Group would not adversely affect our business operation, our financial performance and would not impact on our suitability for [REDACTED] due to the following reasons:

- *Complementary Industry Positions and Mutual Benefit.* As one of the core manufacturing modes in the consumer electronics sector, penetration rate of ODM mode in consumer electronics products grew from 40.3% in 2020 to 46.2% in 2024, and is expected to reach 50.8% by 2029 according to Frost & Sullivan. Xiaomi, as a leading consumer electronics brand, have been adopting ODM model since years ago. Our Group and Xiaomi are the respective industry key players in the upstream (ODM manufacturers) and downstream (brand owners) positions of the smartphone and smart device industries, which are both highly concentrated. For example, the global shipments of the smartphone ODM market had a concentrated market share, with the top three participants accounting for 75.1% in 2024. Among them, our Group ranked first in the global market with a market share of 32.6%. This complementary relationship makes the business transactions between the two parties commercially reasonable.

Our business relationship with Xiaomi Group can be traced back to 2014, even before Xiaomi Group’s investment in our Company in 2015. Our sales to and purchases from Xiaomi Group are conducted in the ordinary course of business and on commercial terms negotiated on an arm’s length basis.

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- *Win-win Collaborations and Co-growth Trajectory.* We provide full-stack ODM services to Xiaomi. In particular, over the years, we have successfully delivered several best-selling models in the global market and the Chinese market, such as the Redmi 9 and Redmi Note 10, with cumulative shipments of each exceeding tens of millions of units. Our strategic collaborations with key customers, including Xiaomi, have further amplified our co-growth trajectory. As Xiaomi has expanded its product portfolio beyond smartphones, our partnership has evolved to encompass new categories like tablets, smart watches/bands, and automotive segments. In addition, by partnering with industry leaders like Xiaomi, we can quickly respond to market demands and industry trends, while also leveraging our own industry insights and foresight to guide market development and support our technological innovation and product upgrades.
- *Robust Internal Compliance and Transparency.* As publicly listed companies, both Xiaomi Corporation and our Company are subject to the supervision of regulatory authorities and the public. Both companies have robust internal control systems and high transparency, with well-regulated supply chain management and procurement processes.
- *Diversifying Customer Base Leveraging Our Past Successful Experience.* During the Track Record Period, our proportion of revenue generated from our sales to Xiaomi Group has actually decreased throughout the years/period. The proportion of our revenue generated from the Xiaomi Group amounted to 45.5%, 42.4%, 37.2% and 28.6% of our total revenue in 2022, 2023, 2024 and the nine months ended September 30, 2025, respectively. In our core smartphone business, we serve a majority of the world’s top-ranked smartphone manufacturers. Among the world’s top 10 smartphone brands in terms of shipment in 2024 according to Frost & Sullivan, we have established partnerships with eight of them. As of the Latest Practicable Date, our collaborations with these eight brands have lasted an average of over five years. We have not only achieved an outstanding track record of maintaining major customers for a significant amount of time but also consistently make efforts to diversify our customer base by leveraging our previous successful experiences. We obtained one, 15, 13 and 13 new customers in 2022, 2023 and 2024 and the nine months ended September 30, 2025, respectively. We also plan to proactively cultivate new customers, particularly American and European brands, self-owned brands, and IoT hardware manufacturers, aiming to replicate our successful experience with a broader and more diversified customer ecosystem.
- *Expanding Product Categories.* We will continue to expand the “1+2+X” product portfolio and penetrate high potential segments. We believe that by duplicating our successful experience and expertise to cover more emerging smart device categories, we can reduce our reliance on revenue from a limited range of products. During the Track Record Period, we have experienced a significant increase in our AIoT business and have successfully penetrated into emerging smart device categories, such as AI PCs and automotive electronics. This diversification strategy will not only enhance our revenue streams but also strengthen our overall market position and resilience.

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In addition, our Directors believe that our relationship with Xiaomi Group will continue to be mutually complementary to a large extent, and it is unlikely that there would be any materially adverse changes to, or termination of, such relationship in the foreseeable future, due to the following reasons:

- *Steady Growth Prospects of Consumer Electronics Industry and ODM Services.* According to Frost & Sullivan, global shipments of consumer electronics are expected to grow from 2,113.3 million units in 2024 to 2,489.6 million units in 2029. Consumer electronics ODM providers leverage their established technological capabilities, economies of scale, and efficient supply chain management to deliver end-to-end solutions for the consumer electronics sector. This strategic approach refines the global division of industrial labor, enabling highly efficient resource integration across the industry. As a result, global ODM shipments of consumer electronics are expected to grow from 976.9 million units in 2024 to 1,265.7 million units in 2029. According to Canalys, in the second quarter of 2025, smartphone shipments of Xiaomi Group ranked among the top three globally for the 20 consecutive quarters with a market share of 14.7%. As of September 30, 2025, the number of connected IoT devices on Xiaomi Group’s AIoT platform (excluding smartphones, tablets and laptops) increased to 1,035.5 million, representing an increase of 20.2% comparing to the same period in the past year. Xiaomi Group’s smart EV business is making remarkable progress. Given the Xiaomi’s dominant position in the global consumer electronics industry and said industry demonstrating trends of market consolidation, our Directors believe that it is likely the Xiaomi Group will continue have a substantial demand for ODM services in the foreseeable future.
- *Competitive Edge in Open Tenders.* We typically enter into supply agreements with Xiaomi Group through open tenders or negotiations. Our deep understanding of Xiaomi, gained through market research and years of collaboration, provides us with a competitive edge over our competitors in these open tender processes. We have built mutual trust with Xiaomi Group which allowed us to constantly provide the high-quality products and services that met Xiaomi Group’s specific requirements. Renowned brands are highly selective when choosing ODM partners, meticulously evaluating factors such as technical expertise, production processes and manufacturing capabilities, product quality, and delivery abilities. Once an ODM partner has been proven capable across these key criteria, the renowned brands are reluctant to change ODM partner and often decide to forge long-term, large-scale business partnerships.

BUSINESS

Major Terms with Our Key Customers

Set forth below is a summary of the major terms in our contracts with key customers:

Scope of Work	The customer commissions us to design, develop, and manufacture complete hardware products.
Duration	The duration of our contracts with customers is generally between one to two years.
Technical Specifications	Product specifications are defined in the jointly confirmed product definition document and other technical documents.
Deliverables	We are responsible for delivering a competitive product solution, detailed engineering design, and mass production readiness support.
BOM and Pricing	BOM pricing is pre-agreed and fixed, except where justified by industry-wide pricing fluctuations. If BOM cost increases due to us, we bear the excess. If due to customer-requested design changes, the customer bears the incremental cost.
Project Timeline and Delivery Schedule	The development and production period is determined by the customer and us. Delay penalties apply based on the number of days delayed and cumulative project delays.
Intellectual Property	Appearance design and all technical solutions developed based on customer requirements are owned by the customer. We warrant that product designs (e.g., watch faces) are original and non-infringing.
Product Maintenance	We provide maintenance and upgrade services for an agreed period of time from the product launch date. We also support customizations and provide updates if technical improvements are made.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any defaults under the contracts with our customers that would have a material adverse impact on our results of operations, financial performance, or growth prospects.

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Pricing Policy

Our pricing policy is grounded in the core competitive strengths of our ODM model — cost efficiency and operational effectiveness. As a fundamental principle, we price our products based on a framework where the product cost, development expenses, and reasonable margin do not exceed the total cost, expenses, and margin that would be incurred by the customer through in-house development. This ensures our solutions remain both cost-attractive and value-competitive. In practice, we also take into account the prevailing competitive landscape when setting specific product pricing, allowing us to remain flexible and responsive to market dynamics.

To mitigate the impact of raw material price fluctuations, we proactively focus on cost optimization at the product development stage, including the adoption of new, lower-cost materials and the streamlining of manufacturing processes. In periods of significant industry volatility, we engage in friendly and transparent negotiations with customers, and reflect the outcome in our pricing arrangements as appropriate.

Through our current approach to product pricing, we aim to establish long-term customer partnerships while maintaining market competitiveness and sustainable profitability.

Third-Party Payment Arrangements

During the Track Record Period, a limited number of our customers settled payments with us through accounts that do not belong to the contractual parties under the corresponding sales and purchase agreements. These customers settled their payments with us through third-party payors primarily because they operated small-scale businesses or sole proprietorships, or preferred the convenience of settling payments through the bank accounts of third-party payors. In 2022, 2023 and 2024 and the nine months ended September 30, 2025, the number of customers involved in such arrangements was six, four, five and four, respectively. The corresponding transaction amount was RMB17.7 million, RMB21.3 million, RMB17.4 million and RMB4.6 million in 2022, 2023 and 2024 and the nine months ended September 30, 2025, respectively, accounting for 0.06%, 0.08%, 0.04% and 0.01% of our total revenue for the same periods.

By the end of June 2025, we had terminated all third-party payment arrangements. We have established a management system for trade receivables to prevent the recurrence of third-party payment arrangements. Payments from customers shall only be made directly by the contractual parties of the sales and purchase agreements. We do not accept payments from personal accounts, accounts of related parties, or any third-party payors. The termination of the third-party payment arrangements did not adversely affect customers’ settlements with us. Relevant customers have agreed to settle payments directly through their own accounts as the contractual parties under the corresponding sales and purchase agreements.

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After-sales Services and Customer Engagement

We are committed to delivering high-quality after-sales services and continuously improving our customer service system to enhance satisfaction and support long-term partnerships. By placing strong emphasis on customer audits, feedback, and communication, we collect valuable insights on product performance and quality through multiple communication channels. These insights serve as a foundation for ongoing product and service enhancements.

Guided by a customer-centric philosophy, we have established a series of internal procedures, including the Customer Issue Closed-Loop Handling Process (《客戶問題閉環處理流程》), Product Quality Improvement Process (《產品質量改進流程》), and Production Quality Exception Handling Process (《生產質量異常處理流程》), to standardize and strengthen customer service management.

Our after-sales service framework covers five key modules: service strategy management, service execution, service quality, warranty and repair, and issue resolution. Our comprehensive after-sales service system enables us to respond quickly and effectively to customer needs and maintain high service efficiency. In the event of customer complaints or feedback, we follow a structured “2485” response mechanism:

- initial response within two hours of receiving customer complaint;
- second response within 24 hours, with emergency measures to ensure normal production;
- third response within 48 hours with corrective action plans; and
- fourth response within five days to validate and standardize the solutions.

In support of long-term quality improvement, we have implemented a comprehensive Voice of the Customer (“VOC”) management system, which systematically collects, analyzes, and categorizes customer feedback, suggestions, and complaints. The VOC process follows a “Collect — Analyze — Improve — Validate” cycle, transforming customer inputs into actionable improvements that address key concerns and elevate both product and service quality.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material complaints related to product quality or customer dissatisfaction.

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PROCUREMENT

We have established a robust procurement system to support our production and delivery capabilities, covering the sourcing of key raw materials, supplier management, and supply chain coordination. Our procurement strategy emphasizes quality, cost-effectiveness, and supply stability, enabling us to maintain operational efficiency and product consistency. Through long-term cooperation with qualified suppliers and continuous optimization of our supply chain, we enhance our ability to respond to market changes, control procurement risks, and ensure timely fulfillment of customer orders.

Procurement Model

We procure a wide range of materials and services essential for the R&D and manufacturing of smart hardware. Our primary raw materials include electronic components such as SoCs, functional ICs, memory modules, and speakers; functional modules including screens, cameras, batteries, and PCBs; structural parts such as casings; and various packaging materials. We source our raw materials from both within China and overseas. In addition, we also procure outsourced manufacturing services and external R&D and testing services to support production and innovation.

Our suppliers are primarily located in Chinese mainland, Hong Kong, Macau, Taiwan, Singapore and South Korea. We do not limit the procurement of raw materials from suppliers located in the same country or region as our manufacturing centers. In determining the location of suppliers, we prioritize long-term stability and the ability to meet customer and business needs. For certain categories, particularly bulky materials or those that are more sensitive to quality issues, we give preference to local sourcing, provided that the quality and cost of such local supplies meet our standards. The following table sets forth the breakdown of our purchase amount in each year/period of the Track Record Period by the location of our suppliers.

	For the year ended December 31,						For the nine months ended September 30,	
	2022		2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Chinese mainland .	20,661,479	79.8	19,638,374	77.3	29,421,404	67.7	17,877,724	61.7
Hong Kong, Macau and Taiwan	3,688,828	14.2	4,023,551	15.8	9,246,486	21.3	4,483,111	15.5
Singapore	414,937	1.6	956,868	3.8	3,197,554	7.4	5,516,490	19.0
South Korea	897,226	3.5	373,693	1.5	1,174,456	2.7	502,837	1.7
Others ⁽¹⁾	241,124	0.9	415,483	1.6	410,630	0.9	594,208	2.1
Total	25,903,594	100.0	25,407,969	100.0	43,450,530	100.0	28,974,370	100.0

Note:

(1) Primarily including India and the U.S.

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We primarily operate under two main procurement models: the independent procurement model and the Buy & Sell model.

- *Independent Procurement Model.* Under the independent procurement model, we directly source materials from suppliers, conduct quality inspections, and manage warehousing internally.
- *Buy & Sell Model.* Some of our customers adopt the Buy & Sell model, primarily due to considerations such as material quality and timely supply. We procure certain materials and components from the customers for our production. According to Frost & Sullivan, this model is widely adopted in the electronics manufacturing industry — particularly in the ODM sector — and is a common transaction structure used by major international smart device brands.

In 2022, 2023, 2024 and the nine months ended September 30, 2025, (i) our purchase amount under the independent procurement model amounted to RMB23,927.6 million, RMB23,319.1 million, RMB35,873.3 million and RMB23,176.2 million, respectively, accounting for 92.4%, 91.8%, 82.6%, 80.0% of our total purchase amount in the respective year/period; and (ii) our purchase amount under the Buy and Sell model amounted to RMB1,976.0 million, RMB2,088.9 million, RMB7,577.2 million and RMB5,798.1 million, respectively, accounting for 7.6%, 8.2%, 17.4%, 20.0% of our total purchase amount in the respective year/period. The gross profit margin under the independent procurement model and the Buy & Sell model may vary depending on the relative direct material costs specified by brand customers after discussing with us compared to those sourced through our own supply chain. As such, gross profit margin differences between the two models are project-specific and not comparable.

Procurement Process

We have established a well-structured and systematic procurement process to ensure timely, efficient, and quality-controlled sourcing of raw materials and services in support of our manufacturing operations.

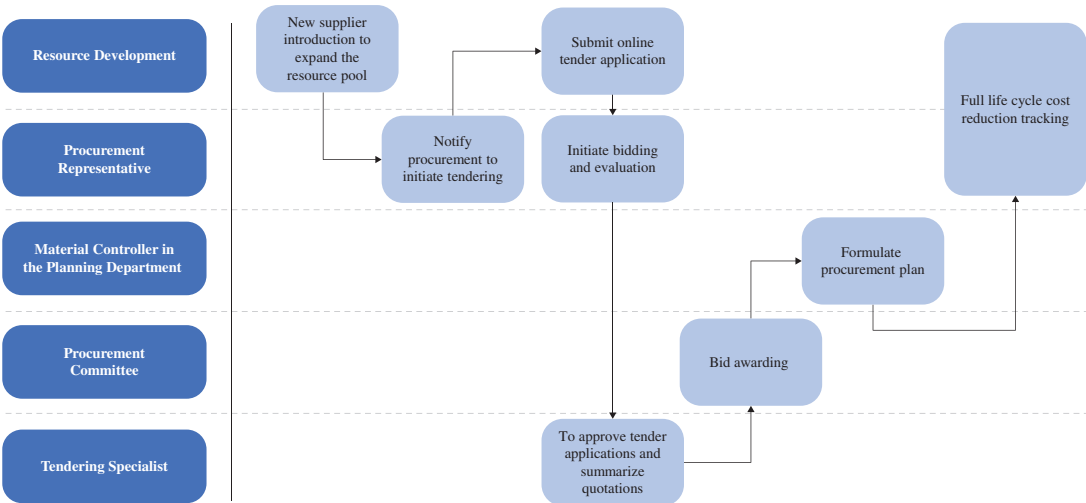
At the planning level, our procurement department formulates procurement plans based on the production schedule and adjusts it dynamically in response to actual production needs. We also conduct weekly rolling reviews of production and inventory status to determine safety stock levels. When inventory for specific materials falls below threshold levels, the production team submits updated production plans, which are reviewed by material control personnel to generate procurement requests. These are subsequently executed by the procurement department.

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Our supplier sourcing process is governed by strict internal controls. New suppliers are introduced by the resource development team and must undergo review and approval by the procurement committee before being added to our qualified supplier pool. Once a project is initiated, the procurement team issues internal notifications to launch the tendering process, followed by bid evaluation and final selection by a dedicated procurement committee, which includes the CEO and relevant department heads. Upon vendor selection, the planning department prepares and implements the procurement plan based on customer orders or market forecasts.

Upon completion of procurement, materials undergo a two-step verification process, including (i) initial verification of quantity, and (ii) specifications and quality inspection by the quality control team to classify materials as qualified, defective, or disputed. Defective items are returned to the supplier, and only qualified materials are transferred to the warehouse.

The following chart illustrates the key stages through our typical procurement process:



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Supply Chain Management

We have established a comprehensive supplier management system that covers the full lifecycle of supplier engagement, including onboarding, daily oversight, performance evaluation, and elimination mechanisms, to ensure the stability, quality, and compliance of our supply chain. The details of this supplier management system are set forth as below:

- *Supplier Onboarding.* We have implemented clear criteria and approval procedures for the selection of new suppliers. A cross-functional evaluation team, led by the procurement department, conducts on-site inspections and risk assessments of potential suppliers. Only those meeting our standards for quality, capability, and compliance are added to our approved supplier list. We evaluate the financial condition, cash flow, profitability and overall operational performance of all supplier candidates. If we intend to use a prepayment settlement method with a specific supplier, it must undergo a multi-layered review requiring sequential approvals by multiple levels of procurement management and a senior capital manager from the finance department, followed by final approval from the head of procurement.
- *Ongoing Supplier Management.* As part of our routine supplier oversight, we have developed detailed standards, including component-level reliability testing specifications for critical parts. We also conduct stringent reviews of suppliers’ manufacturing environments to ensure their processes meet the quality and regulatory requirements of both domestic and international markets.
- *Supplier Performance Evaluation.* We implement a semi-annual performance review of all approved suppliers in our directory. Evaluation criteria include product pricing, quality, delivery performance, and service collaboration. Suppliers receive composite scores based on these metrics and are assigned tiered ratings accordingly. We also conduct financial statement reviews to assess their operational status. Leveraging this dynamic assessment framework, we are able to continuously optimize our supplier base, reward high-performing partners, and phase out underperforming ones.

Suppliers

Our suppliers primarily include providers for raw materials, equipment, production consumables, and packaging materials, as well as outsourced manufacturing service providers and external R&D and testing partners. The credit period granted by our suppliers was generally between 60 to 90 days during the Track Record Period.

During the Track Record Period, purchases from the five largest suppliers in each year/period amounted to RMB6,340.4 million, RMB4,209.8 million, RMB13,996.8 million and RMB9,828.4 million in 2022, 2023 and 2024 and the nine months ended September 30, 2025, respectively, which accounted for approximately 24.5%, 16.5%, 32.2% and 33.9% of our total purchases in the respective year/period. Our purchases from our largest supplier in each year

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during the Track Record Period amounted to RMB2,025.3 million, RMB948.1 million, RMB5,020.0 million and RMB3,718.1 million in 2022, 2023 and 2024 and the nine months ended September 30, 2025, respectively, which accounted for approximately 7.8%, 3.7%, 11.6% and 12.8% of our total purchases in the respective year/period. The following table sets forth details of our five largest suppliers in each year/period during the Track Record Period:

Supplier	Type of Products/ Services Provided	Background	Year of Commencement of Business Relationship	Purchase Amount	% of Total Purchase
<i>(RMB'000)</i>					
<i>For the nine months ended September 30, 2025</i>					
Supplier A	Memories, screens, and cameras	Affiliates of a technology group specializing in smart devices, software platforms, and internet services.	2019	3,718,077	12.8
Supplier C	SoCs and chipsets	A company engaged in the development, manufacture, and sales of chips.	2006	1,835,746	6.3
Supplier B	Screens, cameras, and fingerprint recognition instruments	Affiliates of a company principally engaged in design and manufacture of automation instruments and electronic devices.	2008	1,736,916	6.0
Supplier G	Batteries, casings, screens, and memories	Affiliates of a multinational corporation that designs, manufactures, and markets electronics, heavy industrial equipment (including shipbuilding and construction), financial services, and biotechnology products.	2007	1,641,422	5.7
Supplier K	Master chips and chipsets	Affiliates of a group dedicated to providing solutions for industries such as telecommunications, automotive, computing, IoT, consumer electronics, and industrial control	2017	896,282	3.1
Total				9,828,443	33.9

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Supplier	Type of Products/ Services Provided	Background	Year of Commencement of Business Relationship	Purchase Amount (RMB'000)	% of Total Purchase
<i>For the year ended December 31, 2024</i>					
Supplier A	Memories, screens, and cameras	Affiliates of a technology group specializing in smart devices, software platforms, and internet services.	2019	5,020,002	11.6
Supplier B	Screens, cameras, and fingerprint recognition instruments	Affiliates of a company principally engaged in design and manufacture of automation instruments and electronic devices.	2008	3,581,957	8.2
Supplier C	SoCs and chipsets	A company engaged in the development, manufacture, and sales of chips.	2006	3,136,000	7.2
Supplier D	Memories	Affiliates of a multinational corporation that designs, manufactures, and markets electronics, heavy industrial equipment (including shipbuilding and construction), financial services, and biotechnology products.	2008	1,174,455	2.7
Supplier E	Screens	A Chinese company specialized in the research, development, and manufacturing of advanced display technologies and devices.	2021	1,084,396	2.5
Total				13,996,810	32.2

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Supplier	Type of Products/ Services Provided	Background	Year of Commencement of Business Relationship	Purchase Amount	% of Total Purchase
				(RMB'000)	
<i>For the year ended December 31, 2023</i>					
Supplier B	Screens, cameras, and fingerprint recognition instruments	Affiliates of a company principally engaged in design and manufacture of automation instruments and electronic devices.	2008	948,125	3.7
Supplier C	SoCs and chipsets	A company engaged in the development, manufacture, and sales of chips.	2006	944,761	3.7
Supplier F	Memories	A public multinational corporation that designs, develops, and manufactures smartphones, smart hardware, and AI-driven ecosystem products.	2020	914,316	3.6
Supplier G	Batteries, casings, screens, and memories	Affiliates of a multinational corporation that designs, manufactures, and markets electronics, heavy industrial equipment (including shipbuilding and construction), financial services, and biotechnology products.	2007	796,936	3.1
Supplier H	SoCs and screens	A company engaged in the manufacturing and sales of batteries.	2004	605,689	2.4
Total				4,209,827	16.5

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Supplier	Type of Products/ Services Provided	Background	Year of Commencement of Business Relationship	Purchase Amount	% of Total Purchase
				<i>(RMB'000)</i>	
<i>For the year ended December 31, 2022</i>					
Supplier I	Screens and cameras	Affiliates of a group principally engaged in the design and manufacturing of screens.	2015	2,025,250	7.8
Supplier J	SoCs and functional ICs	A company engaged in the manufacture and sales of chips.	2007	1,285,602	5.0
Supplier G	Batteries, casings, screens, and memories	Affiliates of a multinational corporation that designs, manufactures, and markets electronics, heavy industrial equipment (including shipbuilding and construction), financial services, and biotechnology products.	2007	1,072,791	4.1
Supplier B	Screens, cameras, and fingerprint recognition instruments	Affiliates of a company principally engaged in design and manufacture of automation instruments and electronic devices.	2008	1,059,566	4.1
Supplier D	Memories	Affiliates of a multinational corporation that designs, manufactures, and markets electronics, heavy industrial equipment (including shipbuilding and construction), financial services, and biotechnology products.	2008	897,226	3.5
Total				<u><u>6,340,435</u></u>	<u><u>24.5</u></u>

To the best knowledge of our Directors or none of our Directors, their respective close associates, and none of our Shareholders who own more than 5% of the Shares in issue, had any interest in any of our five largest suppliers in each year during the Track Record Period.

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Major Terms with Our Key Suppliers

Set forth below is a summary of the major terms in our contracts with key suppliers:

Scope of Supply	The supplier agrees to manufacture and supply, and we agree to purchase, certain agreed products or special/customized products as specified in individual purchase orders. We generally do not include minimum purchase commitments in our contracts with suppliers.
Duration	Our contracts with suppliers generally do not contain a fixed contractual period.
Delivery and Performance Management.	Suppliers are required to set up a dedicated delivery team and internal systems to ensure timely fulfillment, deliver goods on time, and cooperate with our delivery audits.
Penalties for Delivery Non-Compliance	Liquidated damages apply for delivery delays, incorrect shipments, or packaging violations. Specific fines vary per incident, depending on the severity. Repeated delivery issues may lead to deduction of payments or contract termination.
Pricing.	Suppliers are generally required to offer us their most favorable pricing terms, not higher than prices offered to any other customer. If the market price drops, suppliers must adjust prices accordingly for unpaid products.
Quality Control	Products must meet national, industry, and our specific quality standards. Quality inspection is conducted within certain days of delivery and rejection results in return or replacement.
Payment	Payments are made upon successful delivery and acceptance, against valid invoices. We reserve the right to offset any liquidated damages or compensation amounts against payments due.
Breach and Termination.	In case of product non-conformance, we may demand re-supply or terminate the contract. In case of IP disputes, confidentiality breaches, or unilateral termination by the supplier, we may impose contractual penalties based on a certain proportion of order value.

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During the Track Record Period and up to the Latest Practicable Date, we did not experience any defaults under the contracts with our suppliers that would have a material adverse impact on our results of operations, financial performance, or growth prospects.

OVERLAP BETWEEN CUSTOMERS AND SUPPLIERS

During the Track Record Period, certain of our five largest customers in each year were also our suppliers, and certain of our five largest suppliers in each year were also our customers. This overlap primarily arose from our adoption of the Buy & Sell model, under which we procure certain materials components from our customers for our production. According to Frost & Sullivan, this model is widely adopted in the electronics manufacturing industry — particularly in the ODM sector — and is a common transaction structure used by major international smart device brands. Our sales to and purchases from such customers were conducted in the ordinary course of business and on commercial terms negotiated on an arm’s length basis, with pricing determined through written statements of work or purchase orders, standardized delivery and payment terms, and market-benchmarking provisions that ensure the transaction prices are in line with prevailing market levels. For further details on the Buy & Sell model, see “— Procurement Model.”

Specifically, Customer A, Customer B (or Supplier A), Customer C (or Supplier D), Customer D (or Supplier G), Customer E and Customer F (or Supplier F) were also our suppliers. While these customers purchased items as detailed in “— Sales and Marketing — Customers” from us, we purchased (i) cameras and after-sales repair services from Customer A, (ii) memories, screens, and cameras from Customer B (or Supplier A), (iii) memories from Customer C (or Supplier D), (iv) batteries, casings, screens, and memories from Customer D (or Supplier G), (v) technology development, excess and obsolete inventory, and training services from Customer E, and (vi) memories from Customer F (or Supplier F). Except for Customer B (or Supplier A) and Customer D (or Supplier G), the purchase amounts from each of these customers who were also our suppliers accounted for less than 5% of our total purchase amount in each year during the Track Record Period. For details of our purchases from Customer B (or Supplier A) during the Track Record Period, see “— Procurement — Suppliers.”

In addition, Supplier A (or Customer B), Supplier B, Supplier D (or Customer C), Supplier E, Supplier F (or Customer F), Supplier G (or Customer D) and Supplier I were also our customers. While these suppliers provided us with the products as detailed in “— Procurement — Suppliers,” we sold (i) AIoT devices, smartphones, and tablets to Supplier A (or Customer B), (ii) main components to Supplier B, (iii) smartphones and smart watches to Supplier D (or Customer D), (iv) materials for tablets to Supplier E, (v) AIoT devices, smartphones, and tablets to Supplier F (or Customer F), (vi) tablets and smartphones to Supplier G (or Customer D), and (vii) main components and parts to Supplier I. Except for Supplier A (or Customer B), Supplier D (or Customer C), Supplier F (or Customer F) and Supplier G (or Customer D), the revenue generated from each of these suppliers who were also our customers accounted for less than 5% of our total revenue in each year during the Track

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Record Period. For details of our revenue generated from Supplier A (or Customer B), Supplier D (or Customer C), Supplier F (or Customer F) and Supplier G (or Customer D) during the Track Record Period, see “— Sales and Marketing — Customers.”

In 2022, 2023, 2024 and the nine months ended September 30, 2025, the aggregate gross profit we derived from these overlapping customers and suppliers, consisting of Customer A, Customer B (or Supplier A), Customer C (or Supplier D), Customer D (or Supplier G), Customer E, Customer F (or Supplier F), Supplier B, Supplier E and Supplier I, amounted to RMB1,844.0 million, RMB1,980.1 million, RMB2,040.0 million and RMB2,004.5 million, respectively, accounting for 78.0%, 76.4%, 75.4% and 76.9% of our total gross profit in the corresponding period.

WAREHOUSING AND LOGISTICS

We have established an integrated warehousing and logistics system to support the efficient storage, management, and distribution of materials and finished products across our production and supply chain operations.

Warehousing

To support efficient material flow and production needs, we have established a comprehensive warehousing network that included approximately 15 warehouses across key locations, such as Huizhou, Nanchang, Hong Kong and Vietnam, as of the Latest Practicable Date. These facilities are categorized into seven main types: central warehouses, factory warehouses, co-managed warehouses, knock down warehouses, Hong Kong material warehouse, direct shipment warehouses, and vendor managed inventory (“VMI”) warehouses.

As of the Latest Practicable Date, our warehousing footprint covered approximately 102,200 square meters, with around 54,500 square meters operated under lease. We owned our factory warehouses in Huizhou, Nanchang and Vietnam, which directly support production operations. We also have major leased facilities including our central warehouse in Huizhou, Nanchang warehouse, direct shipment warehouses, VMI facilities, and the Hong Kong material warehouse.

The deployment of our warehouses is strategically aligned with factory locations and logistics routes, ensuring timely material delivery and cost efficiency. Each warehouse is designed and managed in accordance with industry standards, with storage environments tailored to different material characteristics, including dedicated zones for electrostatic-sensitive materials, general components, and finished goods.

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Logistics

We are generally responsible for delivering the products to our customers, unless the customers request to pick up the products themselves. As our products are primarily smart devices with relatively high value and requiring efficient delivery, we maintain strict requirements and management over our logistics operations. To support our global operations, we engage third-party logistics providers for our delivery across the globe. As of the Latest Practicable Date, we maintained a diversified logistics network through partnerships with nearly 20 external logistics service providers to support our global and regional business needs. We adopt a dual-layer cooperation strategy, establishing both strategic and general partnerships with logistics providers based on their service capabilities, cost efficiency, and alignment with our business characteristics.

INVENTORY CONTROL

Our inventory management system is designed to support stable production, efficient resource utilization, and optimized working capital. We maintain close control over the entire inventory lifecycle, covering raw materials, semi-finished products, and finished goods. Inventory is categorized by quality status into qualified stock, items pending inspection, defective stock, on hold stock, and scrap, with dedicated management standards for each category.

We adopt a target-driven inventory strategy, tailored to the characteristics of different product categories, customers, and business models. Inventory turnover targets are first set at the customer-line level, then broken down to each project, and further refined to category-level safety stock targets based on material type and production lead time. By applying this methodology, we enhance our control of stock levels while meeting production and delivery requirements.

In practice, we conduct weekly rolling reviews of inventory and production status to monitor material availability and ensure sufficient safety stock. When inventory for specific items falls below target levels, our “One Plan” MRP system will initiate the replenishment of raw materials stock in a timely manner.

COMPETITION

According to Frost & Sullivan, the global smart device industry is undergoing a period of recovery and transformation. In 2024, the global smartphone and tablet markets rebounded strongly, with Chinese brands gaining market share globally. Meanwhile, AIoT devices, including smart watches/bands, TWS earphones, and smart eyewear, have shown varied performance, with rapid growth in China’s wearable and audio device markets and increasing adoption of smart eyewear as a next-generation interactive terminals. In emerging areas such as AI smartphones, AI PCs and automotive electronics, technological innovation is driving new demand.

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While the continued growth of the global smart device industry presents favorable opportunities for the smart device ODM industry, particularly for leading players like us, the competitive landscape is rapidly evolving. In addition to traditional ODM companies, we are increasingly facing competition from top-tier precision component manufacturers that are expanding into system-level integration and product development. If we are unable to maintain strong capabilities in hardware and software R&D, supply chain integration and management, quality control, and production and delivery, or if we fail to retain our core technical teams, our business performance and market position could be adversely affected in this highly competitive environment.

Amid this dynamic environment, we have built strong competitive advantages across technology, operations, and partnerships. We maintain close collaboration with leading global smart device brands and provide customized, full-process product solutions tailored to their needs. Backed by our strong R&D capabilities, we offer end-to-end design and engineering services across a broad scope of smart devices. Our strengths in wireless communication, optics, display, and system-level integration enable us to deliver cutting-edge, cross-category smart hardware solutions. Furthermore, our manufacturing footprint across Asia, with centers in China, Vietnam, and India, allows us to serve customers with flexibility and scale. Through intelligent manufacturing, digitalized operations, AI-enabled process management, and a competitive upstream ecosystem of component suppliers, we continuously improve efficiency, accelerate innovation, and support long-term growth for our customers and stakeholders.

INTELLECTUAL PROPERTY

We place strong emphasis on the transformation of innovation into proprietary assets and the protection of intellectual property rights. In the course of our business operations, we strictly comply with relevant laws and regulations, including the Patent Law, the Copyright Law, and Trademark Law of the PRC. We have established a robust intellectual property risk management system to mitigate potential infringement risks and ensure effective protection of our proprietary rights.

We have obtained certification under the national standard GB/T 29490-2023 for intellectual property compliance management. We have formulated internal guidelines, such as the Patent Evaluation and Maintenance Implementation Rules (《專利評估和維護實施細則》), to standardize IP management practices and protect our core high-value patent assets. During the R&D process, we conduct patent clearance investigations, market-related patent research, and patent literature searches to avoid potential infringement risks and proactively develop avoidance strategies or pursue independent IP filings.

We also embed intellectual property compliance into our supply chain management. Our procurement agreements clearly define IP protection requirements, and we incorporate IP due diligence into supplier onboarding. We sign non-disclosure agreements with suppliers to protect confidential technologies and ensure that third-party rights are not infringed.

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To strengthen internal awareness, we provide regular IP training to employees and offer specialized patent information security training to R&D personnel to enhance their awareness of technical confidentiality and ensure compliance throughout the product development cycle. We continue to optimize our patent application processes and conduct internal information security reviews to prevent the leakage of technical secrets. For new employees, we offer onboarding training focused on intellectual property protection to reduce the risk of disputes over the ownership of service inventions and avoid unintentional disclosure of proprietary information.

As of September 30, 2025, we owned 755 patents, 456 copyrights, 42 trademarks and 13 domain names in Chinese mainland and were applying for 402 patents in Chinese mainland. In addition, as of September 30, 2025, we had filed five patent applications in overseas jurisdictions. We also owned two registered trademarks in overseas jurisdictions to support our global business development and protect our intellectual property rights worldwide. Our portfolio of patents and patent applications primarily relate to innovative hardware designs, smart device functionalities, and manufacturing methods across a wide range of smart devices. For detailed information about our material intellectual property, see “Appendix VI — Statutory and General Information — B. Further Information about Our Business — 2. Intellectual Property Rights.”

During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material disputes or litigations related to intellectual property rights.

DATA PROTECTION AND INFORMATION SECURITY

We are committed to safeguarding both data privacy and information security across our operations. As a smart device ODM, we adhere to applicable data protection regulations and enforce strict internal policies to ensure responsible data handling. At the same time, we implement robust information security measures to protect sensitive information and maintain the integrity and confidentiality of our systems and customer data.

Data Protection

As a smart device ODM primarily serving corporate customers, we collect and utilize a variety of data in the course of our daily operations to support product development, manufacturing, supply chain management, and customer collaboration. The types of data we collect may include:

- product performance and testing data generated during design validation and production processes;
- operational and supply chain data, such as materials usage, production schedules, and logistics tracking information;

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- specifications and technical documentation provided by customers, strictly limited to project execution purposes; and
- internal system usage data, including workflow logs and system access records, used to support IT operations, improve efficiency, and ensure system security.

We use such data solely for legitimate business purposes, including product quality assurance, process optimization, compliance monitoring, and the enhancement of customer service and operational efficiency.

We place great importance on data security and privacy protection. We strictly comply with applicable laws and regulations, including the Cybersecurity Law of the People’s Republic of China, and have established a comprehensive data governance framework. In terms of cross-border data transfer, although we can remotely access information stored outside of Chinese mainland and we may transfer the personal information collected and generated outside of Chinese mainland to Chinese mainland for business analysis, we do not transfer personal information or important data collected and generated during operations within Chinese mainland to outside of Chinese mainland. We also do not allow foreign institutions, organizations or individuals to access, retrieve, download or export data stored within Chinese mainland.

During the Track Record Period and up to the Latest Practicable Date, we complied with all relevant laws and regulations in relation to data privacy and security in the jurisdictions in which we operate in all material respects. Our Directors confirm, as advised by our PRC Legal Advisors, we had not been subject to any significant administrative penalties, nor had us been involved in any unresolved material litigation or arbitration related to data compliance.

Information Security

We are committed to building a comprehensive information security management system based on the principle of “proactive prevention, timely detection, rapid response, and ensuring security.” Our Information Security Management Committee, chaired by the General Manager and comprising leaders from key departments and technical experts, oversees the planning, implementation, supervision, and continual improvement of our information security framework. The Chief Information Security Officer is responsible for the system’s day-to-day operation, while designated Information Security Officers in each department manage asset protection, risk assessment, and compliance.

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We have implemented formal policies, including the Employee Information Security Guide (《龍旗員工信息安全指引》), Risk Assessment Management Standards (《風險評估管理規範》), and Personal Information Protection Guidelines (《個人信息保護管理規範》), which clearly define roles, responsibilities, and enforcement mechanisms. We conduct at least one formal risk assessment meeting every year, applying a structured methodology to evaluate data value, vulnerabilities, and threats. For medium-to-high risks, we formulate mitigation plans, such as risk reduction, transfer, or acceptance with approval. To strengthen awareness, we provide mandatory training for all new employees and conduct regular information security sessions. We also maintain open feedback channels to promptly address security-related concerns.

EMPLOYEES

As of September 30, 2025, we had 17,868 full-time employees, among which (i) 17,085 were based in Chinese mainland, (ii) 728 were based in Vietnam, (iii) 11 were based in India, and (iv) 44 were based in other countries and regions. The following table sets forth the number of our full-time employees by geography and function as of September 30, 2025.

Function	Chinese Mainland		Vietnam		India		Other Countries and Regions		Total	
	Number of Employees	%	Number of Employees	%	Number of Employees	%	Number of Employees	%	Number of Employees	%
Production	10,584	61.9	676	92.8	–	–	–	–	11,260	63.0
R&D	5,159	30.2	7	1.0	3	27.3	29	65.9	5,198	29.1
General administration .	1,110	6.5	42	5.8	7	63.6	5	11.4	1,164	6.5
Finance	120	0.7	3	0.4	1	9.1	1	2.3	125	0.7
Sales	112	0.7	–	–	–	–	9	20.4	121	0.7
Total	17,085	100.0	728	100.0	11	100.0	44	100.0	17,868	100.0

Our success depends on our ability to attract, retain, and motivate qualified employees. We offer a dynamic work environment, competitive compensation aligned with our job grading system and market benchmarks, and performance-based salary adjustments. In compliance with applicable laws, we provide statutory benefits such as social insurance and housing fund contributions, along with various types of paid leave. We also offer cash allowances including transportation, meal, travel, and relocation subsidies, as well as talent apartment housing for eligible employees. To support employee health and well-being, we provide annual health checkups, supplementary medical and accident insurance, wellness programs, and overseas travel coverage. In addition, we offer holiday gifts, birthday vouchers, and recognition benefits for outstanding employees. Through these measures, along with performance-based bonuses and equity incentive plans, we foster a stable, capable, and motivated workforce. See “Appendix IV — Statutory and General Information” for further details of our equity incentive plan.

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We have established a structured and diversified recruitment system to attract and retain talent that aligns with our business development needs. Our recruitment channels include social recruitment (through direct sourcing, online platforms, and third-party headhunters), campus recruitment, and internal employee referrals. For social recruitment, we follow a standardized process that includes position requisition, sourcing, qualification screening, professional and decision interviews, compensation discussion, background checks, offer approval, issuance and confirmation of the offer, and documentation of hiring approvals. For campus recruitment, the process includes requisition submission, planning, on-campus activities, successive rounds of interviews (professional, qualification, and comprehensive), offer issuance and agreement signing, internship arrangements, and onboarding and training for new graduates.

All of our employees are required to sign a confidentiality agreement, and selected employees, based on role and risk assessment, also sign a non-compete agreement. The confidentiality agreement imposes a perpetual obligation to protect our confidential information, including technical data (e.g., patents and software code), business information (e.g., customer lists and financial data), and other sensitive materials. It also clarifies that any work-related intellectual property, including inventions created within one year after departure if related to prior duties, belongs to us. Breaches may result in immediate termination without severance, substantial contractual penalties, and legal liability. The non-compete agreement generally applies for 12 months following termination of employment, during which the employee is prohibited from working for or providing services to the designated competitors. Breaches may result in pecuniary obligations and further legal action to recover direct losses or unjust gains.

We did not have an established labor union as of the Latest Practicable Date. We believe that we maintain good working relationships with our employees, and we had not experienced any material labor disputes or any difficulty in recruiting qualified staff for our operations during the Track Record Period and as of the Latest Practicable Date.

Labor Dispatch

We employ some of our workforce through labor dispatch arrangements, wherein workers are hired by third-party staffing agencies but perform services for us. Pursuant to the Interim Provisions on Labor Dispatch (《勞務派遣暫行規定》) which has become effective since March 1, 2014, an employer shall strictly control the number of dispatched workers engaged, which shall not exceed 10% of the total number of its workers (the “**Limit**”). As of December 31, 2024, the number of dispatched workers engaged by us exceeded the Limit, primarily because with the customers’ order demand growth, we need additional workers to deliver customer orders in short term, resulting in the number of dispatched workers exceeding the stipulated Limit in relevant periods. The dispatched workers were primarily engaged in auxiliary and temporary work such as assembly, packaging, boxing and labeling. Our PRC Legal Advisors have advised us that, pursuant to relevant PRC laws and regulations, if the number of dispatched workers exceeds the Limit, the employer may be ordered to make corrections within a time limit by labor administrative authorities, and failure to make such corrections may lead to a fine ranging from RMB5,000 to RMB10,000 per dispatched worker

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imposed by labor administrative authorities. During the Track Record Period, the maximum number of the dispatched contract workers hired by us that exceed the Limit was 110, which may result in us being subject to a maximum penalty of RMB1.1 million if we are ordered to make corrections within a time limit by labor administrative authorities, and failure to make such corrections. During the Track Record Period and up to the Latest Practicable Date, we and our subsidiaries had not been subject to any administrative penalties or other disciplinary actions relating to labor dispatch by relevant government authorities. By the end of May 2025, we had enhanced our dispatched worker arrangements to ensure the number of dispatched workers engaged by us was within the Limit. We have set a 10% threshold for the utilization of dispatched employees, which is allocated to each department and incorporated into the performance evaluations of department heads. Departments must provide a clear rationale for employing dispatched staff, and we utilize our human resource information system to monitor workforce data and the ratios of dispatched employees in real time across the organization. See also “Risk Factors — Risks Relating to Government Regulations — Failure to comply with labor laws and regulations in jurisdictions where we operate, including regulations in relation to labor dispatch and social insurance and housing fund contributions for our employees, could subject us to legal liabilities, fines and other legal or administrative sanctions, and reputational harm.”

Social Insurance and Housing Provident Funds

As required by PRC laws and regulations, we participate in housing funds and various employee social insurance plans that are organized by applicable local municipal and provincial governments, including housing, pension, medical, work-related injury, and unemployment benefit plans. We are required under applicable PRC laws to contribute to statutory employee benefit plans at certain percentages of the salaries of our employees up to a maximum amount specified by the local government from time to time. During the Track Record Period, we did not make full contributions to social insurance and housing provident funds for our employees as required under the relevant PRC laws and regulations. In addition, we paid the social insurance or housing provident funds through third-party human resources agencies for certain of our employees, primarily because they prefer their social insurance and housing provident funds to be paid at their respective places of residence for the convenience of utilizing such benefits locally during the Track Record Period. In 2022, 2023, 2024 and the nine months ended September 30, 2025, the shortfall of our social insurance contribution was RMB1.0 million, RMB0.6 million, RMB3.3 million and RMB0.3 million, respectively; the shortfall of our housing provident fund contribution was RMB1.2 million, RMB1.6 million, RMB2.0 million and RMB1.7 million, respectively. Any shortfall in social insurance and housing provident fund contributions, regardless of the reason, has been included in our shortfall calculation.

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Pursuant to relevant PRC laws and regulations, an employer that has not made social insurance contributions at a rate and based on an amount prescribed by the law, or at all, may be ordered to rectify the non-compliance and pay the required contributions within a stipulated deadline and be subject to a late fee of up to 0.05% of the outstanding amount for each day of delay. If the employer still fails to rectify the failure to make social insurance contributions within the stipulated deadline, it may be subject to a fine ranging from one to three times the amount overdue. Additionally, if there is a failure to pay the full amount of the housing provident fund as required, the housing provident fund management center may require payment of the outstanding amount within a prescribed period. If the payment is not made within such time limit, an application may be made to the PRC courts for compulsory enforcement. As advised by our PRC Legal Advisors, the potential maximum penalty with respect to fines that we may be exposed to due to shortfall of social insurance during the Track Record Period would be RMB3.0 million, RMB1.9 million, RMB9.9 million and RMB0.8 million in 2022, 2023, 2024 and the nine months ended September 30, 2025, respectively.

During the Track Record Period and up to the Latest Practicable Date, no administrative action or penalty had been imposed by the relevant regulatory authorities with respect to our social insurance and housing provident fund contributions, nor had we received any order to settle the shortfall amount. Moreover, as of the Latest Practicable Date, we were not aware of any material complaint filed by any of our employees regarding our social insurance and housing provident fund policy. In addition, pursuant to the Urgent Notice on Enforcing the Requirement of the Executive Meeting of the State Council and Stabilizing the Levy of Social Insurance Payment (關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知) promulgated on September 21, 2018 by the Ministry of Human Resources and Social Security, administrative authorities are prohibited from collectively recovering enterprises’ historical social insurance arrears. The above-mentioned maximum potential penalties refer to the scenario where we fail to make full payment or settle any shortfall within the specified time limit if and when requested by the relevant authorities. Considering that we will make contribution within the specified time limit if and when requested by the relevant authorities, our PRC Legal Advisors are of the view that the likelihood we will be subject to the maximum potential penalties is remote. Further, with respect to the provisions stipulated in the Interpretation II of the Supreme People’s Court on Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》), our PRC Legal Advisors are of the view that this judicial interpretation merely clarifies existing laws and regulations, without imposing any additional obligations or liabilities on us, nor does it repeal the current laws and regulations regarding social insurance and housing provident fund contributions. Therefore, it would not cause us to be subject to additional social insurance exposure. As a result, we had not made any provision for the shortfall in our social insurance and housing provident fund contributions during the Track Record Period and up to the Latest Practicable Date. For details, see “Risk Factors — Risks Relating to Government Regulations — Failure to comply with labor laws and regulations in jurisdictions where we operate, including regulations in relation to labor dispatch and social insurance and housing fund contributions for our employees, could subject us to legal liabilities, fines and other legal or administrative sanctions, and reputational harm.”

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INSURANCE

We maintain a comprehensive insurance framework to support both employee welfare and business risk management. In accordance with applicable laws, we contribute to statutory social insurance programs for our employees, including pension, medical, unemployment, work-related injury, and maternity insurance. In addition, we provide supplementary commercial insurance coverage, such as group accident insurance, group medical insurance, and critical illness insurance, and have also purchased employer liability insurance. From an operational risk perspective, we have procured various commercial insurance policies, including property all-risk insurance, cargo transportation insurance, and commercial general liability insurance covering product liability, completed operations, and premises liability. To mitigate trade-related risks, we have also secured domestic and short-term export credit insurance, with coverage tailored based on specific customer profiles and transaction terms. We do not maintain key man life insurance. We believe our insurance policy complies with the relevant rules and regulations in China. See “Risks Factors — Risks Relating to Our Operations — Our limited insurance coverage may not cover all losses, which may increase our operational costs” for details.

During the Track Record Period and up to the Latest Practicable Date, we did not submit any material insurance claims, nor did we experience any material difficulties in renewing our insurance policies.

PROPERTIES

Our corporate headquarters are located in Shanghai, China. As of September 30, 2025, we owned land use rights of five parcels of land, with an aggregate site area of approximately 297,800 square meters. All of these land parcels have been granted land use right certificates.

We also own or lease certain properties in Chinese mainland and overseas. As of September 30, 2025, we owned three properties with an aggregate site area of approximately 299,600 square meters. As of September 30, 2025, we leased 47 properties with an aggregate site area of approximately 239,300 square meters. The properties we own and lease are primarily used for office, manufacturing, warehousing, and staff dormitory functions. As of the Latest Practicable Date, we had not received any claims from third parties disputing the ownership of our properties.

As of September 30, 2025, we leased 23 properties in Chinese mainland. As of the Latest Practicable Date, certain of our lease agreements in Chinese mainland had not been registered. We have taken proactive steps to register these lease agreements. As of the Latest Practicable Date, we completed the registration of three lease agreements for our leased properties. As the registration of a lease agreement requires the cooperation between the lessor and lessee, and lessors are typically unwilling to undertake the administrative burden, we were not able to complete the registration of the remaining lease agreements. As of the Latest Practicable Date, we were in active communication with our lessors and will take all practicable and reasonable steps to complete the registration of the lease agreements. For details, see “Risk Factors — Risks Relating to Our Operations — Our leased properties may be subject to non-compliances or challenges that could expose us to penalties and incremental costs.”

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As of September 30, 2025, we did not have any single property with a book value accounting for 15% or more of our total assets. According to Chapter 5 of the Hong Kong Listing Rules and section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this document is exempt from the requirements of section 342(1)(b) of the Companies (Winding up and Miscellaneous Provisions) Ordinance to include all interests in land or buildings in a valuation report as described under paragraph 34(2) of the Third Schedule to the Companies (Winding up and Miscellaneous Provisions) Ordinance.

LEGAL PROCEEDINGS AND NON-COMPLIANCE

Legal Proceedings

During the Track Record Period and up to the Latest Practicable Date, neither we nor our Directors and executive officers had been involved in any actual or pending legal, arbitration or administrative proceedings (including any bankruptcy or receivership proceedings) that we believe would have a material adverse effect on our business, financial condition, results of operations and prospects or reputation and compliance.

Non-compliance

During the Track Record Period and up to the Latest Practicable Date, we did not have non-compliance incidents that our Directors believe would, individually or in the aggregate, have a material adverse effect on our business, financial condition or results of operations.

COMPLIANCE WITH INTERNATIONAL SANCTIONS LAWS AND REGULATIONS

Business Activities in relation to Products subject to U.S. Export Controls

During the Track Record Period, certain components we procured (“**Procured Items**”), mainly consisting of integrated circuits, electronic sensors, display controllers, MOS components, voltage regulators, crystals, and interface modules, are subject to the United States Export Administration Regulations, 15 C.F.R. Parts 730-774 (“**EAR**”). These Procured Items are classified under the Export Controls Classification Numbers (“**ECCNs**”) as 3A991, 4A994, 5A991, 5A992.c, or EAR99. Save for the Procured Items, we have not procured other components subject to the EAR. Our supply chain remained stable and operated without material constraint and the total tariff rates we paid for these Procured Items did not experience significant increase during the Track Record Period.

These Procured Items, other than those classified as EAR99, are controlled for anti-terrorism reasons, and are only subject to a license requirement for export, re-exports or transfers (in-country) to entities designated on the BIS’ Entity List, Denied Persons List or Unverified List (the “**BIS Lists Entities**”) and Crimea region, Cuba, Iran, Luhansk People’s Republic and Donetsk People’s Republic regions, North Korea and Syria, as well as Russia and Belarus (collectively, the “**AT Sanctioned Countries**”), or restricted under the U.S. Chip

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Export Restrictions if intended for use in Chinese Mainland, Hong Kong SAR, or Macau SAR for certain prohibited end-uses set forth in section 744.23 of the EAR. Those classified as EAR99 are generally low-technology consumer goods that do not require a license in most situations. As advised by our International Sanctions Legal Advisors, on the basis that, we are not BIS Lists Entities or located in any AT Sanctioned Countries, export licenses are not required for our procurement of such Procured Items.

As advised by our International Sanctions Legal Advisors, given that during the Track Record Period, (i) we did not purchase any items subject to the EAR which require a license for us to procure; (ii) we did not have sales of Procured Items to any entities headquartered in or ordinarily resided in, or owned or controlled by a government of any AT Sanctioned Countries, and we did not have sales of any products subject to the EAR to any BIS Lists Entities (for details, see “— Business Activities in relation to a Relevant Entity subject to U.S. Export Controls” below); (iii) we have not engaged in transactions that involve or benefit any “military end-users” or “military end-use;” and (iv) our activities did not involve certain prohibited end-uses set forth in section 744.23 of the EAR, our procurements (and subsequent use in our products) of such Procured Items during the Track Record Period did not represent a violation of the applicable U.S. export controls. If any further sanctions or restrictions are imposed regarding these Procured Items, we believe our business operations will not be materially adversely affected, as we will actively explore alternative components if needed.

Business Activities in relation to a Relevant Entity subject to U.S. Export Controls

During the Track Record Period, we have sold our ODM products to a customer listed on the Entity List (“**Entity List Customer**”), which is identified as Customer E in “— Sales and Marketing — Customers” section above, and generated revenue of RMB2,166.8 million, RMB1,780.1 million, RMB2,609.7 million and RMB1,838.0 million in 2022, 2023, 2024, and the nine months ended September 30, 2025. All such transactions were denominated in RMB and did not involve exports. The Entity List Customer was designated by the BIS on the Entity List effective from May 21, 2019. Provision of items subject to the EAR without a licence from BIS to the Entity List Customer is prohibited. License application is subject to a presumption of denial.

For the nature of the transactions involving the Entity List Customer, as advised by our International Sanctions Legal Advisors, we were not engaged in any exports or transactions of any products subject to the EAR to the Entity List Customer; in particular, the U.S. origin content, including any Procured Items (mainly consisting of integrated circuits, electronic sensors, display controllers, MOS components, voltage regulators, crystals, and interface modules), contained in the products transported by us to this Entity List Customer does not exceed *de minimis* threshold (in particular the U.S.-origin content incorporated does not exceed 10% of the value of the products) and the products are not otherwise subject to the EAR because of foreign direct product rules as the products sold are not “direct product” of specified technology or software. As advised by our International Sanctions Legal Advisors, given the aforementioned nature of our transactions with such Entity List Customer, these transactions did not involve any exports or transactions of any items subject to the EAR, and hence did not represent a violation of the International Sanctions. As we also have not conducted transactions

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with persons on the SDN List, our Directors are therefore of the view that our business activities, are not currently and will not materially adversely affected by the current U.S. export controls or U.S. sanctions restrictions. Having considered the above view from the Directors and based on the due diligence work performed by the Joint Sponsors, nothing has come to the attention of the Joint Sponsors that would reasonably cause them to cast doubt on the Directors’ view in any material respect.

Our Undertaking and Internal Control Measures

We have undertaken to the Stock Exchange that we will not use the [REDACTED] from the [REDACTED], as well as any other funds raised through the Stock Exchange, to finance or facilitate, directly or indirectly, activities or business with, or for the benefit of, any Comprehensively Sanctioned Countries¹ or any other government, individual or entity sanctioned by the U.S., the EU, the UN, the U.K., the United Kingdom overseas territories or Australia, including, without limitation, any government, individual or entity that is specifically identified on the SDN List maintained by OFAC or other restricted parties lists maintained by the U.S., the EU, the UN, the U.K., the United Kingdom overseas territories and Australia that would cause us to violate International Sanctions. Further, we have undertaken not to use the [REDACTED] from the [REDACTED] to pay any damages for terminating or transferring any contract that violates International Sanctions. In addition, we have undertaken not to enter into any future business that would cause us, the Stock Exchange, [REDACTED], [REDACTED] or our Shareholders and investors to violate or become a target of international sanctions laws by the U.S., the EU, the UN, the U.K., the United Kingdom overseas territories or Australia. We will also disclose on the respective websites of the Stock Exchange and our Group if we believe that the transactions our Group entered into in Countries subject to International Sanctions or with Sanctioned Targets² would put our Group or our Shareholders and investors to risks of being sanctioned, and in our annual reports or interim reports (i) details of any new activities in Countries subject to International Sanctions or with Sanctioned Targets; (ii) our efforts on monitoring our business [REDACTED] to sanctions risks; and (iii)

1 “Comprehensively Sanctioned Countries” refers to any country or territory subject to a general and comprehensive export, import, financial or investment embargo under sanctions related law or regulation of the Relevant Jurisdiction, currently Cuba, Iran, North Korea, Syria, the Crimea Region of Russia/Ukraine, the self-proclaimed Luhansk People’s Republic (LPR) and Donetsk People’s Republic (DPR) regions and Zaporizhzhia and Kherson regions. “Relevant Jurisdiction” refers to any jurisdiction that is relevant to the Company 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 assess or certain countries, governments, person or entities targeted by such law or regulation. For the purpose of this Document, Relevant Jurisdictions include the U.S., UK, EU, UN and Australia.

2 “Sanctioned Target” refers to 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 Comprehensively Sanctioned Countries; 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).

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the status of, and the anticipated plans for any new activities in Countries subject to International Sanctions and with Targets. If we were in breach of such undertakings to the Stock Exchange, we would be subject to the risk of possible delisting of our Shares on the Stock Exchange.

In addition, we will adopt enhanced internal control and risk management measures which we believe enable us to monitor and evaluate our business to address economic sanction risks.

- to further enhance our existing internal risk management functions, our Legal Department is responsible for monitoring our exposure to sanctions risks and our implementation of the related internal control procedures. Going forward, our Legal Department plan to hold a meeting at least every six months to monitor our exposure to sanctions risks and to review our procedures implemented over sanctions screening;
- we will evaluate the sanctions risks prior to determining whether we should embark on any business opportunities in Countries subject to International Sanctions or Sanctions Targets. According to our internal control procedures, our Legal Department needs to review and approve all relevant business transaction documentation from customers or potential customers from Countries subject to International Sanctions or Sanctions Targets. In particular, screening process will be implemented to identify if the potential transaction counterparty of the Group is a person or entity on the various lists of restricted parties and countries maintained by the U.S., the EU, the UN, the U.K., the United Kingdom overseas territories or Australia, including, without limitation, any government, individual or entity that is the subject of any OFAC-administered sanctions which lists are publicly available. The transactions that fail the internal review will not be proceed. At the same time, our Legal Department should, periodically review the existing customers and suppliers lists to ensure that the Group does not engage in transactions with countries, regions, entities or individuals on the sanction lists. If any potential sanctions risk or suspicious transaction is identified, we may seek advice from reputable external legal counsel with necessary expertise and experience in International Sanctions matters;
- our Directors will continuously monitor the use of [REDACTED] from the [REDACTED], as well as any other funds raised through the Stock Exchange, to ensure that such funds will not be used to finance or facilitate, directly or indirectly, activities or business with, or for the benefit of, Sanctioned Countries or Sanctioned Persons where this would be in breach of International Sanctions;
- our Legal Department will periodically review our internal control policies and procedures with respect to sanctions matters. As and when our Legal Department considers necessary, we will retain external legal counsel with necessary expertise and experience in sanctions matters for recommendations and advice; and

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- if necessary, we will engage external legal counsel to provide compliance training relating to the international sanctions to our Directors, our senior management and other relevant personnel to assist them in evaluating the potential sanctions risks in our daily operations, in particular, to perform screening procedures in respect of counterparties to our Group’s business to ensure none of them are Sanctioned Persons. Our external legal counsel will provide the latest list of Sanctioned Countries to our Directors, senior management and other relevant personnel, who will in turn disseminate such information internally.

To mitigate the risks from the changing tariff and international trade landscape, we also plan to actively diversify our supply chain. The equipment and raw materials critical to our production are not primarily sourced from the United States and are available from alternative suppliers. Therefore, we do not expect to encounter material difficulties or incur prohibitive costs in sourcing these inputs from other regions should the need arise.

LICENSES AND APPROVALS

We are required by laws and regulations to obtain and maintain various licenses, approvals and permits in order to operate our business. Our legal department is responsible for monitoring the validity status of our licenses, approvals, and permits and making timely applications for renewal to relevant government authorities.

Our Directors confirm, as advised by our legal advisers insofar as the relevant jurisdictions where we have substantial operations are concerned, that we had complied with the applicable laws and regulations in the jurisdictions where we operate in all material respects and had obtained all requisite licenses, approvals and permits from relevant authorities except those that would not have a material adverse effect on our operations during the Track Record Period and up to the Latest Practicable Date.

The table below sets forth a summary of the material licenses and regulatory approvals that we had obtained for our business operations as of the Latest Practicable Date:

<u>Types of Licenses</u>	<u>Number of Licenses</u>	<u>Issuing Authority</u>	<u>Time of Expiry</u>
Customs Declaration Entity Registration Certificate	Five	Local customs authorities in the PRC	Long term
Registration Form for Foreign Trade Operators	Four	Local registration authorities for foreign trade operators in the PRC	Long term
Entry-Exit Inspection and Quarantine Declaration Enterprise Filing Form	One	Jiangxi Entry-Exit Inspection and Quarantine Bureau	Long term

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Types of Licenses	Number of Licenses	Issuing Authority	Time of Expiry
Radiation Safety License	Two	Local bureaus of ecology and environment	February 2027/ June 2030
Radio Transmission Equipment Type Approval Certificate . .	Three	MIIT	December 2025/ January 2030
Medical Device Business License ⁽¹⁾	One	Huizhou Municipal Administration for Market Regulation	September 2028
Medical Device Manufacturing License ⁽¹⁾	One	Guangdong Provincial Medical Products Administration	August 2028

Note:

- (1) Some of the products we manufacture and sell, such as smart watches/bands, include health monitoring features like blood pressure measurement. As such, we are required to obtain the Medical Device Business License and Medical Device Manufacturing License to ensure compliance with relevant laws and standards.

As advised by our PRC Legal Advisors, as of the Latest Practicable Date, there was no legal impediment for us to renew these licenses, permits and certificates as long as we comply with the relevant legal requirements.

AWARDS AND RECOGNITIONS

We have received recognition for our brand and the quality and popularity of our products. The following table sets forth major awards and recognitions we received during the Track Record Period and up to the Latest Practicable Date:

Award/Recognition	Year Granted	Granting Authority
Top 100 Manufacturing Enterprises, Top 100 Private Enterprises and Top 100 Private Manufacturing Enterprises in the Yangtze River Delta Region	2025	Shanghai Enterprise Confederation, Jiangsu Enterprise Confederation, Zhejiang Enterprise Confederation and Anhui Enterprise Confederation.
National Green Factory	2025	MIIT
Shanghai Design Innovation Center	2025	Shanghai Municipal Commission of Economy and Informatization
Top 100 Most Competitive Electronic Information Enterprises	2025	China Federation of Electronics and Information Industry
vivo Good Quality Award . . .	2024	vivo

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Award/Recognition	Year Granted	Granting Authority
Xiaomi Best Partner Award .	2024	Xiaomi
IPC China ESG Benchmark Enterprise	2024	IPC CEMAC
China’s Top 500 Private Enterprises	2024, 2023	All-China Federation of Industry and Commerce
China’s Top 500 Manufacturing Enterprises .	2025, 2024, 2023	China Enterprise Confederation and China Enterprise Directors Association
Shanghai’s Top 100 Enterprises	2025, 2024, 2023, 2022	Shanghai Enterprise Confederation and Shanghai Enterprise Directors Association, Shanghai Federation of Economic Organizations, and Jiefang Daily Press Group
Fortune China 500	2025, 2024	Fortune
Lenovo Best Quality Award . .	2024	Lenovo
Samsung S&OP Delivery Outstanding Contribution Award	2023	Samsung Electronics
OPPO Annual Project Award .	2023	OPPO
Lenovo Quality excellence Award	2023, 2022	Lenovo

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

We are committed to integrating Environmental, Social and Governance (“ESG”) principles into every aspect of our operations. Guided by a long-term vision of sustainable development, we actively promote green manufacturing, responsible supply chain management, employee well-being, and sound corporate governance. ESG considerations are embedded in our business strategy and daily decision-making processes, enabling us to create long-term value for our stakeholders while fulfilling our environmental and social responsibilities. We continuously enhance our ESG practices through internal policies, performance monitoring, and stakeholder engagement, aiming to contribute positively to society and the environment while driving high-quality, sustainable growth.

ESG Governance Structure

We have established a comprehensive ESG governance framework to ensure effective oversight, implementation, and continuous improvement of our sustainability initiatives. The Board serves as the highest decision-making body for ESG matters, setting strategic direction and overseeing the allocation of key resources to support our sustainable development goals. Our Directors bring diverse ESG experience, with involvement across various domains including environmental initiatives, corporate governance, community philanthropy, ethical

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labor practices, and supply chain sustainability. The Strategy and ESG Committee, chaired by the Chairman of the Board, is a dedicated board-level committee responsible for monitoring the execution of major ESG initiatives and reporting to the Board.

At the decision-making level, the ESG Executive Committee plays a pivotal role in bridging strategy and implementation. Chaired by the General Manager, and composed of senior management from departments including quality, human resources, manufacturing, procurement, and operations, the committee provides guidance, resources, and oversight for our ESG projects and is accountable for ESG outcomes within their respective areas.

At the operational level, the ESG Office functions as a permanent body responsible for coordinating and driving the execution of ESG initiatives. Under the authorization of the ESG Executive Committee, it oversees department-led ESG projects, allocates internal resources, and ensures progress toward our ESG targets. The ESG Office regularly reports to the ESG Executive Committee and organizes periodic meetings across all governance levels, including the Board, Strategy and ESG Committee, and ESG Executive Committee, to ensure effective governance and accountability.

In addition, ESG Working Groups, composed of representatives from various functional departments and manufacturing sites, are responsible for executing ESG tasks within their domains. For cross-functional initiatives, special project teams are established and led by the ESG Office or the relevant leading departments to ensure coordinated and efficient implementation.

Materiality Assessment

We have established a structured dual materiality assessment framework to identify ESG topics that are most relevant to our business operations and stakeholders. This approach evaluates both the financial impact of ESG issues on us and their broader environmental and social implications. In 2024, we introduced a materiality assessment based on internationally recognized standards, using a four-step methodology that includes value chain and stakeholder identification, sustainable development issue list construction, double materiality assessment, and reporting and strategic integration.

To assess the materiality of ESG issue, we conduct a dual materiality assessment based on a comprehensive sustainable development issue list. In doing so, we distribute dual materiality surveys to all key stakeholders to gather their perspectives, which assess the significance of each topic in terms of its impact on economic, environmental, and social factors, as well as its influence on our financial performance. The results are analyzed to determine the importance of each topic, forming the basis for our dual materiality assessment. Through this methodology, we are enabled to focus on ESG issues that are closely aligned with our strategic priorities, improve risk responsiveness, and enhance long-term value creation capabilities.

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The materiality matrix was reviewed and approved by our Strategy and ESG Committee, ensuring that the selected material topics are consistent with our business objectives and stakeholder expectations. High-priority issues are addressed through targeted action plans, dedicated resources, and ongoing performance monitoring to ensure timely and effective implementation. This enables us to focus on the ESG areas that are most critical to driving sustainable growth and managing risks across the value chain. Relevant departments are responsible for the systematic management of these material topics, extending from internal operations to the broader value chain. In terms of disclosure, we focus on the year’s key ESG priorities, actions, and outcomes to ensure transparency and relevance. In terms of execution, we rely on a robust internal control and risk management system to implement ESG measures across our Group. We also maintain open and proactive communication with stakeholders to understand and respond to their evolving needs and concerns.

Environmental

We are committed to sustainable development and environmental stewardship across all aspects of our operations. Through systematic planning, technological innovation, and integrated green management practices, we strive to minimize our environmental footprint while supporting long-term business growth.

Environmental Management System

We have obtained full certification under the ISO 14001 Environmental Management System, covering 100% of our operations. In 2024, our Huizhou and Nanchang manufacturing centers were also certified under the ISO 50001 Energy Management System, further strengthening our energy efficiency and environmental governance. We have established dedicated environmental management procedures, designated responsible personnel, conducted regular inspections and training, and ensured that all environmental monitoring and waste disposal activities are compliant with applicable regulations.

Carbon Emissions and Energy Use

Climate change poses several risks to our business and financial performance. Sudden extreme climate events, such as heavy rain, typhoons, and floods, may cause delays in product delivery and interruptions in production operations, negatively impacting revenue. These events also threaten employee health, damage company assets, including buildings, equipment, and inventory, and increase operating costs. In addition, climate change contributes to resource scarcity, potentially disrupting energy supply and affecting production continuity. Furthermore, evolving policy requirements, such as the mandated proportion of recycled materials in plastics, influence product design and material procurement processes, adding complexity to our operations.

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In response to global climate change and China’s dual carbon goals, we have launched a structured carbon reduction roadmap, targeting peak carbon emissions by 2030 and carbon neutrality in our operations by 2050. In 2024, our total greenhouse gas emissions reached 106,979.7 tons of CO₂ equivalent emissions, comprising 3,975.8 tons of CO₂ equivalent emissions in Scope 1, representing direct emissions from sources owned or controlled by us, and 103,003.9 tons of CO₂ equivalent emissions in Scope 2, representing indirect emissions from purchased energy. In the nine months ended September 30, 2025, our total greenhouse gas emissions reached 76,341.3 tons of CO₂ equivalent emissions, comprising 2,351.2 tons of CO₂ equivalent emissions in Scope 1, 72,544.8 tons of CO₂ equivalent emissions in Scope 2 and 1,445.3 tons of CO₂ equivalent emissions in Scope 3, representing all our other indirect emissions occur from sources not owned or controlled by us. In pursuit of green operations, we are committed to reducing our annual emissions by 3% based on 2023 levels. We implement measures to reduce greenhouse gas emissions by a series of measures, such as promoting energy-saving technologies, improving energy efficiency, developing renewable material suppliers, purchasing green electricity, upgrading to high-efficiency production equipment, formulating climate adaptation strategies to enhance supply chain resilience, and advancing low-carbon product development.

In addition, in 2024 and the nine months ended September 30, 2025, our electricity consumption amounted to approximately 178.1 million kWh and 123.9 million kWh, respectively. During the same year/period, we generated 1,423.2 thousand kWh and 3,047.4 thousand kWh of solar power, contributing to our renewable energy transition. We have set annual energy intensity reduction targets of 3% to 5%. In formulating such reduction targets, we referred to a range of assumptions, such as projected business growth, technological advancements, improvements in energy efficiency, and the availability of renewable energy sources. We have implemented electricity-saving measures such as converting laboratory standard air conditioning systems to water-based cooling systems, waste heat recovery projects for air compressors, and distributed photovoltaic projects. We issued multiple internal guidelines such as the Energy Management System Manual (《能源管理體系手冊》) and Energy Monitoring, Measurement, Analysis and Control Procedures (《能源監視測量分析控制程序》) to standardize energy management practices.

Water Resource Management

We manage water resources in strict accordance with national laws and regulations. All water is sourced from municipal supply systems, and our operations do not involve significant impact on water resources through extraction, consumption, or discharge. Based on 2023 as a baseline, we have set a five-year water-saving target, aiming to reduce water usage by 3% per 10,000 units annually. In 2024 and the nine months ended September 30, 2025, our water consumption was approximately 1.5 million tons and 1.2 million tons, respectively. Our Huizhou manufacturing center has established a water conservation task force, launched a water balance testing platform, and implemented awareness and inspection programs. Wastewater is treated through sedimentation and discharged to municipal treatment facilities, with regular inspections to prevent leakage and inefficiency.

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Pollution Control and Waste Management

In 2024 and the nine months ended September 30, 2025, we generated approximately 18.8 thousand tons and 1.5 thousand tons of domestic waste, respectively. We maintained a 100% compliance rate in pollutant discharge, with no violations reported in 2024. Set forth below are our handling measures for major categories of pollutants:

- Air pollutants such as non-methane hydrocarbons and volatile organic compounds are treated through closed-pipe collection and activated carbon adsorption systems.
- Wastewater is generated primarily from domestic and cooling water use and is properly filtered and discharged to municipal facilities.
- Solid waste is categorized as general or hazardous and disposed of in partnership with licensed third-party recyclers, ensuring full legal compliance.
- Noise pollution is mitigated through equipment isolation and strategic placement of large machinery away from residential and operational areas.

According to Frost & Sullivan, our above-mentioned historical performance in resource consumption and pollutant emission has been generally consistent with the industry’s average performance.

Green Manufacturing and Circular Economy

We actively promote clean production and circular economy practices. In green materials sourcing, we prioritize vendors and substitutes that meet environmental standards. During product design and development, we incorporate environmental impact assessments, select eco-friendly materials, and ensure traceability through Hazardous Substance Free product labeling. In manufacturing, all tools and materials used on the production line must meet environmental requirements. We also require all suppliers to sign environmental compliance agreements and undergo audits focused on hazardous substance control. Environmental documentation is managed digitally, ensuring traceability from raw material selection to final product labeling.

In 2022, 2023, 2024 and the nine months ended September 30, 2025, our environmental protection expenditures, including both capitalized and expensed items related to environmental protection, amounted to RMB4.4 million, RMB2.7 million, RMB9.4 million and RMB426 thousand, respectively. The fluctuations in our environmental protection expenditures during the Track Record Period were primarily attributable to changes in capital expenditures related to environmental projects. These capitalized investments varied by year and mainly included rooftop photovoltaic systems, environmental protection infrastructure, emission control upgrades, and other facility renovation projects. In comparison, only limited capital spending was incurred in the first half of 2025. Going forward, we expect to incur environmental protection expenditures that align with our projected business growth, resource consumption and pollutant emission targets, and evolving regulatory environments.

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Social

We are committed to building a responsible and inclusive enterprise that prioritizes employee well-being, diversity and inclusion, supply chain responsibility, and broader contributions to social and community development. Our social responsibility strategy is deeply embedded in our corporate values and operational practices, supporting both sustainable growth and shared value creation.

Employee Rights and Workforce Diversity

We regard employee well-being, rights protection, and professional growth as integral to our sustainable development. We strictly comply with applicable labor laws and uphold international human rights standards. In 2024, we strengthened our labor and human rights policies to ensure fair treatment, non-discrimination, and the protection of lawful rights across the workforce.

We are committed to supporting freedom of association, collective bargaining, equal pay, and gender equality. In our hiring, promotions, compensation, and daily management, we strictly prohibit any discrimination or unfair treatment based on factors like race, color, religion, gender, age, nationality, genetics or disability. We also have a zero-tolerance policy against sexual harassment, inappropriate comments, or other misconduct. Notably, we did not have any related incidents reported in 2024.

We provide equal opportunities for our female employees, including legal protections during maternity leave and wellness programs to support their health. Internally, we have established the “Management Regulations relating to Three Periods Female Worker” to safeguard the lawful rights and interests of female employees throughout pregnancy, childbirth and breastfeeding. Additionally, we regularly organize employee care activities and female health seminars, ensuring our female staff receive the necessary legal and compliant maternity benefits to support their personal development and well-being.

To cultivate an inclusive workplace, we provide training for all employees on labor rights, anti-discrimination, and ethical conduct. Our staff can raise concerns through multiple confidential channels, such as email, suggestion boxes, a liaison center, our WeChat public account, and a 24-hour care hotline. All complaints are addressed through formal, established procedures.

We support employee development through structured training programs, transparent promotion systems, and performance-based compensation. Our Position-Matching Management Policy (《人崗匹配管理制度》) ensures merit-based career advancement. In addition, we continue to enhance workplace safety through comprehensive risk management and a systemic safety culture.

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Responsible Supply Chain Management

We follow a high-standard, systematic supply chain management strategy to ensure continuity, compliance, and sustainability. Our supply chain operations are divided into specialized modules for different material categories, with end-to-end quality control. In 2024, we completed audits for 117 new suppliers and 92 existing suppliers. In the nine months ended September 30, 2025, we completed audits for 42 new suppliers and 89 existing suppliers. These audits assessed supplier performance in quality, delivery, cost, labor rights, environmental protection, workplace safety, and business ethics.

We require all suppliers to sign a Supplier Corporate Social Responsibility Agreement, committing to compliance with national laws and corporate social responsibility standards. Such environmental agreements are explicitly incorporated into purchase documentation, clearly specifying environmental expectations. ESG self-assessments and on-site inspections are mandatory, and corrective actions are enforced through a closed-loop verification process. As part of our green supply chain management, we conduct audits or assessments of suppliers’ hazardous substance systems, require the submission of material composition disclosures and environmental test reports, and promptly identify changes in the supply chain to ensure compliance with environmental standards. In addition, our quarterly performance evaluation system incorporates environmental and social responsibility metrics, enabling differentiated management and continuous improvement across the supply chain.

Community Engagement and Social Impact

We are committed to creating long-term social value through inclusive, technology-driven initiatives. In 2024, we focused on rural revitalization, educational equity, digital inclusion, and public welfare. We established the Longcheer Scholarship in six universities, provided RMB290,000 in funding, and launched ten “e-Cheer Reading Corners” in rural schools to support youth education. In addition, our “Green Love Computer” program donated 210 refurbished computers to rural schools, promoting both digital access and green practices.

We also partnered with the Hongmei Street in Shanghai to establish the “Hongmei Teaching Excellence Award” and supported underprivileged families through the “Rainbow Charity” initiative. In healthcare, we joined with the Jiangxi Red Cross Foundation to fund medical aid for patients with serious illnesses. Moreover, to support ecological restoration, we contributed RMB100,000 to the “Hundred Million Haloxylon Trees” project, planting trees in Inner Mongolia to combat desertification and boost local livelihoods.

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Governance

We are committed to embedding a culture of integrity and compliance throughout the organization, and to building a comprehensive, full-process compliance management system that supports long-term business resilience and corporate governance excellence.

Compliance

Compliance is the bedrock of our sustainable growth and high-quality development. We have embedded a compliance-first culture across all levels of the organization, integrating ethical standards and regulatory requirements into our day-to-day operations, corporate governance, and strategic decision-making. Our end-to-end compliance management system covers the full business lifecycle — from procurement and R&D to sales and after-service — ensuring that all departments operate within a consistent framework of legal and ethical accountability. Leveraging this compliance management system, we not only mitigate operational and reputational risks but also reinforce trust with stakeholders, regulators, and partners, laying a strong foundation for our long-term stability and success.

Anti-corruption

We have established a dedicated anti-corruption governance structure to ensure full oversight and effective implementation. Our audit and supervision department, reporting directly to the Audit Committee, is responsible for preventive audits, fraud investigations, project reviews, and exit audits. This function is supported by our process and IT systems teams, enabling systematic enforcement of anti-corruption measures. Internal regulations, such as the Employee Code of Commercial Conduct (《龍旗員工商業行為準則》) and Gift Management Policy (《禮品管理制度》), establish clear expectations for ethical behavior. Violations are met with firm disciplinary actions, including termination, legal consequences, or blacklisting under the Sunshine Integrity Alliance, reinforcing our zero-tolerance stance on corruption and bribery.

Our Directors confirm, as advised by our legal advisers insofar as the relevant jurisdictions where we have substantial operations are concerned, that we had complied with applicable health, work safety and environmental laws and regulations in all material respects during the Track Record Period and up to the Latest Practicable Date.

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RISK MANAGEMENT AND INTERNAL CONTROL

We have developed and implemented risk management policies and internal control measures in relation to our business operations, financial reporting, and general compliance.

Risk Management

Effective risk management is essential to our sustainable and stable development. We have established a comprehensive, multi-layered risk control framework that integrates internal controls into all aspects of our operations. This framework is designed around a three lines of defense model to ensure thorough and effective risk identification, analysis, and response across the enterprise.

- The first line of defense is composed of business management teams and process owners, who are responsible for resolving the vast majority of day-to-day operational issues and for ensuring strict adherence to processes and accountability at the operational level.
- The second line of defense includes the internal control department and the process management department, which oversee cross-functional and high-risk matters, promote risk management methodologies, and empower business units with tools and knowledge for risk mitigation.
- The third line of defense is formed by the Audit Committee and the audit and supervision department, which conduct independent audits and investigations. This layer provides objective evaluations of risk control effectiveness and serves as a deterrent against misconduct through rigorous oversight.

To support this structure, we have implemented a robust risk identification and monitoring system guided by its Internal Control Manual (《内部控制手冊》). This system focuses on both internal and external risks and is embedded into routine management activities.

We apply a combination of qualitative and quantitative risk analysis methods to assess potential risks based on likelihood, impact, speed of onset, and duration. Qualitative methods, including surveys and expert consultations, are used for early-stage assessments and lower-impact risks, while quantitative methods, such as statistical modeling and computer simulations, are applied to financial and market-related risks. We actively involve domain experts in the risk assessment process to ensure accuracy and depth.

In terms of risk response, we adopt tailored strategies based on the nature of the risk and our risk tolerance. These strategies include risk avoidance, mitigation, transfer, and acceptance. We regularly adjust these responses in line with our development stage and business priorities. In addition, we evaluate the risk preferences of senior management and key personnel to prevent personal biases from influencing business decisions.

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In 2024, we further enhanced our risk assessment mechanisms and integrated risk management into all stages of corporate operations, forming a closed-loop risk control cycle of prevention, control, and post-event evaluation. This full-process approach ensures the systematic, dynamic, and effective management of risks across our Group.

To monitor the ongoing implementation of our risk management policies and corporate governance measures after the [REDACTED], we have adopted and will adopt, among other things, the following risk management measures.

- We design a comprehensive set of policies to identify, analyze, manage and monitor various risks. We periodically assess and update our risk management policies.
- Our Board is responsible for overseeing the overall risk management and internal control. Our Audit Committee is authorized to review and evaluate our financial control, risk management and internal control system. See “Directors and Senior Management — Board Committees — Audit Committee” for the composition of the Audit Committee and the qualifications and experience of them.
- We will adopt various policies to ensure compliance with the Listing Rules, including but not limited to aspects related to conflict of interest management, connected transactions and information disclosure.
- We will continue to organize training sessions for our Directors and senior management with respect to the relevant requirements of the Listing Rules and duties of directors of companies [REDACTED] in Hong Kong.

Internal Control

We engaged an independent internal control consultant to perform an assessment on the effectiveness of our internal controls, to identify deficiencies in our internal control system and to furnish recommendations on enhanced internal control measures. The work scope of our internal control consultant covered both company-level and process-level internal control assessments, including control environment, risk assessment, control activities, information and communication, monitoring, sales and accounts receivable management, procurement and accounts payable management, inventory management, production and cost control, human resources and compensation, fixed assets and intangible assets management, cash and treasury management, financial reporting and disclosure, insurance management, tax management, R&D management, and general IT controls.

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During the independent internal control consultant’s review, certain deficiencies were identified, including deficiencies in relation to certain of our corporate governance policies, and we have revised such corporate governance policies in conformity with the requirements of the Listing Rules. We had adopted substantially all of the recommendations made by the independent internal control consultant and had improved our internal control system to comply with the Listing Rules. By the end of June 2025, the independent internal control consultant noted that we had completed the recommended enhancements to the internal control system, and concluded that our enhanced internal control measures are effective, including among others those related to the establishment of the unauthorized software management system. We remain committed to continuously strengthening our internal control system and ensuring full compliance with the Listing Rules.

Having considered the internal control measures adopted by us, our Directors are of the view that our enhanced internal control measures are adequate and effective having regard to the obligations of our Company and our Directors under the Listing Rules and other relevant legal and regulatory requirements.

DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

Our Board consists of seven Directors, comprising four executive Directors and three independent non-executive Directors. The following table sets forth the key information about our Directors as of the Latest Practicable Date.

Name	Age	Positions	Roles and responsibilities	Date of first joining our Group	Date of first appointment as a Director
Mr. DU Junhong (杜軍紅)	52	Chairman of the Board and executive Director	Leading the operation of the Board, ensuring corporate governance compliance, formulating overall corporate strategy, and major decision-making of our Group	Founder of our Group	October 27, 2004
Mr. GE Zhengang (葛振綱)	48	Executive Director and general manager	Formulating overall strategy and overseeing business operations and daily management of our Group	October 8, 2005	May 17, 2018
Mr. GUAN Yadong (關亞東)	52	Executive Director and deputy general manager	Formulating and implementing investment strategy of our Group and supervising risk assessment and compliance of investment team	October 27, 2004	March 25, 2015

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Positions	Roles and responsibilities	Date of first joining our Group	Date of first appointment as a Director
Ms. QIN Yanling (覃艷玲)	52	Executive Director (employee representative Director)	Establishing internal control and risk management systems and supervising the compliance of business process of our Group	October 27, 2004	June 9, 2025
Dr. SHEN Jianxin (沈建新)	55	Independent non-executive Director	Supervising and providing independent opinion and judgment to our Board	January 26, 2022	January 26, 2022
Mr. YANG Chuan (楊川)	56	Independent non-executive Director	Supervising and providing independent opinion and judgment to our Board	January 26, 2022	January 26, 2022
Dr. NIU Shuangxia (牛雙霞)	43	Independent non-executive Director	Supervising and providing independent opinion and judgment to our Board	June 9, 2025	June 9, 2025

DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Du Junhong (杜軍紅), aged 52, is our founder, chairman of our Board, an executive Director and one of our Controlling Shareholders. Mr. Du is primarily responsible for leading the operation of the Board, ensuring corporate governance compliance, formulating overall corporate strategy, and major decision-making of our Group.

Mr. Du has over two decades of robust experience in consumer electronics technologies and business management. Mr. Du founded our Company in October 2004 and has since led our development, assuming pivotal roles as directors and senior management across our Group. Mr. Du has been serving as our Director since the company’s inception. He has been the chairman of our Board since September 2014. He currently holds directorships in a number of subsidiaries of our Group.

Mr. Du obtained a bachelor’s degree in industrial automation from Zhejiang University (浙江大學) in China in June 1994 and a Ph.D. in electrical machines and appliances from Zhejiang University (浙江大學) in June 1999.

Mr. GE Zhengang (葛振綱), aged 48, is an executive Director, our general manager and one of our Controlling Shareholders. He is primarily responsible for formulating overall strategy and overseeing business operations and daily management of our Group.

Mr. Ge has over two decades of extensive experience in business and operations management. Mr. Ge joined our Group in October 2005 and successively served as assistant to president and the general manager of supply chain management center and operations center from October 2005 to May 2015. Since May 2015, Mr. Ge has successively served as our deputy general manager and general manager. He has been serving as our Director since May 2018. He currently holds directorships in a number of subsidiaries of our Group. Prior to joining our Group, Mr. Ge worked at Xiehe Petrochemical Group (China) Co., Ltd. (協和石油化工集團(中國)有限公司).

Mr. Ge obtained a bachelor’s degree in chemistry and chemical engineering from Nanjing University (南京大學) in July 1998.

Mr. GUAN Yadong (關亞東), aged 52, is an executive Director and a deputy general manager of our Company. Mr. Guan is primarily responsible for formulating and implementing investment strategy of our Group and supervising risk assessment and compliance of investment team.

Mr. Guan has over 21 years of experience in consumer electronics technologies. Mr. Guan joined our Group since our inception. From October 2004 to May 2015, Mr. Guan has successively served as our technical director and a deputy general manager. Since May 2015, he has been serving as our Director and a deputy general manager. He currently holds directorships in a number of subsidiaries of our Group.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Guan obtained a bachelor’s degree in electronic engineering in June 1995 and a master’s degree in communication and information systems in March 2001 from Nanjing University of Science and Technology (南京理工大學).

Ms. QIN Yanling (覃艷玲), aged 52, is the employee representative Director of our Company. She is primarily responsible for internal control and risk management and supervising the compliance of business process of our Group.

Ms. Qin has over 21 years of experience in internal control and risk management. She joined our Group since our inception and has been serving as the deputy general manager of our finance system. From May 2015 to June 2025, Ms. Qin served as a supervisor of our Company. Prior to joining our Group, Ms. Qin successively served as a lecturer at the Finance and Economics Department of Hubei Minzu University (湖北民族學院), and worked in an accounting role at ZTE Corporation.

Ms. Qin obtained a bachelor’s degree in mathematics from Hubei Minzu University (湖北民族學院) in China in July 1993 and a master’s degree in accounting from Zhongnan University of Economics and Law (中南財經大學) in China in July 1999. She is a certified intermediate accountant in the PRC.

Independent Non-executive Directors

Dr. SHEN Jianxin (沈建新), aged 55, is an independent non-executive Director of our Company. Dr. Shen is primarily responsible for supervising and providing independent opinion and judgment to our Board.

Dr. Shen has over 28 years of experience in electrical engineering and academia. From December 1997 to June 1999, he served as a postdoctoral researcher at the School of Electrical and Electronic Engineering, Nanyang Technological University in Singapore. From June 1999 to April 2002, he served as a research assistant at the Department of Electronic and Electrical Engineering, University of Sheffield in the United Kingdom. From April 2002 to April 2004, he served as a research engineer in the electrical department at the UK Research Center of Aisin Seiki Co., Ltd., Toyota Group (豐田集團愛信精機株式會社), a company listed on the Tokyo Stock Exchange (stock code: 7259). Since May 2004, Dr. Shen has been serving as a professor at the College of Electrical Engineering, Zhejiang University (浙江大學). Dr. Shen has also been serving as an independent director at (i) Hangzhou Micro-Light Electronic Co., Ltd. (杭州微光電子股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002801), since December 2021; and (ii) Zhejiang EV-Tech Co., Ltd. (浙江富特科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 301607), since July 2022.

Dr. Shen obtained a bachelor’s degree in electrical machinery in July 1991 and a master’s degree in electrical machinery in June 1994 from Xi’an Jiaotong University (西安交通大學). In October 1997, he obtained a Ph.D. degree in electrical machinery from Zhejiang University (浙江大學).

DIRECTORS AND SENIOR MANAGEMENT

Mr. YANG Chuan (楊川), aged 56, is an independent non-executive Director of our Company. Mr. Yang is primarily responsible for supervising and providing independent opinion and judgment to our Board.

Mr. Yang has robust experience in finance and business management. He formerly worked at Delphi Automotive Systems Corporation, a company currently known as Aptiv PLC and listed on the New York Stock Exchange (ticker symbol: APTV), where he departed in December 2009. From January 2010 to October 2012, he served as the finance director at Bosch Rexroth. From October 2012 to November 2024, he served as the vice president at Bosch (China) Investment Ltd. (博世(中國)投資有限公司), where he was recognized as the “2018 Gold Medal CFO of China (2018中國金牌CFO)” by the panel of judges at the 14th China CFO Conference organized by New Fortune magazine (新理財雜誌) in April 2019. From December 2024 to November 2025, Mr. Yang served as a senior director of Yuanjing Energy Co., Ltd. (遠景能源有限公司). Mr. Yang has been serving as an independent director of Shanghai Huapei Power Technology (Group) Co., Ltd. (上海華培數能科技(集團)股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 603121), since November 2019; and an independent director of Hansun (Shanghai) Marine Technology Co., Ltd. (漢盛(上海)海洋裝備技術股份有限公司), a company whose shares are quoted on the National Equities Exchange and Quotations (stock code: 837291), since June 2025.

Mr. Yang obtained a bachelor’s degree in financial accounting from Capital University of Economics and Business (首都經濟貿易大學) in July 1992, a master’s degree in business administration from Guanghua School of Management, Peking University (北京大學光華管理學院) in July 1999 and a master’s degree in executive business administration from China Europe International Business School (中歐國際工商學院) in September 2010. Mr. Yang holds the certificate of Certified Public Accountant (中國註冊會計師證書) granted by the Ministry of Finance.

Dr. NIU Shuangxia (牛雙霞), aged 43, is an independent non-executive Director of our Company since June 2025. Dr. Niu is primarily responsible for supervising and providing independent opinion and judgment to our Board.

Dr. Niu has over 13 years of experience in engineering research. Since July 2012, she successively held positions as research assistant professor, assistant professor, associate professor and professor at the Faculty of Engineering, The Hong Kong Polytechnic University. She has also been serving as an independent director of Fortior Technology (Shenzhen) Co., Ltd. (峰昭科技(深圳)股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688279), since August 2024.

Dr. Niu obtained a bachelor’s degree in automation in June 2002 and a master’s degree in control theory and control engineering in March 2005 from Tianjin University (天津大學). In December 2009, Dr. Niu obtained a Ph.D. degree in electrical engineering from The University of Hong Kong.

DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management of our business. The following table sets forth the key information about our senior management as of the Latest Practicable Date.

Name	Age	Positions	Roles and Responsibilities	Date of first joining our Group	Date of first appointment as a senior management
Mr. GE Zhengang (葛振綱)	48	Executive Director and general manager	Formulating overall strategy and overseeing business operations and daily management of our Group	October 8, 2005	May 18, 2015
Mr. GUAN Yadong (關亞東)	52	Executive Director and deputy general manager	Formulating and implementing investment strategy of our Group and supervising risk assessment and compliance of investment team	October 27, 2004	December 1, 2009
Mr. WANG Boliang (王伯良)	48	Deputy general manager	Overseeing daily operation and management of our Group	February 17, 2005	May 22, 2018
Mr. CHENG Lihui (程黎輝)	44	Deputy general manager	R&D management and technological innovation	October 27, 2004	May 22, 2018
Mr. ZHENG Qi’ang (鄭啟昂)	38	Deputy general manager	Formulating and implementing our Group’s marketing strategies and managing international business division	January 4, 2017	February 17, 2025
Mr. ZHANG Zhijiong (張之炯)	45	Chief financial officer	Overall financial matters of our Group	November 2, 2020	November 3, 2020
Mr. ZHOU Liangliang (周良梁)	44	Board secretary and Deputy general manager	Overseeing the Board-related matters, capital market matters, legal affairs and compliance matters of our Group	October 14, 2019	November 13, 2019

DIRECTORS AND SENIOR MANAGEMENT

Mr. GE Zhengang (葛振綱), aged 48, is our general manager. For his biography, see “— Board of Directors — Executive Directors” in this section.

Mr. GUAN Yadong (關亞東), aged 52, is our deputy general manager. For his biography, see “— Board of Directors — Executive Directors” in this section.

Mr. WANG Boliang (王伯良), aged 48, is a deputy general manager of our Company. Mr. Wang is primarily responsible for overseeing daily operation and management of our Group.

Mr. Wang has over two decades of solid experience in sales and marketing. Mr. Wang joined our Group in February 2005 as the deputy general manager of the marketing center and was later promoted to general manager of the business division until May 2015. He has been successively serving as the general manager of our marketing center and the deputy general manager of our strategy and marketing department since May 2015 and a deputy general manager since May 2018. Mr. Wang also served as our Director from May 2018 to January 2022, and was reappointed as a Director from November 2022 to June 2025. Mr. Wang resigned as a Director in June 2025 in order to focus on his management commitment as the Company’s deputy general manager. Prior to joining our Group, he served as the strategic research manager at Shanghai Dabit Industry Co., Ltd. (上海迪比特實業有限公司).

Mr. Wang obtained a bachelor’s degree in statistics and probability from East China Normal University (華東師範大學) in July 2000.

Mr. CHENG Lihui (程黎輝), aged 44, is a deputy general manager of our Company. He is primarily responsible for the R&D management and technological innovation of our Group.

Mr. Cheng has over two decades of robust experience in R&D of consumer electronics technologies. Mr. Cheng joined our Group in July 2004 and has successively served as the hardware department manager, R&D director, general manager of the R&D engineering center, general manager of the business unit and deputy general manager of our Company.

Mr. Cheng obtained a bachelor’s degree in communication engineering from Xiamen University (廈門大學) in July 2002.

Mr. ZHENG Qi’ang (鄭啟昂), aged 38, is a deputy general manager of our Company. Mr. Zheng is primarily responsible for formulating and implementing our Group’s marketing strategies and managing the international business division.

Mr. Zhang has over 15 years of experience in operations management. He joined our Company in January 2017 and has successively served as senior director of the procurement system, general manager of the procurement system and general manager of the marketing system. In February 2025, he was appointed as a deputy general manager of our Company. Prior to joining our Group, Mr. Zheng formerly worked at HP (Shanghai) Co., Ltd. (惠普(上海)有限公司). From September 2011 to December 2016, he served as procurement manager at Lenovo Group Limited (聯想集團有限公司), a company listed on the Stock Exchange (stock code: 992).

DIRECTORS AND SENIOR MANAGEMENT

Mr. Zheng obtained a bachelor’s degree in logistics management from East China University of Science and Technology (華東理工大學) in July 2008 and a master’s degree in supply engineering and logistics from the University of Warwick in the United Kingdom in November 2009.

Mr. ZHANG Zhijiong (張之炯), aged 45, is the chief financial officer of our Company. He is primarily responsible for overall financial matters of our Group.

Mr. Zhang has over 23 years of experience in financial management. He joined our Company in November 2020 and has been serving as our chief financial officer since then. Prior to joining our Group, he worked at Unicharm (China) Investment Co., Ltd. (尤妮佳(中國)投資有限公司), a subsidiary of a company listed on the Tokyo Stock Exchange (stock code: 8113), from 2002 to 2007. From 2007 to 2009, he worked at Johnson Controls International Battery Co., Ltd. (江森自控國際蓄電池有限公司). From May 2009 to October 2015, he worked at Bosch (China) Investment Co., Ltd. (博世(中國)投資有限公司). From November 2015 to November 2020, he served as a deputy general manager and chief financial officer at Shanghai Huapei Power Technology (Group) Co., Ltd. (上海華培數能科技(集團)股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 603121).

Mr. Zhang obtained dual bachelor’s degrees in asset valuation and accounting from Shanghai University of Finance and Economics (上海財經大學) in July 2002, a master’s degree in business administration from Fudan University (復旦大學) in December 2012 and a master’s degree in executive business administration from China Europe International Business School (中歐國際工商學院) in August 2021. He is a certified public accountant in the PRC.

Mr. ZHOU Liangliang (周良梁), aged 44, is the Board secretary and a deputy general manager of our Company. Mr. Zhou is primarily responsible for overseeing Board-related matters, capital market matters, legal affairs and compliance matters of our Group.

Mr. Zhou has over 20 years of experience in investment management and board affairs. Mr. Zhou joined our Group in October 2019 as our Board secretary and has been serving as our deputy general manager since January 2020. Prior to joining our Group, he served as an investment supervisor at Baida Group Co., Ltd. (百大集團股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600865), from February 2005 to September 2007. From September 2007 to February 2011, he served as investment department manager and securities affairs representative at Hangzhou Great Star Industrial Co., Ltd. (杭州巨星科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002444). From 2011 to 2019, he served as a deputy general manager and board secretary at CGN Juner New Materials Co., Ltd. (中廣核俊爾新材料有限公司).

Mr. Zhou obtained a bachelor’s degree in finance from Zhejiang University of Finance and Economics (浙江財經大學) in June 2004 and a master’s degree in business administration from Zhejiang University (浙江大學) in June 2019.

DIRECTORS AND SENIOR MANAGEMENT

OTHER INFORMATION IN RELATION TO OUR DIRECTORS AND SENIOR MANAGEMENT

Longcheer Telecommunication Limited (“**Longcheer Telecom**”), a company incorporated with limited liability under the laws of Labuan, Malaysia, was struck off on August 30, 2024 when Mr. Du was a sole director thereof, as Longcheer Telecom no longer carried out any substantial business operations. Longcheer Telecom was solvent before its striking-off in August 2024. Mr. Du confirmed that (i) there is no wrongful act on Mr. Du’s part leading to the struck-off; (ii) he has not received any notice or sanction by any relevant government authorities against him imposing any penalty or order for rectification or alleging that he is personally liable for the cessation of operation and the struck-off of Longcheer Telecom; (iii) he is not aware of any actual or potential claims which have been or could potentially be made against him as a result of the struck-off; and (iv) he has not received any notice of disqualification by relevant authorities requiring him to cease to act as director of any private or public companies.

As of the Latest Practicable Date, save as disclosed in “Appendix IV — Statutory and General Information — D. Further Information about Our Directors, Chief Executive and Substantial Shareholders — 1. Disclosure of Interest,” each of our Directors did not have any interest in the Shares within the meaning of Part XV of the SFO.

Save as disclosed above, to the best knowledge, information and belief of our Directors having made all reasonable inquiries, there are no material matters relating to their appointment as a Director that need to be brought to the attention of our Shareholders and there is no other information in relation to their appointment which is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules as of the Latest Practicable Date.

Save as disclosed above, none of our Directors and senior management held any other directorships in any other company listed in Hong Kong or overseas during the three years immediately preceding the date of this document.

Save as disclosed above, none of our Directors and senior management is related to other Directors, senior management or substantial Shareholders of our Company.

JOINT COMPANY SECRETARIES

Mr. ZHOU Liangliang (周良梁) has been appointed as one of our joint company secretaries with effect from the [REDACTED]. For details of his biography, see “— Senior Management.”

Mr. CHOW Shing Lung (鄒醒龍), has been appointed as one of our joint company secretaries with effect from the [REDACTED].

DIRECTORS AND SENIOR MANAGEMENT

Mr. Chow has more than 14 years of work experience in the company secretarial and legal fields and is currently Assistant Vice President, Entity Solutions of Computershare Hong Kong Investor Services Limited (“**Computershare**”). Prior to joining Computershare, he was Legal Counsel of the Hong Kong office of a major technology conglomerate. Mr. Chow obtained a Graduate Diploma with Distinction in English and Hong Kong Law (Common Professional Examination) from the Manchester Metropolitan University and a Master of Corporate Governance degree from The Hong Kong Polytechnic University. Mr. Chow was admitted as a solicitor of the High Court of Hong Kong. He is also an associate member of both The Hong Kong Chartered Governance Institute (formerly known as the Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute in the United Kingdom.

BOARD COMMITTEES

Our Company has established four committees under the Board in accordance with the relevant laws and regulations in Chinese mainland, the Articles of Association and the Corporate Governance Code under the Listing Rules, including the Audit Committee, Nomination Committee, Remuneration and Assessment Committee and Strategy and ESG Committee.

Audit Committee

We have established an Audit Committee in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary duties of the Audit Committee are to review and supervise our financial information disclosure, internal and external audit work and internal control system of our Group; and provide advice and comments to our Board. The Audit Committee comprises three independent non-executive Directors, namely, Mr. YANG Chuan, Dr. SHEN Jianxin and Dr. NIU Shuangxia. Mr. YANG Chuan is the chairperson of the Audit Committee. He holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules.

Nomination Committee

We have established a Nomination Committee in compliance with Rule 3.27A of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary duties of the Nomination Committee are to assess the candidates and review selection criteria and procedures for Directors and senior management, and to make recommendations to our Board. The Nomination Committee comprises one executive Director and two independent non-executive Directors, namely, Dr. SHEN Jianxin, Mr. DU Junhong and Dr. NIU Shuangxia. Dr. SHEN Jianxin is the chairperson of the Nomination Committee.

DIRECTORS AND SENIOR MANAGEMENT

Remuneration and Assessment Committee

We have established a Remuneration and Assessment Committee in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary duties of the Remuneration and Assessment Committee are to review and make recommendations to our Board regarding the terms of remuneration packages, bonuses and other compensation payable to our Directors and senior management. The Remuneration and Assessment Committee comprises three independent non-executive Directors, namely, Dr. NIU Shuangxia, Mr. YANG Chuan and Dr. SHEN Jianxin. Dr. NIU Shuangxia is the chairperson of the Remuneration and Assessment Committee.

Strategy and ESG Committee

We have established a Strategy and ESG Committee under the Board. The primary duties of the Strategy and ESG Committee are to make recommendations to our Board on the long-term development strategy and major investments and projects of our Company, and to review our sustainable development and ESG strategy and goals, our ESG related reports. The Strategy and ESG Committee comprises two executive Directors and one independent non-executive Director, namely, Mr. DU Junhong, Mr. GE Zhengang and Dr. SHEN Jianxin. Mr. DU Junhong is the chairperson of the Strategy and ESG Committee.

CORPORATE GOVERNANCE

We recognize the importance of incorporating elements of good corporate governance in our management structure and internal control procedures so as to achieve effective accountability. We intend to comply with all code provisions in Part 2 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules after the [REDACTED].

BOARD DIVERSITY POLICY

Our Company has adopted a board diversity policy which sets out the approach to achieve diversity of the Board. We recognize and embrace the benefits of having a diverse Board and see increasing diversity at the Board level as an essential element in supporting the attainment of our Company’s strategic objectives and sustainable development. Pursuant to the board diversity policy, in reviewing and assessing suitable candidates to serve as a director of our Company, the Nomination Committee will consider a number of factors, including but not limited to talent, skills, gender, age, cultural and educational background, ethnicity, professional experience, independence, knowledge and length of service. In particular, our Company currently has two female Directors in the Board and will continue to work towards enhancing the gender diversity of the Board. Our Directors have a balanced mix of knowledge and skills, and we have three independent non-executive Directors, with different industry backgrounds. Taking into account our existing business model and specific needs as well as the different background of our Directors, the composition of our Board satisfies our Board diversity policy. Pursuant to the board diversity policy, after the [REDACTED], the

DIRECTORS AND SENIOR MANAGEMENT

Nomination Committee will discuss periodically and when necessary, agree on the measurable objectives for achieving diversity, including gender diversity, on the Board and recommend them to the Board for formal adoption.

MANAGEMENT PRESENCE IN HONG KONG

According to Rules 8.12 and 19A.15 of the Listing Rules, we must have sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong. Since the principal business operations of our Group are conducted outside of Hong Kong, our Company does not and for the foreseeable future will not have a sufficient management presence in Hong Kong. We have applied for, and the Stock Exchange [has granted] us, a waiver from compliance with Rules 8.12 and 19A.15 of the Listing Rules. For details, see “Waivers and Exemptions — Management Presence in Hong Kong.”

REMUNERATION

Our Directors and senior management receive remuneration, including basic payments and performance-related payments, including fees, salaries, allowances and bonuses, share-based payment expenses, pension scheme contributions and social welfare. When reviewing and determining the specific remuneration packages for our Directors and members of the senior management of our Company, the Shareholders’ meetings and the Board of Directors take into account factors such as salaries paid by comparable companies, time commitment, level of responsibilities, employment elsewhere in our Group and desirability of performance-based remuneration. As required by the relevant PRC laws and regulations, our Company also participates in various defined contribution plans organized by relevant provincial and municipal government authorities and welfare schemes for employees of our Company, including medical insurance, injury insurance, unemployment insurance, pension insurance, maternity insurance and housing provident fund.

For the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2025, the aggregate remuneration paid by us to our Directors amounted to RMB6.8 million, RMB7.0 million, RMB6.7 million, and RMB6.3 million, respectively.

For the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2025, the aggregate remuneration paid by us to our five highest paid individuals (none of whom during the Track Record Period were Directors) amounted to RMB30.9 million, RMB33.6 million, RMB33.2 million, and RMB31.7 million, respectively.

According to existing effective arrangements, the total aggregate remuneration (excluding any possible payment of discretionary bonus) to paid by us to our Directors for the financial year ending December 31, 2025 is expected to be RMB9.2 million.

DIRECTORS AND SENIOR MANAGEMENT

During the Track Record Period, (i) no remuneration was paid to our Directors or the five highest paid individuals as an inducement to join, or upon joining our Group, (ii) no compensation was paid to, or receivable by, our Directors or past Directors or the five highest paid individuals for the loss of office as director of any member of our Group or any other office in connection with the management of the affairs of any member of our Group and (iii) none of our Directors waived any remuneration.

Save as disclosed above and in Appendix I to this document, during the Track Record Period, no other payments have been made or are payable by our Group to our Directors and the five highest paid individuals.

For more details on remuneration paid to our Directors and, on an aggregate basis, the five highest paid individuals of our Group during the Track Record Period, see Notes 8 and 9 to the Accountants’ Report as set out in Appendix I to this document; and for details regarding the Share incentives granted to our Directors and senior management, see “Appendix VI — Statutory and General Information — C. Employee Incentive Schemes” to this document.

CONFIRMATIONS FROM OUR DIRECTORS

Rule 3.09D of the Listing Rules

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on June 20, 2025 and (ii) understands his or her obligations as a director of a [REDACTED] under the Listing Rules.

Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors has confirmed (i) his or her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) that he or she has no past or present financial or other interest in the business of our Company or its subsidiaries or any connection with any core connected person of our Company under the Listing Rules as of the Latest Practicable Date, and (iii) that there are no other factors that may affect his or her independence at the time of his or her appointments.

Rule 8.10 of the Listing Rules

Each of our Directors (other than our independent non-executive Directors) confirms that as of the Latest Practicable Date, he or she did not have any interest in a business which competes or is likely to compete, directly or indirectly, with our business and requires disclosure under Rule 8.10 of the Listing Rules.

DIRECTORS AND SENIOR MANAGEMENT

COMPLIANCE ADVISOR

We have appointed Guotai Junan Capital Limited as our Compliance Advisor pursuant to Rule 3A.19 of the Listing Rules. Our Compliance Advisor will provide us with guidance and advice as to compliance with the Listing Rules and applicable Hong Kong laws. Pursuant to Rule 3A.23 of the Listing Rules, our Compliance Advisor will advise our Company in certain circumstances including:

- (a) before the publication of any regulatory announcement, circular, or financial report;
- (b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues, sales or transfers of treasury shares and share repurchases; and
- (c) where we propose to use the [REDACTED] of 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 information in this document; and where the Stock Exchange makes an inquiry to our Company regarding unusual movements in the [REDACTED] or [REDACTED] of its [REDACTED] securities or any other matters in accordance with Rule 13.10 of the Listing Rules.

Pursuant to Rule 3A.24 of the Listing Rules, the Compliance Advisor will, on a timely basis, inform our Company of any amendment or supplement to the Listing Rules that are announced by the Stock Exchange. The Compliance Advisor will also inform our Company of any new or amended law, regulation or code in Hong Kong applicable to us and advise us on the applicable requirements under the Listing Rules and laws and regulations.

The term of appointment of our Compliance Advisor shall commence on the [REDACTED] and is expected to end on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [REDACTED].

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OVERVIEW

As of the Latest Practicable Date, Mr. Du (a) was the general partner of Chengmai Qihe and was therefore entitled to exercise the voting rights attaching to 9.91% of our total issued Shares (excluding treasury Shares) held by Chengmai Qihe; and (b) controlled 51% equity interest of Shanghai Xinhe, the general partner of Kunshan Longcheer, and was therefore entitled to exercise the voting rights attaching to 20.70% of our total issued Shares (excluding treasury Shares) held by Kunshan Longcheer.

As of the Latest Practicable Date, Mr. Ge (a) directly held 4.63% of our total issued Shares (excluding treasury Shares); and (b) was the executive general partner of Kunshan Qiyun and was therefore entitled to exercise the voting rights attaching to 3.45% of our total issued Shares (excluding treasury Shares) held by Kunshan Qiyun.

Mr. Du and Mr. Ge were parties acting in concert to vote unanimously at our shareholders’ meeting pursuant to the concert party agreement dated November 1, 2021 entered into between them. It is further agreed that such acting-in-concert arrangements will continue for sixty months following the listing of our A Shares on the Shanghai Stock Exchange. For further details, see “History and Corporate Structure — Concert Party Arrangement.”

Therefore, Mr. Du, Mr. Ge, Shanghai Xinhe, Kunshan Longcheer, Chengmai Qihe, and Kunshan Qiyun are presumed to be a group of Shareholders of our Company by virtue of the acting-in-concert arrangement between Mr. Du and Mr. Ge and are therefore considered to be our Controlling Shareholders, who collectively were entitled to exercise, or control the exercise of, the voting rights attaching to approximately 38.69% of our total issued Shares (excluding treasury Shares) as of the Latest Practicable Date.

Insofar as our Directors are aware, immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), our Controlling Shareholders will be collectively entitled to exercise or control the exercise of the voting rights attaching to approximately [REDACTED]% of our total issued Shares (excluding treasury Shares). Therefore, Mr. Du, Mr. Ge, Shanghai Xinhe, Kunshan Longcheer, Chengmai Qihe, and Kunshan Qiyun will remain as our Controlling Shareholders upon completion of the [REDACTED]. For the shareholding and corporate structure of our Group, see “History and Corporate Structure.”

Mr. Du is our founder, the chairman of our Board and an executive Director. Mr. Ge is an executive Director and our general manager. For further backgrounds of Mr. Du and Mr. Ge, see “Directors and Senior Management.”

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

NON-COMPETITION UNDERTAKINGS

In connection with the A-Share Listing, each of Mr. Du, Mr. Ge, Kunshan Longcheer, Chengmai Qihe and Kunshan Qiyun provided a non-compete undertaking (the “**Undertaking**”) to our Company on February 24, 2023, pursuant to which he/it undertakes, among others, that:

- (a) he/it and the entities directly or indirectly controlled by him/it have not directly or indirectly engaged in any business that competes with the Group;
- (b) from the date of signing the Undertaking, he/it and the entities directly or indirectly controlled by him/it will not directly or indirectly engage or participate in any business in the same industry that competes with the Group, either within or outside the PRC;
- (c) he/it will, by way of authorizing relevant personnel (including without limitation the directors and managers of the entities) of such entities, ensure that the entities directly or indirectly controlled by him/it comply with the obligations under the Undertaking;
- (d) from the date of signing the Undertaking, should the Group expand its scope business and products, he/it and the entities controlled by him/it will not compete with the Group in such expanded business or products. If any existing business under his/its control becomes competing business due to such expansion, he/it shall withdraw from the competition by way of: (i) ceasing production of the competing products or operation of the competing business; (ii) injecting the competing business into the Group; or (iii) transferring the competing business to an unrelated third party; and
- (e) the Undertaking shall become effective and binding upon signing and remain valid for so long as he/it remains as the controlling shareholder, actual controller of the Company or a party acting in concert with the actual controller. He/it will be liable for any losses incurred by the Group due to any breach of the Undertaking.

Each of Mr. Du and Mr. Ge, as an individual, also undertakes in the Undertaking that, he or his close relatives will not seek any business opportunity belonging to the Group, nor will he engage in, for himself or on behalf of any third party, any business similar to those of the Group. If any business opportunity obtained by him or his close relatives from a third party competes or is likely to compete with the Group’s business, he shall promptly notify the Group and facilitate the transfer of such opportunity to the Group or adopt any other regulatory-compliant solution to eliminate his actual management or operational rights over the relevant assets, equity and/or business, to avoid competing with the Group.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

DISCLOSURE UNDER RULE 8.10 OF THE LISTING RULES

Each of our Controlling Shareholders has confirmed that he/it does not have any interests in any business (apart from the business of the Group) that competes or is likely to compete, directly or indirectly, with our principal business, which is required to be disclosed under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors believe that we are capable of carrying on our business independently from the Controlling Shareholders and/or their respective close associates after the [REDACTED].

Management Independence

Our business is managed and conducted by our Board and senior management. Our Board consists of seven Directors, comprising four executive Directors and three independent non-executive Directors, and we also have seven senior management members (of which two are executive Directors). Each of our Directors and senior management possesses relevant management, financial or industry-related experience to contribute to the management of our business. For more information, please see the section headed “Directors and Senior Management.”

Mr. Du, one of our Controlling Shareholders, is the chairman of our Board and an executive Director. Mr. Ge, one of our Controlling Shareholders, is an executive Director and our general manager. Notwithstanding the roles of Mr. Du and Mr. Ge in our Board and/or our senior management team, our Directors believe that our Company is capable of maintaining management independence due to the following reasons:

- (a) our daily management and operations are carried out by the executive Directors and the 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;
- (b) save for Mr. Du and Mr. Ge, our executive Directors and senior management members do not hold any role as an executive director or member of senior management in any associates of our Controlling Shareholders;
- (c) each of our Directors is fully aware of his/her fiduciary duties as a Director, which require, among other things, that he/she acts for the benefit and in the best interests of our Company and all our Shareholders as a whole and does not allow any conflict between his/her duties as a Director and his/her personal interest to exist;

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- (d) we have three independent non-executive Directors all of whom are independent of the Controlling Shareholders and have extensive experience in their respective areas of expertise. All our independent non-executive Directors are appointed in accordance with the requirements under the Listing Rules and certain matters of our Company must always be referred to the independent non-executive Directors for review, ensuring the decisions of our Board are made only after due consideration of independent and impartial opinions;
- (e) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between the Group and the Directors or their respective associates, the interested Director(s) is required to declare the nature of such interest before voting at the relevant Board meetings of our Company in respect of such transactions and shall abstain from voting at the relevant meeting and shall not be counted towards the quorum; and
- (f) as an A-share listed company, we have adopted a comprehensive internal control and management system in compliance with the relevant requirements of the rules of the Shanghai Stock Exchange to manage conflicts of interest, if any, between our Group and the Controlling Shareholders, which would support our independent management. For details, see “— Corporate Governance Measures.”

Based on the above, our Directors believe that our Company has sufficient and effective control mechanisms to ensure that the Directors perform their respective duties properly and safeguard the interests of our Company and our Shareholders as a whole. Our Board together with our senior management team, therefore, are able to perform the managerial role in our Group independently.

Operational Independence

We will continue to operate independently from our Controlling Shareholders after the [REDACTED]. We are in possession of all production and operating facilities and technology relating to our Group’s business and have obtained relevant requisite qualifications and approvals for conducting all our business.

We have independent access to customers and suppliers and, therefore, are not dependent on our Controlling Shareholders for any significant amount of our revenue, R&D, staffing or marketing and sales activities, and we have sufficient capital, equipment and employees to operate our business independently from our Controlling Shareholders. We have an established and complete organizational structure comprising various separate departments, each charged with specific responsibilities, such as staffing, administration, finance, internal audit, R&D, sales and marketing, or company secretarial functions. These departments have been in operation and are expected to continue to operate separately and independently from our Controlling Shareholders and their close associates. We also maintain a set of comprehensive internal control procedures to facilitate the effective operation of our business.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Based on the above, our Directors believe that we are able to operate independently of our Controlling Shareholders or any of their close associates.

Financial Independence

Our Company has established its own finance department with a team of independent financial staff responsible for discharging treasury, accounting, reporting, group credit, and internal control functions independent from our Controlling Shareholders and their close associates, as well as a sound and independent financial system, and makes independent financial decisions according to our own business needs. Our Company maintains bank accounts independently and does not share any bank account with our Controlling Shareholders. Our Company makes tax registration and pays tax independently with its own funds. As such, our Company’s financial functions, such as cash and accounting management, invoices and bills, operate independently of our Controlling Shareholders and their close associates.

As of the Latest Practicable Date, there was no outstanding loan, advance, balance of non-trade nature due to or from, or pledge or guarantee provided by our Controlling Shareholders or their respective close associates. We do not expect to rely on our Controlling Shareholders and/or 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, bank loans as well as the [REDACTED] from the [REDACTED].

Based on the above, our Directors are of the view that they and our senior management are capable of carrying on our business independently of, and do not place undue reliance on, our Controlling Shareholders and their respective close associates.

CORPORATE GOVERNANCE MEASURES

Our Company and our Directors are committed to upholding and implementing the highest standards of corporate governance and recognize the importance of protecting the rights and interests of all Shareholders, including the rights and interests of our minority Shareholders.

We have adopted the following measures to ensure good corporate governance standards and to avoid potential conflicts of interest between our Group and our Controlling Shareholders:

- (a) as part of our preparation for the [REDACTED], we [have] amended our Articles of Association to comply with the Listing Rules, and in particular, where any Director or Shareholder(s) with more than 10% of voting rights has a material interest in any matter to be resolved by the Board, such matter must be resolved by way of a Board meeting (rather than by way of written resolutions) and such

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Director(s) or Shareholder(s) shall abstain from voting on the relevant matter. The independent non-executive Directors who do not have material interest therein shall attend the relevant Board meeting;

- (b) we have formulated and adopted policies and mechanisms in relation to (i) internal controls and decision-making procedures for related party transactions and connected transactions, (ii) the prevention of appropriation of funds by Controlling Shareholders, actual controllers and other related parties, (iii) provision of external guarantee, and (iv) internal audit. Upon the [REDACTED], if our Group enters into connected transactions with our Controlling Shareholders or any of their associates, our Group will comply with the applicable Listing Rules;
- (c) we will keep a balanced composition of executive and independent non-executive Directors on the Board. We have appointed three independent non-executive Directors and we believe our independent non-executive Directors possess sufficient experience and are free of any business or other relationship that could interfere in any material manner with the exercise of their independent judgment. We also believe that our independent non-executive Directors are able to provide impartial opinions to safeguard the interests of our Shareholders as a whole;
- (d) where our independent non-executive Directors request or are request to review any conflicts of interests between our Group and our Controlling Shareholders and provide impartial and professional advice to protect the interests of our minority Shareholders, our Controlling Shareholders shall provide all information necessary for consideration and our independent non-executive Directors shall be provided with access to independent advisers, such as financial advisors at the expense of our Company;
- (e) we have appointed Guotai Junan Capital Limited as our Compliance Advisor to provide advice and guidance to us in respect of compliance with the applicable laws and regulations, as well as the Listing Rules, including various requirements relating to corporate governance.

CONNECTED TRANSACTIONS

FULLY-EXEMPT CONNECTED TRANSACTIONS

Procurement of Agricultural Products and Hospitality Services

During the Track Record Period, our Group from time to time procured agricultural products and hospitality services for employee benefits and business hospitality needs from Shanghai Donghe Jiugu Happy Farm Co., Ltd. (上海東禾九谷開心農場有限公司) and Shanghai Donghe Vegetable and Fruit Planting Professional Cooperative (上海東禾蔬果種植專業合作社) (together, “**Donghe**”), each of which is controlled by Mr. DU Junqi (杜軍旗), the brother of Mr. Du, and thus a connected person of our Group upon the [REDACTED]. We plan to continue these transactions after the [REDACTED]. Such transactions were entered into (i) on arm’s length basis, and (ii) on normal commercial terms with the fees being determined with reference to, among others, the prevailing market price of similar agricultural products and hospitality services and the quantity of products or amount of services procured.

Our Directors currently expect the total amount payable to Donghe by our Group in respect of the aforesaid transactions in aggregate per annum will be less than HK\$3,000,000 and the highest applicable percentage ratios for the purpose of Chapter 14A of the Listing Rules will be less than 0.1% on an annual basis. Accordingly, such transactions will be fully exempt from all of the reporting, annual review, announcement, circular and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.76(1) of the Listing Rules.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following completion of the [REDACTED] (assuming the [REDACTED] is not exercised), the following persons are expected to have an interest and/or short positions in our Shares or underlying Shares of our Company which would be disclosed to our Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name of substantial Shareholder	Nature of interest	Description of Shares	Number of Shares	Approximate % of shareholding in our total issued share capital as of the Latest Practicable Date	Immediately following completion of the [REDACTED]	
					Approximate % of shareholding in our A Shares	Approximate percentage of interest in the total issued share capital
Mr. Du	Interest in controlled corporation ⁽¹⁾⁽²⁾	A Shares	141,638,563	30.11%	[30.11]%	[REDACTED]
	Interest of a party to an agreement ⁽³⁾	A Shares	37,415,450	7.96%	[7.96]%	[REDACTED]
	Interest in treasury Shares ⁽⁴⁾	A Shares	1,229,937	0.26%	[0.26]%	[REDACTED]
Shanghai Xinhe	Interest in controlled corporation ⁽¹⁾	A Shares	95,793,544	20.37%	[20.37]%	[REDACTED]
Kunshan Longcheer . . .	Beneficial owner ⁽¹⁾	A Shares	95,793,544	20.37%	[20.37]%	[REDACTED]
Chengmai Qihe	Beneficial owner ⁽²⁾	A Shares	45,845,019	9.75%	[9.75]%	[REDACTED]
Mr. Ge	Beneficial owner	A Shares	21,443,635	4.56%	[4.56]%	[REDACTED]
	Interest in controlled corporation ⁽¹⁾⁽⁵⁾	A Shares	111,765,359	23.76%	[23.76]%	[REDACTED]
	Interest of a party to an agreement ⁽³⁾	A Shares	45,845,019	9.55%	[9.75]%	[REDACTED]
	Interest in treasury Shares ⁽⁴⁾	A Shares	1,229,937	0.26%	[0.26]%	[REDACTED]
Tianjin Jinmi	Beneficial owner ⁽⁶⁾	A Shares	23,221,393	4.94%	[4.94]%	[REDACTED]

Notes:

- (1) As of Latest Practicable Date, Kunshan Longcheer was managed by its general partner, Shanghai Xinhe, which in turn was controlled by Mr. Du as to 51.00% and Mr. Ge as to 49.00%. Save for Mr. Du who also held 52.95% of the partnership interest in Kunshan Longcheer, none of the limited partners held over one third of the partnership interest in Kunshan Longcheer. Therefore, each of Mr. Du, Mr. Ge and Shanghai Xinhe is deemed to be interested in the 95,793,544 Shares held by Kunshan Longcheer under the SFO.
- (2) As of Latest Practicable Date, Mr. Du was the general partner of Chengmai Qihe. Therefore, Mr. Du is deemed to be interested in the 45,845,019 Shares held by Chengmai Qihe under the SFO.

SUBSTANTIAL SHAREHOLDERS

- (3) As of the Latest Practicable Date, pursuant to a concert party agreement dated November 1, 2021, Mr. Du and Mr. Ge agreed to act in concert by aligning the voting rights controlled by them at the Shareholders’ meetings of the Company. Therefore, they are deemed to be jointly interested in the aggregate number of Shares held by each other under the SFO. For further details, see “History and Corporate Structure — Concert Party Arrangement.”
- (4) As of the Latest Practicable Date, there were 1,229,937 A Shares repurchased and held in our Company’s stock repurchase account. Our Controlling Shareholders who control more than one-third of the voting power at the general meetings of our Company would be taken to have an interest in such repurchased A Shares held by our Company.
- (5) As of Latest Practicable Date, Mr. Ge was the executive general partner of Kunshan Qiyun. Save for Mr. Ge, none of the other partners held over one third of the partnership interest in Kunshan Qiyun. Therefore, Mr. Ge is also deemed to be interested in the 15,971,815 Shares held by Kunshan Qiyun under the SFO.
- (6) As of Latest Practicable Date, Tianjin Jinmi was controlled by its general partner, Tianjin Jinxing Venture Investment Co., Ltd. (天津金星創業投資有限公司) (“**Tianjin Jinxing**”) and was held by Tianjin Jinxing as to 86.20%. Tianjin Jinxing was wholly owned by Xiaomi Inc., a consolidated affiliated company of Xiaomi Corporation. Xiaomi Corporation is a company listed on the Stock Exchange (stock code: 1810), and was ultimately controlled by Mr. LEI Jun (“雷軍”) (“**Mr. Lei**”) as of the Latest Practicable Date. Therefore, Mr. Lei is deemed to be interested in the Shares held by Tianjin Jinmi under the SFO.

Except as disclosed above, our Directors are not aware of any persons who will, immediately following completion of the [REDACTED] (assuming the [REDACTED] is not exercised), have any interests and/or short positions in the Shares or underlying Shares of our Company which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the 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.

SHARE CAPITAL

BEFORE THE [REDACTED]

As of the Latest Practicable Date, the total issued share capital of our Company was RMB470,331,544, comprising 470,331,544 A Shares of nominal value of RMB1.00 each, all of which are listed on the Shanghai Stock Exchange.

Description of Shares	Number of Shares	Approximate % of total issued share capital of our Company
A Shares	470,331,544 ⁽¹⁾	100.0

Note:

- (1) Including 7,499,937 A Shares repurchased by our Company pursuant to repurchase mandates approved by our Board, in which 1,229,937 A Shares were held in our Company’s stock repurchase account as treasury Shares; and 6,270,000 A Shares were transferred to and held in the designated securities account of our Employee Stock Ownership Scheme.

UPON COMPLETION OF THE [REDACTED]

Immediately following the completion of the [REDACTED] assuming the [REDACTED] is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [REDACTED], the share capital of our Company will be as follows.

Description of Shares	Number of Shares	Approximate percentage of issued share capital
A Shares	470,331,544	[REDACTED]%
H Shares to be issued under the [REDACTED] . .	[REDACTED]	[REDACTED]%
Total	[REDACTED]	100.0

Immediately following the completion of the [REDACTED] assuming the [REDACTED] is fully exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [REDACTED], the share capital of our Company will be as follows.

Description of Shares	Number of Shares	Approximate percentage of issued share capital
A Shares	470,331,544	[REDACTED]%
H Shares to be issued under the [REDACTED] . .	[REDACTED]	[REDACTED]%
Total	[REDACTED]	100.0

SHARE CAPITAL

OUR SHARES

Our H Shares in issue upon completion of the [REDACTED], and our A Shares, are ordinary Shares in the share capital of our Company and are considered as one class of Shares. However, apart from certain qualified domestic institutional investors in Chinese mainland, the qualified investors in Chinese mainland under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect (if [REDACTED] H Shares are [REDACTED] for that purpose) and other persons who are entitled to hold [REDACTED] H Shares pursuant to relevant PRC law or upon approvals of any competent authorities, H Shares generally cannot be [REDACTED] for by, or traded between, legal or natural persons in Chinese mainland.

Shanghai-Hong Kong Stock Connect has established a stock connect mechanism between Chinese mainland and Hong Kong. Our A Shares can be subscribed for and traded by investors in Chinese mainland, qualified foreign institutional investors or qualified foreign strategic investors and must be traded in Renminbi. As our A Shares are eligible securities under the Northbound Trading Link, they can also be subscribed for and traded by Hong Kong and other overseas investors pursuant to the rules and limits of Shanghai-Hong Kong Stock Connect. If our H Shares are [REDACTED] under the [REDACTED], they can also be [REDACTED] and [REDACTED] by [REDACTED] in Chinese mainland in accordance with the rules and limits of Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect.

RANKING

Our H Shares and our A Shares are regarded as one class of Shares under our Articles of Association and will rank *pari passu* with each other in all other respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this document. All dividends in respect of our H Shares are to be paid by us in Hong Kong dollars whereas all dividends in respect of our A Shares are to be paid by us in Renminbi. In addition to cash, dividends may also be distributed in the form of Shares or other forms. Holders of our H Shares will receive share dividends in the form of H Shares, and holders of our A Shares will receive share dividends in the form of A Shares.

NO CONVERSION OF OUR A SHARES INTO H SHARES FOR [REDACTED] AND [REDACTED] ON THE HONG KONG STOCK EXCHANGE

Our A Shares and our H Shares are generally neither interchangeable nor fungible, and the [REDACTED] of our A Shares and our H Shares may be different after the [REDACTED]. The Guidelines on Application for “Full Circulation” of Domestic Unlisted Shares of H-share Companies (《H股公司境内未上市股份申请“全流通”业务指引》) announced by the CSRC are not applicable to companies dual listed on the stock exchanges in Chinese mainland and on the Hong Kong Stock Exchange. As of the Latest Practicable Date, there were no relevant rules or guidelines from the CSRC providing that holders of our A Shares may convert the A Shares held by them into H Shares for [REDACTED] and [REDACTED] on the Hong Kong Stock Exchange.

SHARE CAPITAL

APPROVAL FROM HOLDERS OF A SHARES REGARDING THE [REDACTED]

We have obtained approval from our holders of A Shares to issue H Shares and seek the [REDACTED] of H Shares on the Hong Kong Stock Exchange. Such approval was obtained by us at the Shareholders’ general meeting of our Company held on June 9, 2025 and is subject to the following major conditions:

- (a) *Size of the [REDACTED]*. The proposed number of H Shares to be [REDACTED] shall not exceed [REDACTED]% of the total issued share capital enlarged by the H Shares to be issued pursuant to the [REDACTED] (before the exercise of the [REDACTED]). The number of H Shares to be issued pursuant to the full exercise of the [REDACTED] shall not exceed [REDACTED]% of the total number of H Shares to be [REDACTED] initially under the [REDACTED].
- (b) *Method of [REDACTED]*. The method of [REDACTED] shall be by way of a public [REDACTED] for [REDACTED] in Hong Kong and an international [REDACTED] to institutional [REDACTED].
- (c) *Target [REDACTED]*. The H Shares shall be issued to overseas institutional [REDACTED], qualified domestic institutional [REDACTED] and other [REDACTED] who are approved by mainland Chinese regulatory bodies to [REDACTED] abroad.
- (d) *[REDACTED] basis*. The [REDACTED] of the H Shares will be determined by the Board and/or its authorized person with the authorization of the Shareholders’ general meetings, together with the [REDACTED], after full consideration of the interests of existing Shareholders, the acceptance of [REDACTED] and the risks relating to the [REDACTED], with reference to the international practices and the prevailing conditions of domestic and international capital markets and through book-building process and cumulative bidding.
- (e) *Validity period*. The [REDACTED] and [REDACTED] of H Shares on the Hong Kong Stock Exchange shall be completed within 24 months from the date on which such matters were approved at the Shareholders’ meeting held on June 9, 2025. If the Company has obtained approval or filing from relevant regulatory bodies for the [REDACTED] and [REDACTED] of the H Shares within such validity period, the validity period of the resolution will automatically be extended to the completion of the [REDACTED] and [REDACTED] of the H Shares.

There are no other approved [REDACTED] plans for our Shares except the [REDACTED].

SHARE CAPITAL

SHAREHOLDERS’ MEETINGS

For details of the circumstance under which our Shareholders’ general meeting is required, see “Appendix V — Summary of the Articles of Association — Shareholders and General Meeting” to this document.

EMPLOYEE INCENTIVE SCHEMES

During our development, we established several employee shareholding platforms to holding employee incentive shares. As of the Latest Practicable Date, 129,266,001 A Shares were held by these employee shareholding platforms.

As of the Latest Practice Date, we have two employee incentive schemes that were in effect, namely the Restricted Share Scheme and the Employee Stock Ownership Scheme, see “Appendix VI — Statutory and General Information — C. Employee Incentive Schemes” to this document for details.

FINANCIAL INFORMATION

The following discussion and our analysis should be read in conjunction with our consolidated financial statements included in “Appendix I — Accountants’ Report,” together with the accompanying notes. Our consolidated financial statements have been prepared in accordance with IFRS Accounting Standards (“IFRSs”).

The following discussion and analysis contain forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analysis that we make in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed in “Risk Factors” and “Forward-Looking Statements” and elsewhere in this document.

OVERVIEW

We are a leading global provider of smart devices and services, offering solutions — including product research, design, manufacturing, and support — for renowned smart device brands and leading technology companies worldwide. According to Frost & Sullivan, we are the world’s second largest consumer electronics ODM company by consumer electronics ODM shipments in 2024, and the world’s largest smartphone ODM company by smartphone ODM shipments in 2024.

Founded in 2004, we have consistently upheld our core values of “customer centric, inspiring dedication, and long-term driven.” Over the past two decades, we have developed industry-leading capabilities across smart devices and formed a solution matrix, including prototype design, hardware innovation, system-level software platform development, lean production, supply chain integration, and quality control. Leveraging this sophisticated value chain expertise, we have built a diverse product portfolio that includes smartphones, AI PCs, automotive electronics, tablets, smart watches/bands, and smart eyewear. We have also established an extensive core customer base, including leading brands such as Xiaomi, Samsung Electronics, Lenovo, Honor, OPPO, and vivo.

In 2022, 2023 and 2024 and the nine months ended September 30, 2024 and 2025, our revenue amounted to RMB29,343.2 million, RMB27,185.1 million, RMB46,382.5 million, RMB34,920.9 million and RMB31,331.6 million, respectively. During the same periods, our profit for the year amounted to RMB561.5 million, RMB602.7 million, RMB493.4 million, RMB425.4 million and RMB514.5 million, respectively.

FINANCIAL INFORMATION

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations are affected by a number of factors, including but not limited to the following.

Growth in Smart Device Market Demand

During the Track Record Period, we primarily generated revenue from full-stack ODM solutions and value-added professional services related to our smart devices, including the manufacturing and sales of smartphones, AIoT devices, tablets and other smart devices. As such, our results of operations are affected by the market demand for smart devices in general, and our brand customers’ smart devices in particular. According to Frost & Sullivan, the global consumer electronics market – which constitutes the largest part of the smart device market – is experiencing rapid growth. The global shipments of consumer electronics are expected to increase from 2,113.3 million units in 2024 to 2,489.6 million units in 2029, representing a CAGR of 3.3%. In particular, the global shipments of smartphones reached 1,238.8 million units in 2024 and is expected to further increase to 1,405.2 million units in 2029 with a CAGR of 2.6%. Our results of operations will be affected by the future growth of the global smart device market and our ability to keep pace with market demand and maintain or increase our market share.

In addition, our business and results of operations are also affected by the general market demand for our new products. Beyond smartphones and other traditional product types, we are actively capitalizing on opportunities in other emerging business areas, including smart eyewear, AI PCs and automotive electronics. As we seek to expand into emerging technology domains to further support our future revenue growth and profitability, our financial performance and results of operations will be affected by the market demand for these products and our ability to successfully expand into these markets.

Ability to Continuously Develop New Products and Secure Purchase Orders

We are a leading global provider of smart devices and services, and our products and services compete in highly competitive markets that include intense price competition, frequent introduction of new products, frequent consumer demands for product replacement or upgrade, rapid commercial adoption of technological advancements and diverse preferences of consumers. Our ability to continuously develop new products through advancement of our R&D activities is crucial to our sustained business growth. Our financial performance and future growth are also affected by our ability to maintain close collaboration with industry leaders. By partnering with industry leaders, we can quickly respond to market demands and industry trends. Combined with our own industry insights and foresight, this enables us to effectively guide market development and support our technological innovation and product upgrades.

FINANCIAL INFORMATION

Our results of operations will be impacted by the timely development of new products and the successful adaptation to our customers’ needs. We have built a diverse product portfolio that includes smartphones, AI PCs, automotive electronics, tablets, smart watches/bands, and smart eyewear. We plan to continuing to expand the “1 + 2 + X” product portfolio and penetrate high potential segments. Smartphones are the core category of consumer electronics ODM industry, accounting for 54.3% of overall ODM shipments in 2024. For example, we will further concentrate on developing smartphone models with commanding market share, solidifying our global leadership position as a smartphone ODM, while closely aligning with technology trends like 5G and AI to deliver highly competitive products for our valued customers. We will also proactively explore and continuously develop new high-potential smart product lines, building a diversified and dynamic smart device ecosystem. In particular, we will maintain our steadfast strategic focus on the smart eyewear segment, which represents the most promising growth opportunity within the consumer electronics market. From 2020 to 2024, smart eyewear achieved the highest CAGR among all sub-segments, at 9.0%, compared to the industry average of -0.1%. Looking ahead, smart eyewear segment is expected to maintain exceptional growth, with a CAGR of 45.4% from 2024 to 2029, far surpassing the industry average of 3.3%. We also plan to pursue opportunities to explore in the field of robotics, focusing on advancing cutting-edge technologies to drive innovation in next-generation smart devices. Our historical and future business growth will be supported by our continuous development of new products and receipt of confirmed customer orders.

In addition, our gross profit margin varies across product types and collaboration models, due to a variety of factors including manufacturing costs, cost structures for raw materials, technological advancement, pricing power, market demand, and availability of competing products, among others. We need to continuously introduce new products that offer high values in order to charge premium prices and generate a higher gross margin in order to improve our overall results of operations. For example, our AIoT devices have a relatively higher gross profit margin and may experience more rapid growth, affecting our revenue mix. Changes in our product mix and revenue mix in the future, as well as our ability to develop products with higher technological advancement and penetrate high potential segments, may also affect our overall gross profit margin and subsequently other aspects of our business performance.

Ability to Deepen Relationships with Existing Customers and Expand Customer Base

Our financial performance and future growth are affected by our ability to maintain and deepen relationships with our existing customers and to further expand our customer base. Our customers primarily consist of leading global smart device brands and top-tier technology companies, many of which maintain stringent supplier qualification standards. We have also established an extensive core customer base, including leading brands such as Xiaomi, Samsung Electronics, Lenovo, Honor, OPPO, and vivo.

FINANCIAL INFORMATION

We are committed to expanding our cooperation with existing customers, including enhancing industry insights, developing technologies to improve our product performance, and providing more innovative products that adapt to evolving customer needs. Our long-term and deepened relationships with our existing customers, especially our major customers, may materially affect our results of operation and financial condition. See “Risk Factors — Risks Relating to Our Industry and Business — We derived a substantial portion of revenue from certain major customers during the Track Record Period and the loss of, or a significant reduction in, revenue from such customers could materially and adversely affect our results of operations.”

We are dedicated to identifying, engaging and retaining new customers to expand our customer base. Leveraging our deep insights and strong capabilities in delivering professional full-stack research, design, manufacturing, and comprehensive services, we are committed to attracting renowned smart device brands and leading technology companies worldwide. For example, for our smartphone business, we have strategically expanded into emerging regions and continuously optimized our customer base to ensure the ongoing success of our smartphone business. For tablet business, we have successfully become a major ODM supplier for three top domestic tablet brands. As we continue to develop and launch products with market competitiveness, promote our brand, expand our production capacity and enhance our global presence, we expect to attract more customers and achieve sustainable revenue growth in the future.

Cost Control and Operational Efficiency

Our ability to achieve and maintain profitability partially depends on our ability to control our costs and expenses and enhance our operating efficiency. In 2022, 2023 and 2024 and the nine months ended September 30, 2024 and 2025, our cost of sales primarily consisted of direct material costs, which amounted to RMB23,691.7 million, RMB21,720.3 million, RMB38,538.3 million, RMB29,267.9 million and RMB24,998.8 million, respectively, representing 80.7%, 79.9%, 83.1%, 83.8% and 79.8% of our revenue for the respective periods. Our primary raw materials include electronic components, functional modules, structural parts and packaging materials. We optimize raw material costs through lean production and bulk procurement strategies to maintain profitability. Our ability to effectively control direct raw material costs as we continue to ramp up our production volume has affected and will continue to affect our financial results significantly.

In addition, our operating expenses include sales and marketing expenses, administrative expenses and research and development expenses. In 2022, 2023 and 2024 and the nine months ended September 30, 2024 and 2025, our operating expenses as a percentage of revenue amounted to 6.7%, 8.1%, 5.8%, 5.4% and 8.1%, respectively. Our ability to improve operational efficiency and maintain effective cost control will also affect our results of operations.

FINANCIAL INFORMATION

BASIS OF PREPARATION

Our historical financial information has been prepared in accordance with IFRSs, which comprise all standards and interpretations approved by the International Accounting Standards Board. All IFRSs effective for the accounting period commencing from January 1, 2025, together with the relevant transitional provisions, have been early adopted by us in the preparation of the historical financial information throughout the Track Record Period. The historical financial information has been prepared under the historical cost convention, except for investments measured at fair value through profit or loss (“FVTPL”), and derivative financial instruments which have been measured at fair value.

MATERIAL ACCOUNTING POLICIES AND ESTIMATES

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 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 recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

(a) Sales of smartphones, tablets, AIoT devices and other electronic equipment

We sell smartphones, tablets, AIoT devices and other electronic equipment to customers. Revenue from the sale of products is recognised at the point in time when control of the products is transferred to the customer, generally when the products are delivered to the customer, and there is no unfulfilled obligation that could affect the customer’s acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has 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.

We sell products to a customer who is also the supplier of key materials used in the manufacturing of products. We obtain the control of the materials purchased from the customer and provide significant services to integrate materials with other goods and services into a portfolio of outputs. We considered ourselves as a principal in the arrangement and accordingly recognises revenue on a gross basis.

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(b) Provision of R&D and technical services

We recognize revenue from the R&D and technical services at a point in time when the relevant services are rendered and acknowledged for receipt by the customers.

(c) Contract manufacturing services

We provide processing services and charges processing fees exclusively. Revenue is recognized when the relevant services are rendered and the finished products are transferred and acknowledged by the customers.

Revenue from Other Sources

Rental income is recognized on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognized as income in the accounting period in which they are incurred.

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.

Dividend Income

Dividend income is recognized when the shareholders’ right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to us and the amount of the dividend can be measured reliably.

Share-based Payments

Several employee incentive schemes are operated for the purpose of providing incentives and rewards to eligible participants who contribute to the success of our operations. Our employees (including directors) 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 based on a recent transaction price, further details of which are given in Note 32 to the Accountants’ Report as set out in Appendix I to this document.

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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 year of the Track Record Period until the vesting date reflects the extent to which the vesting period has expired and our 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 our 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.

Fair Value Measurement

We measure our structured deposits, wealth management product, derivative financial instrument and equity investments at fair value at the end of each year of the Track Record Period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by us. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

We use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, we determine whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each year of the Track Record Period.

Provision for Expected Credit Losses on Trade Receivables

We use a provision matrix to calculate expected credit losses (“ECLs”) for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns, such as by geography, product type, customer type and rating.

The provision matrix is initially based on our historical 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, such as 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 the end of each year during the Track Record Period, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. Our historical credit loss experience and forecast of economic conditions may also not be representative of a customer’s actual default in the future.

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Impairment of Inventories

We periodically assess the net realizable value of its inventories and provides for inventory impairment based on the difference between the cost of the inventory and the net realizable value. When estimating the net realizable value of inventories, management considers the purpose for which the inventories are held, as well as future use or sales as the basis for estimation. Where the expectation is different from the original estimate, such difference will impact on the carrying value of the inventories and write-down of inventories in the period in which such estimates have been changed.

Property, Plant and Equipment and Depreciation

Property, plant and equipment, other than construction in progress, 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 capitalized 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, we recognize 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:

Buildings	4.5%
Machinery	9% to 30%
Office equipment and electronic devices	18% to 30%
Vehicles	18% to 30%
Leasehold improvements	Shorter of the remaining lease terms and estimated useful lives

Where parts of an item of property, plant and equipment have different useful lives, the cost 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.

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An item of property, plant and equipment including any significant part initially recognised is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognized is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment Properties

Investment properties are interests in land and buildings (including the leasehold property held as a right-of-use asset which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less any impairment loss and are depreciated on the straight-line basis over their estimated useful lives. Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

DESCRIPTION OF SELECTED COMPONENTS 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. Our historical results presented below are not necessarily indicative of the results that may be expected for any future period.

	For the year ended December 31,						For the nine months ended September 30,			
	2022		2023		2024		2024		2025	
	RMB'000	% of revenue	RMB'000	% of revenue	RMB'000	% of revenue	RMB'000	% of revenue	RMB'000	% of revenue
	(Unaudited)									
Revenue	29,343,152	100.0	27,185,064	100.0	46,382,472	100.0	34,920,860	100.0	31,331,603	100.0
Cost of sales	(26,978,031)	(91.9)	(24,594,908)	(90.5)	(43,676,093)	(94.2)	(32,887,922)	(94.2)	(28,725,221)	(91.7)
Gross profit	2,365,121	8.1	2,590,156	9.5	2,706,379	5.8	2,032,938	5.8	2,606,382	8.3
Other income and gains.	251,084	0.9	309,652	1.1	578,647	1.2	441,375	1.3	536,020	1.7
Sales and marketing										
expenses	(56,880)	(0.2)	(79,922)	(0.3)	(89,840)	(0.2)	(58,865)	(0.2)	(69,151)	(0.2)
Administrative										
expenses	(392,774)	(1.3)	(437,328)	(1.6)	(506,081)	(1.1)	(361,794)	(1.0)	(506,135)	(1.6)

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	For the year ended December 31,						For the nine months ended September 30,			
	2022		2023		2024		2024		2025	
	RMB'000	% of revenue	RMB'000	% of revenue	RMB'000	% of revenue	RMB'000	% of revenue	RMB'000	% of revenue
	(Unaudited)									
Research and development expenses	(1,507,834)	(5.1)	(1,687,762)	(6.2)	(2,080,172)	(4.5)	(1,472,924)	(4.2)	(1,951,106)	(6.2)
Reversal of impairment losses/(impairment losses) on financial assets, net	2,700	0.0	(842)	(0.0)	(1,343)	(0.0)	125	0.0	(560)	(0.0)
Other expenses	(58,739)	(0.2)	(46,132)	(0.2)	(56,103)	(0.1)	(84,489)	(0.2)	(29,154)	(0.1)
Finance costs	(37,948)	(0.1)	(39,896)	(0.1)	(67,525)	(0.1)	(56,280)	(0.2)	(43,022)	(0.1)
Share of profits of associates	23,588	0.1	43,154	0.2	30,042	0.1	15,976	0.0	6,614	0.0
Profit before tax	588,318	2.0	651,080	2.4	514,004	1.1	456,062	1.3	549,888	1.8
Income tax expense	(26,805)	(0.1)	(48,369)	(0.2)	(20,654)	(0.0)	(30,634)	(0.1)	(35,404)	(0.1)
Profit for the year/period	561,513	1.9	602,711	2.2	493,350	1.1	425,428	1.2	514,484	1.6
Attributable to:										
Owners of the Company	561,301	1.9	605,316	2.2	501,132	1.1	430,855	1.2	507,275	1.6
Non-controlling interests	212	0.0	(2,605)	(0.0)	(7,782)	(0.0)	(5,427)	(0.0)	7,209	0.0

Non-IFRS Measures

To supplement our consolidated financial statements which are presented in accordance with IFRS, we also use certain non-IFRS measures, namely, adjusted net profit (non-IFRS measure) and adjusted EBITDA (non-IFRS measure), as additional financial metrics. These non-IFRS measures are not required by or presented in accordance with IFRS. We believe that these non-IFRS measures facilitate comparisons of our operating performance by eliminating potential impacts of certain items listed below. We also believe that such non-IFRS measures present useful information in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of such non-IFRS measures may not be comparable to similarly titled measures presented by other companies. The use of these non-IFRS measures 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 condition as reported under IFRS.

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We define adjusted net profit (non-IFRS measure) as profit for the year adding back share-based payments and [REDACTED] expenses. Share-based payments are non-cash in nature and do not result in cash outflows. We define adjusted EBITDA (non-IFRS measure) as adjusted net profit (non-IFRS measure) adding back income tax expenses, finance costs, and depreciation and amortization, and less interest income under other income and gains.

The following table reconciles adjusted net profit (non-IFRS measure) and adjusted EBITDA (non-IFRS measure) to our profit for the year/period, presented in accordance with IFRS, for the years/periods indicated.

	For the year ended December 31,			For the nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000				
	(Unaudited)				
Reconciliation of profit for the year/period to adjusted net profit (non-IFRS measure) and adjusted EBITDA (non-IFRS measure)					
Profit for the years/periods	561,513	602,711	493,350	425,428	514,484
Add:					
Share-based payments	58,239	69,629	71,634	56,294	88,593
[REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Adjusted net profit (non-IFRS measure)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Add:					
Income tax expense	26,805	48,369	20,654	30,634	35,404
Finance costs	37,948	39,896	67,525	56,280	43,022
Depreciation and amortization	321,397	369,625	446,413	342,694	382,375
Less:					
Interest income	102,502	139,912	160,361	105,311	96,866
Adjusted EBITDA (non-IFRS measure)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

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Revenue

Revenue by Product Type

During the Track Record Period, we primarily generated revenue from full-stack ODM solutions and value-added professional services related to our smart devices, including the manufacturing and sales of smartphones, AIoT devices, tablets and other smart devices. The following table sets forth the breakdown of our revenue by product type, both in absolute amounts and as percentages of total revenue, for the years/periods indicated.

	For the year ended December 31,						For the nine months ended September 30,			
	2022		2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(Unaudited)									
Smartphones	24,265,640	82.7	21,821,620	80.3	36,132,747	77.9	27,885,130	79.9	21,704,132	69.3
AIoT and other products ⁽¹⁾	1,887,127	6.5	2,510,561	9.2	5,573,138	12.0	3,837,130	11.0	5,603,482	17.9
– Smart wearables	1,413,365	4.8	1,798,583	6.6	3,643,370	7.9	2,576,022	7.4	2,861,052	9.1
– Smart eyewear	32,167	0.1	387,988	1.4	1,387,622	3.0	865,448	2.5	1,974,528	6.3
– AI PCs	–	–	–	–	3,171	0.0	1,938	0.0	196,393	0.6
– Automotive electronics	–	–	704	0.0	20,716	0.0	15,284	0.0	95,633	0.3
– Others ⁽²⁾	441,595	1.6	323,286	1.2	518,259	1.1	378,438	1.1	475,876	1.6
Tablets	2,798,156	9.5	2,509,102	9.2	3,696,313	8.0	2,542,749	7.3	2,990,404	9.5
Others ⁽³⁾	392,229	1.3	343,781	1.3	980,274	2.1	655,851	1.8	1,033,585	3.3
Total	29,343,152	100.0	27,185,064	100.0	46,382,472	100.0	34,920,860	100.0	31,331,603	100.0

Notes:

- (1) AIoT and other products primarily refer to AIoT devices and our products in emerging business areas, such as AI PCs and automotive electronics.
- (2) Primarily including smart speakers, smart learning devices, smart desk lamps and various accessory products.
- (3) Primarily including sales of raw materials and scrap components, and provision of factoring arrangement. For details on the factoring arrangement, see “Business — Sales and Marketing — Relationship with Our Largest Customer.”

Our revenue decreased by 7.4% from RMB29,343.2 million in 2022 to RMB27,185.1 million in 2023, and increased by 70.6% from RMB27,185.1 million in 2023 to RMB46,382.5 million in 2024. Our revenue decreased by 10.3% from RMB34,920.9 million in the nine months ended September 30, 2024 to RMB31,331.6 million in the nine months ended September 30, 2025. The fluctuations of our revenue during the Track Record Period were primarily due to fluctuations in our ODM shipments, which was in turn affected by end-consumer demands for smart devices.

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The following table sets forth the breakdown of the shipment and average selling price by product type, for the years/periods indicated.

	For the year ended December 31,						For the nine months ended September 30,			
	2022		2023		2024		2024		2025	
	Shipment	Average selling price	Shipment	Average selling price	Shipment	Average selling price	Shipment	Average selling price	Shipment	Average selling price
	(million unit)	(RMB per unit)	(million unit)	(RMB per unit)	(million unit)	(RMB per unit)	(million unit)	(RMB per unit)	(million unit)	(RMB per unit)
Smartphones	125.5	187.1	125.3	168.8	172.9	204.1	127.8	211.8	117.3	181.2
AIoT and other products ⁽¹⁾	7.9	226.4	14.1	162.4	33.9	155.2	22.6	161.5	29.0	184.4
Tablets	6.3	438.4	7.4	330.6	12.3	285.5	9.0	269.8	9.1	321.1

Note:

- (1) AIoT and other products primarily refer to AIoT devices and our products in emerging business areas, such as AI PCs and automotive electronics.

The ODM shipment of our smartphones slightly decreased from 125.5 million units in 2022 to 125.3 million units in 2023, and the average selling price decreased from RMB187.1 per unit in 2022 to RMB168.8 per unit in 2023, primarily due to heightened market competition during the economic recovery from the effects of the COVID-19 pandemic. Globally, the ODM shipment of smartphones decreased from 484.8 million units in 2022 to 455.9 million units in 2023, primarily affected by the effects of the COVID-19 pandemic, which was then recovered to 530.0 million units in 2024. In 2024, the ODM shipment of our smartphones increased to 172.9 million units, primarily attributable to (i) our expanded deployment of 5G products, and (ii) the increased sales of our entry-level products. In the meantime, the average selling prices of our smartphones increased to RMB204.1 per unit in 2024, as a result of the higher unit prices of our 5G products. The ODM shipment of our smartphones decreased from 127.8 million units in the nine months ended September 30, 2024 to 117.3 million units in the nine months ended September 30, 2025, primarily influenced by (i) the life cycle of certain products, as certain models approached the end of their life cycle, resulting in lower shipments, while new models were still in their early production stages, and (ii) weakened consumer replacement demand due to macroeconomic fluctuations, despite the supportive policies for product replacement in China. The average selling price decreased from RMB211.8 per unit in the nine months ended September 30, 2024 to RMB181.2 per unit in the nine months ended September 30, 2025, primarily due to the change in our product mix pursuant to customer demand.

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The ODM shipment of our AIoT and other products, including AIoT products and our products in emerging business areas, such as AI PCs and automotive electronics, experienced substantial growth during the Track Record Period, from 7.9 million units in 2022 to 14.1 million in 2023 and further to 33.9 million in 2024. This growth was primarily due to our broad market presence and strong customer recognition. The average selling price of our AIoT and other products decreased from RMB226.4 per unit in 2022 to RMB162.4 per unit in 2023, primarily as a result of change in our customers’ product mix, with certain products at relatively lower average selling prices ordered by customers contributing a larger share of our ODM shipments in 2023. In 2024, the average selling price of our AIoT and other products remained relatively stable at RMB155.2 per unit. In recent years, our AIoT business has grown rapidly, with smart watch/band shipments ranking top two globally in the smart wearables ODM market, according to Frost & Sullivan. As part of our strategy, we are expanding into emerging categories like AI PCs and automotive electronics. With rising consumer interest and enhanced product offerings, we expect strong growth in this segment to continue in near future. The ODM shipment of our AIoT and other products increased from 22.6 million units in the nine months ended September 30, 2024 to 29.0 million units in the nine months ended September 30, 2025, primarily driven by (i) the growing consumer demand for smart eyewear products, particularly AI glasses, (ii) strong market acceptance of a smartwatch series, which gained popularity due to its product performance such as large display, elegant design, Bluetooth calling feature and extended battery life, leading to higher ODM shipments, and (iii) our expansion into niche segments of the smart wearables market, including children’s wearables and medical wearables. The average selling price increased from RMB161.5 per unit in the nine months ended September 30, 2024 to RMB184.4 per unit in the nine months ended September 30, 2025, primarily due to the expansion of our product mix to include higher-priced offerings, such as AI glasses.

The ODM shipment of our tablets increased from 6.3 million in 2022 to 7.4 million in 2023, and further to 12.3 million in 2024, primarily attributable to the continuous expansion of our customer base to include several leading tablet brands. The average selling price of our tablets decreased from RMB438.4 per unit in 2022 to RMB330.6 per unit in 2023, and further to RMB285.5 per unit in 2024, primarily as a result of change in our customers’ product mix, with certain products at relatively lower average selling prices ordered by customers contributing a larger share of our ODM shipments. The ODM shipment of our tablets remained relatively stable at 9.0 million units in the nine months ended September 30, 2024 and 9.1 million units in the nine months ended September 30, 2025. The average selling price increased from RMB269.8 per unit in the nine months ended September 30, 2024 to RMB321.1 per unit in the nine months ended September 30, 2025, primarily because we launched several high-end flagship tablet products.

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Revenue by Geographical Location

The following table sets forth a breakdown of our revenue by geographical location, corresponding to the registered address of our customers, in absolute amounts and as percentages of our total revenue, for the years/periods indicated.

	For the year ended December 31,						For the nine months ended September 30,			
	2022		2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	<i>(Unaudited)</i>									
Chinese Mainland	22,279,637	75.9	23,392,783	86.1	31,406,597	67.7	23,041,794	66.0	19,065,646	60.9
Overseas	7,063,515	24.1	3,792,281	13.9	14,975,875	32.3	11,879,066	34.0	12,265,957	39.1
Asia (excluding Chinese mainland) ⁽¹⁾	5,859,813	20.0	3,068,369	11.3	14,367,107	31.1	11,390,158	32.7	11,414,180	36.4
South America	818,524	2.8	306,243	1.1	518,530	1.1	434,196	1.2	218,490	0.7
North America	259,332	0.9	326,006	1.2	66,491	0.1	49,897	0.1	545,280	1.7
Europe	125,828	0.4	86,452	0.3	20,920	0.0	2,527	0.0	79,337	0.3
Africa	–	–	5,211	0.0	2,827	0.0	2,288	0.0	8,670	0.0
Oceania	18	0.0	–	–	–	–	–	–	–	–
Total	29,343,152	100.0	27,185,064	100.0	46,382,472	100.0	34,920,860	100.0	31,331,603	100.0

Note:

(1) Primarily including South Korea and India.

Our revenue from overseas fluctuated during the Track Record Period, primarily due to ODM shipments to overseas customers, which were influenced by the product life cycles of our customers. Our sales are directly linked to our customers’ production schedules, which causes shipment volumes for any given project to vary significantly between its peak and trough demand phases. Typically, our customers’ orders surge to meet strong consumer demand after a product’s launch, followed by a decline as the product matures. Since our total revenue is an aggregate of numerous customer projects, each with a different scale and at a different stage in its life cycle, the timing and overlap of these individual peaks and troughs result in fluctuations in our overall revenue from overseas.

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Cost of Sales

Our cost of sales primarily consisted of (i) direct material costs, (ii) staff costs, (iii) manufacturing costs, and (iv) outsourced processing costs and others. The following table sets forth the breakdown of our cost of sales by nature, both in absolute amounts and as percentages of total cost of sales, for the years/periods indicated.

	For the year ended December 31,						For the nine months ended September 30,			
	2022		2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	<i>(Unaudited)</i>									
Direct material costs . .	23,691,693	87.8	21,720,256	88.3	38,538,287	88.2	29,267,871	88.9	24,998,826	87.0
Manufacturing costs . .	1,089,181	4.0	1,167,340	4.7	2,183,398	5.0	1,694,284	5.2	1,317,126	4.6
Staff costs	908,505	3.4	918,404	3.7	1,307,692	3.0	768,461	2.3	1,128,204	3.9
Outsourced processing costs	811,772	3.0	362,528	1.5	649,687	1.5	479,283	1.5	309,968	1.1
Others ⁽¹⁾	476,880	1.8	426,380	1.8	997,029	2.3	678,023	2.1	971,097	3.4
Total	26,978,031	100.0	24,594,908	100.0	43,676,093	100.0	32,887,922	100.0	28,725,221	100.0

Note:

- (1) Primarily including costs of sales for our other business, which mainly included sales of raw materials and scrap components.

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

	For the year ended December 31,						For the nine months ended September 30,			
	2022		2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	<i>(Unaudited)</i>									
Smartphones	22,546,198	83.6	20,021,195	81.4	34,446,018	78.8	26,566,785	80.8	20,053,262	69.8
AIoT and other products ⁽¹⁾	1,489,558	5.5	1,991,948	8.1	4,958,370	11.4	3,403,361	10.3	4,985,388	17.4
Tablets	2,592,749	9.6	2,269,850	9.2	3,386,974	7.8	2,333,291	7.1	2,795,313	9.7
Others ⁽²⁾	349,526	1.3	311,915	1.3	884,731	2.0	584,485	1.8	891,258	3.1
Total	26,978,031	100.0	24,594,908	100.0	43,676,093	100.0	32,887,922	100.0	28,725,221	100.0

Notes:

- (1) AIoT and other products primarily refer to AIoT devices and our products in emerging business areas, such as AI PCs and automotive electronics.
- (2) Representing costs of sales for our other business, which mainly included sales of raw materials and scrap components.

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Gross Profit and Gross Profit Margin

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

	For the year ended December 31,						For the nine months ended September 30,			
	2022		2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	<i>(Unaudited)</i>									
Smartphones	1,719,442	7.1	1,800,425	8.3	1,686,729	4.7	1,318,345	4.7	1,650,870	7.6
AIoT and other products ⁽¹⁾	397,569	21.1	518,613	20.7	614,768	11.0	433,769	11.3	618,094	11.0
Tablets	205,407	7.3	239,252	9.5	309,339	8.4	209,458	8.2	195,091	6.5
Others ⁽²⁾	42,703	10.9	31,866	9.3	95,543	9.7	71,366	10.9	142,327	13.8
Total	<u>2,365,121</u>	8.1	<u>2,590,156</u>	9.5	<u>2,706,379</u>	5.8	<u>2,032,938</u>	5.8	<u>2,606,382</u>	8.3

Notes:

- (1) AIoT and other products primarily refer to AIoT devices and our products in emerging business areas, such as AI PCs and automotive electronics.
- (2) Primarily including sales of raw materials and scrap components, and provision of factoring arrangement. For details on the factoring arrangement, see “Business — Sales and Marketing — Relationship with Our Largest Customer.”

Our gross profit increased by 9.5% from RMB2,365.1 million in 2022 to RMB2,590.2 million in 2023, and further increased by 4.5% from RMB2,590.2 million in 2023 to RMB2,706.4 million in 2024. Our gross profit increased by 28.2% from RMB2,032.9 million in the nine months ended September 30, 2024 to RMB2,606.4 million in the nine months ended September 30, 2025.

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Our overall gross profit margin grew from 8.1% in 2022 to 9.5% in 2023, mainly due to a reduction in the average procurement price of our raw materials, such as screens, casings, ICs and other electronic components, as a result of cyclical market fluctuations in the electronic component manufacturing industry. Our overall gross profit margin decreased from 9.5% in 2023 to 5.8% in 2024, mainly due to (i) an increase in the average procurement price of our raw materials as a result of cyclical market fluctuations, and (ii) our strategic market expansion initiatives in 2024 designed to strengthen our competitive positioning. Our overall gross profit margin increased from 5.8% in the nine months ended September 30, 2024 to 8.3% in the nine months ended September 30, 2025, primarily due to (i) our focus on higher-quality growth during this period by concentrating on projects involving more advanced and innovative product types that address greater market demand and offer higher gross profit potential, while strategically foregoing certain low-margin projects, and (ii) the stabilization of raw material prices in the market, which ended the upward trend seen in 2024.

During the Track Record Period, our procurement costs of raw materials generally mirrored the cyclical fluctuations of raw material costs in the global consumer electronics ODM industry, primarily driven by factors including volatility of global supply chain, fluctuation of raw material costs, and acceleration of technological advancements. For details, see “Industry Overview — Overview of Global Consumer Electronics ODM Industry — Raw Material of Global Consumer Electronics ODM Industry.” The global semiconductor shortage in 2022 and storage shortage in 2025 had a limited impact on our business operations during the Track Record Period, primarily because SoCs and storage are primarily sourced directly by our customers, not by us. Under this model, SoCs and storage are procured directly by our customers and then provided to us at no consideration for use in production, and accordingly are not recorded as our purchases. As a result, our exposure to supply risk for these materials is limited. While certain components, such as functional ICs, that we procure did not face severe shortages, their cost increased slightly, leading to a minor rise in our direct material costs and average selling prices of certain products. Historically, some of our customers were reported to be adversely impacted by global semiconductor shortage in 2022 and storage shortage in 2025. During this period, leading brands, by virtue of their superior supply chain management capabilities and greater bargaining power, were generally able to secure preferential access to supplies, thereby placing them in a relatively better position to manage production and demands. On the other hand, driven by cost-effectiveness and supply chain optimization, more brands are outsourcing design and production of their main best-selling and mature products to ODM providers. According to Frost & Sullivan, the global ODM penetration rate by shipment volume for consumer electronics has shown a consistent upward trajectory, increasing from 40.3% in 2020 to 46.2% in 2024. Thus, our operations during the Track Record Period were not materially and adversely impacted by the global semiconductor shortage in 2022 and storage shortage in 2025.

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Other Income and Gains

Our other income primarily consisted of (i) value-added tax additional deduction, (ii) government grants, and (iii) interest income. Our gains primarily consisted of (i) net fair value changes of investments measured at FVTPL, mainly in relation to wealth management products and shares we held in listed and unlisted companies. For details of the accounting treatment, see “— Material Accounting Policies and Estimates — Fair Value Measurement,” (ii) net gain on disposal of investments measured at FVTPL, (iii) gain on settlement of derivative financial instruments, mainly in relation to our foreign exchange forward contracts. For details, see “— Discussion of Certain Key Items of Consolidated Statements of Financial Position — Derivative Financial Instruments,” and (iv) others. The following table sets forth a breakdown of our other income and gains for the years/periods indicated.

	For the year ended December 31,			For the nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000				
	(Unaudited)				
Other income					
Value-added tax additional deduction	—	639	214,154	168,804	96,294
Government grants	138,715	135,415	179,320	146,433	216,035
Interest income	102,502	139,912	160,361	105,311	96,866
Others	2,192	2,999	12,973	7,504	5,554
	<u>243,409</u>	<u>278,965</u>	<u>566,808</u>	<u>428,052</u>	<u>414,749</u>
Gains					
Fair value changes of investments measured at FVTPL, net	—	30,687	517	—	95,204
Gain on disposal of investments measured at FVTPL, net	7,675	—	6,630	13,047	5,116
Gain on settlement of derivative financial instruments	—	—	4,531	270	20,951
Others	—	—	161	6	—
	<u>7,675</u>	<u>30,687</u>	<u>11,839</u>	<u>13,323</u>	<u>121,271</u>
Total	<u>251,084</u>	<u>309,652</u>	<u>578,647</u>	<u>441,375</u>	<u>536,020</u>

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Sales and Marketing Expenses

Our sales and marketing expenses primarily consisted of (i) employee benefit expenses, (ii) share-based payments, (iii) travel and communication expenses, (iv) business development expenses, (v) depreciation and amortization expenses allocated to the sales and marketing department, and (vi) others, including selling consultation fees, customs declaration fees and meeting and exhibition fees. The following table sets forth the breakdown of our sales and marketing expenses, in absolute amounts and as percentages of total sales and marketing expenses, for the years/periods indicated.

	For the year ended December 31,						For the nine months ended September 30,			
	2022		2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(Unaudited)									
Employee benefit expenses	37,253	65.5	47,042	58.9	47,506	52.9	31,839	54.1	42,179	61.0
Share-based payments . .	2,945	5.2	4,559	5.7	4,694	5.2	3,512	6.0	5,270	7.6
Travel and communication expenses	7,597	13.3	10,673	13.3	17,386	19.4	10,272	17.5	7,853	11.4
Business development expenses	6,306	11.1	13,062	16.3	12,880	14.3	8,781	14.9	9,229	13.3
Depreciation and amortization	2,292	4.0	3,160	4.0	2,270	2.5	1,582	2.7	2,234	3.2
Others	487	0.9	1,426	1.8	5,104	5.7	2,879	4.8	2,386	3.5
Total	56,880	100.0	79,922	100.0	89,840	100.0	58,865	100.0	69,151	100.0

Our sales and marketing expenses as a percentage of our revenue remained stable during the Track Record Period, accounting for 0.2%, 0.3%, 0.2%, 0.2% and 0.2% of our revenue in 2022, 2023 and 2024 and the nine months ended September 30, 2024 and 2025, respectively.

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Administrative Expenses

Our administrative expenses primarily consisted of (i) employee benefit expenses, (ii) share-based payments, (iii) depreciation and amortization for offices, equipment and other assets which were used for administrative purpose, (iv) tax and other surcharges, (v) travel and communication expenses, (vi) consultation expenses in relation to legal and audit consultation services and (vii) others, including leased property management fees, business development expenses, maintenance fees, bank charges and acquisition fees. The following table sets forth the breakdown of our administrative expenses, in absolute amounts and as percentages of total administrative expenses, for the years/periods indicated.

	For the year ended December 31,						For the nine months ended September 30,			
	2022		2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	<i>(Unaudited)</i>									
Employee benefit expenses	196,571	50.1	217,020	49.7	230,207	45.5	165,344	45.7	270,832	53.5
Share-based payments. .	26,255	6.7	35,832	8.2	32,658	6.5	26,786	7.4	41,068	8.1
Depreciation and amortization	64,594	16.4	66,384	15.2	97,676	19.3	65,961	18.2	71,232	14.1
Tax and other surcharges	29,213	7.5	26,323	6.0	46,521	9.2	32,914	9.1	29,842	5.9
Travel and communication expenses	20,206	5.1	26,844	6.1	32,940	6.5	23,368	6.5	28,000	5.5
Consultation expenses. .	30,330	7.7	26,786	6.1	21,427	4.2	13,492	3.7	9,179	1.8
Others	25,605	6.5	38,139	8.7	44,652	8.8	33,929	9.4	55,982	11.1
Total	392,774	100.0	437,328	100.0	506,081	100.0	361,794	100.0	506,135	100.0

Our administrative expenses as a percentage of our revenue was 1.3%, 1.6%, 1.1%, 1.0% and 1.6% of our revenue in 2022, 2023 and 2024 and the nine months ended September 30, 2024 and 2025, respectively.

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Research and Development Expenses

Our research and development expenses primarily consisted of (i) employee benefit expenses, (ii) share-based payments, (iii) technical service fees, mainly in relation to testing and software services, (iv) costs of consumables, (v) depreciation and amortization expenses in relation to our research and development equipment and instruments as well as intangible assets which were used for research and development purpose, (vi) travel and communication expenses, and (vii) others, including property management fees and maintenance fees. The following table sets forth the breakdown of our research and development expenses, in absolute amounts and as percentages of total research and development expenses, for the years/periods indicated.

	For the year ended December 31,						For the nine months ended September 30,			
	2022		2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	<i>(Unaudited)</i>									
Employee benefit										
expenses	965,904	64.1	1,024,230	60.7	1,208,903	58.1	888,324	60.3	1,084,243	55.6
Share-based payments . .	22,558	1.5	22,252	1.3	28,315	1.4	22,031	1.5	34,948	1.8
Technical service fees . .	273,339	18.1	321,241	19.0	337,701	16.2	200,909	13.6	356,006	18.2
Costs of consumables . .	90,862	6.0	138,549	8.2	309,916	14.9	217,918	14.8	299,574	15.4
Depreciation and										
amortization	59,924	4.0	78,639	4.7	80,233	3.9	56,954	3.9	70,737	3.6
Travel and										
communication										
expenses	60,976	4.0	69,228	4.1	76,625	3.7	57,984	3.9	68,028	3.5
Others	34,271	2.3	33,623	2.0	38,479	1.8	28,804	2.0	37,570	1.9
Total	<u>1,507,834</u>	<u>100.0</u>	<u>1,687,762</u>	<u>100.0</u>	<u>2,080,172</u>	<u>100.0</u>	<u>1,472,924</u>	<u>100.0</u>	<u>1,951,106</u>	<u>100.0</u>

Our research and development expenses as a percentage of our revenue was 5.1%, 6.2%, 4.5%, 4.2% and 6.2% in 2022, 2023 and 2024 and the nine months ended September 30, 2024 and 2025, respectively.

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Reversal of Impairment Losses/(Impairment Losses) on Financial Assets, Net

During the Track Record Period, our net reversal of impairment losses or impairment losses on financial assets were primarily related to the impairment of our trade and other receivables. In 2022, we recorded net reversal of impairment losses on financial assets of RMB2.7 million. In 2023 and 2024, we recorded net impairment losses on financial assets of RMB0.8 million and RMB1.3 million, respectively. In the nine months ended September 30, 2024, we recorded net reversal of impairment losses on financial assets of RMB0.1 million. In the nine months ended September 30, 2025, we recorded net impairment losses on financial assets of RMB0.6 million.

Other Expenses

Our other expenses primarily consisted of (i) impairment of prepayments, (ii) foreign exchange losses, (iii) non-operating expenses, mainly including scrapping of long-term assets and donations, (iv) losses from disposal of assets, (v) derecognized bills expenses, (vi) losses on settlement of derivative financial instruments, mainly in relation to foreign exchange forward contracts and (vii) losses from fair value changes, mainly in relation to unlisted equity investments and listed equity investments subject to lock-up commitments. The following table sets forth the breakdown of our other expenses for the years/periods indicated.

	For the year ended December 31,			For the nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000				
	(Unaudited)				
Impairment of prepayments	–	–	39,111	–	–
Foreign exchange losses	–	7,357	10,671	69,535	18,756
Non-operating expenses	975	2,839	3,538	1,628	938
Losses from disposal of assets . . .	12,797	12,398	2,691	2,455	8,797
Derecognized bills expenses	1,679	3,443	92	–	663
Losses on settlement of derivative financial instruments	5,626	20,095	–	–	–
Losses from fair value changes . .	37,662	–	–	10,871	–
Total	58,739	46,132	56,103	84,489	29,154

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Finance Costs

Our finance costs primarily consisted of (i) interest on interest-bearing bank borrowings, and (ii) interest on lease liabilities. The following table sets forth the breakdown of our finance costs for the years/periods indicated.

	For the year ended December 31,			For the nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000				
	(Unaudited)				
Interest on interest-bearing bank borrowings	32,583	38,521	63,972	54,033	41,469
Interest on lease liabilities	5,365	6,683	9,824	7,269	7,313
Less: interest capitalized	—	(5,308)	(6,271)	(5,022)	(5,760)
Total	37,948	39,896	67,525	56,280	43,022

Share of Profits of Associates

Our share of profits of associates primarily represented our share of profits from long-term investments in associates. We recorded share of profits of associates of RMB23.6 million, RMB43.2 million, RMB30.0 million, RMB16.0 million and RMB6.6 million in 2022, 2023 and 2024 and the nine months ended September 30, 2024 and 2025, respectively. For details of the associates we invested in during the Track Record Period, see Note 17 to the Accountants’ Report as set out in Appendix I to this document.

Income Tax Expense

Our income tax expense primarily consisted of current income tax and deferred income tax. In 2022, 2023 and 2024 and the nine months ended September 30, 2024 and 2025, we recorded income tax expense of RMB26.8 million, RMB48.4 million, RMB20.7 million, RMB30.6 million and RMB35.4 million, respectively. We are subject to different tax rates in different jurisdictions. Our income tax expense was also affected by adjustments relating to deferred tax expenses or credits arising from the timing differences between accounting and taxable profits during the Track Record Period.

Pursuant to the existing legislation, interpretations and practices, the income tax provision of some of our entities in Chinese mainland was calculated at the statutory tax rate of 25% on the estimated assessable profits during the Track Record Period. Our Company and several of our subsidiaries in Chinese mainland qualified as High and New Technology Enterprises. Accordingly, they enjoyed a preferential income tax rate of 15% for the Track Record Period.

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The provision for Hong Kong profits tax was generally calculated at 16.5% of the estimated assessable profits. Taxation for our overseas subsidiaries was calculated at the tax rates prevailing in the relevant jurisdictions.

For details, see Note 10 to the Accountants’ Report as set out in Appendix I to this document.

During the Track Record Period and up to the Latest Practicable Date, we did not have any disputes or unresolved tax issues with the relevant tax authorities which may have a material adverse impact on our business, financial position and results of operations.

Profit for the Year/Period

We recorded a profit of RMB561.5 million, RMB602.7 million and RMB493.4 million, RMB425.4 million and RMB514.5 million in 2022, 2023 and 2024 and the nine months ended September 30, 2024 and 2025, respectively.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Revenue

Our revenue decreased by 10.3% from RMB34,920.9 million in the nine months ended September 30, 2024 to RMB31,331.6 million in the nine months ended September 30, 2025, primarily due to a decrease in the ODM shipments of our smart devices. In particular, ODM shipments of our smartphones decreased by 8.2% from 127.8 million units in the nine months ended September 30, 2024 to 117.3 million units in the nine months ended September 30, 2025.

Specifically, our revenue from sales of smartphones decreased by 22.2% from RMB27,885.1 million in the nine months ended September 30, 2024 to RMB21,704.1 million in the nine months ended September 30, 2025, primarily due to (i) a decrease in ODM shipments influenced by the life cycle of certain products, as certain models approached the end of their life cycle, resulting in lower shipments, while new models were still in their early production stages, and (ii) weakened consumer replacement demand due to macroeconomic fluctuations.

Our revenue from sales of AIoT and other products increased by 46.0% from RMB3,837.1 million in the nine months ended September 30, 2024 to RMB5,603.5 million in the nine months ended September 30, 2025, mainly driven by the substantial growth of ODM shipments of smart eyewear and smart wearables. In particular, revenue from smart eyewear increased significantly from RMB865.4 million in the nine months ended September 30, 2024 to RMB1,974.5 million in the nine months ended September 30, 2025, primarily driven by the growing consumer demand for products such as AI glasses. Additionally, revenue from smart wearables increased from RMB2,576.0 million in the nine months ended September 30, 2024 to RMB2,861.1 million in the nine months ended September 30, 2025, primarily due to (i) strong market acceptance of a smartwatch series, which gained popularity due to its product

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performance such as large display, elegant design, Bluetooth calling feature and extended battery life, leading to higher ODM shipments, and (ii) our expansion into niche segments of the smart wearables market, including children’s wearables and medical wearables.

Our revenue from sales of tablets increased by 17.6% from RMB2,542.7 million in the nine months ended September 30, 2024 to RMB2,990.4 million in the nine months ended September 30, 2025, mainly driven by the launch of several high-end flagship tablet products, as well as the rapid growth of the global tablet market. According to Frost & Sullivan, the global ODM shipment of tablets is expect to grow by 6.7% from 62.4 million units in 2024 to 66.6 million units in 2025.

Cost of Sales

Our cost of sales decreased by 12.7% from RMB32,887.9 million in the nine months ended September 30, 2024 to RMB28,725.2 million in the nine months ended September 30, 2025, primarily due to (i) a reduction in the average procurement price of our raw materials, such as screens, casings, camera modules and other electronic components, and (ii) a decrease in manufacturing costs achieved through our effective cost control measures.

Gross Profit and Gross Profit Margin

Our gross profit increased by 28.2% from RMB2,032.9 million in the nine months ended September 30, 2024 to RMB2,606.4 million in the nine months ended September 30, 2025. Our overall gross profit margin increased from 5.8% in the nine months ended September 30, 2024 to 8.3% in the nine months ended September 30, 2025, primarily due to (i) our focus on higher-quality growth during this period by concentrating on projects involving more advanced and innovative product types that address greater market demand and offer higher gross profit potential, while strategically foregoing certain low-margin projects, and (ii) the stabilization of raw material prices in the market, which ended the upward trend seen in 2024.

Our gross profit for sales of smartphones increased by 25.2% from RMB1,318.3 million in the nine months ended September 30, 2024 to RMB1,650.9 million in the nine months ended September 30, 2025. Similarly, our gross profit margin for sales of smartphones increased from 4.7% in the nine months ended September 30, 2024 to 7.6% in the nine months ended September 30, 2025, primarily due to (i) our focus on higher-quality growth during this period by actively improving project quality and strategically foregoing certain low-margin projects, and (ii) the stabilization of raw material prices in the market, which ended the upward trend seen in 2024. Consequently, despite a slight decrease in revenue from smartphones, both gross profit and gross profit margin increased during the nine months ended September 30, 2025.

Our gross profit for sales of AIoT and other products increased by 42.5% from RMB433.8 million in the nine months ended September 30, 2024 to RMB618.1 million in the nine months ended September 30, 2025, in line with its revenue growth. The gross profit margin for sales of AIoT and other products decreased slightly from 11.3% in the nine months ended September 30, 2024 to 11.0% in the nine months ended September 30, 2025, primarily due to the change

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in our product mix. Specifically, a larger portion of our sales of AIoT and other products in this period consisted of smart eyewear products, particularly AI glasses, which, incur increased per-unit costs due to the need for certain components with higher technical requirements by the customer and elevated procurement costs. Therefore, AI glasses we produced in this period had a relatively lower gross profit margin compared to more mature and higher-margin smart wearable products, such as smart watches and bands.

Our gross profit for sales of tablets decreased by 6.9% from RMB209.5 million in the nine months ended September 30, 2024 to RMB195.1 million in the nine months ended September 30, 2025, with gross profit margin decreased from 8.2% in the nine months ended September 30, 2024 to 6.5% in the nine months ended September 30, 2025, primarily due to an increased proportion of tablet products with higher per-unit costs as a percentage of our total ODM shipments of tablet products.

Other Income and Gains

Our other income and gains increased by 21.4% from RMB441.4 million in the nine months ended September 30, 2024 to RMB536.0 million in the nine months ended September 30, 2025, primarily due to (i) an increase in net fair value changes of investment measured at FVTPL of RMB95.2 million, and (ii) an increase in government grants of RMB69.6 million, partially offset by a decrease in value-added tax additional deduction of RMB72.5 million in relation to preferential tax treatments we received under a value-added tax additional deduction policy for advanced manufacturing enterprises issued by a local authority.

Sales and Marketing Expenses

Our sales and marketing expenses increased by 17.5% from RMB58.9 million in the nine months ended September 30, 2024 to RMB69.2 million in the nine months ended September 30, 2025, primarily due to an increase in employee benefit expenses of RMB10.3 million as a result of the increase in the number of our sales and marketing personnel from 98 as of September 30, 2024 to 121 as of September 30, 2025.

Administrative Expenses

Our administrative expenses increased by 39.9% from RMB361.8 million in the nine months ended September 30, 2024 to RMB506.1 million in the nine months ended September 30, 2025, primarily due to an increase in employee benefit expenses of RMB105.5 million as a result of the increase in the number of our administrative personnel from 621 as of September 30, 2024 to 1,289 as of September 30, 2025.

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Research and Development Expenses

Our research and development expenses increased by 32.5% from RMB1,472.9 million in the nine months ended September 30, 2024 to RMB1,951.1 million in the nine months ended September 30, 2025, primarily due to (i) an increase in employee benefit expenses of RMB195.9 million as a result of the increase in the number of our research and development personnel from 3,918 as of September 30, 2024 to 5,198 as of September 30, 2025, to support our expansion into new business areas, tackle key technological challenges and drive product iteration and optimization, and (ii) an increase in technical service fees of RMB155.1 million which was mainly in relation to our increased demands for outsourced testing and research services as we concurrently initiated multiple time-sensitive R&D projects which were divided into distinct research components.

Reversal of Impairment Losses on Financial Assets, Net

We recorded net reversal of impairment losses on financial assets of RMB0.1 million in the nine months ended September 30, 2024, and net impairment losses on financial assets of RMB0.6 million in the nine months ended September 30, 2025, in relation to the impairment of our trade and other receivables.

Other Expenses

Our other expenses decreased by 65.4% from RMB84.5 million in the nine months ended September 30, 2024 to RMB29.2 million in the nine months ended September 30, 2025, primarily due to (i) favorable foreign exchange movement, which resulted in a decrease in foreign exchanges losses of RMB50.8 million, and (ii) a decrease in the losses from fair value changes of RMB10.9 million in relation to our equity investment.

Finance Costs

Our finance costs decreased by 23.6% from RMB56.3 million in the nine months ended September 30, 2024 to RMB43.0 million in the nine months ended September 30, 2025, primarily due to a decrease in interest on interest-bearing bank borrowings of RMB12.6 million, resulting from the repayment of certain bank borrowings in the second half of 2024 and new bank borrowings secure at comparatively lower interest rates.

Share of Profits of Associates

Our share of profits of associates decreased from RMB16.0 million in the nine months ended September 30, 2024 to RMB6.6 million in the nine months ended September 30, 2025, primarily reflecting the decrease in the profits from certain associates.

Income Tax Expense

Our income tax expense increased from RMB30.6 million in the nine months ended September 30, 2024 to RMB35.4 million in the nine months ended September 30, 2025, which was attributable to an increase in our taxable profit during the period.

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Profit for the Period

As a result of the foregoing, our profit for the period increased by 20.9% from RMB425.4 million in the nine months ended September 30, 2024 to RMB514.5 million in the nine months ended September 30, 2025.

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

Revenue

Our revenue increased by 70.6% from RMB27,185.1 million in 2023 to RMB46,382.5 million in 2024, primarily due to an increase in ODM shipments of our smart devices. In particular, ODM shipments of our smartphones increased by 38.0% from 125.3 million units in 2023 to 172.9 million units in 2024. ODM shipments of our AIoT and other products increased by 140.4% from 14.1 million units in 2023 to 33.9 million units in 2024. ODM shipments of our tablets increased by 66.2% from 7.4 million units in 2023 to 12.3 million units in 2024.

Specifically, our revenue from sales of smartphones increased by 65.6% from RMB21,821.6 million in 2023 to RMB36,132.7 million in 2024, mainly driven by (i) the recovery and growth of global smartphone industry in 2024. In particular, our customers’ products sold to consumers from emerging markets such as Southeast Asia and Latin America experienced substantial growth, which resulted in a growth in the orders we received from customers. According to Frost & Sullivan, the global shipment of smartphones increased from 1,164.1 million units in 2023 to 1,238.8 million units in 2024, and (ii) the continuous expansion and optimization of our customer base. In addition, our expanded overseas manufacturing in 2024 enabled localized delivery and further strengthened our collaboration with customers overseas.

Our revenue from sales of AIoT and other products increased significantly by 122.0% to RMB5,573.1 million in 2024, mainly driven by (i) the substantial growth of ODM shipments of smart wearables and smart eyewear, which received wide market recognition among end-consumers for these product categories in 2024, and (ii) our deepened relationship with our AIoT customers to capture market demands. Revenue from sales of smart wearables increased from RMB1,798.6 million in 2023 to RMB3,643.4 million in 2024, primarily due to (i) the increased sales to our overseas customers benefiting from the growing overseas markets, and (ii) the optimization of our product mix. Revenue from sales of smart eyewear increased from RMB388.0 million in 2023 to RMB1,387.6 million in 2024, primarily driven by the growth of customer demand overseas. We started to generate revenue from automotive electronics in 2023, and gradually ramped up the sales in 2024, with revenue increasing from RMB0.7 million in 2023 to RMB20.7 million in 2024.

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Our revenue from sales of tablets increased by 47.3% from RMB2,509.1 million in 2023 to RMB3,696.3 million in 2024, mainly driven by the continuous expansion of our customer base to include several leading tablet brands, which resulted in an increase in our ODM shipments of tablets.

Cost of Sales

Our cost of sales increased by 77.6% from RMB24,594.9 million in 2023 to RMB43,676.1 million in 2024, primarily due to an increase in our ODM shipments, which was also reflected in the growth in our revenue.

Gross Profit and Gross Profit Margin

Our gross profit increased by 4.5% from RMB2,590.2 million in 2023 to RMB2,706.4 million in 2024. Our overall gross profit margin decreased from 9.5% in 2023 to 5.8% in 2024, primarily due to (i) an increase in the average procurement price of our raw materials, such as screens, casings, ICs and other electronic components, as a result of cyclical market fluctuations in the electronic component manufacturing industry. For details, see “Industry Overview — Overview of Global Consumer Electronics ODM Industry — Raw Material of Global Consumer Electronics ODM Industry”, and (ii) our strategic market expansion initiatives in 2024 designed to strengthen our competitive positioning.

Our gross profit for sales of smartphones decreased by 6.3% from RMB1,800.4 million in 2023 to RMB1,686.7 million in 2024, with gross profit margin decreased from 8.3% in 2023 to 4.7% in 2024, primarily due to (i) an increase in the average procurement price of raw materials, such as screens, casings, ICs and other electronic components, as a result of cyclical market fluctuations in the electronic component manufacturing industry, and (ii) our strategic market expansion initiatives in 2024 designed to strengthen our competitive positioning.

Our gross profit for sales of AIoT and other products increased by 18.5% from RMB518.6 million in 2023 to RMB614.8 million in 2024, primarily due to the growth in ODM shipments and revenue of our AIoT and other products. The gross profit margin for sales of AIoT and other products decreased from 20.7% in 2023 to 11.0% in 2024, primarily due to (i) an increase in the average procurement price of raw materials, such as screens, casings, ICs and other electronic components, as a result of cyclical market fluctuations in the electronic component manufacturing industry, and (ii) several new projects being in the relatively early stages of ramping up mass production with relatively lower gross profit margins.

Our gross profit for sales of tablets increased by 29.3% from RMB239.3 million in 2023 to RMB309.3 million in 2024, primarily due to the growth in ODM shipments and revenue of our tablet. The gross profit margin for sales of tablets decreased from 9.5% in 2023 to 8.4% in 2024, primarily due to an increase in the average procurement price of raw materials as a result of cyclical market fluctuations.

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Other Income and Gains

Our other income and gains increased by 86.9% from RMB309.7 million in 2023 to RMB578.6 million in 2024, primarily due to (i) an increase in value-added tax additional deduction of RMB213.5 million in relation to preferential tax treatments we received under a value-added tax additional deduction policy for advanced manufacturing enterprises issued by a local authority, and (ii) an increase in government grants of RMB43.9 million; partially offset by a decrease in net fair value changes of investment measured at FVTPL of RMB30.2 million.

Sales and Marketing Expenses

Our sales and marketing expenses increased by 12.4% from RMB79.9 million in 2023 to RMB89.8 million in 2024, primarily due to an increase in travel and communication expenses of RMB6.7 million to support our business expansion.

Administrative Expenses

Our administrative expenses increased by 15.7% from RMB437.3 million in 2023 to RMB506.1 million in 2024, primarily due to (i) an increase in depreciation and amortization of RMB31.3 million as a result of an increase in our fixed and intangible assets, including buildings held by our subsidiaries in 2024, and (ii) an increase in tax and other surcharges of RMB20.2 million, which was in line with our business expansion, and (iii) an increase in employee benefit expenses of RMB13.2 million as a result of the increase in the number of our administrative personnel, from 472 as of December 31, 2023 to 544 as of December 31, 2024, to support our business expansion.

Research and Development Expenses

Our research and development expenses increased by 23.3% from RMB1,687.8 million in 2023 to RMB2,080.2 million in 2024, primarily due to (i) an increase in employee benefit expenses of RMB184.7 million as a result of the increase in the number of our research and development personnel, from 3,295 as of December 31, 2023 to 3,985 as of December 31, 2024, to support our expansion into new business areas, tackle key technological challenges and drive product iteration and optimization, and (ii) an increase in costs of consumables of RMB171.4 million as a result of our increased demands for consumables used in our research and development activities.

Impairment Losses on Financial Assets, Net

Our net impairment losses on financial assets increased from RMB0.8 million in 2023 to RMB1.3 million in 2024, primarily due to an increase in our trade and other receivables in line with the increase in our revenue.

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Other Expenses

Our other expenses increased by 21.6% from RMB46.1 million in 2023 to RMB56.1 million in 2024, primarily due to an increase in impairment of prepayments of RMB39.1 million recorded based on our assessment of the recoverability of prepayments related to our purchases from a supplier of structural components. We terminated our collaboration with this supplier in 2024 due to its deteriorating financial condition, which resulted from intensified market competition. However, we believe the termination did not materially or adversely affect our operations, as we promptly secured alternative suppliers and this supplier was not significant to our overall purchases. We do not have on-going business relationship with this supplier. During the Track Record Period, we did not terminate collaboration with any other suppliers due to their financial condition. We have implemented measures to prevent the recurrence of similar incidents. For details, see “Business — Procurement — Supply Chain Management.” The increase in expenses was partially offset by (i) a decrease in losses on settlement of derivative financial instruments of RMB20.1 million in relation to foreign exchange forward contracts, and (ii) a decrease in losses from disposal of assets of RMB9.7 million.

Finance Costs

Our finance costs increased by 69.3% from RMB39.9 million in 2023 to RMB67.5 million in 2024, primarily due to an increase in interest on interest-bearing bank borrowings of RMB25.5 million in line with the increase in our interest-bearing bank borrowings.

Share of Profits of Associates

Our share of profits of associates decreased by 30.4% from RMB43.2 million in 2023 to RMB30.0 million in 2024, primarily reflecting the decrease in the profits from certain associates.

Income Tax Expense

Our income tax expense decreased by 57.3% from RMB48.4 million in 2023 to RMB20.7 million in 2024, primarily attributable to a decrease in our taxable profit during the year and the decrease in deferred tax expenses.

Profit for the Year

As a result of the foregoing, our profit for the year decreased by 18.1% from RMB602.7 million in 2023 to RMB493.4 million in 2024.

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Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

Revenue

Our revenue decreased by 7.4% from RMB29,343.2 million in 2022 to RMB27,185.1 million in 2023, primarily due to a slight decrease in ODM shipments of our smartphones from 125.5 million units in 2022 to 125.3 million units in 2023 and a decrease in the average selling price of our smartphones from RMB187.1 per unit in 2022 to RMB168.8 per unit in 2023, partially offset by the increase in ODM shipments of our AIoT and other products from 7.9 million units in 2022 to 14.1 million units in 2023.

Specifically, our revenue from sales of smartphones decreased by 10.1% from RMB24,265.6 million in 2022 to RMB21,821.6 million in 2023, primarily due to a decrease in end-consumer demands for smartphones in 2023 as a result of general industry and macroeconomic environment. According to Frost & Sullivan, the global ODM shipments of smartphones decreased from 484.8 million units in 2022 to 455.9 million units in 2023, primarily affected by the effects of the COVID-19 pandemic.

Our revenue from sales of AIoT and other products increased by 33.0% from RMB1,887.1 million in 2022 to RMB2,510.6 million in 2023, primarily driven by an increase in ODM shipments of our smart watches/bands as a result of our successful expansion in China and overseas markets. In particular, revenue from the sales of smart wearables increased from RMB1,413.4 million in 2022 to RMB1,798.6 million in 2023, primarily driven by our large-scale ODM shipments of Wear OS smartwatches. Revenue from the sales of smart eyewear increased from RMB32.2 million in 2022 to RMB388.0 million in 2023, primarily due to (i) the strong commercial success achieved by our second-generation AI glasses, supported by our continued and accumulated collaboration with leading global internet companies, and (ii) our efforts to expand into the overseas AR product market.

Our revenue from sales of tablets decreased by 10.3% from RMB2,798.2 million in 2022 to RMB2,509.1 million in 2023. Such decrease was primarily due to changes in product mix, despite of the increase in our ODM shipments for tablets from 6.3 million units in 2022 to 7.4 million units in 2023.

Cost of Sales

Our cost of sales decreased by 8.8% from RMB26,978.0 million in 2022 to RMB24,594.9 million in 2023, primarily due to a decrease in our ODM shipments, which was in line with the our revenue trend.

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Gross Profit and Gross Profit Margin

Our gross profit increased by 9.5% from RMB2,365.1 million in 2022 to RMB2,590.2 million in 2023. Our overall gross profit margin increased from 8.1% in 2022 to 9.5% in 2023, primarily due to a reduction in the average procurement price of our raw materials, such as screens, casings, ICs and other electronic components, as a result of cyclical market fluctuations in the electronic component manufacturing industry. For details, see “Industry Overview – Overview of Global Consumer Electronics ODM Industry – Raw Material of Global Consumer Electronics ODM Industry.”

Our gross profit for sales of smartphones increased by 4.7% from RMB1,719.4 million in 2022 to RMB1,800.4 million in 2023, with gross profit margin increased from 7.1% in 2022 to 8.3% in 2023 as a result of (i) a reduction in the average procurement price of our raw materials, such as screens, casings, ICs and other electronic components, as a result of cyclical market fluctuations in the electronic component manufacturing industry, and (ii) our continued improvement in production and operational efficiency.

Our gross profit for sales of AIoT and other products increased by 30.4% from RMB397.6 million in 2022 to RMB518.6 million in 2023 due to an increase in the ODM shipments of and revenue from AIoT and other products, while gross profit margin remained relatively stable at 21.1% and 20.7% in 2022 and 2023, respectively.

Our gross profit for sales of tablets increased by 16.5% from RMB205.4 million in 2022 to RMB239.3 million in 2023, with gross profit margin increased from 7.3% in 2022 to 9.5% in 2023, primarily due to a reduction in the average procurement price of our raw materials, such as screens, casings, ICs and other electronic components, as a result of cyclical market fluctuations in the electronic component manufacturing industry.

Other Income and Gains

Our other income and gains increased by 23.3% from RMB251.1 million in 2022 to RMB309.7 million in 2023, primarily due to (i) an increase in interest income of RMB37.4 million as result of an increase in our cash and cash equivalents, and (ii) an increase in net fair value changes of investment measured at FVTPL of RMB30.7 million.

Sales and Marketing Expenses

Our sales and marketing expenses increased by 40.5% from RMB56.9 million in 2022 to RMB79.9 million in 2023, primarily due to (i) an increase in employee benefit expenses of RMB9.8 million as a result of the increase in the number of our sales and marketing personnel, from 64 as of December 31, 2022 to 74 as of December 31, 2023, and (ii) an increase in business development expenses of RMB6.8 million to support our on-going expansion into new geographical areas and to promote our products.

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Administrative Expenses

Our administrative expenses increased by 11.3% from RMB392.8 million in 2022 to RMB437.3 million in 2023, primarily due to (i) an increase in employee benefit expenses of RMB20.4 million as a result of the increase in the number of our administrative personnel, from 434 as of December 31, 2022 to 472 as of December 31, 2023, and (ii) an increase in others of RMB12.5 million, which was mainly in relation to the acquisition of our subsidiary in Vietnam in 2023.

Research and Development Expenses

Our research and development expenses increased by 11.9% from RMB1,507.8 million in 2022 to RMB1,687.8 million in 2023, primarily due to (i) an increase in employee benefit expenses of RMB58.3 million as a result of the increase in number of our research and development personnel, from 3,117 as of December 31, 2022 to 3,295 as of December 31, 2023, to support our expansion into new business areas, tackle key technological challenges and drive product iteration and optimization, (ii) an increase in technical service fees of RMB47.9 million, which was mainly in relation to our increased demands for outsourced testing and research services as we concurrently initiated multiple time-sensitive R&D projects which were divided into distinct research components, and (iii) an increase in costs of consumables of RMB47.7 million as a result of our increased demands for consumables used in our research and development activities.

Reversal of Impairment Losses/(Impairment Losses) on Financial Assets, Net

We recorded net reversal of impairment losses on financial assets of RMB2.7 million in 2022, primarily due to the recovery of deposits paid to chip suppliers that were made to secure their production capacity. As the suppliers fulfilled our orders, we were able to recover these deposits. We recorded net impairment losses on financial assets of RMB0.8 million in 2023, primarily due to an increase in our trade and other receivables in line with the increase in our revenue.

Other Expenses

Our other expenses decreased by 21.5% from RMB58.7 million in 2022 to RMB46.1 million in 2023, primarily due to a decrease in losses from fair value changes on RMB37.7 million in relation to our equity investments, partially offset by an increase in losses on settlement of derivative financial instruments of RMB14.5 million in relation to foreign exchange forward contracts.

Finance Costs

Our finance costs remained relatively stable at RMB37.9 million and RMB39.9 million in 2022 and 2023, respectively.

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Share of Profits of Associates

Our share of profits of associates increased by 82.9% from RMB23.6 million in 2022 to RMB43.2 million in 2023, primarily reflecting the increase in profits from certain associates.

Income Tax Expense

Our income tax expense increased by 80.4% from RMB26.8 million in 2022 to RMB48.4 million in 2023, which was attributable to an increase in our taxable profit during the year.

Profit for the Year

As a result of the foregoing, our profit for the year increased by 7.3% from RMB561.5 million in 2022 to RMB602.7 million in 2023.

DISCUSSION OF CERTAIN KEY ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	RMB'000			
Non-current assets				
Property, plant and equipment	1,598,284	2,039,957	2,405,797	2,819,540
Investment properties	2,600	2,463	2,326	2,222
Right-of-use assets	588,610	668,419	655,273	659,939
Other intangible assets	26,860	24,372	32,999	46,251
Investments in associates	591,151	621,541	629,787	597,832
Deferred tax assets	164,190	145,109	187,893	221,704
Investments measured at FVTPL	269,228	318,526	242,652	348,091
Prepayments, other receivables and other assets	5,639	32,732	28,148	41,444
Total non-current assets . .	3,246,562	3,853,119	4,184,875	4,737,023

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	As of December 31,			As of September 30,
	2022	2023	2024	2025
	<i>RMB'000</i>			
Current assets				
Inventories	1,144,444	1,714,801	1,881,625	2,235,000
Trade and bills receivables .	5,538,222	9,008,400	11,732,512	11,215,498
Prepayments, other receivables and other assets	137,969	160,354	341,181	604,961
Investment measured at FVTPL	–	–	1,384,902	1,168,726
Derivative financial instruments	–	–	726	–
Pledged deposits	1,184,320	692,020	1,222,947	446,532
Restricted cash	–	3,298	41,442	2,013
Time deposits	–	–	93,876	46,719
Cash and cash equivalents . .	3,278,958	4,406,907	5,461,528	6,850,371
Total current assets	11,283,913	15,985,780	22,160,739	22,569,820
Current liabilities				
Trade and bills payables . . .	9,585,085	13,653,990	17,310,801	16,680,460
Contract liabilities	108,647	24,101	9,445	91,514
Other payables and accruals	420,837	440,433	461,536	688,742
Derivative financial instruments	3,008	23,120	27,636	47,132
Interest-bearing bank borrowings	428,787	752,815	1,806,660	3,034,508
Lease liabilities	53,921	60,728	75,716	68,407
Tax payable	32,110	35,272	32,656	36,776
Total current liabilities . . .	10,632,395	14,990,459	19,724,450	20,647,539
Non-current liabilities				
Interest-bearing bank borrowings	557,217	712,430	694,717	604,357
Lease liabilities	97,813	182,570	168,998	169,906
Deferred tax liabilities	22,159	207	14	–
Other payables and accruals	–	–	1,125	–
Deferred income	64,807	127,836	163,180	145,211
Total non-current liabilities	741,996	1,023,043	1,028,034	919,474
Net assets	3,156,084	3,825,397	5,593,130	5,739,830

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Property, Plant and Equipment

Our property, plant and equipment mainly consisted of machinery, buildings, construction in progress, office equipment and electronic devices, leasehold improvements and vehicles. The following table sets forth a breakdown of our property, plant and equipment as of the dates indicated:

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	<i>RMB'000</i>			
Machinery	1,129,313	1,215,459	1,333,788	1,422,314
Buildings	290,741	277,975	621,677	625,316
Construction in progress . . .	67,417	430,354	300,337	602,569
Office equipment and electronic devices	87,293	88,857	93,022	115,291
Leasehold improvements . . .	22,903	24,273	49,926	47,002
Vehicles	617	3,039	7,047	7,048
Total	<u>1,598,284</u>	<u>2,039,957</u>	<u>2,405,797</u>	<u>2,819,540</u>

Our property, plant and equipment increased from RMB1,598.3 million as of December 31, 2022 to RMB2,040.0 million as of December 31, 2023, primarily attributable to an increase in construction in progress of RMB362.9 million in relation to our construction of manufacturing center in Huizhou and headquarters in Shanghai, and (ii) an increase in machinery of RMB86.1 million as a result of our investments in machinery to support manufacturing needs.

Our property, plant and equipment increased from RMB2,040.0 million as of December 31, 2023 to RMB2,405.8 million as of December 31, 2024, primarily attributable to (i) an increase in buildings of RMB343.7 million in relation to our manufacturing center in Huizhou and headquarters in Shanghai, and (ii) an increase in machinery of RMB118.3 million as a result of our investments in machinery to support manufacturing needs; partially offset by a decrease in construction in progress of RMB130.0 million following the completion of construction of manufacturing center in Huizhou.

Our property, plant and equipment increased from RMB2,405.8 million as of December 31, 2024 to RMB2,819.5 million as of September 30, 2025, primarily attributable to (i) an increase in construction in progress of RMB302.2 million in relation to the continued construction upgrade of our headquarters in Shanghai, and (ii) an increase in machinery of RMB88.5 million as a result of equipment purchases to support our manufacturing and R&D needs.

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Right-of-use Assets

During the Track Record Period, our right-of-use assets were primarily related to leasehold land and buildings for our manufacturing facilities and office premises. Our right-of-use assets increased from RMB588.6 million as of December 31, 2022 to RMB668.4 million as of December 31, 2023, primarily due to a net increase in right-of-use assets of building of RMB88.7 million as we increased our leases for office premises to support our business operations. Our right-of-use assets remained relatively stable at RMB668.4 million, RMB655.3 million and RMB659.9 million as of December 31, 2023 and 2024 and September 30, 2025, respectively.

Investments in Associates

We have invested in a number of associates, primarily include companies engaged in the assembly, processing, manufacture, export and wholesale of electronic components. As of December 31, 2022, 2023 and 2024, our investments in associates amounted to RMB591.2 million, RMB621.5 million and RMB629.8 million, respectively. Such increases were primarily due to increases in the share of profits of our associates. Our investments in associates slightly decreased to RMB597.8 million as of September 30, 2025, primarily due to the decrease in the share of the associates’ profit during the period. For details, see Note 17 to the Accountants’ Report as set out in Appendix I of this document.

Investments Measured at FVTPL

Our non-current portion of investments measured at FVTPL represented our equity investments in unlisted companies. Our current portion of investments measured at FVTPL represented (i) our equity investments in listed companies, and (ii) structured deposits and wealth management products.

The following table sets forth the details of our investments measured at FVTPL as of the dates indicated.

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	RMB'000			
Non-current				
Unlisted equity investments .	269,228	318,526	242,652	348,091
	<u>269,228</u>	<u>318,526</u>	<u>242,652</u>	<u>348,091</u>
Current				
Listed equity investments . .	—	—	13,871	5,942
Structured deposits and wealth management products	—	—	1,371,031	1,162,784
	<u>—</u>	<u>—</u>	<u>1,384,902</u>	<u>1,168,726</u>
Total	<u>269,228</u>	<u>318,526</u>	<u>1,627,554</u>	<u>1,516,817</u>

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The non-current portion of our investments measured at FVTPL increased from RMB269.2 million as of December 31, 2022 to RMB318.5 million as of December 31, 2023, primarily due to (i) our new equity investments in unlisted companies, and (ii) the changes in the fair value of our existing equity investments in unlisted companies. The non-current portion of our investments measured at FVTPL decreased from RMB318.5 million as of December 31, 2023 to RMB242.7 million as of December 31, 2024, primarily due to the reclassification of certain equity investments after the listing of relevant companies and the end of lock-up periods. The non-current portion of our investments measured at FVTPL increased from RMB242.7 million as of December 31, 2024 to RMB348.1 million as of September 30, 2025, primarily due to our new equity investments in an unlisted company.

The current portion of our investments measured at FVTPL amounted to nil, nil, RMB1,384.9 million and RMB1,168.7 million as of December 31, 2022, 2023 and 2024 and September 30, 2025, respectively, primarily reflecting our equity investments in listed companies and investments in wealth management products.

We have established management systems to oversee the investments in financial products. Adhering to prudent investment principles, we conduct investment activities with an aim to improve capital utilization efficiency and return. We have established a dedicated team comprising specialists, managers and supervisors from finance department, as well as senior management of our Company to manages our financial product portfolio, including full-process audits, reviewing the approval, implementation, and performance of wealth management products. Our internal control measures regarding investments in financial products ensures timely processing and verification of accounting records, with timely reporting to senior management. In addition, we adhere to all applicable laws, regulations, and management policies regarding the proper disclosure of investment information.

Following the [REDACTED], our investments in financial products will be conducted in accordance with the provisions of Chapter 14 of the Listing Rules.

Prepayments, Other Receivables and Other Assets

Our non-current portion of prepayments, other receivables and other assets consisted of (i) prepayments for items of property, plant and equipment, and (ii) deposits. Our current portion of prepayments, other receivables and other assets consisted of (i) other tax recoverable, including input tax pending certification and deduction, (ii) prepayments to suppliers for procurement of raw materials, (iii) deposits to our suppliers to secure their production capacity, and (iv) others.

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The following table sets forth the details of our prepayments, other receivables and other assets as of the dates indicated.

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	<i>RMB'000</i>			
Non-current				
Prepayments for items of property, plant and equipment and other intangible assets	5,639	32,732	28,148	31,426
Deposits	–	–	–	10,545
Impairment allowance	–	–	–	(527)
	<u>5,639</u>	<u>32,732</u>	<u>28,148</u>	<u>41,444</u>
Current				
Other tax recoverable	12,649	24,413	257,317	471,705
Prepayments to suppliers . . .	35,325	91,119	79,243	95,087
Deposits	89,386	33,351	22,722	22,536
[REDACTED] expenses . .	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Others	1,383	5,290	22,587	36,768
	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>
Impairment allowance	(4,529)	(1,668)	(40,688)	(40,938)
	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>
Total	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>

The non-current portion of our prepayments, other receivables and other assets increased from RMB5.6 million as of December 31, 2022 to RMB32.7 million as of December 31, 2023, primarily in relation to an increase in prepayments for equipment following our expansion of production capacity. The non-current portion of our prepayments, other receivables and other assets decreased from RMB32.7 million as of December 31, 2023 to RMB28.1 million as of December 31, 2024, primarily due to the settlement of certain prepayments for equipment following the delivery of the relevant equipment. The non-current portion of our prepayments, other receivables and other assets increased to RMB41.4 million as of September 30, 2025, primarily due to the deposits in relation to new long-term leases.

The current portion of our prepayments, other receivables and other assets increased from RMB138.0 million as of December 31, 2022 to RMB160.4 million as of December 31, 2023, primarily due to (i) an increase in prepayments to suppliers of RMB55.8 million for raw materials, partially offset by a decrease in deposits of RMB56.0 million following the recovery of deposits paid to chip suppliers that were made to secure their production capacity, as our orders were fulfilled in the subsequent year. The current portion of our prepayments, other

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receivables and other assets increased from RMB160.4 million as of December 31, 2023 to RMB341.2 million as of December 31, 2024, primarily due to an increase in other tax recoverable of RMB232.9 million, reflecting the increase in retained input VAT in line with our business expansion. The current portion of our prepayments, other receivables and other assets increased from RMB341.2 million as of December 31, 2024 to RMB605.0 million as of September 30, 2025, primarily due to an increase in other tax recoverable of RMB214.4 million, reflecting the increase in retained input VAT in relation to the continued construction upgrade of our headquarters in Shanghai.

As of November 30, 2025, RMB470.4 million, or 68.4% of our prepayments, other receivables and other assets as of September 30, 2025 had been settled.

Inventories

Our inventories primarily consisted of raw materials, outsourced processing materials, work in progress and finished goods. The following table sets forth details of our inventories as of the dates indicated.

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	RMB'000			
Raw materials	886,391	1,381,678	1,579,402	1,862,005
Outsourced processing materials	229,155	159,249	126,017	119,471
Work in progress	5,409	29,689	11,093	58,904
Finished goods	134,988	221,676	248,700	280,884
	1,255,943	1,792,292	1,965,212	2,321,264
Less: provision for impairment loss on inventories	(111,499)	(77,491)	(83,587)	(86,264)
Total	<u>1,144,444</u>	<u>1,714,801</u>	<u>1,881,625</u>	<u>2,235,000</u>

Our inventories increased from RMB1,144.4 million as of December 31, 2022 to RMB1,714.8 million as of December 31, 2023, and further to RMB1,881.6 million as of December 31, 2024 and RMB2,235.0 million as of September 30, 2025, primarily due to an increase in inventory level of raw materials in anticipation of our manufacturing needs. Our outsourced processing materials decreased from RMB229.2 million as of December 31, 2022 to RMB159.2 million as of December 31, 2023, and further to RMB126.0 million as of December 31, 2024 and RMB119.5 million as of September 30, 2025, primarily due to the gradual ramp-up of operations at our Phase III factory in Huizhou center in 2023. As our in-house production capacity increased, we were able to reduce the amount of work outsourced to third-party processors.

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We periodically assess impairment of inventories and typically recognize write-down of inventories when their carrying amount is lower than their net realizable value. During the Track Record Period, we made significant provision for impairment loss on inventories, primarily because we prudently made full provision for inventories aged over 180 days, given the relatively short product life cycle of consumer electronics products. Although we employ a sales-driven production and procurement model, our production is informed by rolling sales forecasts, current inventory levels, supplier delivery cycles and market conditions. Consequently, any leftover inventory at the end of the product life cycle may become stagnant, necessitating the recognition of impairment provisions. Our provision for impairment loss for our inventories was RMB111.5 million, RMB77.5 million, RMB83.6 million and RMB86.3 million as of December 31, 2022, 2023 and 2024 and September 30, 2025, respectively. The decreases from 2022 to 2023 was primarily due to our optimized inventory management process. The increase from 2023 to 2024 was primarily due to the increase in the balances of our inventories in anticipation of our manufacturing needs. Our provision for impairment loss on inventories remained relatively stable at RMB83.6 million as of December 31, 2024 and RMB86.3 million as of September 30, 2025, primarily due to our implementation of business intelligence tools for analyzing key metrics such as inventory obsolescence and aging, which strengthened inventory management. Specifically, our comprehensive business intelligence dashboard enables multi-dimensional monitoring and analysis of inventory. In addition, we conduct weekly reviews of obsolete and slow-moving inventory as well as purchase orders, allowing us to promptly identify and address any issues.

The following is an aging analysis of our inventories as of the dates indicated.

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	RMB'000			
Within 90 days	1,112,011	1,702,089	1,856,579	2,196,783
91 to 180 days	69,002	39,835	56,652	74,889
180 days to 360 days	74,930	50,368	51,981	49,592
Total	<u>1,255,943</u>	<u>1,792,292</u>	<u>1,965,212</u>	<u>2,321,264</u>

The following table sets forth our inventory turnover days for the years/periods indicated.

	For the year ended December 31,			For the nine months ended September 30,
	2022	2023	2024	2025
Inventory turnover days ⁽¹⁾ . .	19.9	20.9	14.8	19.3

Note:

- (1) Inventory turnover days are calculated as the average of the beginning and ending balance of inventories for the period divided by the cost of sales for that period and multiplied by the number of days in that period (i.e., 360 days for a given year and 270 days for a nine-month period).

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Our inventory turnover days were 19.9 days, 20.9 days, 14.8 days and 19.3 days in 2022, 2023, 2024 and the nine months ended September 30, 2025, respectively. Our inventory turnover days remained relatively stable in 2022 and 2023. The decrease in our inventory turnover days from 2023 to 2024 was primarily because (i) our cost of sales increased from 2023 to 2024 in line with our business expansion, and (ii) we optimized inventory management and adopted automated systems to enhance our inventory monitoring capabilities. The increase in our inventory turnover days from 2024 to the nine months ended September 30, 2025 was primarily because we maintained a higher level of inventories in anticipation of the mass production of certain products.

As of November 30, 2025, we have utilized 90.1% of our inventories, or RMB2,091.8 million, as of September 30, 2025.

Trade and Bills Receivables

Our trade and bills receivables primarily consisted of outstanding amounts payable by third parties. We generally granted a credit period of between 60 to 90 days to our customers during the Track Record Period.

The following table sets forth details of our trade and bills receivables as of the dates indicated.

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	RMB'000			
Trade receivables	5,524,264	9,021,218	11,643,657	11,023,477
Bank acceptance notes	23,570	638	96,928	199,821
Less: impairment losses	(9,612)	(13,456)	(8,073)	(7,800)
Trade and bills				
receivables	5,538,222	9,008,400	11,732,512	11,215,498

Our trade and bills receivables increased from RMB5,538.2 million as of December 31, 2022 to RMB9,008.4 million as of December 31, 2023 primarily because we had more purchase orders in the fourth quarter of 2023 compared to the same period in 2022, which resulted in an increase in the year-end balances of trade and bills receivables in 2023. Our trade and bills receivables further increased to RMB11,732.5 million as of December 31, 2024, generally in line with an increase in our revenue in 2024. Our trade and bills receivables decreased from RMB11,732.5 million as of December 31, 2024 to RMB11,215.5 million as of September 30, 2025, primarily due to the collection of trade and bills receivables upon maturity.

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The following is an aging analysis of our trade and bills receivables based on the invoice date information and net of loss allowance, as of the dates indicated.

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	RMB'000			
Within 1 year	5,538,215	9,003,935	11,732,510	11,215,403
Over 1 year	7	4,465	2	95
Trade and bills receivables	<u>5,538,222</u>	<u>9,008,400</u>	<u>11,732,512</u>	<u>11,215,498</u>

The following table sets forth our trade receivables turnover days for the years/periods indicated.

	For the year ended December 31,			For the nine months ended September 30,
	2022	2023	2024	2025
Trade receivables turnover days ⁽¹⁾	58.4	96.2	80.1	97.6

Note:

- (1) Calculated as the average of the beginning and ending balance of trade receivables for the period divided by the revenue for that period and multiplied by the number of days in that period (i.e., 360 days for a given year and 270 days for a nine-month period).

Our trade receivables turnover days were 58.4 days, 96.2 days, 80.1 days and 97.6 days for the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025, respectively. The increase of our trade receivables turnover days from 2022 to 2023 was primarily because we had more purchase orders in the fourth quarter of 2023 compared to the same period in 2022, which resulted in an increase in the year-end balances of trade receivables in 2023 and consequent increase in the calculation of trade receivables turnover days. As our revenue increased substantially from 2023 to 2024, our trade receivables turnover days fall back to 80.1 days in 2024. Although the credit period we granted to our customers remained relatively stable during this period, our trade receivables turnover days increased to 97.6 days in the nine months ended September 30, 2025, primarily due to a decrease in our annualized revenue in the nine months ended September 30, 2025. We typically experience peak sales in the fourth quarter of each year, where the holiday season and promotion activities occurs, and the off-season period in the second quarter of each year.

As of November 30, 2025, RMB7,731.6 million, or 68.9% of our trade and bills receivables as of September 30, 2025 had been settled.

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Pledged Deposits

Our pledged deposits primarily represent secured or restricted deposits held in designated bank accounts for issuance of (i) bank acceptance bills to facilitate our payment to suppliers, and (ii) letters of guarantee for contract performance. Our pledged deposits amounted to RMB1,184.3 million, RMB692.0 million, RMB1,222.9 million and RMB446.5 million as of December 31, 2022, 2023 and 2024 and September 30, 2025, respectively. The fluctuations during the Track Record Period were primarily due to changes in the pledged deposit ratios required by different banks and changes in bank acceptance bill issued by such banks.

Trade and Bills Payables

Our trade and bills payables primarily related to the purchase of raw materials and equipment. The credit period granted by our suppliers was generally between 60 to 90 days during the Track Record Period. Our trade and bills payable increased from RMB9,585.1 million as of December 31, 2022 to RMB13,654.0 million as of December 31, 2023, and further increased to RMB17,310.8 million as of December 31, 2024, mainly due to an increase in our procurement of raw materials. Our trade and bills payable decreased from RMB17,310.8 million as of December 31, 2024 to RMB16,680.5 million as of September 30, 2025, mainly due to settlements made to our suppliers during the period.

The following table sets forth details of our trade and bills payables as of the dates indicated.

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	RMB'000			
Trade payables	5,087,971	9,630,348	9,285,569	8,679,913
Bills payables	4,497,114	4,023,642	8,025,232	8,000,547
Trade and bills payables . .	9,585,085	13,653,990	17,310,801	16,680,460

The following is an aging analysis of our trade and bills payables based on invoice date as of dates indicated.

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	RMB'000			
Within 1 year	9,560,166	13,631,722	17,281,571	16,660,206
1 to 2 years	8,984	13,720	17,595	8,089
2 to 3 years	7,483	5,460	6,256	6,097
Over 3 years	8,452	3,088	5,379	6,068
Trade and bills payables . .	9,585,085	13,653,990	17,310,801	16,680,460

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The following table sets forth our trade payables turnover days for the years/periods indicated.

	For the year ended December 31,			For the nine months ended September 30,
	2022	2023	2024	2025
Trade payables turnover days ⁽¹⁾	71.4	107.7	78.0	84.4

Note:

- (1) Calculated as the average of the beginning and ending balance of trade payables for the period divided by the cost of sales for that period and multiplied by the number of days in that period (i.e., 360 days for a given year and 270 days for a nine-month period).

Our trade payables turnover days increased from 71.4 days in 2022 to 107.7 days in 2023, mainly because (i) we had more purchases of raw materials in the fourth quarter of 2023 to better support anticipated market demand in the following year, and (ii) we optimized our supplier bases and obtained more favorable credit periods in 2023. As our cost of sales increased substantially from 2023 to 2024 in line with our business expansion, our trade payables turnover days fall back to 78.0 days in 2024. Our trade payables turnover days increased to 84.4 days in the nine months ended September 30, 2025, mainly due to (i) a decrease in our annualized cost of sales in the nine months ended September 30, 2025, and (ii) our increased bargaining power to obtain more favorable credit periods from our suppliers.

As of November 30, 2025, RMB11,017.0 million, or 66.0% of our trade and bills payables as of September 30, 2025 had been settled.

Contract Liabilities

Our contract liabilities are 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. Our contract liabilities decreased from RMB108.6 million as of December 31, 2022 to RMB24.1 million as of December 31, 2023, and further decreased to RMB9.4 million as of December 31, 2024. The decreased were primarily due to the performance of relevant obligations and subsequent recognition as revenue. Our contract liabilities increased from RMB9.4 million as of December 31, 2024 to RMB91.5 million as of September 30, 2025, primarily due to an increase in prepayment received from customers for technology development services, such as engineering, design and production validation testing, related to non-recurring engineering projects for their products that are subject to final delivery.

As of November 30, 2025, RMB13.5 million, or 14.7% of our contract liabilities as of September 30, 2025 had been recognized as revenue.

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Other Payables and Accruals

The current portion of our other payables and accruals mainly included (i) payroll and welfare payable, (ii) other tax payables, (iii) deposits, and (iv) shares repurchase obligation recognized, representing consideration paid by payments for the Restricted Shares. The non-current portion of our other payables and accruals included long-term payables for equipment. The following table sets forth details of our other payables and accruals as of the dates indicated.

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	RMB'000			
Current				
Payroll and welfare payable. . .	357,804	363,726	377,267	364,658
Other tax payables.	52,538	57,582	54,318	76,640
Deposits	10,080	18,124	24,644	24,515
Accrued [REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Shares repurchase obligation recognized	—	—	—	216,548
Others	415	1,001	5,307	5,373
	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>
Non-current				
Long-term payables for equipment	—	—	1,125	—
	<u>—</u>	<u>—</u>	<u>1,125</u>	<u>—</u>
Total	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>

Our current portion of other payables and accruals increased from RMB420.8 million as of December 31, 2022 to RMB440.4 million as of December 31, 2023, and further increased to RMB461.5 million as of December 31, 2024, primarily due to the continued increases in payroll and welfare payable as a result of the increase in number of our employees. Our current portion of other payables and accruals increased from RMB461.5 million as of December 31, 2024 to RMB688.7 million as of September 30, 2025, primarily due to the increase in shares repurchase obligation recognized in relation to consideration paid by payments for the Restricted Shares we received as of September 30, 2025.

We recorded non-current portion of other payables and accruals of RMB1.1 million as of December 31, 2024 in relation to long-term payables for our equipment. We did not record non-current portion of other payables and accruals as of December 31, 2022 and 2023 and September 30, 2025.

As of November 30, 2025, RMB323.0 million, or 46.9% of our other payables and accruals as of September 30, 2025 had been settled.

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Derivative Financial Instruments

Our derivative financial instruments represented foreign exchange forward contracts. We have established a comprehensive management system for our hedging activities, which includes the implementation of comprehensive internal control policies as the strict operational standard for all transactions. In particular, we have established a foreign exchange management system that outlines the principles, internal procedures, risk reporting and information disclosure for foreign exchange hedging. The finance department oversees our hedging activities, supported by specialists in investment, operations and risk control. To mitigate transaction and default risks, we only consider hedging instruments with simple structure, high liquidity and market recognition and offered by high-credit-rated commercial banks authorized for foreign exchange derivatives. In addition, we continually analyze exchange rates and monitor international market conditions to adjust our strategies as needed.

As of December 31, 2022, 2023 and 2024 and September 30, 2025, our derivative financial instruments recorded as current assets amounted to nil, nil, RMB0.7 million and nil, respectively. As of the same dates, our derivative financial instruments recorded as current liabilities amounted to RMB3.0 million, RMB23.1 million, RMB27.6 million and RMB47.1 million, respectively.

We have established comprehensive foreign exchange hedging policies to ensure effective control of our foreign exchange risks, covering management principles, approval authorities, operational processes, information segregation measures, internal audit and risk reporting, and disclosure requirements. We also conduct continuous research and analysis of currency markets, monitoring international market changes on a real-time basis to minimize exchange losses.

Our finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer. At the end of each year during the Track Record Period, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

LIQUIDITY AND CAPITAL RESOURCES

Our primary uses of cash during the Track Record Period were to fund the construction of our manufacturing facilities, procurement of raw materials, research and development activities, among other working capital needs. Historically, we have financed our operations and other capital requirements primarily through cash generated from our business operations, net proceeds from our offering of A shares and bank borrowings.

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Our anticipated cash needs primarily relate to our business operations, expansion of production capacity, and product research and development. We expect to fund our future working capital and other cash requirements primarily with cash generated from our operations, bank borrowings and other financing activities (including the net [REDACTED] from the [REDACTED]).

As of November 30, 2025, the latest practicable date for determining our indebtedness, we had cash and cash equivalents of RMB5,462.7 million. As of the same date, we had unutilized banking facilities of RMB15,434.9 million. Taking into account our internal cash resources, our cash flow from operating activities and the estimated net [REDACTED] from the [REDACTED], our Directors believe that the working capital available to us is sufficient at present and for at least the next 12 months from the date of this document.

Net Current Assets

The following table sets forth a summary of our current assets and liabilities as of the dates indicated:

	As of December 31,			As of September 30,	As of November 30,
	2022	2023	2024	2025	2025
	RMB'000				(Unaudited)
Current assets					
Inventories	1,144,444	1,714,801	1,881,625	2,235,000	2,029,016
Trade and bills receivables . .	5,538,222	9,008,400	11,732,512	11,215,498	10,926,753
Prepayments, other receivables and other assets	137,969	160,354	341,181	604,961	494,189
Investment measured at FVTPL	–	–	1,384,902	1,168,726	2,137,371
Derivative financial instruments	–	–	726	–	–
Pledged deposits	1,184,320	692,020	1,222,947	446,532	255,000
Restricted cash	–	3,298	41,442	2,013	2,013
Time deposits	–	–	93,876	46,719	46,719
Cash and cash equivalents . .	3,278,958	4,406,907	5,461,528	6,850,371	5,462,682
Total current assets	11,283,913	15,985,780	22,160,739	22,569,820	21,353,743

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	As of December 31,			As of September 30,	As of November 30,
	2022	2023	2024	2025	2025
	RMB'000				(Unaudited)
Current liabilities					
Trade and bills payables	9,585,085	13,653,990	17,310,801	16,680,460	14,901,641
Contract liabilities	108,647	24,101	9,445	91,514	87,606
Other payables and accruals . .	420,837	440,433	461,536	688,742	734,499
Derivative financial instruments	3,008	23,120	27,636	47,132	49,394
Interest-bearing bank borrowings	428,787	752,815	1,806,660	3,034,508	3,581,643
Lease liabilities	53,921	60,728	75,716	68,407	59,344
Tax payable	32,110	35,272	32,656	36,776	31,179
Total current liabilities	10,632,395	14,990,459	19,724,450	20,647,539	19,445,306
Net current assets	651,518	995,321	2,436,289	1,922,281	1,908,437

We had net current assets of RMB651.5 million, RMB995.3 million, RMB2,436.3 million, RMB1,922.3 million and RMB1,908.4 million as of December 31, 2022, 2023 and 2024, September 30, 2025 and November 30, 2025, respectively.

Our net current assets increased from RMB651.5 million as of December 31, 2022 to RMB995.3 million as of December 31, 2023, primarily attributable to (i) an increase in trade and bills receivables of RMB3,470.2 million, and (ii) an increase in cash and cash equivalents of RMB1,127.9 million; partially offset by an increase in trade and bills payables of RMB4,068.9 million as a result of an increase in our procurement of raw materials.

Our net current assets increased from RMB995.3 million as of December 31, 2023 to RMB2,436.3 million as of December 31, 2024, primarily attributable to (i) an increase in trade and bills receivables of RMB2,724.1 million, which was in line with the increase in our revenue, (ii) an increase in investment measured at FVTPL of RMB1,384.9 million, which represented our equity investments in listed companies and investments in wealth management products, and (iii) an increase in cash and cash equivalents of RMB1,054.6 million; partially offset by (i) an increase in trade and bills payables of RMB3,656.8 million as a result of an increase in our procurement of raw materials, and (ii) an increase in interest-bearing bank borrowings of RMB1,053.8 million.

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Our net current assets decreased from RMB2,436.3 million as of December 31, 2024 to RMB1,922.3 million as of September 30, 2025, primarily attributable to (i) an increase in interest-bearing bank borrowings of RMB1,227.8 million, (ii) a decrease in pledged deposits of RMB776.4 million, and (iii) a decrease in trade and bills receivables of RMB517.0 million due to the collection of trade and bills receivables upon maturity; partially offset by (i) an increase in cash and cash equivalents of RMB1,388.8 million, and (ii) a decrease in trade and bills payables of RMB630.3 million due to settlements made to our suppliers during the period.

Our net current assets remained relatively stable at RMB1,908.4 million as of November 30, 2025.

Summary of Consolidated Statements of Cash Flow

The following table sets forth a summary of our consolidated cash flow statements for the years indicated.

	For the year ended December 31,			For the nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000			(Unaudited)	
Net cash from operating activities	1,470,989	1,466,228	1,026,493	919,587	915,761
Net cash from/(used in) investing activities	1,064,622	(698,067)	(2,066,719)	(1,427,145)	(289,868)
Net cash (used in)/from financing activities	(547,549)	367,144	2,105,518	1,614,991	781,536
Net increase in cash and cash equivalents	1,988,062	1,135,305	1,065,292	1,107,433	1,407,429
Cash and cash equivalents at beginning of the year/period .	1,289,908	3,278,958	4,406,907	4,406,907	5,461,528
Effect of foreign exchange rate changes, net.	988	(7,356)	(10,671)	(82,835)	(18,586)
Cash and cash equivalents at the end of the year/period . .	<u>3,278,958</u>	<u>4,406,907</u>	<u>5,461,528</u>	<u>5,431,505</u>	<u>6,850,371</u>

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Operating Activities

Net cash generated from operating activities in the nine months ended September 30, 2025 was RMB915.8 million, primarily due to profit before tax of RMB549.9 million, adjusted by certain non-cash and working capital items, including (i) positive adjustments, which primarily included decrease in restricted cash and pledged deposits of RMB815.8 million, decrease in trade and bills receivables of RMB424.4 million and increase in contract liabilities of RMB82.1 million, and (ii) negative adjustments, which primarily included decrease in trade and bills payables of RMB706.1 million, increase in inventories of RMB419.1 million and increase in prepayments, other receivables and other assets of RMB242.2 million.

Net cash generated from operating activities in 2024 was RMB1,026.5 million, primarily due to profit before tax of RMB514.0 million, adjusted by certain non-cash and working capital items, including (i) positive adjustments, which primarily included increase in trade and bills payables of RMB3,627.9 million and depreciation of property, plant and equipment of RMB338.9 million, and (ii) negative adjustments, which primarily included increase in trade and bills receivables of RMB2,764.4 million and increase in restricted cash and pledged deposits of RMB569.1 million.

Net cash generated from operating activities in 2023 was RMB1,466.2 million, primarily due to profit before tax of RMB651.1 million, adjusted by certain non-cash and working capital items, including (i) positive adjustments, which primarily included increase in trade and bills payables of RMB4,020.8 million, decrease in restricted cash and pledged deposits of RMB489.0 million and depreciation of property, plant and equipment of RMB270.9 million, and (ii) negative adjustments, which primarily included increase in trade and bills receivables of RMB3,473.9 million and increase in inventories of RMB637.3 million.

Net cash generated from operating activities in 2022 was RMB1,471.0 million, primarily due to profit before tax of RMB588.3 million, adjusted by certain non-cash and working capital items, including (i) positive adjustments, which primarily included decrease in trade and bills receivables of RMB1,205.9 million, decrease in inventories of RMB586.2 million and depreciation of property, plant and equipment of RMB236.5 million, and (ii) negative adjustments, which primarily included increase in restricted cash and pledged deposits of RMB907.7 million, decrease in trade and bills payables of RMB331.8 million and decrease in other payables and accruals of RMB236.9 million.

Investing Activities

Net cash used in investing activities in the nine months ended September 30, 2025 was RMB289.9 million, primarily due to (i) net payments for purchase of items of property, plant and equipment (total payments for purchase of items of property, plant and equipment minus proceeds from disposal of these assets) of RMB638.7 million, partially offset by (i) net proceeds from disposal of investments measured at FVTPL (total proceeds from disposal of investment measured at FVTPL minus payments for purchase of these assets) of RMB183.7 million, and (ii) dividends received of RMB143.5 million.

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Net cash used in investing activities in 2024 was RMB2,066.7 million, primarily due to (i) net payments for purchase of investment measured at FVTPL (total payments for purchase of investment measured at FVTPL minus proceeds from disposal of these assets) of RMB1,316.5 million, and (ii) net payments for purchase of items of property, plant and equipment (total payments for purchase of items of property, plant and equipment minus proceeds from disposal of these assets) of RMB672.8 million.

Net cash used in investing activities in 2023 was RMB698.1 million, primarily due to (i) net payments for purchase of items of property, plant and equipment (total payments for purchase of items of property, plant and equipment minus proceeds from disposal of these assets) of RMB645.3 million, and (ii) additions to other intangible assets of RMB32.4 million.

Net cash from investing activities in 2022 was RMB1,064.6 million, primarily due to net proceeds from disposal of investment measured at FVTPL (total proceed from disposal of investment measured at FVTPL minus payments for purchase of these assets) of RMB1,750.5 million, partially offset by (i) net payments for purchase of items of property, plant and equipment (total payments for purchase of items of property, plant and equipment minus proceeds from disposal of these assets) of RMB657.3 million and (ii) additions to leasehold land of RMB414.5 million.

Financing Activities

Net cash from financing activities in the nine months ended September 30, 2025 was RMB781.5 million, primarily due to new bank loans of RMB4,568.2 million, partially offset by (i) repayment of bank loans of RMB3,331.6 million, (ii) repurchase of shares held for a share award scheme of RMB299.9 million, and (iii) dividends paid of RMB228.8 million.

Net cash from financing activities in 2024 was RMB2,105.5 million, primarily due to (i) new bank loans of RMB3,890.5 million and (ii) proceeds from issue of shares of RMB1,482.0 million, partially offset by repayment of bank loans of RMB2,853.1 million.

Net cash from financing activities in 2023 was RMB367.1 million, primarily due to new bank loans of RMB2,168.3 million, partially offset by repayment of bank loans of RMB1,690.4 million.

Net cash used in financing activities in 2022 was RMB547.5 million, primarily due to (i) repayment of bank loans of RMB1,529.2 million and (ii) dividends paid of RMB455.1 million, partially offset by new bank loans of RMB1,536.5 million.

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INDEBTEDNESS

As of December 31, 2022, 2023 and 2024, and September 30, 2025 and November 30, 2025, the most recent practicable date for determining our indebtedness, except as disclosed in the table below, we did not have any material indebtedness.

	As of December 31,			As of	As of
	2022	2023	2024	September 30,	November 30,
				2025	2025
	RMB'000				(Unaudited)
Current					
Interest-bearing bank					
borrowings	428,787	752,815	1,806,660	3,034,508	3,581,643
Lease liabilities.	53,921	60,728	75,716	68,407	59,344
	482,708	813,543	1,882,376	3,102,915	3,640,987
Non-current					
Interest-bearing bank					
borrowings	557,217	712,430	694,717	604,357	690,165
Lease liabilities.	97,813	182,570	168,998	169,906	165,358
	655,030	895,000	863,715	774,263	855,523
Total	1,137,738	1,708,543	2,746,091	3,877,178	4,496,510

Interest-bearing Bank Borrowings

As of December 31, 2022, 2023 and 2024, September 30, 2025, we had total interest-bearing bank borrowings of RMB986.0 million, RMB1,465.2 million, RMB2,501.4 million and RMB3,638.9 million, respectively. All of these interest-bearing bank borrowings were secured. During the Track Record Period, our bank borrowings were obtained from commercial banks. Our bank borrowings agreements contain standard terms, conditions and covenants that are customary for commercial bank loans. For details, see Note 29 to the Accountants’ Report in Appendix I to this document.

As of November 30, 2025, we had total interest-bearing bank borrowings of RMB4,271.8 million.

Our Directors confirm that there has not been any material default on our part in the payment of borrowings, or breaches of covenants during the Track Record Period and up to the Latest Practicable Date. During the same year, we have not experienced any difficulties in obtaining bank and other borrowings, default in payment of bank loans and other borrowings or breach of covenants.

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Lease Liabilities

During the Track Record Period, our lease liabilities were primarily in relation to our lease of land use rights and buildings used in our operations. We recorded lease liabilities in aggregate of RMB151.7 million, RMB243.3 million, RMB244.7 million, RMB238.3 million and RMB224.7 million as of December 31, 2022, 2023 and 2024, and September 30, 2025 and November 30, 2025, respectively.

Except as discussed above, we did not have any other material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities as of the Latest Practicable Date. There was no material change in our indebtedness since November 30, 2025 and up to the Latest Practicable Date.

CONTINGENT LIABILITIES

As of September 30, 2025, we did not have any material contingent liabilities. Our Directors confirm that there was no material change in our contingent liabilities from September 30, 2025 to the Latest Practicable Date.

CAPITAL EXPENDITURE

The details of our capital expenditure during the Track Record Period are summarized as follows.

	For the year ended December 31,			For the nine months ended September 30,
	2022	2023	2024	2025
	<i>RMB'000</i>			
Machinery	547,453	303,200	367,944	310,807
Construction in progress . . .	70,927	371,998	266,995	319,487
Leasehold improvement	25,082	12,959	32,988	16,545
Office equipment and electronic devices	42,543	37,496	37,363	46,547
Vehicles	1,015	3,558	5,148	1,333
Buildings	1,931	551	—	13,311
Total	688,951	729,762	710,438	708,030

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CAPITAL COMMITMENTS

Our capital commitments at the end of each year during the Track Record Period primarily related to contracted but not provided properties, plant and equipment. As of December 31, 2022, 2023 and 2024 and September 30, 2025, our capital commitments amounted to RMB215.3 million, RMB313.1 million, RMB318.3 million and RMB233.2 million, respectively.

RELATED PARTY TRANSACTIONS

We entered into certain related party transactions in trade nature during the Track Record Period. For example, we sold certain raw materials of smartphones and tablets to DBG Technology (India) Private Limited and DBG Technology Co., Ltd., and purchased outsourced processing services from them during the Track Record Period. According to Frost & Sullivan, it is common in the industry for ODM manufacturers to purchase outsourced processing services from third-party manufacturers while supplying certain raw materials to them. For details about our related party transactions during the Track Record Period, see Note 38 to the Accountants’ Report in Appendix I to this document.

We enter into transactions with our related parties from time to time. Our Directors are of the view that each of the related party transactions in Note 38 to the Accountants’ Report as set out in Appendix I to this document was conducted in the ordinary course of business on an arm’s length basis and on normal commercial terms between the relevant parties. Our Directors are of the view that our related party transactions during the Track Record Period would not distort our track record results or cause our historical results to become non-reflective of our future performance.

KEY FINANCIAL RATIOS

The following table set 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 nine months ended September 30,
	2022	2023	2024	2025
Gross profit margin ⁽¹⁾	8.1%	9.5%	5.8%	8.3%
Return on equity (ROE) ⁽²⁾⁽⁶⁾	18.4%	17.3%	10.5%	12.1%
Return on assets (ROA) ⁽³⁾⁽⁶⁾	3.8%	3.5%	2.1%	2.6%
Current ratio ⁽⁴⁾	1.1	1.1	1.1	1.1
Quick ratio ⁽⁵⁾	1.0	1.0	1.0	1.0

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Notes:

- (1) Gross profit margin is calculated as gross profit divided by revenue for the respective year/period.
- (2) The return on equity (ROE) is calculated as profit for the year/period divided by average of the opening and closing balances of total equity for the respective year/period.
- (3) The return on assets (ROA) is calculated as profit for the year/period divided by average of the opening and closing balances of total assets for the respective year/period.
- (4) The current ratio is calculated as current assets divided by current liabilities as of the relevant date.
- (5) The quick ratio is calculated as current assets minus inventories, divided by current liabilities as of the relevant date.
- (6) The return on equity and return on assets for the nine months ended September 30, 2025 are calculated on an annualized basis. Accordingly, the annualized return on equity and return on assets may not be indicative of those for the full year ending December 31, 2025. [REDACTED] are cautioned not to place any undue reliance on such data.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any material off-balance sheet commitments and arrangements.

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

We are exposed to various market risks, including interest rate risk, foreign currency risk, credit risk and liquidity risk as set out below. We manage and monitor these exposures to ensure appropriate measures are implemented in a timely and effective manner. For more details, including relevant sensitivity analysis, see Note 42 to the Accountants’ Report as set out in Appendix I of this document.

Interest Rate Risk

Our exposure to the risk of changes in market interest rates relates primarily to our long term debt obligations with a floating interest rate. Our policy is to manage its interest cost using a mix of fixed and variable rate debts.

Foreign Currency Risk

We have transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units’ functional currencies.

Foreign currency forward contracts are measured as hedging instruments in cash flow hedges of forecast sales and purchases in foreign currencies. The foreign exchange forward contract balances vary with the level of expected foreign currency sales and purchases and changes in foreign exchange forward rates.

To measure the hedge effectiveness, we use the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

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Credit Risk

We trade only with recognised and creditworthy third parties. It is our 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. For transactions that are not denominated in the functional currency of the relevant operating unit, we do not offer credit terms without specific verification procedures.

Liquidity Risk

We monitor and maintain a level of cash and cash equivalents deemed adequate by our management to finance the operations and mitigate the effects of fluctuations of cash flows.

Our objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank borrowings and lease liabilities.

[REDACTED]

DIVIDENDS

During the Track Record Period, we declared cash dividends to our Shareholders as follows.

	For the year ended December 31,			For the nine months ended September 30,	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>				
	<i>(Unaudited)</i>				
Dividends for ordinary shareholders of our Company recognized as distribution during the year/period:					
Interim dividend	293,014	—	—	—	—
Final dividend	162,039	—	232,548	232,548	228,798
Total	455,053	—	232,548	232,548	228,798

As of the Latest Practicable Date, we had paid these dividends in full.

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On November 25, 2022, our general shareholders meeting passed resolutions regarding the shareholder dividend plan for the three years following our listing on the main board of the Shanghai Stock Exchange (the “**2022 Shareholder Dividend Plan**”). This plan stipulates that the total cash dividends to be distributed over this period shall be no less than 30% of the average annual distributable profit achieved, provided that the conditions for cash dividends are met. In addition, we will review and reaffirm our shareholder dividend plan at least every three years, taking into account our operational performance, investment strategies and long-term development goals.

After the completion of the [REDACTED], we may distribute dividends in the form of cash or by other means permitted by our dividend policy as included in our Articles of Association. A decision to declare or to pay dividends in the future and the amount of dividends will be at the discretion of our Shareholders’ meeting and will depend on a number of factors, including our results of operations, cash flows, financial condition, payments by our subsidiaries of cash dividends to us, business prospects, statutory, regulatory restrictions on our declaration and payment of dividends and other factors that our Board may consider important. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the relevant laws. Our Shareholders may approve any declaration of dividends. Save for the distribution standard set out in the 2022 Shareholder Dividend Plan, we had not specified any dividend payout ratio as of the Latest Practicable Date.

According to applicable PRC laws and our Articles of Association, we will pay dividends out of our profit after tax only after we have made the following allocations: recovery of the losses incurred in the previous year; allocations to the statutory reserve equivalent to 10% of our profit after tax; allocations to a discretionary common reserve of certain percentage of our profit after tax that are approved by a Shareholders’ meeting.

DISTRIBUTABLE RESERVES

As of September 30, 2025, we had RMB2,222.7 million of retained profits available for distribution to our shareholders.

[REDACTED] EXPENSES

[REDACTED] expenses to be borne by us are estimated to be approximately HK\$[REDACTED] (based on an [REDACTED] of HK\$[REDACTED] per Share, being the mid-point of the indicative [REDACTED] range of HK\$[REDACTED] to HK\$[REDACTED] per Share), representing approximately [REDACTED]% of the estimated gross [REDACTED] from the [REDACTED] assuming no Shares are issued pursuant to the [REDACTED]. The [REDACTED] expenses consist of (i) [REDACTED] expenses, including [REDACTED], of approximately HK\$[REDACTED], and (ii) [REDACTED] expenses of approximately HK\$[REDACTED], comprising (a) fees and expenses of our legal advisors and reporting accountants of approximately HK\$[REDACTED], and (b) other fees and expenses of approximately HK\$[REDACTED]. During the Track Record Period, we incurred [REDACTED] expenses of RMB[REDACTED], of which (i) RMB[REDACTED]

FINANCIAL INFORMATION

was charged to the consolidated statements of profit or loss, and (ii) RMB[REDACTED] was directly attributable to the [REDACTED] of our H Shares to the [REDACTED] and is expected to be deducted from equity upon the [REDACTED]. Subsequent to the Track Record Period, approximately HK\$[REDACTED] is expected to be charged to our consolidated statements of profit or loss, and approximately HK\$[REDACTED] is expected to be accounted for as a deduction from equity upon the [REDACTED]. We do not believe any of the above fees or expenses are material or are unusually high for our Group. The [REDACTED] expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited [REDACTED] adjusted consolidated net tangible assets attributable to the owners of our Company has been prepared in accordance with Rule 4.29 of the Listing Rules and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants to illustrate the effect of the [REDACTED] on the consolidated net tangible assets attributable to the owners of our Company as of September 30, 2025 as if the [REDACTED] had taken place on that date.

The unaudited [REDACTED] statement of adjusted consolidated net tangible assets attributable to the owners of our Company has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of our Group as of September 30, 2025 or at any future dates following the [REDACTED].

[REDACTED]

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[REDACTED]

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the Latest Practicable Date, there had been no material adverse change in our business, financial condition and results of operations since September 30, 2025, which is the end date of the years reported on in the Accountants’ Report as set out in Appendix I to this document, and there is no event since September 30, 2025 which would materially affect the information in the Accountants’ Report as set out in Appendix I to this document.

IMPACT OF COVID-19 PANDEMIC

During the Track Record Period and up to the Latest Practicable Date, the COVID-19 pandemic did not cause any disruption to our production facilities and supply chain. However, due to the macroeconomic and general industry challenges posed by the pandemic, our revenue from sales of smartphones decreased from 2022 to 2023. Despite this reduction, our business operations and financial condition remained stable during the Track Record Period and were not materially and adversely impacted by the COVID-19 pandemic.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors have confirmed that, as of the Latest Practicable Date, they were not aware of any circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS AND USE OF [REDACTED]

FUTURE PLANS AND PROSPECTS

See “Business — Our Strategies” for a detailed description of our future plans.

USE OF [REDACTED]

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

Assuming an [REDACTED] at the mid-point of the indicative [REDACTED] range, we currently intend to apply these net [REDACTED] for the following purposes:

- Approximately [REDACTED]%, or HK\$[REDACTED], will be used to expand our overall production capacity both domestically and internationally, thereby enhancing our self-production capabilities. We have established four major manufacturing centers in China and overseas to serve both the domestic and international markets. We will continue to invest in our existing manufacturing centers through factory expansion, equipment upgrades, and improvements in automation levels, in order to strengthen our capacity to undertake and fulfill orders from global customers. We will also evaluate opportunities in other key areas to expand our production capabilities to improve overall production layout flexibility. In particular, we plan to expand our overall production capacity through:
 - *Approximately [REDACTED]%, or HK\$[REDACTED], will be used for the expansion of the manufacturing center in overseas market.* We have already established a manufacturing center in Vietnam with the foundational capabilities to serve overseas customers. In the nine months ended September 30, 2025, the utilization rate for production capacity designed to each product type in Vietnam manufacturing center exceeded 80%. We will continue to increase the production capacity of our facilities in Vietnam and enhance our capabilities of localized manufacturing to better meet the growing demand from customers in Europe and North America, where substantial market opportunities exist. According to Frost & Sullivan, the smart eyewear market, one of the rapidly growing segments of consumer electronics, is expected to surge in both Europe and North America, driven by increasingly mature AI technology and lightweight integrated hardware. In Europe, the shipment volume of smart eyewear is expected to increase from 1.9 million units in 2024 to 12.3 million units in 2029, with a CAGR of 45.3%. In North America, the shipment volume is expected to surge from 3.8 million units in 2024 to 23.4 million units in 2029, with a CAGR of 43.8%. Leading brand owners are continuing to expand their presence in these regions. While enhanced U.S. export restrictions and sanctions have introduced tariff-driven cost escalation

FUTURE PLANS AND USE OF [REDACTED]

and certain challenges to the global consumer electronics industry, products that are more cost-competitive and better aligned with the evolving business needs of brand owners are increasingly gaining market share, thereby positioning ODM providers to secure a stable and sustained market share in North America. In the meantime, the diversification of product styles and types driven by the ongoing advancements in AI, along with continual hardware and software iteration, is expected to increase demand for the ODM model and further accelerate customer deployment enabling ODM providers to capture the ongoing growth potential in these markets.

We expect to commence the construction of the manufacturing center in Vietnam in phase in 2026, and complete in 2027. We do not currently designate production capacity for smart eyewear products in the Vietnam manufacturing center. Upon completion of the construction, we expect to increase the production capacity of smart eyewear products by around 1.2 million units and around 1.0 million units in 2026 and 2027, respectively, in Vietnam manufacturing center.

Future investments will primarily be directed toward increasing the capacity of existing production lines, improving production efficiency, and enhancing our responsiveness to customized requirements from different customers. In addition to our current focus, we will also evaluate opportunities to expand our production capabilities in other key areas. This will allow us to improve the overall flexibility and optimization of our production layout. By diversifying and enhancing our production capabilities across different areas, we can better adapt to changing market demands and operational requirements.

- *Approximately [REDACTED]%, or HK\$[REDACTED], will be used for the expansion of the manufacturing center in Chinese mainland. As of the Latest Practicable Date, we were in the planning stage for phase II of our Nanchang manufacturing center to further enhance our production capacity. In the nine months ended September 30, 2025, the utilization rate for production capacity designed to each product type in Nanchang manufacturing center exceeded 80%. For details, see “Business — Manufacturing — Manufacturing Centers.” We plan to expand the production capacity of our facilities in Nanchang to respond to the evolving product modalities driven by the development of AI technologies, particularly in the area of new-generation smart devices such as AI PCs and smart eyewear. Related investments will be primarily used to add one and three new production lines for AI PCs in 2026 and 2027, respectively, tailored to such cutting-edge products, upgrade supporting infrastructure, and improve resource allocation efficiency. We expect to commence the construction of phase II of our Nanchang manufacturing center in phase in*

FUTURE PLANS AND USE OF [REDACTED]

2026, and complete in 2027. Upon completion of the construction, we expect to increase the production capacity of AI PCs by 1.0 million units and 2.5 million units in 2026 and 2027, respectively, in phase II of our Nanchang manufacturing center.

We plan to implement a range of advanced manufacturing technologies across our production lines. For example, we plan to further deploy and upgrade key technologies such as (i) automated component mount, which refers collectively to the assembly or attachment processes of a product’s own BOM-listed components, such as touch panels, PCBs, batteries, cameras, foam pads, conductive cloth, copper foil, labels, and similar items, across all product categories, (ii) intelligent inspection which uses sensors, cameras, or other methods to automatically collect relevant data about the object under inspection, processes that data with algorithmic software, and feeds the results back to the user, and (iii) 3D-AI technologies, which can be applied after each step to make sure no flaw or can also be applied at the very end considering the cost and efficiency. The integration of these cutting-edge capabilities will enable us to further stabilize our product quality and drive greater production efficiency.

We expect to commence the construction of the phase II of our Nanchang manufacturing center in 2026, and complete in 2027.

- Approximately [REDACTED]%, or HK\$[REDACTED], will be used to support our ongoing research and development efforts, particularly to strengthen our independent R&D and innovation capabilities in key areas. We plan to deepen our focus on high-growth, high value-added emerging business segments, enrich and expand our AI smart device portfolio, and explore additional application scenarios for our products, with the goal of building a comprehensive product matrix with AI functionalities. For example, building on our ramp-up in AI PC and smart eyewear production, we plan to enrich our AI smart device portfolio through integration touchpoints between our existing businesses and AI technologies, further driving the scaling of our AI-powered hardware products, such as AI tablets and other AI-infused product forms. We will expand applications for our products in customer-facing scenarios — including smart mobility, smart home, smart health, and smart life — while simultaneously deploying our AI-driven digital operation system internally to optimize R&D project management, operational workflows, and talent development. For details, see “Business — Our Strategies — Strengthening R&D and Product Innovation with AI as the Core Innovation Engine” in this document.

To strengthen our R&D capabilities and achieve these goals, we will focus on deepen the integration of AI with our products and build an AI-driven digital R&D and operational framework. We will leverage our core expertise in wireless communication, audio, display, and optics to systematically embed AI into the initial

FUTURE PLANS AND USE OF [REDACTED]

product definition and design phases. Our R&D will focus on driving innovation in the perception, interaction, and application layers of key devices such as AI PCs, smart glasses, and tablets, with the goal of enriching our portfolio of intelligent hardware. In addition, we will deploy internal AI-powered systems to optimize R&D project management, workflows, and talent development. By applying AI to critical stages like design simulation and testing, we aim to significantly improve efficiency and accelerate the entire product lifecycle, from initial concept to final delivery.

- Approximately [REDACTED]%, or HK\$[REDACTED], will be used to improve our domestic and international marketing and customer expansion efforts. We plan to recruit more sales and marketing personnel, including 20 and 30 sales and marketing personnel in 2026 and 2027, respectively. We also plan to conduct market promotion activities aimed at customer acquisition, and engage external consultants for business development and market strategy support. Through these initiatives, we intend to strengthen our brand presence in key markets, enhance our ability to reach and serve potential customers across different regions, and support the long-term growth of our customer base.
- Approximately [REDACTED]%, or HK\$[REDACTED], will be used to support our global strategic investments or acquisitions. Through strategic investments or acquisitions, we aim to further strengthen our forward-looking technology deployment, expand our ecosystem, and increase our market share. We expect to explore and evaluate potential targets that can complement our existing business operations. For example, we will evaluate comprehensive consumer electronics ODM companies like us, or ODM companies with expertise in automotive electronics, or technology companies with expertise related to consumer electronics, with a specific focus on entities located in or serving overseas markets. We expect that these opportunities can provide us (i) access to new technologies, such as fundamental research technologies for the ODM sector and its upstream supply chain, covering acoustics, optics, and similar technologies; technology tied to new product categories, such as AI glasses, and the related innovations these categories require; as well as advanced manufacturing technologies, including process automation and precision manufacturing, (ii) entry into new markets, expansion of customer base or solidified customer relationship leveraging the targets’ established network or mature channels in new markets and their access to blue chip customers, (iii) expansion of our production capacity by complementing our existing products’ capacity, and/or (iv) integration of value-added capabilities. While remaining focused on our ODM services, we may pursue strategic investments or acquisitions to strengthen supply chain autonomy, enable closer collaboration, and ensure better synergies with our product innovations. We believe these targets will enhance our overall competitiveness and long-term growth potential.

FUTURE PLANS AND USE OF [REDACTED]

According to Frost & Sullivan, the global consumer electronics ODM market consists of over 50 providers. These companies offer a wide range of products such as smartphones, tablets, laptops, smartwatches, and TWS earphones. While industry leaders dominate the market, smaller enterprises often concentrate on specific product categories. In the automotive electronics ODM sector, there are over 100 providers worldwide. These include both specialized automotive electronics manufacturers and consumer electronics ODM providers that have diversified into this field. As a result, our Directors 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. Within such pool of potential investment or acquisition opportunities, we will primarily consider targets that possess strong complementary technical capabilities and product portfolios aligned with our strategic objectives, and proven, stable relationships with premium customers to enhance our market access. Additionally, the targets’ management team must demonstrate deep knowledge and extensive relevant experience within the ODM industry. See also “Business — Our Strengths.” Lastly, we will prioritize targets that (i) demonstrate a track record of continuous operations; and (ii) have achieved commercialization and maintain recurring revenue streams, with a revenue scale typically ranging from RMB2.0 billion to RMB5.0 billion. Targets that do not meet these financial criteria but demonstrate strong synergies with us in terms of business, products, customers, or technology will also be considered. As of the Latest Practicable Date, we have not identified any specific investment or acquisition targets.

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

The above allocation of the net [REDACTED] from the [REDACTED] will be adjusted on a pro rata basis in the event that the [REDACTED] is fixed at a higher or lower level compared to the mid-point of the indicative [REDACTED] range stated in this document.

If the [REDACTED] is exercised in full, the net [REDACTED] that we will receive will be approximately HK\$[REDACTED], assuming an [REDACTED] of HK\$[REDACTED] per Share (being the mid-point of the indicative [REDACTED] range). In the event that the [REDACTED] is exercised in full, we intend to apply the additional net [REDACTED] to the above purposes in the proportions stated above.

To the extent that the net [REDACTED] are not immediately applied to the above purposes and to the extent permitted by applicable law and regulations, we will only deposit the net [REDACTED] into short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the SFO or applicable laws and regulations in other jurisdictions).

We will issue an appropriate announcement if there is any material change to the above proposed use of [REDACTED].

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

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STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

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HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

APPENDIX I

ACCOUNTANTS’ REPORT

ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SHANGHAI LONGCHEER TECHNOLOGY CO., LTD., CITIGROUP GLOBAL MARKETS ASIA LIMITED, HAITONG INTERNATIONAL CAPITAL LIMITED AND GUOTAI JUNAN CAPITAL LIMITED

Introduction

We report on the historical financial information of Shanghai Longcheer Technology Co., Ltd. (the “Company”) and its subsidiaries (together, the “Group”) set out on pages I-[●] to I-[●], which comprises the consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2022, 2023 and 2024 and the nine months ended 30 September 2025 (the “Relevant Periods”), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2022, 2023 and 2024 and 30 September 2025 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 [●] (the “Document”) in connection with the initial [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

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ACCOUNTANTS’ REPORT

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 31 December 2022, 2023 and 2024 and 30 September 2025 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, statement of comprehensive income, statement of changes in equity and statement of cash flows for the nine months ended 30 September 2024 and other explanatory information (the “**Interim Comparative Financial Information**”). The directors of the Company are responsible for the preparation 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.

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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]

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I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants’ report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the “Underlying Financial Statements”).

The Historical Financial Information is presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

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ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Notes	Year ended 31 December			Nine months ended 30 September	
		2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(Unaudited)	
REVENUE	5	29,343,152	27,185,064	46,382,472	34,920,860	31,331,603
Cost of sales		(26,978,031)	(24,594,908)	(43,676,093)	(32,887,922)	(28,725,221)
Cost of sales of goods and services		(26,874,340)	(24,527,999)	(43,605,123)	(32,820,573)	(28,659,491)
Impairment losses on inventories	6	(103,691)	(66,909)	(70,970)	(67,349)	(65,730)
Gross profit		2,365,121	2,590,156	2,706,379	2,032,938	2,606,382
Other income and gains .	5	251,084	309,652	578,647	441,375	536,020
Sales and marketing expenses		(56,880)	(79,922)	(89,840)	(58,865)	(69,151)
Administrative expenses .		(392,774)	(437,328)	(506,081)	(361,794)	(506,135)
Research and development expenses .		(1,507,834)	(1,687,762)	(2,080,172)	(1,472,924)	(1,951,106)
Reversal of impairment losses/(impairment losses) on financial assets, net		2,700	(842)	(1,343)	125	(560)
Other expenses		(58,739)	(46,132)	(56,103)	(84,489)	(29,154)
Finance costs	7	(37,948)	(39,896)	(67,525)	(56,280)	(43,022)
Share of profits of associates	17	23,588	43,154	30,042	15,976	6,614
PROFIT BEFORE TAX . .	6	588,318	651,080	514,004	456,062	549,888
Income tax expense . . .	10	(26,805)	(48,369)	(20,654)	(30,634)	(35,404)
PROFIT FOR THE YEAR/PERIOD		561,513	602,711	493,350	425,428	514,484
Attributable to:						
Owners of the parent . .		561,301	605,316	501,132	430,855	507,275
Non-controlling interests		212	(2,605)	(7,782)	(5,427)	7,209
		<u>561,513</u>	<u>602,711</u>	<u>493,350</u>	<u>425,428</u>	<u>514,484</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT						
Basic and diluted (RMB).	12	<u>1.39</u>	<u>1.49</u>	<u>1.10</u>	<u>0.95</u>	<u>1.10</u>

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ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(Unaudited)</i>	
PROFIT FOR THE					
YEAR/PERIOD	<u>561,513</u>	<u>602,711</u>	<u>493,350</u>	<u>425,428</u>	<u>514,484</u>
OTHER COMPREHENSIVE					
INCOME					
Other comprehensive					
income/(loss) that may be					
reclassified to profit or loss					
in subsequent periods:					
Share of other comprehensive					
income/(loss) of associates . .	1,234	(8,842)	(7,721)	(4,612)	7,100
Cash flow hedges:					
Effective portion of changes in					
fair value of hedging					
instruments arising during					
the year/period	(3,008)	(20,112)	(3,790)	21,816	684
Exchange differences:					
Exchange differences on					
translation of foreign					
operations	<u>57,579</u>	<u>13,278</u>	<u>9,037</u>	<u>(8,624)</u>	<u>(22,355)</u>
Net other comprehensive					
income/(loss) that may be					
reclassified to profit or loss					
in subsequent periods	<u>55,805</u>	<u>(15,676)</u>	<u>(2,474)</u>	<u>8,580</u>	<u>(14,571)</u>
OTHER COMPREHENSIVE					
INCOME/(LOSS) FOR THE					
YEAR/PERIOD, NET OF					
TAX	<u>55,805</u>	<u>(15,676)</u>	<u>(2,474)</u>	<u>8,580</u>	<u>(14,571)</u>
TOTAL COMPREHENSIVE					
INCOME FOR THE					
YEAR/PERIOD	<u>617,318</u>	<u>587,035</u>	<u>490,876</u>	<u>434,008</u>	<u>499,913</u>
Attributable to:					
Owners of the parent	617,106	589,640	498,658	439,435	492,643
Non-controlling interests. . .	<u>212</u>	<u>(2,605)</u>	<u>(7,782)</u>	<u>(5,427)</u>	<u>7,270</u>
	<u>617,318</u>	<u>587,035</u>	<u>490,876</u>	<u>434,008</u>	<u>499,913</u>

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December			As at 30 September
	Notes	2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment . .	13	1,598,284	2,039,957	2,405,797	2,819,540
Investment properties	14	2,600	2,463	2,326	2,222
Right-of-use assets	15	588,610	668,419	655,273	659,939
Other intangible assets	16	26,860	24,372	32,999	46,251
Investments in associates	17	591,151	621,541	629,787	597,832
Deferred tax assets	19	164,190	145,109	187,893	221,704
Investments measured at fair value through profit or loss. . .	23	269,228	318,526	242,652	348,091
Prepayments, other receivables and other assets	22	5,639	32,732	28,148	41,444
Total non-current assets		3,246,562	3,853,119	4,184,875	4,737,023
CURRENT ASSETS					
Inventories	20	1,144,444	1,714,801	1,881,625	2,235,000
Trade and bills receivables	21	5,538,222	9,008,400	11,732,512	11,215,498
Prepayments, other receivables and other assets	22	137,969	160,354	341,181	604,961
Investments measured at fair value through profit or loss. . .	23	–	–	1,384,902	1,168,726
Derivative financial instruments .	28	–	–	726	–
Pledged deposits	24	1,184,320	692,020	1,222,947	446,532
Restricted cash	24	–	3,298	41,442	2,013
Time deposits	24	–	–	93,876	46,719
Cash and cash equivalents	24	3,278,958	4,406,907	5,461,528	6,850,371
Total current assets		11,283,913	15,985,780	22,160,739	22,569,820
CURRENT LIABILITIES					
Trade and bills payables	25	9,585,085	13,653,990	17,310,801	16,680,460
Contract liabilities	27	108,647	24,101	9,445	91,514
Other payables and accruals	26	420,837	440,433	461,536	688,742
Derivative financial instruments .	28	3,008	23,120	27,636	47,132
Interest-bearing bank borrowings	29	428,787	752,815	1,806,660	3,034,508
Lease liabilities	15	53,921	60,728	75,716	68,407
Tax payable		32,110	35,272	32,656	36,776
Total current liabilities		10,632,395	14,990,459	19,724,450	20,647,539
NET CURRENT ASSETS		651,518	995,321	2,436,289	1,922,281
TOTAL ASSETS LESS					
CURRENT LIABILITIES		3,898,080	4,848,440	6,621,164	6,659,304

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ACCOUNTANTS’ REPORT

		As at 31 December			As at 30 September
	Notes	2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT LIABILITIES					
Interest-bearing bank					
borrowings	29	557,217	712,430	694,717	604,357
Lease liabilities	15	97,813	182,570	168,998	169,906
Deferred tax liabilities	19	22,159	207	14	—
Other payables and accruals	26	—	—	1,125	—
Deferred income	30	64,807	127,836	163,180	145,211
Total non-current liabilities		741,996	1,023,043	1,028,034	919,474
Net assets		3,156,084	3,825,397	5,593,130	5,739,830
EQUITY					
Equity attributable to owners of the parent					
Share capital	31	405,097	405,097	465,097	469,382
Treasury shares	33	—	—	—	(265,717)
Reserves	33	2,750,987	3,420,161	5,135,676	5,536,538
		3,156,084	3,825,258	5,600,773	5,740,203
Non-controlling interests		—	139	(7,643)	(373)
Total equity		3,156,084	3,825,397	5,593,130	5,739,830

Year ended 31 December 2022

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Attributable to owners of the parent

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ACCOUNTANTS’ REPORT

Year ended 31 December 2024

	Attributable to owners of the parent							
	Share capital	Capital and other reserve*	Share-based payment reserves*	Cash flow hedge reserve*	Exchange fluctuation reserve*	Statutory reserves*	Retained profits*	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Note 31)	(Note 33)	(Note 33)	(Note 33)	(Note 33)	(Note 33)		
As at 1 January 2024	405,097	1,367,395	194,293	(23,120)	55,198	135,762	1,690,633	3,825,258
Profit for the year	-	-	-	-	-	-	501,132	501,132
Other comprehensive loss for the year:								
Share of other comprehensive loss of associates	-	(7,721)	-	-	-	-	-	(7,721)
Cash flow hedges	-	-	-	(3,790)	-	-	-	(3,790)
Exchange differences on translation of foreign operations	-	-	-	-	9,037	-	-	9,037
Total comprehensive income for the year	-	(7,721)	-	(3,790)	9,037	-	501,132	498,658
Issue of shares	60,000	1,500,000	-	-	-	-	-	1,560,000
Share issue expenses	-	(119,321)	-	-	-	-	-	(119,321)
Share-based payments	-	-	71,634	-	-	-	-	71,634
Transfer from retained profits	-	-	-	-	-	14,995	(14,995)	-
Dividends declared	-	-	-	-	-	-	(232,548)	(232,548)
Share of capital reserves of associates	-	(2,908)	-	-	-	-	-	(2,908)
As at 31 December 2024	465,097	2,737,445	265,927	(26,910)	64,235	150,757	1,944,222	5,600,773
							(7,643)	5,593,130

Attributable to owners of the parent

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Attributable to owners of the parent

- I-13 -

* These reserve accounts represent the total consolidated reserves of RMB2,750,987,000, RMB3,420,161,000, RMB5,135,676,000 and RMB5,536,538,000 in the consolidated statements of financial position as at 31 December 2022, 2023 and 2024 and 30 September 2025, respectively.

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ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December			Nine months ended 30 September	
	Notes	2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before tax		588,318	651,080	514,004	456,062	549,888
Adjustments for:						
Finance costs		37,948	39,896	67,525	56,280	50,822
Interest income	5	(102,502)	(139,912)	(160,361)	(105,311)	(96,866)
(Reversal of impairment losses)/impairment losses on financial assets, net		(2,700)	842	1,343	(125)	560
Impairment of prepayments	6	–	–	39,111	–	–
Impairment of inventories	6, 20	103,691	66,909	70,970	67,349	65,730
Depreciation of property, plant and equipment	6, 13	236,512	270,909	338,922	256,571	294,863
Amortisation of other intangible assets	6, 16	23,641	24,463	22,787	17,160	16,709
Depreciation of right-of-use assets	6, 15	61,107	74,116	84,567	68,860	70,699
Depreciation of investment properties	6, 14	137	137	137	103	104
Share-based payments	6	58,239	69,629	71,634	56,294	88,593
Loss on disposal of items of property, plant and equipment, and other intangible assets	6	12,797	12,398	2,531	2,455	8,797
Loss/(gain) on lease term termination		231	(3,682)	3,760	248	(41)
Fair value changes in investments measured at fair value through profit or loss, net	6	37,666	(30,687)	(517)	10,871	(95,204)
Share of profits of associates	17	(23,588)	(43,154)	(30,042)	(15,976)	(6,614)
Gain on disposal of investments measured at fair value through profit or loss, net	5	(7,675)	–	(6,630)	(13,047)	(5,116)
Loss/(gain) on settlement of derivative financial instruments	6	5,626	20,095	(4,531)	(270)	(20,951)
Foreign exchange differences, net.		(988)	7,356	10,671	82,835	18,586
		1,028,460	1,020,395	1,025,881	940,359	940,559

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ACCOUNTANTS’ REPORT

<i>Notes</i>	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(Unaudited)</i>	
Decrease/(increase) in inventories.	586,162	(637,267)	(237,793)	(1,116,514)	(419,105)
Decrease/(increase) in trade and bills receivables	1,205,868	(3,473,915)	(2,764,391)	(3,029,719)	424,401
Decrease/(increase) in prepayments, other receivables and other assets	125,123	19,826	(189,820)	(29,976)	(242,204)
(Decrease)/increase in trade and bills payables	(331,832)	4,020,757	3,627,928	4,260,431	(706,116)
(Decrease)/increase in other payables and accruals	(236,861)	(38,004)	20,228	(45,038)	8,536
(Decrease)/increase in contract liabilities	(38,617)	(84,546)	(14,656)	(3,521)	82,069
(Decrease)/increase in deferred income	(3,151)	63,029	35,344	25,326	(17,969)
(Increase)/decrease in restricted cash and pledged deposits	(907,740)	489,002	(569,071)	(130,437)	815,844
Cash generated from operations . .	1,427,412	1,379,277	933,650	870,911	886,015
Interest received	102,502	139,912	160,361	105,311	96,866
Taxes paid	(58,925)	(52,961)	(67,518)	(56,635)	(67,120)
Net cash flows from operating activities	1,470,989	1,466,228	1,026,493	919,587	915,761
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from disposal of investments measured at fair value through profit or loss . . .	5,769,434	–	8,078,407	6,201,421	18,728,408
Settlement of derivative financial instruments, net	–	(20,095)	11,643	124	42,107
Disposal of an associate	9,589	–	–	–	–
Dividends received	40,727	25,060	35,412	29,796	143,507
Purchases of items of property, plant and equipment	(659,183)	(646,891)	(675,975)	(481,318)	(641,360)
Additions to other intangible assets	(32,968)	(32,365)	(31,450)	(21,976)	(25,840)
Proceeds from disposal of items of property, plant and equipment	1,921	1,584	3,145	219	2,614

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ACCOUNTANTS’ REPORT

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(Unaudited)</i>	
Purchases of investments measured at fair value through profit or loss	(4,018,954)	(25,000)	(9,394,900)	(7,130,764)	(18,544,716)
Investment in an associate	(13,651)	–	–	–	–
Acquisition of a subsidiary	–	(767)	–	–	(35,775)
Increase in other payables and accruals	220	525	875	495	850
Decrease/(increase) in non- pledged time deposits with original maturity of three months or more when acquired .	382,000	–	(93,876)	(25,142)	47,157
Increase in prepayments, other receivables and other assets . . .	–	–	–	–	(6,820)
Additions to leasehold land 15(a)	(414,513)	(118)	–	–	–
Net cash flows from/(used in) investing activities	<u>1,064,622</u>	<u>(698,067)</u>	<u>(2,066,719)</u>	<u>(1,427,145)</u>	<u>(289,868)</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Interest paid	(35,847)	(38,505)	(50,427)	(47,959)	(49,269)
Discount interest on bills receivables	(1,554)	(3,128)	(13,619)	(7,316)	(4,840)
Proceeds from issue of shares . . .	–	–	1,482,000	1,482,000	82,872
Share issue expenses	(3,755)	(3,716)	(33,473)	(32,461)	(18,910)
New bank loans	1,536,543	2,168,253	3,890,482	3,366,159	4,568,212
Repayment of bank loans	(1,529,202)	(1,690,403)	(2,853,064)	(2,852,226)	(3,331,618)
Lease payments 15(b)	(56,850)	(65,357)	(83,833)	(60,658)	(69,920)
Dividends paid	(455,053)	–	(232,548)	(232,548)	(228,798)
Withdrawal of pledged deposits .	1,651	–	–	–	–
Acquisition of non-controlling interests	(3,482)	–	–	–	–
Repurchase of shares held for a share award scheme	–	–	–	–	(299,869)
Proceeds from shares granted under a share award scheme . . .	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>133,676</u>
Net cash flows (used in)/from financing activities	<u>(547,549)</u>	<u>367,144</u>	<u>2,105,518</u>	<u>1,614,991</u>	<u>781,536</u>

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	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(Unaudited)</i>	
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,988,062	1,135,305	1,065,292	1,107,433	1,407,429
Cash and cash equivalents at beginning of year/period	1,289,908	3,278,958	4,406,907	4,406,907	5,461,528
Effect of foreign exchange rate changes, net	988	(7,356)	(10,671)	(82,835)	(18,586)
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	<u>3,278,958</u>	<u>4,406,907</u>	<u>5,461,528</u>	<u>5,431,505</u>	<u>6,850,371</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS					
Cash and bank balances	4,463,278	5,102,225	6,819,793	6,282,402	7,345,635
Less: Non-pledged time deposits with original maturity more than three months	–	–	93,876	25,142	46,719
Restricted cash	–	3,298	41,442	1,172	2,013
Pledged deposits	<u>1,184,320</u>	<u>692,020</u>	<u>1,222,947</u>	<u>824,583</u>	<u>446,532</u>
Cash and cash equivalents as stated in the statement of cash flows.	<u>3,278,958</u>	<u>4,406,907</u>	<u>5,461,528</u>	<u>5,431,505</u>	<u>6,850,371</u>

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STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December			As at 30 September
	Notes	2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	13	76,154	72,509	81,458	102,656
Right-of-use assets	15	8,960	3,369	10,682	12,370
Other intangible assets	16	15,955	15,803	15,906	19,628
Investments in subsidiaries	18	856,008	856,008	1,386,008	1,401,534
Deferred tax assets	19	63,739	57,348	83,469	103,191
Investments measured at fair value through profit or loss	23	63,429	121,739	53,992	179,987
Prepayments, other receivables and other assets	22	2,169	6,586	9,497	13,765
Total non-current assets		1,086,414	1,133,362	1,641,012	1,833,131
CURRENT ASSETS					
Inventories		3,551	2,368	3,565	3,961
Trade and bills receivables	21	517,477	440,157	1,171,241	1,348,056
Prepayments, other receivables and other assets	22	1,428,997	1,436,094	1,877,855	2,039,353
Investments measured at fair value through profit or loss	23	—	—	554,298	395,973
Derivative financial instruments	28	—	—	726	—
Pledged deposits	24	558,428	55,352	98,524	50,000
Restricted cash	24	—	—	3	3
Time deposits	24	—	—	25,423	13,670
Cash and cash equivalents	24	1,117,225	1,449,794	1,359,001	1,860,484
Total current assets		3,625,678	3,383,765	5,090,636	5,711,500
CURRENT LIABILITIES					
Trade and bills payables	25	1,665,898	474,210	1,593,533	1,018,944
Contract liabilities	27	20,379	—	—	1,578
Other payables and accruals	26	716,376	1,376,992	1,142,805	2,629,111
Derivative financial instruments	28	—	1,793	—	1,316
Interest-bearing bank borrowings	29	10,509	150,104	42,835	254,423
Lease liabilities	15	5,609	3,409	6,731	7,342
Total current liabilities		2,418,771	2,006,508	2,785,904	3,912,714
NET CURRENT ASSETS		1,206,907	1,377,257	2,304,732	1,798,786
TOTAL ASSETS LESS CURRENT LIABILITIES					
		2,293,321	2,510,619	3,945,744	3,631,917

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		As at 31 December			As at 30 September
	Notes	2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT LIABILITIES					
Interest-bearing bank					
borrowings	29	135,573	—	—	—
Lease liabilities	15	3,358	—	3,939	5,157
Deferred tax liabilities	19	3,085	—	—	—
Deferred income.	30	3,351	2,104	1,051	824
Total non-current liabilities . . .		145,367	2,104	4,990	5,981
Net assets.		2,147,954	2,508,515	3,940,754	3,625,936
EQUITY					
Share capital	31	405,097	405,097	465,097	469,382
Treasury shares	33	—	—	—	(265,717)
Reserves.	33	1,742,857	2,103,418	3,475,657	3,422,271
Total equity.		2,147,954	2,508,515	3,940,754	3,625,936

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II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE AND GROUP INFORMATION

The Company was established in the People’s Republic of China (the “PRC”) as a wholly foreign owned enterprise on 27 October 2004. The Company’s ordinary shares were listed on the Shanghai Stock Exchange on 1 March 2024. The registered office of the Company is located at Building 1, No. 401 Caobao Road, Xuhui District, Shanghai, the PRC.

During the Relevant Periods, the Company and its subsidiaries (collectively, the “Group”) are engaging in the manufacture and sale of smartphones, tablets, artificial intelligence and internet of things (“AIoT”) products and other electronic equipment and the provision of research and development (“R&D”) and technical services.

As at the end of the Relevant Periods, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies, the particulars of the subsidiaries are set out below:

Name	Notes	Place and date of incorporation/ registration and operations	Nominal value of issued ordinary share capital/ registered capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
			(‘000)	%	%	
Shanghai Haocheng Information Technology Co., Ltd. 上海豪承信息技術有限公司 . .	(1)	PRC/Chinese mainland/ 13 October 2009	RMB18,000	100.00	–	Technical research and development, and design
Miaobo Software Co., Ltd. 上海妙博軟體技術有限公司 . .	(2)	PRC/Chinese mainland/ 16 January 2014	RMB10,000	100.00	–	Software technology research and development, design, and software sales
Guolong Information Technology (Shanghai) Co., Ltd. 國龍信息技術(上海)有限公司 .	(2)	PRC/Chinese mainland/ 13 December 2004	RMB120,000	100.00	–	Technical research and development, design, and sales of products to overseas customers
Shanghai Huanmi Technology Co., Ltd. 上海歡米科技有限公司	(1), (3)	PRC/Chinese mainland/ 21 October 2016	RMB18,200	–	100.00	Research, design and sale of optical products
Huizhou Longcheer Automotive Electronics Co., Ltd. 惠州龍旗汽車電子有限公司 . .	(4)	PRC/Chinese mainland/ 30 January 2019	RMB50,000	–	100.00	Sales of products to domestic customers
Longcheer Electronics (Huizhou) Co., Ltd. 龍旗電子(惠州)有限公司 . . .	(4)	PRC/Chinese mainland/ 26 November 2009	RMB600,000	100.00	–	Manufacture of mobile phones and tablet computers and the procurement of raw materials
Shanghai Longcheer Information Co., Ltd. 上海龍旗信息技術有限公司 . .	(1)	PRC/Chinese mainland/ 5 July 2017	RMB10,000	100.00	–	Investment holding
Nanchang Longcheer Information Technology Co., Ltd. 南昌龍旗信息技術有限公司 . .	(5)	PRC/Chinese mainland/17 July 2017	RMB1,800,000	–	100.00	Manufacturing business of mobile phones, tablet computers and AIoT products, and the procurement of raw materials
Nanchang Longcheer Smart Technology Co., Ltd. 南昌龍旗智能科技有限公司 . .	(5)	PRC/Chinese mainland/27 July 2022	RMB20,000	–	100.00	Technical research and development, and design

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Name	Notes	Place and date of incorporation/ registration and operations	Nominal value of issued ordinary share capital/ registered capital (‘000)	Percentage of equity attributable to the Company		Principal activities
				Direct %	Indirect %	
Longcheer Telecommunication (H.K.) Limited	(6)	Hong Kong/ 21 April 2004	Hong Kong Dollar (“HKD”) 10	100.00	–	Procurement and sales of raw materials overseas
Longcheer Technology (U.S.) Limited	(12)	The United States/ 22 February 2016	United States Dollar (“USD”) 400	–	100.00	Business expansion and sales in the U.S.
Longcheer Mobile (India) Private Limited	(7)	India/5 July 2017	Indian Rupee (“INR”) 100	–	100.00	Sales of products to overseas
Longcheer Telecommunication Company Limited	(8)	Malaysia/9 March 2018	USD0.001	–	100.00	Sales of products to overseas
Longcheer Korea Technology Limited	(12)	Republic of Korea/ 21 November 2019	Korean Won (“KRW”) 100,000	–	100.00	Business expansion and sales of products in Korea
Nanchang Sinolong Co., Ltd. 南昌國龍信息科技有限公司	(5)	PRC/Chinese mainland/ 30 March 2020	RMB50,000	–	100.00	Sales of products to domestic customers
Shanghai Longcheer Smart Technology Co., Ltd. 上海龍旗智能科技有限公司	(2)	PRC/Chinese mainland/ 19 October 2021	RMB600,000	100.00	–	Technical research and development, design, and sales of products to domestic customers
Shanghai Longcheer Industrial Co., Ltd. 上海龍旗實業有限公司	(1)	PRC/Chinese mainland/ 22 October 2021	RMB18,000	100.00	–	Investment holding
Sinolong Technology (H.K) Limited	(9)	Hong Kong/ 3 November 2021	HKD0.001	–	100.00	Investment holding
Longcheer Meiko Electronics Vietnam Co., Ltd.	(10)	Vietnam/20 May 2020	Vietnamese Dong (“VND”) 115,825,000	–	80.00	Assembly, processing, manufacture, export, and wholesale of electronic components
Longcheer Intelligence Pte. Ltd.	(11)	Singapore/26 June 2023	USD2,200	–	100.00	Investment holding
Longcheer Japan Co., Ltd.	(12)	Japan/7 December 2023	Japanese Yen (“JPY”) 75,000	–	100.00	Business expansion and sales of products in Japan
Hefei Longcheer Smart Technology Co., Ltd. 合肥龍旗智能科技有限公司	(1)	PRC/Chinese mainland/ 22 November 2021	RMB10,000	100.00	–	R&D, design, and sales of products to domestic customers
Huizhou Longhe Technology Co., Ltd. 惠州市龍和科技有限公司	(13)	PRC/Chinese mainland/ 3 December 2009	RMB46,000	–	100.00	Property development

The English names of all group companies registered in the PRC, Republic of Korea and Japan represent the best efforts made by the management of the Company to translate the names of these companies as they do not have official English names.

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Notes:

- (1) The statutory financial statements of these entities for the years ended 31 December 2022 and 2023 prepared in accordance with Generally Accepted Accounting Principles in the Chinese mainland were audited by Shanghai Oukemeng Certified Public Accountants Co., Ltd. (上海歐柯盟會計師事務所有限公司), a certified public accounting firm registered in the PRC and the statutory financial statements of these entities for the year ended 31 December 2024 prepared in accordance with Generally Accepted Accounting Principles in the Chinese mainland were audited by RSM (容誠會計師事務所(特殊普通合夥)), a certified public accounting firm registered in the PRC.
- (2) The statutory financial statements of these entities for the years ended 31 December 2022, 2023 and 2024 prepared in accordance with Generally Accepted Accounting Principles in the Chinese mainland were audited by RSM (容誠會計師事務所(特殊普通合夥)), a certified public accounting firm registered in the PRC.
- (3) The Group held an 87.91% equity interest in Shanghai Huanmi Technology Co., Ltd. upon the registration of this entity. On 31 August 2022, the Group acquired all non-controlling interests in Shanghai Huanmi Technology Co., Ltd.
- (4) The statutory financial statements of these entities for the years ended 31 December 2022, 2023 and 2024 prepared in accordance with Generally Accepted Accounting Principles in the Chinese mainland were audited by Huizhou Shangpin Xinyuan Certified Public Accountants (惠州市尚品信源會計師事務所(普通合夥)), a certified public accounting firm registered in the PRC.
- (5) The statutory financial statements of these entities for the years ended 31 December 2022, 2023 and 2024 prepared in accordance with Generally Accepted Accounting Principles in the Chinese mainland were audited by Nanchang Huaxi Certified Public Accountants (南昌華熙會計師事務所(普通合夥)), a certified public accounting firm registered in the PRC.
- (6) The statutory financial statements of this entity for the years ended 31 December 2022, 2023 and 2024 prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants have been audited by Flexkin & Co. CPA Limited (永健會計師事務所有限公司), a certified public accounting firm registered in Hong Kong.
- (7) The statutory financial statements of this entity for the years ended 31 December 2022, 2023 and 2024, prepared in accordance with AS Accounting Standards prescribed under section 133 of the Act read with the Companies (Accounting Standards) Rules, 2006, as amended, (“AS”) and other accounting principles generally accepted in India, were audited by Nitin K G & Company, Nitin K G & Company, and Juno Consultants Pvt Ltd, respectively, both of which are certified public accounting firms registered in India.
- (8) The statutory financial statements of this entity for the years ended 31 December 2022, 2023 and 2024 prepared in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the requirements of the Labuan Companies Act, 1990 in Malaysia have been audited by KCSM, a certified public accounting firm registered in Malaysia.
- (9) The statutory financial statements of this entity for the years ended 31 December 2022, 2023 and 2024, prepared in accordance with the Small and Medium-sized Entity Financial Reporting Standard (“SME-FRS”) issued by the HKICPA, were audited by Flexkin Corporate Services Limited, Flexkin Corporate Services Limited, and Flexkin & Co CPA Limited, respectively, both of which are certified public accounting firms registered in Hong Kong.
- (10) The statutory financial statements of this entity for the years ended 31 December 2022, 2023 and 2024, prepared in accordance with Vietnamese Enterprise Accounting Regime and the Vietnamese Accounting System and Standards, were audited by KPMG Vietnam Limited, FINDIRECT Auditing and Valuation Company Limited, and International Audit and Evaluation Co., LTD, respectively, both of which are certified public accounting firms registered in Vietnam.
- (11) This company was incorporated on 26 June 2023. The statutory financial statements of this company for the year ended 31 December 2024 prepared in accordance with the provisions of the Companies Act 1967 (the Act) and Financial Reporting Standards in Singapore (“FRSs”) were audited by ERI PENGSHENG PAC, a certified public accounting firm registered in Singapore.

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- (12) No audited financial statements have been prepared for these entities since their dates of incorporation as these entities were not subject to any statutory audit requirements under the relevant rules and regulations in their jurisdictions of incorporation.
- (13) This subsidiary was acquired by the Group in May 2025. The statutory financial statements for the year ended 31 December 2024 prepared in accordance with Generally Accepted Accounting Principles in the Chinese mainland were audited by Huizhou Shangpin Xinyuan Certified Public Accountants (惠州市尚品信源會計師事務所(普通合夥)), a certified public accounting firm registered in the PRC. No audited financial statements have been prepared for the years ended 31 December 2022 and 2023 as it was not subject to any statutory audit requirements under the relevant rules and regulations in its jurisdictions of incorporation.

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board (the “IASB”). All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2025, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention except for investments measured at fair value through profit or loss, derivative financial instruments which have been measured at fair value.

Basis of consolidation

The Historical Financial Information includes the financial statements of the Group for the Relevant Periods. 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.

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2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not applied the following new and amended IFRS 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 IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	<i>Presentation and Disclosure in Financial Statements²</i>
IFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosures²</i>
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments¹</i>
Amendments to IFRS 9 and IFRS 7	<i>Contracts Referencing Nature-dependent Electricity¹</i>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture³</i>
<i>Annual Improvements to IFRS Accounting Standards — Volume 11</i>	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 ¹
Amendments to IAS 21	<i>Translation to a Hyperinflationary Presentation Currency²</i>

¹ Effective for annual periods beginning on or after 1 January 2026

² Effective for annual/reporting periods beginning on or after 1 January 2027

³ No mandatory effective date yet determined but available for adoption

IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 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 IAS 1 are moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as IAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 *Statement of Cash Flows*, IAS 33 *Earnings per Share* and IAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other IFRS Accounting Standards. IFRS 18 and the consequential amendments to other IFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The application of IFRS 18 is not expected to have material impact on the financial position of the Group but is expected to affect the presentation of the statements of profit or loss and disclosures.

The Group has already commenced an assessment of the impact of these new and revised IFRS, 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 IFRS Accounting Standards become effective.

2.3 MATERIAL ACCOUNTING POLICIES

Investments in associates

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group’s investments in associates are stated in the consolidated statement of financial position at the Group’s share of net assets under the equity method of accounting, less any impairment losses. The Group’s share of the post-acquisition results and other comprehensive income of associates is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group’s investments in the associates, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates is included as part of the Group’s investments in associates.

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If an investment in an associate becomes an investment in joint ventures or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

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. This includes the separation of embedded derivatives in host contracts of the acquiree.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Fair value measurement

The Group measures its structured deposits, wealth management products, derivative financial instruments and equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for a non-financial asset is required (other than inventories, deferred tax assets and non-current 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.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

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 reporting period 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 profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person’s family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;
- or
- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);

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- (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, other than construction in progress, 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:

Buildings	4.5%
Machinery	9% to 30%
Office equipment and electronic devices.	18% to 30%
Vehicles	18% to 30%
Leasehold improvements	Shorter of the remaining lease terms and estimated useful lives

Where parts of an item of property, plant and equipment have different useful lives, the cost 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.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment properties

Investment properties are interests in land and buildings (including the leasehold property held as a right-of-use asset which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less any impairment loss and are depreciated on the straight-line basis over their estimated useful lives.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

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Intangible assets (other than goodwill)

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 finite. 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 is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 2 to 5 years.

Research and development expenses

All research and development expenses are charged to profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products, commencing from the date when the products are put into commercial production.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group 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	50 years
Buildings	1 to 10 years
Plant and machinery	1 to 10 years
Motor vehicles	1 to 10 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.

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(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 and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as an operating lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Group’s business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for “Revenue recognition” below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest (“SPPI”) on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

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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, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are 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.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment occurs if there is a change in the terms of the contract that significantly modifies the cash flows.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately.

The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily 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.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group’s continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group 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 each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at 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 and bills 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.

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Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, 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.

The Group’s financial liabilities include trade and bills payables, financial liabilities included in other payables and accruals, derivative financial instruments and interest-bearing bank borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and bills payables, financial liabilities included in other payables and accruals and interest-bearing bank borrowings 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.

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge.

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The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is “an economic relationship” between the hedged item and the hedging instrument.
- The effect of credit risk does not “dominate the value changes” that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges which meet all the qualifying criteria for hedge accounting are accounted for as follows:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The amounts accumulated in other comprehensive income are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in other comprehensive income for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment to which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in other comprehensive income is reclassified to the statement of profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect the statement of profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in other comprehensive income must remain in accumulated other comprehensive income if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to the statement of profit or loss as a reclassification adjustment. After the discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated other comprehensive income is accounted for depending on the nature of the underlying transaction as described above.

Treasury shares

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in the statement of profit or loss on the purchase, sale, issue or cancellation of the Group’s own equity instruments.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

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For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group’s cash management.

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 the reporting period, 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 the reporting period 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 and associates, 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, associates and 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 reporting period 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 reporting period 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 the reporting period.

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.

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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 or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

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.

(a) Sale of smartphones, tablets, AIoT products and other electronic equipment

The Group sells smartphones, tablets, AIoT products and other electronic equipment to customers. Revenue from the sale of products is recognised at the point in time when control of the products is transferred to the customer, generally when the products are delivered to the customer, and there is no unfulfilled obligation that could affect the customer’s acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The Group sells products to a customer who is also the supplier of key materials used in the manufacturing of products. The Group obtains the control of the materials purchased from the customer and provides significant services to integrate materials with other goods and services into a portfolio of outputs. The Group considered itself as a principal in the arrangement and accordingly recognises revenue on a gross basis.

(b) Provision of R&D and technical services

The Group recognises revenue from the R&D and technical services at a point in time when the relevant services are rendered and acknowledged for receipt by the customers.

(c) Contract manufacturing services

The Group provides processing services and charges processing fees exclusively. Revenue is recognised at a point in time when the finished products meet the delivery criteria and are transferred to customers.

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

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.

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Dividend income

Dividend income is recognised when the shareholders’ right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

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).

Share-based payments

Several employee incentive schemes are operated for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services 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 based on a recent transaction price, further details of which are given in note 32 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 schemes

The employees of the Company and the Group’s subsidiaries which operate in the Chinese mainland are required to participate in a central pension schemes operated by the local municipal government. These subsidiaries are 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.

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Housing fund and other social insurances

The Group has participated in defined social security contribution schemes for its employees pursuant to the relevant laws and regulations of the PRC. These include housing fund, basic medical insurance, unemployment insurance, injury insurance and maternity insurance. The Group makes monthly contributions to the housing fund and other social insurances. The contributions are charged to profit or loss on an accrual basis. The Group’s liability in respect of these funds is limited to the contributions payable in each reporting period.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other 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.

Foreign currencies

The Historical Financial Information is presented in RMB, which is the Company’s 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 the reporting period. 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).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

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:

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Principal versus agent considerations

The Group sells products to a customer who is also the supplier of key materials used in the manufacturing of products. The Group needs to determine whether it is a principal or an agent in these transactions by evaluating the nature of its promise to the customer. The Group is a principal and therefore records revenue on a gross basis if it controls promised goods before transferring the goods to the customer. Otherwise, the Group is an agent and records as revenue the net amount that it retains for its agency services if its role is to arrange to provide the goods. To assess whether the Group controls the goods before they are transferred to the customer, the Group has considered various factors, including but not limited to whether the Group (i) is the principal in the arrangement, (ii) has general inventory risk, (iii) has latitude in establishing the selling price and (iv) has significant involvement in the determination of product and service specifications.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be 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.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, 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.

Share-based payments

The Group operates employee incentive schemes for the purpose of providing incentives to the Company’s directors and the Group’s employees. The grant date fair value of the shares of the employee incentive schemes was determined based on investors’ recent capital injection price. Further details are contained in note 32 to the Historical Financial Information.

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 days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating).

The provision matrix is initially based on the Group’s historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (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.

Impairment of inventories

The Group periodically assesses the net realisable value of its inventories and provides for inventory impairment based on the difference between the cost of the inventory and the net realisable value. When estimating the net realisable value of inventories, management considers the purpose for which the inventories are held, as well as future use or sales as the basis for estimation. Where the expectation is different from the original estimate, such difference will impact on the carrying value of the inventories and write-down of inventories in the period in which such estimates have been changed.

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Fair value measurement for unlisted investments

The Group made unlisted investments in a wide variety of companies and those investments are accounted for as financial assets at fair value through profit or loss. The fair values of those investments are determined using valuation techniques and the Group exercises judgement to select a variety of methods and makes assumptions that are mainly based on market conditions existing at the end of each reporting date. Further details are included in note 41. Should any of the estimates and assumptions change, it may lead to a material change in the respective fair values of these financial assets.

4. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the manufacture and sale of smartphones, tablets, AIoT products and other electronic equipment and the provision of R&D and technical services. Information reported to the Group’s chief operating decision maker, for the purpose of resource allocation and performance assessment, focuses on the operating results of the Group as a whole as the Group’s resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

Geographical information

(a) *Revenue from external customers*

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Chinese mainland	22,279,637	23,392,783	31,406,597	23,041,794	19,065,646
Overseas.	7,063,515	3,792,281	14,975,875	11,879,066	12,265,957
Total revenue.	<u>29,343,152</u>	<u>27,185,064</u>	<u>46,382,472</u>	<u>34,920,860</u>	<u>31,331,603</u>

The revenue information above is based on the locations of the customers.

(b) *Non-current assets*

Information about the Group’s non-current assets excluding deferred tax assets and financial instruments is presented based on the geographical locations of the assets.

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Chinese mainland	2,212,436	2,583,074	2,905,348	2,895,330
Overseas.	600,708	806,410	848,982	1,261,881
Total non-current assets	<u>2,813,144</u>	<u>3,389,484</u>	<u>3,754,330</u>	<u>4,157,211</u>

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Information about major customers

External customers that contributed over 10% of total revenue of the Group during each of the Relevant Periods and the nine months ended 30 September 2024 were as follows:

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Customer A	13,357,127	11,519,947	17,261,692	12,764,718	8,953,639
Customer C	6,387,885	*	6,903,382	5,301,053	4,035,523
Customer F	*	2,989,087	*	*	*
Customer D	*	2,832,977	*	*	*
Customer B	*	*	8,012,394	6,398,595	7,236,973

* Less than 10% of the Group’s revenue

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Revenue from contracts with customers	<u>29,343,152</u>	<u>27,185,064</u>	<u>46,382,472</u>	<u>34,920,860</u>	<u>31,331,603</u>

Revenue from contracts with customers

(a) Disaggregated revenue information

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Types of goods or services					
Smartphones	24,265,640	21,821,620	36,132,747	27,885,130	21,704,132
Tablets	2,798,156	2,509,102	3,696,313	2,542,749	2,990,404
AIoT and other products . .	1,887,127	2,510,561	5,573,138	3,837,130	5,603,482
Others	392,229	343,781	980,274	655,851	1,033,585
Total	<u>29,343,152</u>	<u>27,185,064</u>	<u>46,382,472</u>	<u>34,920,860</u>	<u>31,331,603</u>
Geographical markets					
Chinese mainland	22,279,637	23,392,783	31,406,597	23,041,794	19,065,646
Overseas	7,063,515	3,792,281	14,975,875	11,879,066	12,265,957
Total	<u>29,343,152</u>	<u>27,185,064</u>	<u>46,382,472</u>	<u>34,920,860</u>	<u>31,331,603</u>
Timing of revenue recognition					
Transferred at a point in time	<u>29,343,152</u>	<u>27,185,064</u>	<u>46,382,472</u>	<u>34,920,860</u>	<u>31,331,603</u>

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The following table shows the amounts of revenue recognised in the Relevant Periods and the nine months ended 30 September 2024 that were included in the contract liabilities at the beginning of each of the Relevant Periods:

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period	<u>147,264</u>	<u>108,647</u>	<u>24,101</u>	<u>5,686</u>	<u>3,723</u>

(b) Performance obligations

Information about the Group’s performance obligations is summarised below:

Sale of products

The performance obligation is satisfied upon acceptance and payment generally varies between 30 days and 60 days.

Provision of services

The performance obligation is satisfied at the point in time once the services are completed and accepted by customers based on the milestones achieved. Contract price is usually paid by customers within 30 to 60 days.

All amounts of transaction prices allocated to the performance obligations of the sale of products and provision of services are expected to be recognised as revenue within one year. The Group has no significant unsatisfied performance obligations arising from revenue contracts that have an original expected duration of more than one year, thus management applied the practical expedient under IFRS 15 and has not disclosed the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied or partially satisfied at the end of each reporting period.

An analysis of other income and gains is as follows:

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Other income					
Government grants	138,715	135,415	179,320	146,433	216,035
Interest income	102,502	139,912	160,361	105,311	96,866
Value-added tax additional deduction . .	–	639	214,154	168,804	96,294
Others	<u>2,192</u>	<u>2,999</u>	<u>12,973</u>	<u>7,504</u>	<u>5,554</u>
Total other income	<u>243,409</u>	<u>278,965</u>	<u>566,808</u>	<u>428,052</u>	<u>414,749</u>

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	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Gains					
Fair value changes of investments measured at fair value through profit or loss, net	–	30,687	517	–	95,204
Gain on disposal of investments measured at fair value through profit or loss, net	7,675	–	6,630	13,047	5,116
Gain on settlement of derivative financial instruments	–	–	4,531	270	20,951
Others	–	–	161	6	–
Total gains	<u>7,675</u>	<u>30,687</u>	<u>11,839</u>	<u>13,323</u>	<u>121,271</u>
Total other income and gains	<u>251,084</u>	<u>309,652</u>	<u>578,647</u>	<u>441,375</u>	<u>536,020</u>

6. PROFIT BEFORE TAX

The Group’s profit before tax is arrived at after charging/(crediting):

Notes	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Cost of inventories and services*	25,743,870	23,414,089	42,152,365	31,829,950	27,285,808
Depreciation of property, plant and equipment	13 236,512	270,909	338,922	256,571	294,863
Amortisation of other intangible assets	16 23,641	24,463	22,787	17,160	16,709
Depreciation of right-of-use assets	15 61,107	74,116	84,567	68,860	70,699
Depreciation of investment properties	14 137	137	137	103	104
Research and development expenses*	459,448	562,641	762,721	505,615	761,177
[REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Lease payments not included in the measurement of lease liabilities	15 44,797	56,504	81,636	55,374	54,599
Employee benefit expense (including directors’, chief executive’s and supervisors’ remuneration (note 8)):					
Wages and salaries	1,783,633	1,813,186	2,242,498	1,519,062	2,099,334
Share-based payments	58,239	69,629	71,634	56,294	88,593
Pension scheme contributions and social welfare	345,497	360,652	424,673	334,907	426,125
Impairment of prepayments . . .	–	–	39,111	–	–

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	<i>Notes</i>	Year ended 31 December			Nine months ended 30 September	
		2022	2023	2024	2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(Unaudited)</i>	<i>RMB'000</i>
Impairment losses on inventories	20	103,691	66,909	70,970	67,349	65,730
Loss on disposal of items of property, plant and equipment, and other intangible assets		12,797	12,398	2,531	2,455	8,797
Fair value changes in investments measured at fair value through profit or loss, net.		37,666	(30,687)	(517)	10,871	(95,204)
Gain on disposal of investments measured at fair value through profit or loss, net.		(7,675)	–	(6,630)	(13,047)	(5,116)
Loss/(gain) on settlement of derivative financial instruments		5,626	20,095	(4,531)	(270)	(20,951)

* The depreciation of property, plant and equipment, the depreciation of right-of-use assets and the amortisation of other intangible assets related to manufacturing and research and development for the Relevant Periods and the nine months ended 30 September 2024 are included in “Depreciation of property, plant and equipment”, “Depreciation of right-of-use assets” and “Amortisation of other intangible assets”, respectively. The employees costs related to manufacturing and research and development for the Relevant Periods and the nine months ended 30 September 2024 are included in “Employee benefit expense”. Share-based payments related to manufacturing and research and development for the Relevant Periods and the nine months ended 30 September 2024 are included in “Share-based payments”.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(Unaudited)</i>	<i>RMB'000</i>
Interest on interest-bearing bank borrowings	32,583	38,521	63,972	54,033	41,469
Interest on lease liabilities.	5,365	6,683	9,824	7,269	7,313
Less: Interest capitalised	–	(5,308)	(6,271)	(5,022)	(5,760)
Total	<u>37,948</u>	<u>39,896</u>	<u>67,525</u>	<u>56,280</u>	<u>43,022</u>

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8. DIRECTORS’, CHIEF EXECUTIVE’S AND SUPERVISORS’ REMUNERATION

The remuneration paid or payable to directors and supervisors of the Company during the Relevant Periods and the nine months ended 30 September 2024 is as follows:

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000 (Unaudited)	RMB’000
Fees	360	360	360	270	290
Other emoluments:					
Salaries, allowances and bonuses	7,404	7,484	7,102	5,362	6,188
Share-based payment expenses	7	12	12	9	173
Pension scheme contributions and social welfare	717	783	826	618	670
Subtotal	8,128	8,279	7,940	5,989	7,031
Total	8,488	8,639	8,300	6,259	7,321

* Certain executive directors of the Company are entitled to bonus payments which are determined by key performance indicators.

During the Relevant Periods and the nine months ended 30 September 2024, certain directors and supervisors were granted restricted shares, in respect of their services to the Group, under the employee incentive scheme of the Company, further details of which are set out in note 32 to the Historical Financial Information. The difference between the fair value of the shares granted and the subscription price was recorded in the share-based payment reserve within equity with the corresponding “share-based payment expenses” recognised in profit or loss over the vesting period. The amounts of the share-based payment expenses during the Relevant Periods and the nine months ended 30 September 2024 are included in the above directors’, chief executive’s and supervisors’ remuneration disclosures.

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the Relevant Periods and the nine months ended 30 September 2024 were as follows:

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000 (Unaudited)	RMB’000
Mr. Shen Jianxin (i).	120	120	120	90	90
Mr. Kang Zhijun (i)	120	120	120	90	60
Mr. Yang Chuan (i)	120	120	120	90	90
Ms. Niu Shuangxia (ii)	—	—	—	—	50
Total	360	360	360	270	290

(i) Mr. Shen Jianxin, Mr. Kang Zhijun and Mr. Yang Chuan were appointed as independent non-executive directors in January 2022. Mr. Kang Zhijun resigned in June 2025.

(ii) Ms. Niu Shuangxia was appointed as an independent non-executive director in June 2025.

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There were no other emoluments payable to the independent non-executive directors during the Relevant Periods and the nine months ended 30 September 2024.

(b) Chief executive, directors and supervisors

	Salaries, allowances and bonuses	Share-based payment expenses	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2022				
Directors:				
Mr. Du Junhong	705	—	107	812
Mr. Ge Zhengang	2,384	—	134	2,518
Mr. Guan Yadong	1,618	5	134	1,757
Mr. Wang Boliang (i)	1,205	—	134	1,339
Mr. Liu De	—	—	—	—
Mr. Wang Cunfu	—	—	—	—
	5,912	5	509	6,426
Supervisors:				
Ms. Qin Yanling	1,183	2	134	1,319
Mr. Xu Wei (ii)	—	—	—	—
Ms. Tai Lili (iii)	309	—	74	383
	1,492	2	208	1,702
Total	7,404	7	717	8,128

	Salaries, allowances and bonuses	Share-based payment expenses	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2023				
Directors:				
Mr. Du Junhong	1,015	—	118	1,133
Mr. Ge Zhengang	2,433	—	148	2,581
Mr. Guan Yadong	1,460	8	144	1,612
Mr. Wang Boliang (i)	1,182	—	144	1,326
Mr. Liu De	—	—	—	—
Mr. Wang Cunfu	—	—	—	—
	6,090	8	554	6,652
Supervisors:				
Ms. Qin Yanling	1,061	4	144	1,209
Mr. Xu Wei (ii)	—	—	—	—
Ms. Tai Lili (iii)	333	—	85	418
	1,394	4	229	1,627
Total	7,484	12	783	8,279

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	Salaries, allowances and bonuses	Share-based payment expenses	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2024				
Directors:				
Mr. Du Junhong	1,451	—	131	1,582
Mr. Ge Zhengang	2,400	—	162	2,562
Mr. Guan Yadong	1,372	8	145	1,525
Mr. Wang Boliang (i)	522	—	145	667
Mr. Liu De	—	—	—	—
Mr. Wang Cunfu	—	—	—	—
	5,745	8	583	6,336
Supervisors:				
Ms. Qin Yanling	1,049	4	145	1,198
Mr. Xu Wei (ii)	—	—	—	—
Ms. Tai Lili (iii)	308	—	98	406
	1,357	4	243	1,604
Total	7,102	12	826	7,940

	Salaries, allowances and bonuses	Share-based payment expenses	Pension scheme contributions and social welfare	Total remuneration
	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)

Nine months ended 30 September
2024

Directors:				
Mr. Du Junhong	1,082	—	98	1,180
Mr. Ge Zhengang	1,794	—	121	1,915
Mr. Guan Yadong	1,029	6	109	1,144
Mr. Wang Boliang (i)	442	—	109	551
Mr. Liu De	—	—	—	—
Mr. Wang Cunfu	—	—	—	—
	4,347	6	437	4,790
Supervisors:				
Ms. Qin Yanling	788	3	109	900
Mr. Xu Wei (ii)	—	—	—	—
Ms. Tai Lili (iii)	227	—	72	299
	1,015	3	181	1,199
Total	5,362	9	618	5,989

	Salaries, allowances and bonuses	Share-based payment expenses	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000

Nine months ended 30 September
2025

Directors:				
Mr. Du Junhong	1,719	—	137	1,856
Mr. Ge Zhengang	1,892	—	122	2,014
Mr. Guan Yadong	1,029	6	114	1,149
Mr. Wang Boliang (i)	433	—	73	506
Ms. Qin Yanling (iv)	348	85	49	482
Mr. Liu De (v)	—	—	—	—
Mr. Wang Cunfu (v)	—	—	—	—
	5,421	91	495	6,007

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	Salaries, allowances and bonuses	Share-based payment expenses	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000
Supervisors:				
Ms. Qin Yanling (iv)	441	2	61	504
Mr. Zhang Lugang (vi)	172	80	61	313
Mr. Xu Wei (ii)	—	—	—	—
Ms. Tai Lili (iii)	154	—	53	207
	<u>767</u>	<u>82</u>	<u>175</u>	<u>1,024</u>
Total	<u>6,188</u>	<u>173</u>	<u>670</u>	<u>7,031</u>

- (i) In November 2022, Mr. Wang Boliang was appointed as a director of the Company. Mr. Wang Boliang resigned in June 2025.
- (ii) In January 2022, Mr. Xu Wei was appointed as a supervisor of the Company. Mr. Xu Wei resigned in February 2025.
- (iii) In January 2022, Ms. Tai Lili was appointed as a supervisor of the Company.
- (iv) In June 2025, Ms. Qin Yanling was appointed as a director of the Company.
- (v) Mr. Liu De and Mr. Wang Cunfu resigned in February 2025.
- (vi) In February 2025, Mr. Zhang Lugang was appointed as a supervisor of the Company.

Pursuant to a resolution of the shareholders’ meeting in June 2025, the Company resolved to dissolve the board of supervisors.

There was no arrangement under which a director, the chief executive or a supervisor waived or agreed to waive any remuneration during the Relevant Periods and the nine months ended 30 September 2024.

9. FIVE HIGHEST PAID EMPLOYEES

None of the five individuals with the highest emoluments in the Group during the Relevant Periods and the nine months ended 30 September 2024 were directors or supervisors. Details of the remuneration for the Relevant Periods and the nine months ended 30 September 2024 of the highest paid employees who are neither a director nor supervisor of the Company are as follows:

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Salaries, allowances and bonuses	7,459	8,661	7,844	4,623	4,722
Share-based payment expenses	22,798	24,188	24,607	19,526	26,446
Pension scheme contributions	<u>671</u>	<u>719</u>	<u>733</u>	<u>521</u>	<u>566</u>
Total	<u>30,928</u>	<u>33,568</u>	<u>33,184</u>	<u>24,670</u>	<u>31,734</u>

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The numbers of non-director, non-chief executive and non-supervisor highest paid employees whose remuneration fell within the following bands are as follows:

	Number of employees				
	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	<i>(Unaudited)</i>				
HKDnil to HKD3,500,000	1	1	–	2	–
HKD3,500,001 to HKD4,000,000	2	–	1	1	–
HKD4,000,001 to HKD4,500,000	–	1	1	1	–
HKD4,500,001 to HKD5,000,000	1	–	–	–	1
HKD5,000,001 to HKD5,500,000	–	2	2	–	2
HKD5,500,001 to HKD6,000,000	–	–	–	–	1
HKD12,000,001 to HKD12,500,000	–	–	–	1	–
HKD14,000,001 to HKD14,500,000	–	–	–	–	1
HKD14,500,001 to HKD15,000,000	1	–	1	–	–
HKD15,000,001 to HKD15,500,000	–	1	–	–	–
Total	5	5	5	5	5
	=	=	=	=	=

10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and/or operate.

Chinese mainland

Pursuant to the income tax rules and regulations of the PRC, the provision for PRC income tax for the group entities is calculated based on the statutory tax rate of 25% during the Relevant Periods and the nine months ended 30 September 2024, except for the Company and certain subsidiaries of the Group in the Chinese mainland which are registered as High and New Technology Enterprises (“HNTes”) pursuant to the PRC tax regulations and are entitled to a preferential tax rate of 15% for the years ended 31 December, 2022, 2023 and 2024 and the nine months ended 30 September 2025.

Certain subsidiaries of the Group have applied the Small-Scaled Minimal Profit Corporate Income Tax Preferential Policy, and pursuant to which 25% of these subsidiaries’ annual taxable income amount not exceeding RMB3,000,000 was applied to compute the actual taxable income payable and be levied at a reduced tax rate of 20%.

The Company and Shanghai Miaobo Software Technology Co., Ltd. were accredited as HNTes in the previous year and reapplied for the certificate in 2023. The certification was valid for three years, therefore, for each of the Relevant Periods and the nine months ended 30 September 2024, the Company and Shanghai Miaobo Software Technology Co., Ltd. were entitled to a preferential PRC corporate income tax rate of 15%. Shanghai Longcheer Intelligent Technology Co., Ltd. was accredited as an HNTe on 12 December 2023 and entitled to a preferential PRC corporate income tax rate of 15% for the years ended 31 December 2023 and 2024 and the nine months ended 30 September 2024 and 2025. Longcheer Electronics (Huizhou) Co., Ltd. was accredited as an HNTe on 12 December 2023 and entitled to a preferential PRC corporate income tax rate of 15% for the year ended 31 December 2024 and the nine months ended 30 September 2025.

Hong Kong

The subsidiaries incorporated in Hong Kong were subject to Hong Kong profits tax at the rate of 16.5% on the estimated taxable income arising in Hong Kong during the Relevant Periods and the nine months ended 30 September 2024.

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The United States

Pursuant to the relevant tax laws, the subsidiary incorporated in the United States was subject to federal corporation income tax at the rate of 21% on its federal taxable income as well as California state corporate income tax at the rate of 8.84% (minimum tax of USD800) on its California taxable income during the Relevant Periods and the nine months ended 30 September 2024.

India

Pursuant to the relevant tax laws, the subsidiary incorporated in India was subject to corporate income tax at a rate of 22% during the Relevant Periods and the nine months ended 30 September 2024.

Malaysia

Pursuant to the relevant tax laws, the subsidiaries incorporated in Malaysia were subject to corporate income tax at a rate of 24% during the Relevant Periods and the nine months ended 30 September 2024. The subsidiaries incorporated in Malaysia were registered in Labuan and according to local policies, offshore income is exempt from corporate income tax.

Republic of Korea

Pursuant to the relevant tax laws, the subsidiary incorporated in the Republic of Korea was subject to corporate income tax at a progressive tax rate of 10% to 25% according to the annual pre-tax profit in 2022 and at a progressive tax rate of 9% to 24% according to the annual pre-tax profit for the year ended 31 December 2023 and 2024, the nine months ended 30 September 2024 and 2025.

Vietnam

Pursuant to the relevant tax laws, the subsidiary located in Vietnam was subject to corporate income tax at a rate of 20% during the Relevant Periods and the nine months ended 30 September 2024. No profit tax has been provided for the subsidiary incorporated in Vietnam as no assessable profits were generated in Vietnam during the Relevant Periods and the nine months ended 30 September 2024.

Japan

The subsidiary incorporated in Japan was subject to corporate tax at the rate of 15% for ordinary corporation with capital of less than 100 million yen and taxable income not exceeding 8 million yen during the Relevant Periods and the nine months ended 30 September 2024.

Singapore

Pursuant to the relevant tax laws, the subsidiary located in Singapore was subject to corporate income tax at a rate of 17% during the Relevant Periods and the nine months ended 30 September 2024.

The income tax expense of the Group for the Relevant Periods and the nine months ended 30 September 2024 is analysed as follows:

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Current — Chinese mainland	30,635	47,538	52,800	28,755	52,610
Current — Elsewhere	5,612	3,702	10,831	5,083	14,310
Deferred tax expense (<i>note 19</i>)	(9,442)	(2,871)	(42,977)	(3,204)	(31,516)
Total tax expense for the year/period	<u>26,805</u>	<u>48,369</u>	<u>20,654</u>	<u>30,634</u>	<u>35,404</u>

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A reconciliation of the tax expense applicable to profit before tax at the preferential tax rate for the jurisdiction in which the Company and the majority of its subsidiaries are domiciled and/or operate to the tax expense at the effective tax rates, are as follows:

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i>
Profit before tax	588,318	651,080	514,004	456,062	549,888
Tax at the preferential tax rate of 15%	88,248	97,662	77,101	68,409	82,483
Impact of different tax rates on subsidiaries . . .	23,259	10,258	12,805	19,752	10,295
Effect on opening deferred tax of decrease in rates .	–	–	6,768	–	–
Adjustments in respect of current income tax of previous periods . . .	(711)	–	1,050	1,973	(1,913)
Expenses not deductible for tax (a)	15,265	14,504	14,488	14,417	15,121
Income not subject to tax .	(10,666)	(7,639)	(10,746)	(2,514)	(19,172)
Utilisation of tax losses not recognised from previous periods	(4,747)	–	(11,845)	(21,348)	(240)
Tax losses and deductible temporary differences not recognised	38,100	22,390	10,988	19,434	28,440
Additional deduction on research and development expenses (b)	(121,427)	(87,308)	(78,933)	(68,958)	(79,042)
Others	(516)	(1,498)	(1,022)	(531)	(568)
Tax expense at the Group’s effective tax rate	26,805	48,369	20,654	30,634	35,404

(a) Expenses not deductible for tax mainly include the tax effect of share-based payments and non-deductible business entertainment expenses.

(b) The additional deduction allowance was for qualified research and development expenses. According to the relevant laws and regulations promulgated by the State Taxation Administration of the Chinese mainland, certain enterprise engaging in research and development activities is entitled to claim 175% of their research and development expenses incurred as tax deductible expenses when determining their assessable profits for the nine months ended 30 September 2022 and other enterprises are entitled to claim 200%. According to the relevant laws and regulations, starting from 1 October 2022, the aforementioned deduction rate increased to 200% for all enterprises.

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11. DIVIDENDS

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Dividends for ordinary shareholders of the Company recognised as distribution during the year/period:					
Interim dividend (<i>note i</i>)	293,014	—	—	—	—
Final dividend (<i>note ii, note iii, note iv</i>)	162,039	—	232,548	232,548	228,798
Total	455,053	—	232,548	232,548	228,798

Notes:

- (i) On 1 November 2022, the Company declared a cash dividend distribution for the first half of 2022, amounting to RMB7.23 (inclusive of related tax) for every 10 ordinary shares to the shareholders based on the total number of shares of 405,096,544 as at 30 June 2022.
- (ii) On 20 April 2022, the Company declared a cash dividend distribution for 2021, amounting to RMB4.00 (inclusive of related tax) for every 10 ordinary shares to the shareholders based on the total number of shares of 405,096,544 as at 31 December 2021.
- (iii) On 20 May 2024, the final dividend of RMB5.00 (inclusive of related tax) for every 10 ordinary shares to the shareholders based on the total number of shares of 465,096,544 was approved by the annual general meeting of the Company.
- (iv) On 15 May 2025, a resolution to declare cash dividends was passed by the shareholders in the annual general meeting for year ended 31 December 2024 with the amount of RMB5 per 10 ordinary shares (inclusive of related tax).
- (v) No dividend was declared by the Company during the year ended 31 December 2023.

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 Relevant Periods and the nine months ended 30 September 2024 attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares outstanding during the Relevant Periods and the nine months ended 30 September 2024.

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Earnings					
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation.	561,301	605,316	501,132	430,855	507,275

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	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(Unaudited)</i>	<i>RMB'000</i>
Shares					
Weighted average number ('000) of ordinary shares outstanding during the year/period	<u>405,097</u>	<u>405,097</u>	<u>455,097</u>	<u>451,764</u>	<u>461,140</u>
Earnings per share					
Basic and diluted (RMB)	<u>1.39</u>	<u>1.49</u>	<u>1.10</u>	<u>0.95</u>	<u>1.10</u>

* The weighted average number of shares was after taking into account the effect of treasury shares held.

The Group had no potentially dilutive ordinary shares in issue for the year ended 31 December 2022, 2023 and 2024 and the nine months ended 30 September 2024.

Potential dilutive ordinary shares issued for the nine months ended 30 September 2025 had no dilutive effect.

13. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	Machinery	Office equipment and electronic devices	Vehicles	Leasehold improvements	Construction in progress	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2022							
At 1 January 2022							
Cost	362,559	1,080,877	199,556	4,741	8,505	–	1,656,238
Accumulated depreciation	<u>(56,667)</u>	<u>(311,619)</u>	<u>(114,645)</u>	<u>(4,543)</u>	<u>–</u>	<u>–</u>	<u>(487,474)</u>
Net carrying amount . .	<u>305,892</u>	<u>769,258</u>	<u>84,911</u>	<u>198</u>	<u>8,505</u>	<u>–</u>	<u>1,168,764</u>
At 1 January 2022, net of accumulated depreciation	305,892	769,258	84,911	198	8,505	–	1,168,764
Additions	1,931	547,453	42,543	1,015	25,082	70,927	688,951
Transfers	–	3,510	–	–	–	(3,510)	–
Disposals	–	(17,554)	(5,332)	(33)	–	–	(22,919)
Depreciation provided during the year	<u>(17,082)</u>	<u>(173,354)</u>	<u>(34,829)</u>	<u>(563)</u>	<u>(10,684)</u>	<u>–</u>	<u>(236,512)</u>
At 31 December 2022, net of accumulated depreciation	<u>290,741</u>	<u>1,129,313</u>	<u>87,293</u>	<u>617</u>	<u>22,903</u>	<u>67,417</u>	<u>1,598,284</u>
At 31 December 2022							
Cost	364,490	1,593,814	230,439	4,977	33,587	67,417	2,294,724
Accumulated depreciation	<u>(73,749)</u>	<u>(464,501)</u>	<u>(143,146)</u>	<u>(4,360)</u>	<u>(10,684)</u>	<u>–</u>	<u>(696,440)</u>
Net carrying amount . .	<u>290,741</u>	<u>1,129,313</u>	<u>87,293</u>	<u>617</u>	<u>22,903</u>	<u>67,417</u>	<u>1,598,284</u>

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	Buildings	Machinery	Office equipment and electronic devices	Vehicles	Leasehold improvements	Construction in progress	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2023							
At 1 January 2023							
Cost	364,490	1,593,814	230,439	4,977	33,587	67,417	2,294,724
Accumulated depreciation	(73,749)	(464,501)	(143,146)	(4,360)	(10,684)	–	(696,440)
Net carrying amount . .	<u>290,741</u>	<u>1,129,313</u>	<u>87,293</u>	<u>617</u>	<u>22,903</u>	<u>67,417</u>	<u>1,598,284</u>
At 1 January 2023, net of accumulated depreciation	290,741	1,129,313	87,293	617	22,903	67,417	1,598,284
Additions	551	303,200	37,496	3,558	12,959	371,998	729,762
Transfers	3,838	5,223	–	–	–	(9,061)	–
Disposals	–	(13,341)	(3,485)	(354)	–	–	(17,180)
Depreciation provided during the year	(17,155)	(208,936)	(32,447)	(782)	(11,589)	–	(270,909)
At 31 December 2023, net of accumulated depreciation	<u>277,975</u>	<u>1,215,459</u>	<u>88,857</u>	<u>3,039</u>	<u>24,273</u>	<u>430,354</u>	<u>2,039,957</u>
At 31 December 2023							
Cost	368,879	1,870,406	258,596	8,162	35,862	430,354	2,972,259
Accumulated depreciation	(90,904)	(654,947)	(169,739)	(5,123)	(11,589)	–	(932,302)
Net carrying amount . .	<u>277,975</u>	<u>1,215,459</u>	<u>88,857</u>	<u>3,039</u>	<u>24,273</u>	<u>430,354</u>	<u>2,039,957</u>

	Buildings	Machinery	Office equipment and electronic devices	Vehicles	Leasehold improvements	Construction in progress	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2024							
At 1 January 2024							
Cost	368,879	1,870,406	258,596	8,162	35,862	430,354	2,972,259
Accumulated depreciation	(90,904)	(654,947)	(169,739)	(5,123)	(11,589)	–	(932,302)
Net carrying amount . .	<u>277,975</u>	<u>1,215,459</u>	<u>88,857</u>	<u>3,039</u>	<u>24,273</u>	<u>430,354</u>	<u>2,039,957</u>
At 1 January 2024, net of accumulated depreciation	277,975	1,215,459	88,857	3,039	24,273	430,354	2,039,957
Additions	–	367,944	37,363	5,148	32,988	266,995	710,438
Transfers	368,927	15,697	–	–	12,388	(397,012)	–
Disposals	–	(4,095)	(1,581)	–	–	–	(5,676)
Depreciation provided during the year	(25,225)	(261,217)	(31,617)	(1,140)	(19,723)	–	(338,922)
At 31 December 2024, net of accumulated depreciation	<u>621,677</u>	<u>1,333,788</u>	<u>93,022</u>	<u>7,047</u>	<u>49,926</u>	<u>300,337</u>	<u>2,405,797</u>
At 31 December 2024							
Cost	737,806	2,240,051	290,327	13,159	69,649	300,337	3,651,329
Accumulated depreciation	(116,129)	(906,263)	(197,305)	(6,112)	(19,723)	–	(1,245,532)
Net carrying amount . .	<u>621,677</u>	<u>1,333,788</u>	<u>93,022</u>	<u>7,047</u>	<u>49,926</u>	<u>300,337</u>	<u>2,405,797</u>

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	Buildings	Machinery	Office equipment and electronic devices	Vehicles	Leasehold improvements	Construction in progress	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
30 September 2025							
At 1 January 2025							
Cost	737,806	2,240,051	290,327	13,159	69,649	300,337	3,651,329
Accumulated depreciation	(116,129)	(906,263)	(197,305)	(6,112)	(19,723)	–	(1,245,532)
Net carrying amount . .	<u>621,677</u>	<u>1,333,788</u>	<u>93,022</u>	<u>7,047</u>	<u>49,926</u>	<u>300,337</u>	<u>2,405,797</u>
At 1 January 2025, net of accumulated depreciation	621,677	1,333,788	93,022	7,047	49,926	300,337	2,405,797
Additions	13,311	310,807	46,547	1,333	16,545	319,487	708,030
Transfers	–	17,255	–	–	–	(17,255)	–
Disposals	–	(13,805)	(1,406)	(308)	–	–	(15,519)
Acquisition of a subsidiary	16,093	2	–	–	–	–	16,095
Depreciation provided during the period . .	<u>(25,765)</u>	<u>(225,733)</u>	<u>(22,872)</u>	<u>(1,024)</u>	<u>(19,469)</u>	<u>–</u>	<u>(294,863)</u>
At 30 September 2025, net of accumulated depreciation	<u>625,316</u>	<u>1,422,314</u>	<u>115,291</u>	<u>7,048</u>	<u>47,002</u>	<u>602,569</u>	<u>2,819,540</u>
At 30 September 2025							
Cost	767,210	2,527,049	329,965	13,478	86,194	602,569	4,326,465
Accumulated depreciation	(141,894)	(1,104,735)	(214,674)	(6,430)	(39,192)	–	(1,506,925)
Net carrying amount . .	<u>625,316</u>	<u>1,422,314</u>	<u>115,291</u>	<u>7,048</u>	<u>47,002</u>	<u>602,569</u>	<u>2,819,540</u>

The Company

	Machinery	Office equipment and electronic devices	Vehicles	Leasehold improvements	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2022					
At 1 January 2022					
Cost	70,787	61,002	2,250	5,211	139,250
Accumulated depreciation	<u>(50,742)</u>	<u>(40,679)</u>	<u>(1,963)</u>	<u>–</u>	<u>(93,384)</u>
Net carrying amount	<u>20,045</u>	<u>20,323</u>	<u>287</u>	<u>5,211</u>	<u>45,866</u>
At 1 January 2022, net of accumulated depreciation	20,045	20,323	287	5,211	45,866
Additions	41,787	10,231	265	2,077	54,360
Disposals	(691)	(1,498)	(83)	–	(2,272)
Depreciation provided during the year	<u>(7,108)</u>	<u>(8,005)</u>	<u>(62)</u>	<u>(6,625)</u>	<u>(21,800)</u>
At 31 December 2022, net of accumulated depreciation	<u>54,033</u>	<u>21,051</u>	<u>407</u>	<u>663</u>	<u>76,154</u>
At 31 December 2022					
Cost	111,820	68,250	1,697	7,288	189,055
Accumulated depreciation	<u>(57,787)</u>	<u>(47,199)</u>	<u>(1,290)</u>	<u>(6,625)</u>	<u>(112,901)</u>
Net carrying amount	<u>54,033</u>	<u>21,051</u>	<u>407</u>	<u>663</u>	<u>76,154</u>

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	Machinery	Office equipment and electronic devices	Vehicles	Leasehold improvements	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2023					
At 1 January 2023					
Cost	111,820	68,250	1,697	7,288	189,055
Accumulated depreciation	(57,787)	(47,199)	(1,290)	(6,625)	(112,901)
Net carrying amount	<u>54,033</u>	<u>21,051</u>	<u>407</u>	<u>663</u>	<u>76,154</u>
At 1 January 2023, net of accumulated depreciation	54,033	21,051	407	663	76,154
Additions	8,891	4,831	360	251	14,333
Disposals	(349)	(307)	–	–	(656)
Depreciation provided during the year	<u>(9,507)</u>	<u>(7,251)</u>	<u>(80)</u>	<u>(484)</u>	<u>(17,322)</u>
At 31 December 2023, net of accumulated depreciation	<u>53,068</u>	<u>18,324</u>	<u>687</u>	<u>430</u>	<u>72,509</u>
At 31 December 2023					
Cost	119,585	70,627	2,057	914	193,183
Accumulated depreciation	(66,517)	(52,303)	(1,370)	(484)	(120,674)
Net carrying amount	<u>53,068</u>	<u>18,324</u>	<u>687</u>	<u>430</u>	<u>72,509</u>

	Machinery	Office equipment and electronic devices	Vehicles	Leasehold improvements	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2024					
At 1 January 2024					
Cost	119,585	70,627	2,057	914	193,183
Accumulated depreciation	(66,517)	(52,303)	(1,370)	(484)	(120,674)
Net carrying amount	<u>53,068</u>	<u>18,324</u>	<u>687</u>	<u>430</u>	<u>72,509</u>
At 1 January 2024, net of accumulated depreciation	53,068	18,324	687	430	72,509
Additions	19,159	7,662	987	508	28,316
Disposals	–	(864)	–	–	(864)
Depreciation provided during the year	<u>(11,672)</u>	<u>(6,146)</u>	<u>(276)</u>	<u>(409)</u>	<u>(18,503)</u>
At 31 December 2024, net of accumulated depreciation	<u>60,555</u>	<u>18,976</u>	<u>1,398</u>	<u>529</u>	<u>81,458</u>
At 31 December 2024					
Cost	136,505	75,779	3,045	938	216,267
Accumulated depreciation	(75,950)	(56,803)	(1,647)	(409)	(134,809)
Net carrying amount	<u>60,555</u>	<u>18,976</u>	<u>1,398</u>	<u>529</u>	<u>81,458</u>

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	Machinery	Office equipment and electronic devices	Vehicles	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
30 September 2025					
At 1 January 2025					
Cost	136,505	75,779	3,045	938	216,267
Accumulated depreciation	(75,950)	(56,803)	(1,647)	(409)	(134,809)
Net carrying amount	<u>60,555</u>	<u>18,976</u>	<u>1,398</u>	<u>529</u>	<u>81,458</u>
At 1 January 2025, net of accumulated depreciation	60,555	18,976	1,398	529	81,458
Additions	17,907	12,890	60	6,168	37,025
Disposals	(44)	(272)	–	–	(316)
Depreciation provided during the period	<u>(10,031)</u>	<u>(4,833)</u>	<u>(218)</u>	<u>(429)</u>	<u>(15,511)</u>
At 30 September 2025, net of accumulated depreciation	<u>68,387</u>	<u>26,761</u>	<u>1,240</u>	<u>6,268</u>	<u>102,656</u>
At 30 September 2025					
Cost	153,777	87,331	3,105	7,106	251,319
Accumulated depreciation	(85,390)	(60,570)	(1,865)	(838)	(148,663)
Net carrying amount	<u>68,387</u>	<u>26,761</u>	<u>1,240</u>	<u>6,268</u>	<u>102,656</u>

14. INVESTMENT PROPERTIES

The Group

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at the beginning of the year/period	2,737	2,600	2,463	2,326
Depreciation charge	<u>(137)</u>	<u>(137)</u>	<u>(137)</u>	<u>(104)</u>
Carrying amount at the end of the year/period	<u>2,600</u>	<u>2,463</u>	<u>2,326</u>	<u>2,222</u>

The Group’s investment properties consist of several buildings, parking lots and retail stores leased to third parties under operating leases in Huizhou. The directors of the Company have determined the buildings to be investment properties based on the nature, characteristics and risks of each property.

15. LEASES

The Group as a lessee

The Group has lease contracts for various items of leasehold land, buildings, machinery and motor vehicles used in its operations. Leases of lump sum payments were made upfront to acquire the leasehold land from the owners with lease periods of 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of buildings, machinery and motor vehicles generally have lease terms between 1 and 10 years. Other equipment generally has lease terms of 12 months or less or is individually of low value. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

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(a) *Right-of-use assets*

The carrying amounts of the Group’s right-of-use assets and the movements during the Relevant Periods are as follows:

The Group

	Leasehold land	Buildings	Machinery	Motor vehicles	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
At 1 January 2022	31,330	99,524	128	58	131,040
Additions	414,513	120,261	–	–	534,774
Decrease arising from					
lease term termination	–	(16,097)	–	–	(16,097)
Depreciation charge	(1,929)	(58,992)	(128)	(58)	(61,107)
At 31 December 2022 and 1 January 2023	443,914	144,696	–	–	588,610
Additions	118	189,824	–	–	189,942
Decrease arising from					
lease term termination	–	(35,904)	–	–	(35,904)
Depreciation charge	(8,987)	(65,129)	–	–	(74,116)
Exchange realignment	–	(113)	–	–	(113)
At 31 December 2023 and 1 January 2024	435,045	233,374	–	–	668,419
Additions	–	78,777	–	–	78,777
Decrease arising from					
lease term termination	–	(7,112)	–	–	(7,112)
Depreciation charge	(8,988)	(75,579)	–	–	(84,567)
Exchange realignment	–	(244)	–	–	(244)
At 31 December 2024 and 1 January 2025	426,057	229,216	–	–	655,273
Additions	–	58,215	–	–	58,215
Acquisition of a subsidiary	20,134	–	–	–	20,134
Decrease arising from					
lease term termination	–	(1,968)	–	–	(1,968)
Depreciation charge	(7,276)	(63,423)	–	–	(70,699)
Exchange realignment	–	(1,016)	–	–	(1,016)
At 30 September 2025	438,915	221,024	–	–	659,939

As at 31 December 2022, 2023 and 2024 and 30 September 2025, certain of the Group’s leasehold land with aggregate carrying amounts of approximately nil, RMB405,105,000, RMB362,555,000 and RMB356,881,000, respectively, were pledged to secure interest-bearing bank borrowings granted to the Group (note 29).

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15. LEASES

The Group as a lessee

(a) Right-of-use assets

The Company

	<u>Buildings</u>
	<i>RMB'000</i>
At 1 January 2022.	23,111
Additions	11,294
Decrease arising from lease term termination	(15,751)
Depreciation charge	<u>(9,694)</u>
At 31 December 2022 and 1 January 2023.	8,960
Additions	101
Depreciation charge	<u>(5,692)</u>
At 31 December 2023 and 1 January 2024.	3,369
Additions	13,500
Depreciation charge	<u>(6,187)</u>
At 31 December 2024 and 1 January 2025	10,682
Additions	7,177
Depreciation charge	<u>(5,489)</u>
At 30 September 2025	<u><u>12,370</u></u>

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the Relevant Periods are as follows:

The Group

	<u>As at 31 December</u>			<u>As at 30 September</u>
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Carrying amount at the beginning of the year/period	98,824	151,734	243,298	244,714
New leases	120,261	189,824	78,777	58,215
Accretion of interest recognised during the year/period	5,365	6,683	9,824	7,313
Decrease arising from lease term termination	(15,866)	(39,586)	(3,352)	(2,009)
Payments	<u>(56,850)</u>	<u>(65,357)</u>	<u>(83,833)</u>	<u>(69,920)</u>
Carrying amount at the end of the year/period.	<u><u>151,734</u></u>	<u><u>243,298</u></u>	<u><u>244,714</u></u>	<u><u>238,313</u></u>
Analysed into:				
Current portion	53,921	60,728	75,716	68,407
Non-current portion	<u><u>97,813</u></u>	<u><u>182,570</u></u>	<u><u>168,998</u></u>	<u><u>169,906</u></u>

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The Company

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at the beginning of the year/period	21,914	8,967	3,409	10,670
New leases	11,294	101	13,500	7,177
Accretion of interest recognised during the year/period	646	215	190	241
Decrease arising from lease term termination	(15,751)	–	(55)	–
Payments	(9,136)	(5,874)	(6,374)	(5,589)
Carrying amount at the end of the year/period	<u>8,967</u>	<u>3,409</u>	<u>10,670</u>	<u>12,499</u>
Analysed into:				
Current portion	5,609	3,409	6,731	7,342
Non-current portion	<u>3,358</u>	<u>–</u>	<u>3,939</u>	<u>5,157</u>

The maturity analysis of lease liabilities is disclosed in note 42 to the Historical Financial Information.

- (c) The amounts recognised in profit or loss in relation to leases are as follows:

The Group

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Interest on lease liabilities	5,365	6,683	9,824	7,269	7,313
Depreciation charge of right-of-use assets	61,107	74,116	84,567	68,860	70,699
Expenses relating to short-term leases and leases of low-value assets	<u>44,797</u>	<u>56,504</u>	<u>81,636</u>	<u>55,374</u>	<u>54,599</u>
Total amount recognised in profit or loss	<u>111,269</u>	<u>137,303</u>	<u>176,027</u>	<u>131,503</u>	<u>132,611</u>

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The Company

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Interest on lease liabilities	646	215	190	93	241
Depreciation charge of right-of-use assets	9,694	5,692	6,187	4,377	5,489
Expenses relating to short-term leases and leases of low-value assets	<u>4,947</u>	<u>2,379</u>	<u>1,377</u>	<u>1,238</u>	<u>223</u>
Total amount recognised in profit or loss	<u>15,287</u>	<u>8,286</u>	<u>7,754</u>	<u>5,708</u>	<u>5,953</u>

(d) The total cash outflows for leases are disclosed in note 35 to the Historical Financial Information.

16. OTHER INTANGIBLE ASSETS

The Group

	Software
	RMB'000
At 31 December 2022	
At 1 January 2022	
Cost	129,247
Accumulated amortisation	(105,096)
Net carrying amount	<u>24,151</u>
Cost at 1 January 2022, net of accumulated amortisation	24,151
Additions	31,741
Amortisation provided during the year	(23,641)
Exchange realignment	(5,391)
At 31 December 2022	<u>26,860</u>
At 31 December 2022	
Cost	160,988
Accumulated amortisation	(134,128)
Net carrying amount	<u>26,860</u>
At 31 December 2023	
At 1 January 2023	
Cost	160,988
Accumulated amortisation	(134,128)
Net carrying amount	<u>26,860</u>
Cost at 1 January 2023, net of accumulated amortisation	26,860
Additions	27,625
Disposals	(2,976)
Amortisation provided during the year	(24,463)
Exchange realignment	(2,674)
At 31 December 2023	<u>24,372</u>

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	<u>Software</u>
	<i>RMB’000</i>
At 31 December 2023	
Cost	108,148
Accumulated amortisation	<u>(83,776)</u>
Net carrying amount	<u>24,372</u>
At 31 December 2024	
At 1 January 2024	
Cost	108,148
Accumulated amortisation	<u>(83,776)</u>
Net carrying amount	<u>24,372</u>
Cost at 1 January 2024, net of accumulated amortisation	24,372
Additions	31,576
Amortisation provided during the year	<u>(22,787)</u>
Exchange realignment	<u>(162)</u>
At 31 December 2024	<u>32,999</u>
At 31 December 2024	
Cost	133,619
Accumulated amortisation	<u>(100,620)</u>
Net carrying amount	<u>32,999</u>

	<u>Development costs</u>	<u>Software</u>	<u>Total</u>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
At 30 September 2025			
At 1 January 2025			
Cost	–	133,619	133,619
Accumulated amortisation	<u>–</u>	<u>(100,620)</u>	<u>(100,620)</u>
Net carrying amount	<u>–</u>	<u>32,999</u>	<u>32,999</u>
Cost at 1 January 2025, net of accumulated amortisation	–	32,999	32,999
Additions	12,463	16,916	29,379
Disposals	–	(12)	(12)
Amortisation provided during the period	–	(16,709)	(16,709)
Exchange realignment	<u>–</u>	<u>594</u>	<u>594</u>
At 30 September 2025	<u>12,463</u>	<u>33,788</u>	<u>46,251</u>
At 30 September 2025			
Cost	12,463	138,540	151,003
Accumulated amortisation	<u>–</u>	<u>(104,752)</u>	<u>(104,752)</u>
Net carrying amount	<u>12,463</u>	<u>33,788</u>	<u>46,251</u>

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The Company

	Software
	<i>RMB'000</i>
At 31 December 2022	
At 1 January 2022	
Cost	54,878
Accumulated amortisation	(43,963)
Net carrying amount	<u>10,915</u>
Cost at 1 January 2022, net of accumulated amortisation	10,915
Additions	16,755
Amortisation provided during the year	(11,715)
At 31 December 2022	<u>15,955</u>
At 31 December 2022	
Cost	71,633
Accumulated amortisation	(55,678)
Net carrying amount	<u>15,955</u>
At 31 December 2023	
At 1 January 2023	
Cost	71,633
Accumulated amortisation	(55,678)
Net carrying amount	<u>15,955</u>
Cost at 1 January 2023, net of accumulated amortisation	15,955
Additions	15,600
Disposals	(26)
Amortisation provided during the year	(15,726)
At 31 December 2023	<u>15,803</u>
At 31 December 2023	
Cost	82,903
Accumulated amortisation	(67,100)
Net carrying amount	<u>15,803</u>
At 31 December 2024	
At 1 January 2024	
Cost	82,903
Accumulated amortisation	(67,100)
Net carrying amount	<u>15,803</u>
Cost at 1 January 2024, net of accumulated amortisation	15,803
Additions	14,628
Amortisation provided during the year	(14,525)
At 31 December 2024	<u>15,906</u>
At 31 December 2024	
Cost	91,732
Accumulated amortisation	(75,826)
Net carrying amount	<u>15,906</u>

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	Software
	<i>RMB'000</i>
At 30 September 2025	
At 1 January 2025	
Cost	91,732
Accumulated amortisation	(75,826)
Net carrying amount	<u>15,906</u>
Cost at 1 January 2025, net of accumulated amortisation	15,906
Additions	12,874
Disposals	(10)
Amortisation provided during the period	(9,142)
At 30 September 2025	<u>19,628</u>
At 30 September 2025	
Cost	92,865
Accumulated amortisation	(73,237)
Net carrying amount	<u>19,628</u>

17. INVESTMENTS IN ASSOCIATES

The Group

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Share of net assets	<u>591,151</u>	<u>621,541</u>	<u>629,787</u>	<u>597,832</u>

The associates of the Group are considered not individually material for the Relevant Periods and the following table illustrates the aggregate financial information of the Group’s associates:

The Group

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i>
Share of the associates’ profit for the year/period	23,588	43,154	30,042	15,976	6,614
Share of the associates’ other comprehensive income/(loss)	<u>1,234</u>	<u>(8,842)</u>	<u>(7,721)</u>	<u>(4,612)</u>	<u>7,100</u>
Share of the associates’ total comprehensive income	<u>24,822</u>	<u>34,312</u>	<u>22,321</u>	<u>11,364</u>	<u>13,714</u>

	As at 31 December			As at 30 September
	2022	2023	2024	2025
Aggregate carrying amount of the Group’s investments in the associates	<u>591,151</u>	<u>621,541</u>	<u>629,787</u>	<u>597,832</u>

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18. INVESTMENTS IN SUBSIDIARIES

The Company

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Investments, at cost	856,008	856,008	1,386,008	1,401,534
Impairment losses on investments in subsidiaries	—	—	—	—
Investments in subsidiaries	<u>856,008</u>	<u>856,008</u>	<u>1,386,008</u>	<u>1,401,534</u>

19. DEFERRED TAX

The Group

The movements in deferred tax assets and liabilities during the Relevant Periods are as follows:

Deferred tax assets

	Tax losses	Impairment provision	Fair value adjustments	Deferred income	Lease liabilities	Difference between accounting depreciation and related tax depreciation	Unrealised profit on intra-group transactions	Share- based payments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Gross deferred tax assets at 1 January 2022	70,229	21,015	19,160	16,582	22,118	6,830	2,514	—	158,448
Deferred tax (charged)/ credited to profit or loss during the year	<u>(7,998)</u>	<u>7,208</u>	<u>7,635</u>	<u>(2,355)</u>	<u>(980)</u>	<u>8</u>	<u>2,224</u>	<u>—</u>	<u>5,742</u>
Gross deferred tax assets at 31 December 2022	62,231	28,223	26,795	14,227	21,138	6,838	4,738	—	164,190
Deferred tax credited/ (charged) to profit or loss during the year	<u>4,475</u>	<u>(7,442)</u>	<u>(1,424)</u>	<u>16,493</u>	<u>(9,269)</u>	<u>(2,137)</u>	<u>(1,984)</u>	<u>—</u>	<u>(1,288)</u>
Gross deferred tax assets at 31 December 2023	66,706	20,781	25,371	30,720	11,869	4,701	2,754	—	162,902
Deferred tax credited/ (charged) to profit or loss during the year	<u>20,982</u>	<u>8,001</u>	<u>2,882</u>	<u>7,918</u>	<u>7,294</u>	<u>(2,621)</u>	<u>(619)</u>	<u>—</u>	<u>43,837</u>
Gross deferred tax assets at 31 December 2024	87,688	28,782	28,253	38,638	19,163	2,080	2,135	—	206,739
Deferred tax credited/ (charged) to profit or loss during the period	<u>47,361</u>	<u>(1,436)</u>	<u>(10,104)</u>	<u>(3,955)</u>	<u>(2,306)</u>	<u>(640)</u>	<u>2,082</u>	<u>4,919</u>	<u>35,921</u>
Deferred tax credited to reserve during the period	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,309</u>	<u>2,309</u>
Gross deferred tax assets at 30 September 2025	<u>135,049</u>	<u>27,346</u>	<u>18,149</u>	<u>34,683</u>	<u>16,857</u>	<u>1,440</u>	<u>4,217</u>	<u>7,228</u>	<u>244,969</u>

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Deferred tax liabilities

	Fair value adjustments	Difference between accounting depreciation and related tax depreciation	Right-of-use assets	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Gross deferred tax liabilities at 1 January 2022	3,659	–	22,200	25,859
Deferred tax (credited)/charged to profit or loss during the year	(3,520)	1,602	(1,782)	(3,700)
Gross deferred tax liabilities at 31 December 2022	139	1,602	20,418	22,159
Deferred tax charged/(credited) to profit or loss during the year	5,033	(296)	(8,896)	(4,159)
Gross deferred tax liabilities at 31 December 2023	5,172	1,306	11,522	18,000
Deferred tax (credited)/charged to profit or loss during the year	(5,169)	(317)	6,346	860
Gross deferred tax liabilities at 31 December 2024	3	989	17,868	18,860
Deferred tax charged/(credited) to profit or loss during the period	6,637	(222)	(2,010)	4,405
Gross deferred tax liabilities at 30 September 2025	6,640	767	15,858	23,265

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 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	164,190	145,109	187,893	221,704
Net deferred tax liabilities recognised in the consolidated statement of financial position . .	22,159	207	14	–

Deferred tax assets have not been recognised in respect of the following items:

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Tax losses	243,683	332,179	192,865	309,663
Deductible temporary differences . .	148,198	207,578	149,137	150,625
Total	391,881	539,757	342,002	460,288

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The Group has tax losses arising in the Chinese mainland of RMB243,683,000, RMB332,179,000, RMB192,865,000 and RMB309,663,000 as at 31 December 2022, 31 December 2023, 31 December 2024 and 30 September 2025, respectively, that will expire in one to ten years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
2025	954	811	954	954
2026	5,775	3,496	3,496	3,496
2027	152,405	152,405	25,102	25,102
2028	–	85,831	80,336	80,336
2029	–	–	49,881	49,512
2030	–	–	–	118,767
2031	84,549	86,828	30,288	27,149
2032	–	–	–	–
2033	–	2,808	2,808	4,347
Total	<u>243,683</u>	<u>332,179</u>	<u>192,865</u>	<u>309,663</u>

The Group has tax losses arising in Hong Kong, the United States and Singapore of RMB135,222,000, RMB69,987,000, RMB105,962,000 and RMB78,106,000 as at 31 December 2022, 31 December 2023, 31 December 2024 and 30 September 2025, respectively, that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

The Group also has tax losses arising in Republic of Korea of RMB131,000 as at 31 December 2022 that will expire in fifteen years for offsetting against future taxable profits, tax losses arising in Vietnam of RMB2,492,000, RMB13,259,000, RMB42,902,000 and RMB2,570,000 as at 31 December 2022, 31 December 2023, 31 December 2024 and 30 September 2025, respectively, that will expire in one to five years for offsetting against future taxable profits, and tax losses arising in Japan of RMB1,642,000 and RMB1,591,000 as at 31 December 2024 and 30 September 2025, respectively, that will expire in nine to ten years for offsetting against future taxable profits.

The Company

The movements in deferred tax assets and liabilities during the Relevant Periods are as follows:

Deferred tax assets

	Tax losses	Impairment provision	Fair value adjustments	Deferred income	Lease liabilities	Share-based Payment	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Gross deferred tax assets at 1 January 2022	70,229	356	–	612	–	–	71,197
Deferred tax (charged)/credited to profit or loss during the year	<u>(8,691)</u>	<u>(3)</u>	<u>–</u>	<u>(109)</u>	<u>1,345</u>	<u>–</u>	<u>(7,458)</u>
Gross deferred tax assets at 31 December 2022	61,538	353	–	503	1,345	–	63,739
Deferred tax credited/(charged) to profit or loss during the year	<u>1,861</u>	<u>(246)</u>	<u>–</u>	<u>(187)</u>	<u>(835)</u>	<u>–</u>	<u>593</u>

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	Tax losses	Impairment provision	Fair value adjustments	Deferred income	Lease liabilities	Share-based Payment	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Gross deferred tax assets at 31 December 2023	63,399	107	–	316	510	–	64,332
Deferred tax credited/ (charged) to profit or loss during the year	19,676	(22)	1,143	(158)	1,089	–	21,728
Gross deferred tax assets at 31 December 2024	83,075	85	1,143	158	1,599	–	86,060
Deferred tax credited/ (charged) to profit or loss during the period	18,484	(38)	(1,143)	(34)	276	4,919	22,464
Deferred tax credited to reserve during the period.	–	–	–	–	–	2,309	2,309
Gross deferred tax assets at 30 September 2025	101,559	47	–	124	1,875	7,228	110,833

Deferred tax liabilities

	Fair value adjustments	Difference between accounting depreciation and related tax depreciation	Right-of-use assets	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Gross deferred tax liabilities at 1 January 2022	3,659	–	–	3,659
Deferred tax (credited)/charged to profit or loss during the year	(3,519)	1,602	1,343	(574)
Gross deferred tax liabilities at 31 December 2022	140	1,602	1,343	3,085
Deferred tax charged/(credited) to profit or loss during the year	5,033	(296)	(838)	3,899
Gross deferred tax liabilities at 31 December 2023	5,173	1,306	505	6,984
Deferred tax (credited)/charged to profit or loss during the year	(5,173)	(317)	1,097	(4,393)
Gross deferred tax liabilities at 31 December 2024	–	989	1,602	2,591
Deferred tax charged/(credited) to profit or loss during the period	5,019	(222)	254	5,051
Gross deferred tax liabilities at 30 September 2025	5,019	767	1,856	7,642

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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 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	63,739	57,348	83,469	103,191
Net deferred tax liabilities recognised in the consolidated statement of financial position . .	<u>3,085</u>	<u>—</u>	<u>—</u>	<u>—</u>

20. INVENTORIES

The Group

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials	886,391	1,381,678	1,579,402	1,862,005
Consigned processing materials. . .	229,155	159,249	126,017	119,471
Work in progress	5,409	29,689	11,093	58,904
Finished goods	<u>134,988</u>	<u>221,676</u>	<u>248,700</u>	<u>280,884</u>
	1,255,943	1,792,292	1,965,212	2,321,264
Less: provision for impairment losses on inventories	<u>(111,499)</u>	<u>(77,491)</u>	<u>(83,587)</u>	<u>(86,264)</u>
	<u>1,144,444</u>	<u>1,714,801</u>	<u>1,881,625</u>	<u>2,235,000</u>

The movements in provision

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at the beginning of the year/period.	78,344	111,499	77,491	83,587
Impairment losses recognised (note 6)	103,691	66,909	70,970	65,730
Amounts written off	<u>(70,536)</u>	<u>(100,917)</u>	<u>(64,874)</u>	<u>(63,053)</u>
Carrying amount at the end of the year/period	<u>111,499</u>	<u>77,491</u>	<u>83,587</u>	<u>86,264</u>

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21. TRADE AND BILLS RECEIVABLES

The Group

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	5,524,264	9,021,218	11,643,657	11,023,477
Bank acceptance notes	23,570	638	96,928	199,821
Less: Impairment losses	(9,612)	(13,456)	(8,073)	(7,800)
Net carrying amount	<u>5,538,222</u>	<u>9,008,400</u>	<u>11,732,512</u>	<u>11,215,498</u>

The Group’s trading terms with its customers are mainly on credit.

The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk.

The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are interest free.

An ageing analysis of the Group’s trade receivables and bank acceptance notes as at the end of each of the Relevant Periods, based on invoice date information and net of loss allowance, is as follows:

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year.	5,538,215	9,003,935	11,732,510	11,215,403
Over 1 year.	7	4,465	2	95
Total	<u>5,538,222</u>	<u>9,008,400</u>	<u>11,732,512</u>	<u>11,215,498</u>

The movements in the impairment losses on trade receivables are as follows:

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of year/period	9,812	9,612	13,456	8,073
Impairment losses (reversed)/ recognised	(477)	3,737	1,410	(221)
Amount written off as uncollectible	–	–	(6,942)	–
Others	277	107	149	(52)
At end of year/period.	<u>9,612</u>	<u>13,456</u>	<u>8,073</u>	<u>7,800</u>

The bank acceptance notes were issued by reputable banks and with short-term maturity. Accordingly, the identified impairment loss was not significant as at the end of each of the Relevant Periods.

The Group applies the simplified approach in calculating expected credit losses for trade receivables. Trade receivables relating to customers not sharing similar credit risk with others are assessed individually for impairment allowance. Trade receivables are grouped and collectively assessed for impairment allowance. Under the collective approach, an impairment analysis is performed at the end of each of the relevant periods using a provision matrix to measure expected credit losses. The provision rates are based on past due information for groupings 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. Generally, trade receivables are written off if past due for more than five years and are not subject to enforcement activity.

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The Group

Set out below is the information about the credit risk exposure on the Group’s trade receivables using a provision matrix:

	Within 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
As at 31 December 2022					
<i>On a collective basis:</i>					
Expected credit loss rate . .	0.05%	22.22%	–	100.00%	0.06%
Gross carrying amount					
(RMB’000).	5,517,405	9	–	350	5,517,764
Expected credit losses					
(RMB’000).	2,760	2	–	350	3,112
<i>On an individual basis:</i>					
Expected credit loss rate . .					100.00%
Gross carrying amount					
(RMB’000).					6,500
Expected credit losses					
(RMB’000).					6,500
	Within 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
As at 31 December 2023					
<i>On a collective basis:</i>					
Expected credit loss rate . .	0.05%	33.61%	44.44%	100.00%	0.08%
Gross carrying amount					
(RMB’000).	9,007,558	6,718	9	350	9,014,635
Expected credit losses					
(RMB’000).	4,261	2,258	4	350	6,873
<i>On an individual basis:</i>					
Expected credit loss rate . .					100.00%
Gross carrying amount					
(RMB’000).					6,583
Expected credit losses					
(RMB’000).					6,583
	Within 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
As at 31 December 2024					
<i>On a collective basis:</i>					
Expected credit loss rate . .	0.05%	–	75.00%	–	0.05%
Gross carrying amount					
(RMB’000).	11,641,401	–	8	–	11,641,409
Expected credit losses					
(RMB’000).	5,819	–	6	–	5,825
<i>On an individual basis:</i>					
Expected credit loss rate . .					100.00%
Gross carrying amount					
(RMB’000).					2,248
Expected credit losses					
(RMB’000).					2,248

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	Within 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
As at 30 September 2025					
<i>On a collective basis:</i>					
Expected credit loss rate	0.05%	30.15%	–	–	0.05%
Gross carrying amount (RMB’000).	11,021,093	136	–	–	11,021,229
Expected credit losses (RMB’000).	5,511	41	–	–	5,552
<i>On an individual basis:</i>					
Expected credit loss rate					100%
Gross carrying amount (RMB’000).					2,248
Expected credit losses (RMB’000).					2,248

The net carrying amounts of due from related parties included in the above are as follows:

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Xiaomi Corporation and its subsidiaries (“Xiaomi Group”)	2,688,961	5,285,643	5,179,332	3,795,346
DBG Technology (India) Private Limited	56,284	67,568	66,368	49,550
Shanghai Moban Intelligent Technology Co., Ltd.	475	35	22	–
Zhenshi Information Technology (Shanghai) Co., Ltd.	115	83	70	46
DBG Technology Co., Ltd.	20	351	834	459
Shanghai Imilab Technology Co., Ltd.	15	–	15	–
70mai Co., Ltd.	4	1	–	1
Shenzhen WangXin Precision Industrial Co., Ltd.	–	5,066	–	–
Total	<u>2,745,874</u>	<u>5,358,747</u>	<u>5,246,641</u>	<u>3,845,402</u>

The balances are unsecured, interest free and on credit terms similar to those offered to the major customers of the Group.

The Company

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Trade receivables	517,905	440,579	1,128,815	1,315,117
Bank acceptance notes	–	–	42,835	33,000
Less: Impairment losses	(428)	(422)	(409)	(61)
Net carrying amount	<u>517,477</u>	<u>440,157</u>	<u>1,171,241</u>	<u>1,348,056</u>

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An ageing analysis of the Company’s trade receivables and bank acceptance notes as at the end of each of the Relevant Periods, based on the ageing analysis and net of loss allowance, is as follows:

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Within 1 year.	<u>517,477</u>	<u>440,157</u>	<u>1,171,241</u>	<u>1,348,056</u>

The movements in the loss allowance for impairment of trade receivables are as follows:

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
At beginning of year/period.	426	428	422	409
Impairment losses recognised/ (reversed)	2	(6)	337	(348)
Amount written off as uncollectible	<u>—</u>	<u>—</u>	<u>(350)</u>	<u>—</u>
At end of year/period.	<u>428</u>	<u>422</u>	<u>409</u>	<u>61</u>

The bank acceptance notes were issued by reputable banks and with short-term maturity. Accordingly, the identified impairment loss was immaterial as at the end of each of the Relevant Periods.

Set out below is the information about the credit risk exposure on the Company’s trade receivables using a provision matrix:

	Within 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
As at 31 December 2022					
<i>On a collective basis:</i>					
Expected credit loss rate	0.02%	—	—	100.00%	0.08%
Gross carrying amount (RMB’000).	517,555	—	—	350	517,905
Expected credit losses (RMB’000).	78	—	—	350	428

	Within 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
As at 31 December 2023					
<i>On a collective basis:</i>					
Expected credit loss rate	0.02%	—	—	100.00%	0.10%
Gross carrying amount (RMB’000).	440,229	—	—	350	440,579
Expected credit losses (RMB’000).	72	—	—	350	422

	Within 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
As at 31 December 2024					
<i>On a collective basis:</i>					
Expected credit loss rate	0.04%	—	—	—	0.04%
Gross carrying amount (RMB’000).	1,128,815	—	—	—	1,128,815
Expected credit losses (RMB’000).	409	—	—	—	409

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	Within 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
As at 30 September 2025					
<i>On a collective basis:</i>					
Expected credit loss rate	0.00%	—	—	—	0.00%
Gross carrying amount					
(RMB’000).	1,315,117	—	—	—	1,315,117
Expected credit losses					
(RMB’000).	61	—	—	—	61

The net carrying amounts of due from related parties included in the above are as follows:

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Longcheer Telecommunication				
(H.K.) Limited	232,685	98,350	107,899	141,782
Xiaomi Group	115,697	137,946	62,912	34,037
Nanchang Longcheer Information				
Technology Co., Ltd.	81,355	47,975	144,655	282,198
Nanchang Sinolong Co., Ltd.	25,655	8,800	50,808	50,980
Guolong Information Technology				
(Shanghai) Co., Ltd.	12,068	—	—	—
Sinolong Technology (H.K.)				
Limited	5,299	—	—	—
Longcheer Electronics (Huizhou)				
Co., Ltd.	4,917	116,424	—	—
Longcheer Mobile (India) Private				
Limited	—	24,847	7,759	—
Shanghai Longcheer Smart				
Technology Co., Ltd.	—	—	—	694,524
Longcheer Intelligence Pte. Ltd.	—	—	—	23,781
Huizhou Longcheer Automotive				
Electronics Co., Ltd.	—	—	—	725
Total	<u>477,676</u>	<u>434,342</u>	<u>374,033</u>	<u>1,228,027</u>

The balances are unsecured, interest-free and on credit terms similar to those offered to the major customers of the Company.

22. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Current portion:				
Deposits	89,386	33,351	22,722	22,536
Prepayments to suppliers.	35,325	91,119	79,243	95,087
Other tax recoverable.	12,649	24,413	257,317	471,705
[REDACTED] expenses.	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Others	<u>1,383</u>	<u>5,290</u>	<u>22,587</u>	<u>36,768</u>
	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Impairment allowance	<u>(4,529)</u>	<u>(1,668)</u>	<u>(40,688)</u>	<u>(40,938)</u>
	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

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	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current portion:				
Prepayments for items of property, plant and equipment and other intangible assets	5,639	32,732	28,148	31,426
Deposits	—	—	—	10,545
	5,639	32,732	28,148	41,971
Impairment allowance	—	—	—	(527)
	5,639	32,732	28,148	41,444
Total	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>

These balances were interest-free, unsecured and repayable on demand.

An impairment analysis was performed at the end of each of the Relevant Periods. Impairment allowance for prepayments, other receivables and other assets was mainly due to the uncollectibility of these receivables as at 31 December 2022, 31 December 2023, 31 December 2024 and 30 September 2025.

The Company

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Current portion:				
Due from subsidiaries	1,385,188	1,416,150	1,851,500	1,972,800
Deposits	37,442	5,774	3,098	3,074
Prepayments to suppliers	1,028	3,296	4,662	9,668
Other tax recoverable	2,447	359	14,915	28,924
[REDACTED] expenses	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>
Others	1,062	2,955	3,836	5,313
	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>
Impairment allowance	(1,925)	(289)	(156)	(229)
	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>
Non-current portion:				
Prepayments for items of property, plant and equipment and other intangible assets	2,169	6,586	9,497	13,339
Deposits	—	—	—	448
	2,169	6,586	9,497	13,787
Impairment allowance	—	—	—	(22)
	2,169	6,586	9,497	13,765
Total	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>

These balances were interest-free, unsecured and repayable on demand (note 38).

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23. INVESTMENTS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Current portion:				
Listed equity investments	—	—	13,871	5,942
Structured deposits and wealth management products	—	—	1,371,031	1,162,784
Total	—	—	1,384,902	1,168,726
Non-current portion:				
Unlisted equity investments	269,228	318,526	242,652	348,091

The Company

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Current portion:				
Listed equity investments	—	—	9,012	—
Structured deposits and wealth management products	—	—	545,286	395,973
Total	—	—	554,298	395,973
Non-current portion:				
Unlisted equity investments	63,429	121,739	53,992	179,987

As at 30 September 2025, the structured deposits and wealth management products were issued by banks and securities companies. The listed equity investments were issued by listed companies and are publicly trading on the stock exchange.

24. CASH AND CASH EQUIVALENTS, TIME DEPOSITS, RESTRICTED CASH AND PLEDGED DEPOSITS

The Group

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and cash equivalents	3,278,958	4,406,907	5,461,528	6,850,371
Time deposits	—	—	93,876	46,719
Restricted cash	—	3,298	41,442	2,013
Pledged deposits	1,184,320	692,020	1,222,947	446,532
Total	4,463,278	5,102,225	6,819,793	7,345,635

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	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and cash equivalents				
Denominated in RMB	1,752,181	4,090,862	3,972,575	4,806,164
Denominated in USD	1,292,010	224,345	1,394,114	1,879,074
Denominated in KRW	–	747	1,264	1,449
Denominated in HKD	14,237	547	4,358	22,241
Denominated in INR	220,530	89,404	83,308	136,007
Denominated in VND	–	1,002	3,128	1,703
Denominated in Euro (“EUR”)	–	–	724	862
Denominated in JPY	–	–	1,914	1,887
Denominated in Singapore dollar (“SGD”)	–	–	143	984
Total	<u>3,278,958</u>	<u>4,406,907</u>	<u>5,461,528</u>	<u>6,850,371</u>
Time deposits denominated in RMB	<u>–</u>	<u>–</u>	<u>93,876</u>	<u>46,719</u>
Restricted cash denominated in RMB	<u>–</u>	<u>3,298</u>	<u>41,442</u>	<u>2,013</u>
Pledged deposits denominated in RMB	<u>1,184,320</u>	<u>692,020</u>	<u>1,222,947</u>	<u>446,532</u>

The Company

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and cash equivalents	1,117,225	1,449,794	1,359,001	1,860,484
Time deposits	–	–	25,423	13,670
Restricted cash	–	–	3	3
Pledged deposits	<u>558,428</u>	<u>55,352</u>	<u>98,524</u>	<u>50,000</u>
Total	<u>1,675,653</u>	<u>1,505,146</u>	<u>1,482,951</u>	<u>1,924,157</u>

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and cash equivalents				
Denominated in RMB	1,111,738	1,447,630	1,357,949	1,860,451
Denominated in USD	5,487	2,164	1,052	33
Total	<u>1,117,225</u>	<u>1,449,794</u>	<u>1,359,001</u>	<u>1,860,484</u>
Time deposits denominated in RMB	<u>–</u>	<u>–</u>	<u>25,423</u>	<u>13,670</u>
Restricted cash denominated in RMB	<u>–</u>	<u>–</u>	<u>3</u>	<u>3</u>
Pledged deposits denominated in RMB	<u>558,428</u>	<u>55,352</u>	<u>98,524</u>	<u>50,000</u>

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The RMB is not freely convertible into other currencies, however, under the 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. Short term time deposits are made depending on the immediate cash requirements of the Group and earn interest at the respective short term time deposit rates. Cash at banks earns interest at floating rates based on daily bank deposit rates.

As at 31 December 2022, 2023 and 2024 and 30 September 2025, restricted cash represented bank deposits amounting to nil, RMB3,298,000, RMB41,442,000 and RMB2,013,000, respectively, which consisted of funds frozen by court order pursuant to civil rulings and frozen funds in loan supervision accounts.

As at 31 December 2022, 2023 and 2024 and 30 September 2025, the Group and the Company assessed the credit risk of cash and cash equivalents, time deposits and restricted cash to be minimal as they were placed in reputable financial institutions.

Pledged deposits of RMB1,184,320,000, RMB692,020,000, RMB1,222,947,000 and RMB446,532,000 at 31 December 2022, 2023 and 2024 and 30 September 2025, respectively, were pledged for the issuance of bank acceptance notes and bank guarantee.

25. TRADE AND BILLS PAYABLES

The Group

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	5,087,971	9,630,348	9,285,569	8,679,913
Bills payables	4,497,114	4,023,642	8,025,232	8,000,547
Total	<u>9,585,085</u>	<u>13,653,990</u>	<u>17,310,801</u>	<u>16,680,460</u>

An ageing analysis of the trade and bills payables as at the end of each of Relevant Periods, based on invoice date, is as follows:

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year.	9,560,166	13,631,722	17,281,571	16,660,206
1 to 2 years.	8,984	13,720	17,595	8,089
2 to 3 years.	7,483	5,460	6,256	6,097
Over 3 years	8,452	3,088	5,379	6,068
Total	<u>9,585,085</u>	<u>13,653,990</u>	<u>17,310,801</u>	<u>16,680,460</u>

The trade payables are interest-free and are normally settled within 30 to 90 days upon receipt of the invoice.

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The net carrying amounts of due to related parties included in the above are as follows:

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
DBG Technology Co., Ltd.	39,201	141,335	116,199	33,114
Shenzhen WangXin Precision Industrial Co., Ltd.	9,232	22,897	—	—
Xiaomi Group	2,792	3,082	33,357	150,218
Dongguan Liesheng Electronic Co., Ltd.	52	1,621	—	—
Shanghai Donghe Jiugu Happy Farm Co., Ltd.	9	6	—	—
DBG Technology (India) Private Limited	—	—	—	39,747
Total	<u>51,286</u>	<u>168,941</u>	<u>149,556</u>	<u>223,079</u>

The balances are unsecured, interest-free and on credit terms similar to those offered to the major customers of the Group.

The Company

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	339,901	224,210	874,338	668,125
Bills payables	1,325,997	250,000	719,195	350,819
Total	<u>1,665,898</u>	<u>474,210</u>	<u>1,593,533</u>	<u>1,018,944</u>

An ageing analysis of the trade and bills payables as at the end of each of Relevant Periods, based on invoice date, is as follows:

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year.	1,660,465	473,785	1,593,384	969,327
1 to 2 years.	5,433	391	38	49,617
2 to 3 years.	—	34	77	—
Over 3 years	—	—	34	—
Total	<u>1,665,898</u>	<u>474,210</u>	<u>1,593,533</u>	<u>1,018,944</u>

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The net carrying amounts of due to related parties included in the above are as follows:

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Nanchang Longcheer Information Technology Co., Ltd.	163,891	71,114	620,789	566,681
Longcheer Electronics (Huizhou) Co., Ltd.	4,089	358	6,002	448
Guolong Information Technology (Shanghai) Co., Ltd.	683	—	—	—
Miaobo Software Co., Ltd.	303	—	—	—
Longcheer Telecommunication (H.K.) Limited	—	—	45,899	45,369
Total	<u>168,966</u>	<u>71,472</u>	<u>672,690</u>	<u>612,498</u>

The balances are unsecured, interest free and on credit terms similar to those offered to the major customers of the Group.

The Group entered into supplier finance arrangement with Xiaomi Group, China Construction Bank (“Construction Bank”), China Merchants Bank (“Merchants Bank”), China CITIC Bank (“CITIC”), Shanghai Pudong Development Bank (“SPDB”) and Bank of Shanghai (“BOS”), collectively as the “factoring companies”. Pursuant to the arrangement, Xiaomi Group, Construction Bank, Merchants Bank, CITIC, SPDB and BOS provided factoring on the trade receivables of the Group’s suppliers with a total credit limit up to RMB3 billion, RMB350 million, RMB1.2 billion, RMB1.3 billion, RMB600 million and RMB350 million, respectively, as at 30 September 2025.

Under these supplier finance arrangements, the Group’s suppliers are eligible to have their undue accounts receivables from the Group factored by the factoring companies. Upon the Group’s approval, the suppliers enter into accounts receivables transfer agreements with the factoring companies, whereby their corresponding accounts receivables transferred from the Group to the factoring companies. The factoring companies settled with the suppliers directly for the factored receivables. The Group subsequently made payments to the factoring companies to settle the factored accounts receivables. The credit periods of the above supplier finance arrangements are usually not more than 12 months.

All financial liabilities that are part of the supplier finance arrangements are included in trade and bills payables.

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount of financial liabilities that are part of the supplier finance arrangements included in:				
Trade and bills payables.	2,713,962	2,761,286	3,670,648	3,610,046
Of which suppliers have received payments	<u>672,019</u>	<u>923,587</u>	<u>686,837</u>	<u>696,902</u>

For financial liabilities that are part of the supplier finance arrangements included in trade and bills payables, there were no significant non-cash changes in the carrying amounts of these financial liabilities.

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26. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Current portion:				
Payroll and welfare payable	357,804	363,726	377,267	364,658
Other tax payables	52,538	57,582	54,318	76,640
Deposits	10,080	18,124	24,644	24,515
Accrued [REDACTED] expenses .	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Shares repurchase obligation recognised	—	—	—	216,548
Others	415	1,001	5,307	5,373
	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Non-current portion:				
Long-term payables for equipment .	—	—	1,125	—
Total	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

The Company

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Due to subsidiaries	602,713	1,270,745	1,017,606	2,310,930
Payroll and welfare payable	85,076	88,875	95,120	75,366
Other tax payables	28,431	17,197	29,188	24,500
Deposits	156	175	891	250
Accrued [REDACTED] expenses .	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Shares repurchase obligation recognised	—	—	—	216,548
Others	—	—	—	509
Total	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Other payables in current portion were interest-free, unsecured and repayable on demand.

27. CONTRACT LIABILITIES

The Group

	As at 31 December				As at 30 September
	2021	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Contract liabilities	147,264	108,647	24,101	9,445	91,514

The Company

	As at 31 December				As at 30 September
	2021	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Contract liabilities	182,846	20,379	—	—	1,578

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28. DERIVATIVE FINANCIAL INSTRUMENTS

The Group

	As at 31 December						As at 30 September	
	2022		2023		2024		2025	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Foreign currency forward contracts	—	3,008	—	23,120	726	27,636	—	47,132
	=	=	=	=	=	=	=	=

The Company

	As at 31 December						As at 30 September	
	2022		2023		2024		2025	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Foreign currency forward contracts	—	—	—	1,793	726	—	—	1,316
	=	=	=	=	=	=	=	=

Cash flow hedge — Foreign currency risk

Foreign currency forward contracts are measured as hedging instruments in cash flow hedges of forecast sales and purchases in foreign currencies. The foreign exchange forward contract balances vary with the level of expected foreign currency sales and purchases and changes in foreign exchange forward rates.

To measure the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

The source of ineffectiveness is primarily the timing difference between the hedged transaction and the maturity of the hedging instrument.

29. INTEREST-BEARING BANK BORROWINGS

The Group

	As at 31 December 2022		
	Effective interest rate (%)	Maturity	RMB'000
Current			
Bank borrowings — secured	1.00%-2.50%	2023	371,428
Current portion of long term bank borrowings — secured	3.35%-3.80%	2023	57,359
Total — current			428,787
Non-current			
Bank borrowings — secured	3.35%-3.80%	2024-2027	557,217
Total			986,004

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	As at 31 December 2023		
	<i>Effective interest rate (%)</i>	<i>Maturity</i>	<i>RMB’000</i>
Current			
Bank borrowings — secured	1.00%-5.60%	2024	692,695
Current portion of long term bank borrowings — secured	3.00%-3.80%	2024	60,120
Total — current			752,815
Non-current			
Bank borrowings — secured	3.00%-3.80%	2025-2028	712,430
Total			1,465,245

	As at 31 December 2024		
	<i>Effective interest rate (%)</i>	<i>Maturity</i>	<i>RMB’000</i>
Current			
Bank borrowings — secured	0.78%-6.30%	2025	1,801,656
Current portion of long term bank borrowings — secured	2.40%-3.00%	2025	5,004
Total — current			1,806,660
Non-current			
Bank borrowings — secured	2.40%-3.00%	2026-2030	694,717
Total			2,501,377

	As at 30 September 2025		
	<i>Effective interest rate (%)</i>	<i>Maturity</i>	<i>RMB’000</i>
Current			
Bank borrowings — secured	0.70%-3.60%	2025-2026	2,503,430
Current portion of long term bank borrowings — secured	2.30%-2.40%	2026	298,655
Bank borrowings — unsecured	1.95%-2.08%	2026	232,423
Total — current			3,034,508
Non-current			
Bank borrowings — secured	2.30%-2.40%	2027-2032	604,357
Total			3,638,865

The Company

	As at 31 December 2022		
	<i>Effective interest rate (%)</i>	<i>Maturity</i>	<i>RMB’000</i>
Current			
Current portion of long term bank borrowings — secured	3.35%-3.80%	2023	10,509
Total — current			10,509
Non-current			
Bank borrowings — secured	3.35%-3.80%	2024-2025	135,573
Total			146,082

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As at 31 December 2023			
	Effective interest rate (%)	Maturity	RMB'000
Current			
Bank borrowings — secured	2.50%	2024	150,104
Total			<u>150,104</u>

As at 31 December 2024			
	Effective interest rate (%)	Maturity	RMB'000
Current			
Bank borrowings — secured	1.10%-1.30%	2025	42,835
Total			<u>42,835</u>

As at 30 September 2025			
	Effective interest rate (%)	Maturity	RMB'000
Current			
Bank borrowings — secured	0.95%-1.35%	2025-2026	22,000
Bank borrowings — unsecured	1.95%-2.08%	2026	232,423
Total			<u>254,423</u>

The Group

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Analysed into:				
Bank borrowings repayable:				
Within one year	428,787	752,815	1,806,660	3,034,508
In the second year	87,617	74,237	296,480	221,017
In the third to fifth years, inclusive	469,600	512,190	385,000	267,500
Beyond five years	—	126,003	13,237	115,840
Total	<u>986,004</u>	<u>1,465,245</u>	<u>2,501,377</u>	<u>3,638,865</u>

The Company

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Analysed into:				
Bank borrowings repayable:				
Within one year	10,509	150,104	42,835	254,423
In the second year	40,373	—	—	—
In the third to fifth years, inclusive	95,200	—	—	—
Total	<u>146,082</u>	<u>150,104</u>	<u>42,835</u>	<u>254,423</u>

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As at 31 December 2022, 31 December 2023, 31 December 2024 and 30 September 2025, the Group’s leasehold land with aggregate carrying amounts of approximately nil, RMB405,105,000, RMB362,555,000 and RMB356,881,000, respectively, were pledged to secure interest-bearing bank borrowings granted to the Group.

As at 31 December 2022, 31 December 2023, 31 December 2024 and 30 September 2025, the Group’s and the Company’s interest-bearing bank borrowings of RMB614,576,000, RMB1,065,243,000, RMB712,609,000 and RMB1,335,943,000, respectively, were guaranteed by Shanghai Longcheer Technology Co., Ltd., Longcheer Electronics (Huizhou) Co., Ltd., Guolong Information Technology (Shanghai) Co., Ltd. of which are subsidiaries of the Company.

As at 31 December 2023, the entire equity interest of Nanchang Longcheer Intelligent Technology Co., Ltd., a subsidiary of the Company, was pledged to secure interest-bearing bank borrowings granted to Shanghai Longcheer Information Technology Co., Ltd. This pledge has been released subsequently.

30. DEFERRED INCOME

The Group

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Government grants				
(a) Asset-related grants	64,807	127,836	163,180	145,211

The Company

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Government grants				
(a) Asset-related grants	3,351	2,104	1,051	824

(a) Asset-related grants

The asset-related grants were the subsidies received from the government in relation to the Group’s property, plant and equipment.

31. SHARE CAPITAL

The Group and the Company

Shares

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Issued and fully paid:				
Share capital	405,097	405,097	465,097	469,382

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A summary of movements in the Company’s share capital is as follows:

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
At the beginning of the year/period	405,097	405,097	405,097	465,097
Issue of shares	–	–	60,000	4,285
At the end of the year/period	<u>405,097</u>	<u>405,097</u>	<u>465,097</u>	<u>469,382</u>

On 21 February 2024, the Company issued 60,000,000 new shares with a nominal value of RMB1.00 each in the public offering at an issue price of RMB26.00 per share for total proceeds of RMB1,560,000,000 before issuance expenses of RMB119,321,000.

On 15 July 2025, the Company issued 4,285,000 shares with a nominal value of RMB1.00 each for RMB19.34 per share for a total consideration of RMB82,872,000 and an amount of RMB78,587,000, representing the consideration received over the par value, was credited to capital reserve.

32. SHARE-BASED PAYMENTS

The Group adopted a share award scheme (the “**Share Award Scheme**”) for certain employees of the Group (“**Share Incentive Participants**”) in order to recognise the contributions of the Share Incentive Participants to the growth and development of the Group and incentivise them to further promote the development of the Group.

In order to implement the Share Award Scheme, Kunshan Longcheer Investment Management Center (Limited Partnership), Shanghai Qili (旗勵) Enterprise Management Partnership (Limited Partnership), Shanghai Qizhuang Enterprise Management Partnership (Limited Partnership), Shanghai Qili (旗礪) Enterprise Management Partnership (Limited Partnership), Kunshan Qiyun Investment Management Center (Limited Partnership), Shanghai Qijing Enterprise Management Partnership (Limited Partnership), Ningbo Meishan Bonded Port Area Qizhong Enterprise Management Partnership Enterprise (Limited Partnership), Shanghai Qixue Enterprise Management Partnership (Limited Partnership), Ningbo Meishan Bonded Port Area Qifei Enterprise Management Partnership Enterprise (Limited Partnership) and Ningbo Meishan Bonded Port Area Qiyuan Enterprise Management Partnership Enterprise (Limited Partnership) were established and designated as share incentive platforms to hold the shares specially awarded to the eligible participants.

During the Relevant Periods, the shares granted to employees under the share award scheme are set out below. The difference between the fair value of the shares granted and the subscription price was recognised in the share-based payment reserve within equity with the corresponding “share-based payment expenses” in profit or loss.

Date granted	Number of shares granted	Subscription price	Fair values on the grant date	The basis for determining the fair value as of the grant date
		RMB per share	RMB per share	
15 December 2020	4,000,000	2.78	19.06	Recent transaction price with investors
31 March 2021	9,786,197	1.00-2.78	18.78	Recent transaction price with investors
1 June 2022	9,237,964	3.00-4.80	24.69	Discounted cash flow
1 April 2023	191,855	4.80-5.20	24.69	Discounted cash flow
12 December 2023	513,497	3.00-3.25	24.69	Discounted cash flow
28 February 2024	782,896	5.20	26.00	The issuing price for listing of the Company’s shares on the Shanghai Stock Exchange “SSE” Main Board
15 December 2024	384,616	5.20	48.63	The closing price of the Company’s shares on the last trading day before the equity award date

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Date granted	Number of shares granted	Subscription price	Fair values on the grant date	The basis for determining the fair value as of the grant date
		RMB per share	RMB per share	
26 May 2025	4,285,000	19.34	39.30	The closing price of the Company’s shares on the last trading day before the shares granting date
4 July 2025	6,270,000	21.32	39.03	The closing price of the Company’s shares on the last trading day before the shares granting date

Each grant of shares granted before 2025 shall vest on the later of: (i) five years from the grant date, or (ii) three years after the Company’s successful listing on the Shanghai Stock Exchange. After taking into consideration the best estimation of timeline for the Company’s successful [REDACTED], the management determined the vesting period of the relevant shares based on the above service requirements. As such, the share-based payment expenses are amortized during the vesting period.

In May 2025, the Company’s board of directors approved the restricted shares incentive plan (the “RSUs”). The participants were entitled to receive newly issued ordinary shares of the Company. The RSUs granted would vest at a rate of 30%,30%,40% upon the first, second and third anniversaries of the vesting commencement date respectively, on condition that employees remain in service and certain non-market performance criteria is met. The performance goals are determined by the Company’s board of directors. Evaluations are made as of each reporting period to assess the likelihood of performance criteria being met. Share award expenses are then adjusted to reflect the revision of original estimates.

In July 2025, the Company’s directors approved an employee shares ownership plan (the “ESOP”). Under this ESOP, the Company repurchased its shares and granted to those eligible grantees which are being held on custody by the Company. The repurchased shares granted under the ESOP would be vested at rate of 30%, 30%, 40% upon the first, second and third anniversaries of the vesting commencement date, respectively, on condition that employees remain in service and certain non-market performance criteria are met. The performance goals are determined by the Company’s director. Evaluations are made as of each reporting period to assess the likelihood of performance criteria being met. Share award expenses are then adjusted to reflect the revision of original estimates.

The directors have used the discounted cash flow method to determine the underlying equity fair value of the Company for grants of shares granted at 1 June 2022, 1 April 2023 and 12 December 2023. Key assumptions, such as discount rate and projections of future performance, are required to be determined by the directors with best estimate. The discount rate was estimated based on the Weighted Average Cost of Capital (“WACC”). The following table lists the input to the model used:

Discount rate	11.40%

Movements in the number of shares granted under the above share base payments arrangements were as follows:

	Number of shares			
	As at 31 December			As at 30 September
	2022	2023	2024	2025
At the beginning of the year/period	13,306,197	21,355,184	20,875,536	21,205,048
Granted during the year/period	9,237,964	705,352	1,167,512	10,555,000
Forfeited during the year/period	(1,188,977)	(1,185,000)	(838,000)	(392,221)
At the end of the year/period	<u>21,355,184</u>	<u>20,875,536</u>	<u>21,205,048</u>	<u>31,367,827</u>

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33. RESERVES AND TREASURY SHARES

The Group

The amounts of the Group’s reserves and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity of the Historical Financial Information.

(i) Capital and other reserve

Capital and other reserve of the Group mainly represents the premium in issuing shares, the share of capital reserves of associates and the premium in acquisition of non-controlling interests.

(ii) Statutory surplus reserve

In accordance with the Company Law of the Chinese mainland, companies which are domestic enterprises are required to allocate 10% of their profit after tax, as determined in accordance with the relevant PRC accounting standards, to their respective statutory surplus reserves until the reserves reach 50% of their respective registered capital. Subject to certain restrictions set out in the Company Law of the PRC, part of the statutory surplus reserve may be converted to share capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

(iii) Exchange fluctuation reserve

The exchange fluctuation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the Group’s presentation currency.

(iv) Share-based payment reserve

The share-based payment reserve represents the equity-settled share awards as set out in note 32 to the Historical Financial Information.

(v) Treasury shares

	Number of shares	Treasury shares
		RMB’000
At 1 January 2025	–	–
Repurchase of shares (i)	7,499,937	299,820
Shares granted under a share award scheme (iii)	(6,270,000)	(250,651)
Shares repurchase obligation (ii) (iii)	10,555,000	216,548
At 30 September 2025	<u>11,784,937</u>	<u>265,717</u>

(i) The Company purchased 7,499,937 of its shares from open market at a total consideration of RMB299,869,000.

(ii) In May 2025, the Company granted 4,285,000 shares to certain employees at the grant price of RMB19.34 per share under the RSs for an aggregate consideration of RMB82,872,000 which was received in July 2025. A corresponding shares repurchase obligation liability was recognized.

(iii) In August 2025, the Company granted 6,270,000 shares, which were repurchased by the Company from the open market for RMB250,651,000 to certain employees under the ESOP for RMB21.32 per shares with an aggregate consideration of RMB133,676,000 and a corresponding shares repurchase obligation liability was recognised.

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	Capital and other reserve	Share- based payment reserve	Cash flow hedge reserve	Statutory reserves	Retained profits	Total reserve	Treasury shares	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2021 and								
1 January 2022	1,055,598	66,425	–	75,307	584,088	1,781,418	–	1,781,418
Profit for the year	–	–	–	–	358,253	358,253	–	358,253
Total comprehensive income for								
the years	–	–	–	–	358,253	358,253	–	358,253
Share-based payments	–	58,239	–	–	–	58,239	–	58,239
Transfer from retained profits	–	–	–	35,825	(35,825)	–	–	–
Dividends declared	–	–	–	–	(455,053)	(455,053)	–	(455,053)
As at 31 December 2022 and								
1 January 2023	1,055,598	124,664	–	111,132	451,463	1,742,857	–	1,742,857
Profit for the year	–	–	–	–	292,725	292,725	–	292,725
Cash flow hedges	–	–	(1,793)	–	–	(1,793)	–	(1,793)
Total comprehensive income for								
the year	–	–	(1,793)	–	292,725	290,932	–	290,932
Share-based payments	–	69,629	–	–	–	69,629	–	69,629
Transfer from retained profits	–	–	–	29,273	(29,273)	–	–	–
As at 31 December 2023 and								
1 January 2024	1,055,598	194,293	(1,793)	140,405	714,915	2,103,418	–	2,103,418
Profit for the year	–	–	–	–	149,955	149,955	–	149,955
Cash flow hedges	–	–	2,519	–	–	2,519	–	2,519
Total comprehensive income for								
the year	–	–	2,519	–	149,955	152,474	–	152,474
Issue of shares	1,380,679	–	–	–	–	1,380,679	–	1,380,679
Share-based payments	–	71,634	–	–	–	71,634	–	71,634
Transfer from retained profits	–	–	–	14,995	(14,995)	–	–	–
Dividends declared	–	–	–	–	(232,548)	(232,548)	–	(232,548)
As at 31 December 2024 and								
1 January 2025	2,436,277	265,927	726	155,400	617,327	3,475,657	–	3,475,657
Profit for the period	–	–	–	–	124,989	124,989	–	124,989
Cash flow hedges	–	–	(2,042)	–	–	(2,042)	–	(2,042)
Total comprehensive income for								
the period	–	–	(2,042)	–	124,989	122,947	–	122,947
Issue of shares	78,587	–	–	–	–	78,587	–	78,587
Share repurchased under a share								
award scheme	(49)	–	–	–	–	(49)	(299,820)	(299,869)
Shares repurchase obligation								
recognised	–	–	–	–	–	–	(216,548)	(216,548)
Issue of shares under a share award								
scheme	(116,975)	–	–	–	–	(116,975)	250,651	133,676
Share-based payments	2,309	88,593	–	–	–	90,902	–	90,902
Dividends declared	–	–	–	–	(228,798)	(228,798)	–	(228,798)
As at 30 September 2025	2,400,149	354,520	(1,316)	155,400	513,518	3,422,271	(265,717)	3,156,554

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34. ACQUISITION OF A SUBSIDIARY THAT IS NOT A BUSINESS

In May 2025, the Group acquired the entire equity interest of Huizhou Longhe Technology Co., Ltd. from Shanghai Lilong Investment Management Co., Ltd. (上海利龍投資管理有限公司), a company of which Mr. Du Junhong is an equity holder, for a total cash consideration of RMB57,765,000. Huizhou Longhe Technology Co., Ltd. is engaging in property development business.

Details of assets purchased are included in note 13 and note 15(a) to the Historical Financial Information.

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	<i>RMB'000</i>
Cash consideration	(57,765)
Cash and bank balances acquired	<u>21,990</u>
Net outflow of cash and cash equivalents included in cash flows from investing activities	<u>(35,775)</u>

35. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the years ended 31 December 2022, 2023 and 2024 and the nine months ended 30 September 2025, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB120,261,000, RMB189,824,000, RMB78,777,000 and RMB58,215,000, respectively, in respect of lease arrangements for buildings.

(b) Changes in liabilities arising from financing activities

	Interest-bearing bank borrowings	Lease liabilities	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2022.	979,197	98,824	1,078,021
Changes from financing cash flows	(28,506)	(56,850)	(85,356)
New leases	–	120,261	120,261
Lease term termination	–	(15,866)	(15,866)
Interest expense	32,583	5,365	37,948
Foreign exchange difference	2,730	–	2,730
At 31 December 2022 and 1 January 2023.	986,004	151,734	1,137,738
Changes from financing cash flows	439,345	(65,357)	373,988
New leases	–	189,824	189,824
Lease term termination	–	(39,586)	(39,586)
Interest expense	38,521	6,683	45,204
Foreign exchange difference	1,375	–	1,375
At 31 December 2023 and 1 January 2024.	1,465,245	243,298	1,708,543
Changes from financing cash flows	986,991	(83,833)	903,158
New leases	–	78,777	78,777
Lease term termination	–	(3,352)	(3,352)
Interest expense	63,972	9,824	73,796
Foreign exchange difference	(14,831)	–	(14,831)
At 31 December 2024 and 1 January 2025.	2,501,377	244,714	2,746,091
Changes from financing cash flows	1,187,325	(69,920)	1,117,405
New leases	–	58,215	58,215
Lease term termination	–	(2,009)	(2,009)
Interest expense	41,469	7,313	48,782
Changes from operating cash flows	7,800	–	7,800
Derecognition for bills receivables.	(92,834)	–	(92,834)
Foreign exchange difference	(6,272)	–	(6,272)
At 30 September 2025	<u>3,638,865</u>	<u>238,313</u>	<u>3,877,178</u>

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(c) Total cash outflow for leases

The total cash outflow for leases included in the statements of cash flows is as follows:

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i>
Within operating activities . . .	45,557	42,672	78,339	61,865	46,637
Within financing activities . . .	56,850	65,357	83,833	60,658	69,920
Total	<u>102,407</u>	<u>108,029</u>	<u>162,172</u>	<u>122,523</u>	<u>116,557</u>

36. CONTINGENT LIABILITIES

As of the end of each of the Relevant Periods, we did not have any material contingent liabilities, guarantees or any litigations or claims of material importance, pending or threatened against any member of the Group.

37. COMMITMENTS

The Group had the following capital commitments at the end of each of the relevant periods:

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Contracted, but not provided for:				
Properties, plant and equipment . .	<u>215,332</u>	<u>313,131</u>	<u>318,270</u>	<u>233,204</u>

38. RELATED PARTY TRANSACTIONS

The related companies with which the Group had transactions were as follows:

Name of related parties	Relationship with the Group
DBG Technology (India) Private Limited.	The Group holds 11.07% equity interest
DBG Technology Co., Ltd.	The Group indirectly holds 10.63% of effective equity interest
Shenzhen WangXin Precision Industrial Co., Ltd. 深圳市旺鑫精密工業有限公司	The Group indirectly holds 2.16% of effective equity interest
Xiaomi Group	Companies of which Mr. Lei Jun (a shareholder of the Company) is a shareholder
Dongguan Liesheng Electronic Co., Ltd. 東莞市獵聲電子科技有限公司	A company of which Mr. Liu De (a director of the Company) is a director
Shanghai Donghe Jiugu Happy Farm Co., Ltd. 上海東禾九穀開心農場有限公司	A company of which Mr. Du Junqi (a close family member of Mr. Du Junhong) has equity interest
Shanghai Donghe Vegetable and Fruit Planting Professional Cooperative 上海東禾蔬果種植專業合作社	A company of which Mr. Du Junqi (a close family member of Mr. Du Junhong) has equity interest
Zhenshi Information Technology (Shanghai) Co., Ltd. 甄士信息科技(上海)有限公司	A company of which Mr. Fan Haitao (a shareholder of the Company) is a shareholder
70mai Co., Ltd. 上海七十邁數字科技有限公司	A company of which Mr. Tang Xiaoxun (a shareholder of the Company) is a shareholder
Shanghai Imilab Technology Co., Ltd. 上海創米數聯智能科技發展股份有限公司	A company of which Mr. Deng Hua (a shareholder of the Company) is a shareholder

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Name of related parties	Relationship with the Group
Shanghai Moban Intelligent Technology Co., Ltd. 上海墨案智能科技有限公司	Shanghai Lingxun Enterprise Management Center (Limited Partnership) (Mr. Du Junhong is a managing partner) holds 21.18% equity interest
Dongguan WangXin Precision Industrial Co., Ltd. 東莞市旺鑫精密工業有限公司	A subsidiary of Shenzhen WangXin Precision Industrial Co., Ltd.
Huizhou Longhe Technology Co., Ltd.* 惠州市龍和科技有限公司	A company of which Mr. Du Junhong is a shareholder
Shanghai Lilong Investment Management Co., Ltd. 上海利龍投資管理有限公司	A company of which Mr. Du Junhong is a shareholder

* Huizhou Longhe Technology Co., Ltd. has become a subsidiary of the Group since May 2025.

(a) Transactions with related parties:

The Group had the following transactions with related parties during the Relevant Periods and the nine months ended 30 September 2024:

Transactions with related parties	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Purchase of products and service					
DBG Technology (India) Private Limited.	–	4,722	678,742	554,875	225,472
DBG Technology Co., Ltd.	170,884	349,119	508,572	375,516	152,797
Total	<u>170,884</u>	<u>353,841</u>	<u>1,187,314</u>	<u>930,391</u>	<u>378,269</u>
Purchases of products					
Shenzhen WangXin Precision Industrial Co., Ltd.	489,872	381,176	428,755	412,282	–
Xiaomi Group	5,976	3,868	244,399	139,020	443,148
Dongguan Liesheng Electronic Co., Ltd.	46	10,476	3,100	3,100	–
Shanghai Donghe Jiugu Happy Farm Co., Ltd.	285	382	273	147	34
Shanghai Donghe Vegetable and Fruit Planting Professional Cooperative	431	571	46	46	816
Dongguan WangXin Precision Industrial Co., Ltd.	222	–	–	–	–
Shanghai Moban Intelligent Technology Co., Ltd.	18	–	–	–	–
Total	<u>496,850</u>	<u>396,473</u>	<u>676,573</u>	<u>554,595</u>	<u>443,998</u>

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Transactions with related parties	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Provision of services or sales of products					
Xiaomi Group	13,357,127	11,519,947	17,261,692	12,764,718	8,953,639
Zhenshi Information Technology (Shanghai) Co., Ltd.	481	520	594	477	248
70mai Co., Ltd.	426	5	2	2	2
Total	<u>13,358,034</u>	<u>11,520,472</u>	<u>17,262,288</u>	<u>12,765,197</u>	<u>8,953,889</u>
Sales of products					
DBG Technology (India) Private Limited	99,857	225,887	195,197	167,667	56,693
DBG Technology Co., Ltd.	539	365	9,721	8,004	4,324
Shenzhen WangXin Precision Industrial Co., Ltd.	–	4,997	9,552	7,745	–
Shanghai Imilab Technology Co., Ltd.	57	57	57	42	–
Shanghai Moban Intelligent Technology Co., Ltd.	567	88	30	30	1
Total	<u>101,020</u>	<u>231,394</u>	<u>214,557</u>	<u>183,488</u>	<u>61,018</u>
Lease expenses					
Huizhou Longhe Technology Co., Ltd.	<u>3,095</u>	<u>3,095</u>	<u>3,095</u>	<u>2,321</u>	<u>1,356</u>

In May 2025, the Group acquired Huizhou Longhe Technology Co. Ltd. which became a subsidiary of the Group. Further details of the transaction are included in note 34 to the Historical Financial Information.

The transactions with related parties were made according to the published prices and conditions negotiated between the parties.

(b) Outstanding balances with related parties:

The Group

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Due from related parties				
Trade-related				
Xiaomi Group	<u>617</u>	<u>617</u>	<u>389</u>	<u>380</u>
Lease liabilities				
Trade-related				
Huizhou Longhe Technology Co., Ltd.	<u>–</u>	<u>3,044</u>	<u>–</u>	<u>–</u>

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The Company

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Due from subsidiaries				
Non-trade related				
Shanghai Longcheer Information Co., Ltd.	1,255,811	1,328,150	1,748,500	1,730,100
Shanghai Longcheer Smart Technology Co., Ltd.	128,000	—	—	—
Longcheer Electronics (Huizhou) Co., Ltd.	1,377	—	—	—
Hefei Longcheer Smart Technology Co., Ltd.	—	88,000	53,000	146,000
Nanchang Longcheer Smart Technology Co., Ltd.	—	—	50,000	96,700
Total	<u>1,385,188</u>	<u>1,416,150</u>	<u>1,851,500</u>	<u>1,972,800</u>
Due to subsidiaries				
Non-trade related				
Guolong Information Technology (Shanghai) Co., Ltd.	267,713	213,970	68,807	80,403
Longcheer Electronics (Huizhou) Co., Ltd.	200,000	608,773	394,845	235,739
Miaobo Software Co., Ltd.	135,000	148,000	223,000	213,000
Nanchang Longcheer Information Technology Co., Ltd.	—	300,000	—	700,358
Shanghai Longcheer Smart Technology Co., Ltd.	—	2	300,154	1,045,261
Shanghai Huanmi Technology Co., Ltd.	—	—	27,000	27,000
Shanghai Haocheng Information Technology Co., Ltd.	—	—	3,800	3,000
Longcheer Telecommunication (H.K.) Limited	—	—	—	6,168
Total	<u>602,713</u>	<u>1,270,745</u>	<u>1,017,606</u>	<u>2,310,929</u>

These balances were interest-free, unsecured and repayable on demand.

Further details of trade related outstanding balances with related parties are included in note 21 and note 25.

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(c) Compensation of key management personnel of the Group:

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Fees	360	360	360	270	290
Other emoluments:					
Salaries, allowances and bonuses	15,671	12,612	11,891	8,955	10,630
Share-based payment expenses	16,986	17,836	21,732	13,739	20,838
Pension scheme contributions	1,121	1,213	1,263	945	1,155
Total	<u>34,138</u>	<u>32,021</u>	<u>35,246</u>	<u>23,909</u>	<u>32,913</u>

Further details of directors’, the chief executive’s and supervisors’ emoluments are included in note 8 to the Historical Financial Information.

39. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

As at 31 December 2022

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total
	RMB'000	RMB'000	RMB'000
Investments measured at fair value through profit or loss	269,228	–	269,228
Trade and bills receivables (<i>note 21</i>)	–	5,538,222	5,538,222
Financial assets included in prepayments, other receivables and other assets	–	89,995	89,995
Pledged deposits	–	1,184,320	1,184,320
Cash and cash equivalents	–	3,278,958	3,278,958
Total	<u>269,228</u>	<u>10,091,495</u>	<u>10,360,723</u>

Financial liabilities

	Hedging instruments designated in cash flow hedges	Financial liabilities at amortised cost	Total
	RMB'000	RMB'000	RMB'000
Derivative financial instruments designated as hedging instruments in cash flow hedges	3,008	–	3,008
Lease liabilities	–	151,734	151,734
Trade and bills payables	–	9,585,085	9,585,085
Financial liabilities included in other payables and accruals	–	10,495	10,495
Interest-bearing bank borrowings	–	986,004	986,004
Total	<u>3,008</u>	<u>10,733,318</u>	<u>10,736,326</u>

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As at 31 December 2023

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total
	RMB'000	RMB'000	RMB'000
Investments measured at fair value through profit or loss	318,526	—	318,526
Trade and bills receivables (<i>note 21</i>)	—	9,008,400	9,008,400
Financial assets included in prepayments, other receivables and other assets	—	44,822	44,822
Pledged deposits	—	692,020	692,020
Restricted cash	—	3,298	3,298
Cash and cash equivalents	—	4,406,907	4,406,907
Total	<u>318,526</u>	<u>14,155,447</u>	<u>14,473,973</u>

Financial liabilities

	Hedging instruments designated in cash flow hedges	Financial liabilities at amortised cost	Total
	RMB'000	RMB'000	RMB'000
Derivative financial instruments designated as hedging instruments in cash flow hedges	23,120	—	23,120
Lease liabilities	—	243,298	243,298
Trade and bills payables	—	13,653,990	13,653,990
Financial liabilities included in other payables and accruals	—	19,125	19,125
Interest-bearing bank borrowings	—	1,465,245	1,465,245
Total	<u>23,120</u>	<u>15,381,658</u>	<u>15,404,778</u>

As at 31 December 2024

Financial assets

	Financial assets at fair value through profit or loss	Hedging instruments designated in cash flow hedges	Financial assets at amortised cost	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Derivative financial instruments designated as hedging instruments in cash flow hedges	—	726	—	726
Investments measured at fair value through profit or loss	1,627,554	—	—	1,627,554
Trade and bills receivables (<i>note 21</i>)	—	—	11,732,512	11,732,512
Financial assets included in prepayments, other receivables and other assets	—	—	43,732	43,732
Pledged deposits	—	—	1,222,947	1,222,947
Restricted cash	—	—	41,442	41,442
Time deposits	—	—	93,876	93,876
Cash and cash equivalents	—	—	5,461,528	5,461,528
Total	<u>1,627,554</u>	<u>726</u>	<u>18,596,037</u>	<u>20,224,317</u>

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Financial liabilities

	Hedging instruments designated in cash flow hedges	Financial liabilities at amortised cost	Total
	RMB'000	RMB'000	RMB'000
Derivative financial instruments designated as hedging instruments in cash flow hedges	27,636	–	27,636
Lease liabilities	–	244,714	244,714
Trade and bills payables	–	17,310,801	17,310,801
Financial liabilities included in other payables and accruals	–	29,951	29,951
Interest-bearing bank borrowings	–	2,501,377	2,501,377
Total	<u>27,636</u>	<u>20,086,843</u>	<u>20,114,479</u>

As at 30 September 2025

Financial assets

	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Investments measured at fair value through profit or loss	–	1,516,817	–	1,516,817
Trade and bills receivables (note 21)	16,821	–	11,198,677	11,215,498
Financial assets included in prepayments, other receivables and other assets	–	–	67,495	67,495
Pledged deposits	–	–	446,532	446,532
Restricted cash	–	–	2,013	2,013
Time deposits	–	–	46,719	46,719
Cash and cash equivalents	–	–	6,850,371	6,850,371
Total	<u>16,821</u>	<u>1,516,817</u>	<u>18,611,807</u>	<u>20,145,445</u>

Financial liabilities

	Hedging instruments designated in cash flow hedges	Financial liabilities at amortised cost	Total
	RMB'000	RMB'000	RMB'000
Derivative financial instruments designated as hedging instruments in cash flow hedges	47,132	–	47,132
Lease liabilities	–	238,313	238,313
Trade and bills payables	–	16,680,460	16,680,460
Financial liabilities included in other payables and accruals	–	247,444	247,444
Interest-bearing bank borrowings	–	3,638,865	3,638,865
Total	<u>47,132</u>	<u>20,805,082</u>	<u>20,852,214</u>

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40. TRANSFERS OF FINANCIAL ASSETS

Transferred financial assets that were derecognized in their entirety

During the Relevant Periods, the Group endorsed certain bank acceptance notes to certain suppliers in order to settle the trade payables such suppliers and discounted certain bank acceptance bills with commercial banks (collectively, the “Derecognised Bills”) with carrying amounts in aggregate of RMB13,180,000, RMB1,587,000, RMB239,483,000 and RMB233,384,000 as at 31 December 2022, 2023 and 2024 and 30 September 2025, respectively. The Derecognised Bills had a maturity ranging from 1 to 12 months at the end of each Relevant Periods. In accordance with the Law of Negotiable Instruments of the Chinese mainland, the holders of the Derecognised Bills may exercise the right of recourse against any, several or all of the persons/entities who are liable for the Derecognised Bills, including the Group, regardless of the order of precedence (the “Continuing Involvement”). In the opinion of the Company’s directors, the Group has transferred substantially all the risks and rewards relating to the Derecognised Bills. Accordingly, the Group has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group’s Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is their carrying amounts. In the opinion of the Company’s directors, the fair values of the Group’s Continuing Involvement in the Derecognised Bills are not significant.

Transferred financial assets that were not derecognised in their entirety

During the Relevant Periods, the Group endorsed certain bills receivable accepted by banks in the Chinese mainland (the “Endorsed Bills”). In the opinion of the Company’s directors, the Group has retained substantially the risks and rewards, which include the default risks relating to those Endorsed Bills, and accordingly, the Group continued to recognise the full carrying amounts of the Endorsed Bills and the associated trade payables settled. Subsequent to the Endorsement, the Group has not retained any rights on the use of the Endorsed Bills, including the sale, transfer or pledge of the Endorsed Bills to any other third parties. The aggregate carrying amounts of the trade payables settled by the Endorsed Bills during the year to which the suppliers have recourse were RMB392,232,000, RMB1,160,803,000, RMB1,033,299,000 and RMB409,946,000 as at 31 December 2022, 2023 and 2024 and 30 September 2025, respectively.

41. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, restricted cash, time deposits, pledged deposits, trade and bills receivables, financial assets included in prepayments, other receivables and other assets, trade and bills payables, derivative financial instruments, investments measured at fair value through profit or loss, financial liabilities included in other payables and accruals, lease liabilities and short-term interest-bearing bank borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group’s finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The Group invests in financial assets at fair value through profit or loss, which represent listed equity investments in the secondary market, structured deposits and wealth management product issued by banks. The Group has estimated the fair value of equity investments in the secondary market based on the closing price in publicly traded markets on the balance sheet date. For structured deposits and wealth management products, since the historical actual returns are consistent with expected returns, the Group measures the fair value of bank wealth management products classified as trading financial assets using the expected rate of return and the investment period.

The Group enters into derivative financial instruments with banks. Derivative financial instruments are mainly about forward currency contracts. The fair values of derivative financial instruments are measured based on the valuation report obtained.

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The fair values of the interest-bearing bank borrowings have been assessed to be approximate to their carrying amounts as at 31 December 2022, 2023 and 2024, respectively. As at 30 September 2025, the fair value and the carrying amount of the interest-bearing bank borrowings were RMB3,602,653,000 and RMB3,638,865,000. The fair values of the interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using significant observable inputs within Level 2.

The fair values of unlisted equity investments measured at fair value through profit or loss have been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and to calculate an appropriate price multiple, such as price to book (“P/B”) multiple, price to earnings (“P/E”) multiple and price to sales (“P/S”) multiple for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the unlisted equity investments to measure the fair value. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in profit or loss, are reasonable, and that they were the most appropriate values at the end of the reporting period.

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2022, 2023 and 2024 and 30 September 2025:

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Financial assets				
Investments measured at fair value through profit or loss				
Unlisted equity investments	Market approach	Discounts for lack of marketability (“DLOM”)	31 December 2022: 12% to 18%	1% increase or decrease in multiple would result in decrease or increase in fair value by RMB1,213,000.
			31 December 2023: 4% to 18%	1% increase or decrease in multiple would result in decrease or increase in fair value by RMB2,118,000.
			31 December 2024: 4% to 18%	1% increase or decrease in multiple would result in decrease or increase in fair value by RMB1,474,000.
			30 September 2025: 12% to 18%	1% increase or decrease in multiple would result in decrease or increase in fair value by RMB1,682,000

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Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group’s financial instruments:

Assets measured at fair value:

As at 31 December 2022

	Fair value measurement using			Total
	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	
	RMB’000	RMB’000	RMB’000	RMB’000
Unlisted equity investments	—	—	269,228	269,228

As at 31 December 2023

	Fair value measurement using			Total
	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	
	RMB’000	RMB’000	RMB’000	RMB’000
Unlisted equity investments	—	—	318,526	318,526

As at 31 December 2024

	Fair value measurement using			Total
	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	
	RMB’000	RMB’000	RMB’000	RMB’000
Derivative financial instruments . . .	—	726	—	726
Listed equity investments	13,871	—	—	13,871
Structured deposits and wealth management products	—	1,371,031	—	1,371,031
Unlisted equity investments	—	—	242,652	242,652
Total	13,871	1,371,757	242,652	1,628,280

As at 30 September 2025

	Fair value measurement using			Total
	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	
	RMB’000	RMB’000	RMB’000	RMB’000
Trade and bills receivables	—	16,821	—	16,821
Listed equity investments	5,942	—	—	5,942
Structured deposits and wealth management products	—	1,162,784	—	1,162,784
Unlisted equity investments	—	—	348,091	348,091
Total	5,942	1,179,605	348,091	1,533,638

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Liabilities measured at fair value:

As at 31 December 2022

	Fair value measurement using			Total
	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	
	RMB'000	RMB'000	RMB'000	RMB'000
Derivative financial instruments . . .	—	3,008	—	3,008
	=	=	=	=

As at 31 December 2023

	Fair value measurement using			Total
	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	
	RMB'000	RMB'000	RMB'000	RMB'000
Derivative financial instruments . . .	—	23,120	—	23,120
	=	=	=	=

As at 31 December 2024

	Fair value measurement using			Total
	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	
	RMB'000	RMB'000	RMB'000	RMB'000
Derivative financial instruments . . .	—	27,636	—	27,636
	=	=	=	=

As at 30 September 2025

	Fair value measurement using			Total
	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	
	RMB'000	RMB'000	RMB'000	RMB'000
Derivative financial instruments . . .	—	47,132	—	47,132
	=	=	=	=

The movements in fair value measurements within Level 3 during the year/period are as follows:

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Unlisted equity investments				
At beginning of year/period	246,137	269,228	318,526	242,652
Total (losses)/gains recognised in the statements of profit or loss . .	(45,028)	24,298	(18,685)	33,173
Purchases	68,119	25,000	10,000	86,000
Transfer into level 1	—	—	(67,189)	(979)
Disposal	—	—	—	(12,755)
At end of year/period	269,228	318,526	242,652	348,091
	=	=	=	=

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42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group’s principal financial instruments, other than a derivative, comprise bank loans, other interest-bearing borrowings, and cash and pledged deposits. The main purpose of these financial instruments is to raise finance for the Group’s operations. The Group has various other financial assets and liabilities such as trade and bills receivables and trade and bills payables, which arise directly from its operations.

The main risks arising from the Group’s financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group’s exposure to the risk of changes in market interest rates relates primarily to the Group’s long term debt obligations with a floating interest rate. The Group’s policy is to manage its interest cost using a mix of fixed and variable rate debts.

If the interest rate of bank borrowings had increased/decreased by 50 basis points and all other variables were held constant, the profit before tax of the Group, through the impact on floating rate borrowings, would have increased/decreased by approximately RMB1,317,000, RMB3,963,000, RMB4,393,000 and RMB1,539,000 for the years ended 31 December 2022, 2023 and 2024 and the nine months ended 30 September 2025, respectively.

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units’ functional currencies.

The following table demonstrates the sensitivity at the end of each of the Relevant Periods to a reasonably possible change in foreign currency exchange rates, with all other variables held constant, of the Group’s profit before tax (due to changes in the fair value of monetary assets and liabilities) and the Group’s equity.

	Increase/(decrease) in rate of foreign exchange	Increase/(decrease) in profit before tax
	%	RMB’000
Year ended 31 December 2022		
If the RMB weakens against the USD	5	39,277
If the RMB strengthens against the USD	(5)	(39,277)
 If the RMB weakens against the INR	5	6,472
If the RMB strengthens against the INR	(5)	(6,472)
Year ended 31 December 2023		
If the RMB weakens against the USD	5	(23,443)
If the RMB strengthens against the USD	(5)	23,443
 If the RMB weakens against the INR	5	3,279
If the RMB strengthens against the INR	(5)	(3,279)
Year ended 31 December 2024		
If the RMB weakens against the USD	5	38,037
If the RMB strengthens against the USD	(5)	(38,037)
 If the RMB weakens against the INR	5	8,313
If the RMB strengthens against the INR	(5)	(8,313)
Nine months ended 30 September 2025		
If the RMB weakens against the USD	5	86,363
If the RMB strengthens against the USD	(5)	(86,363)
 If the RMB weakens against the INR	5	44,931
If the RMB strengthens against the INR	(5)	(44,931)

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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. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without specific verification procedures.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group’s credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification. The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2022

	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 and bills receivables*	–	–	–	5,547,834	5,547,834
Financial assets included in prepayments, other receivables and other assets					–
– Normal**	94,524	–	–	–	94,524
Pledged deposits					
– Not yet past due.	1,184,320	–	–	–	1,184,320
Cash and cash equivalents					
– Not yet past due.	3,278,958	–	–	–	3,278,958
Total	<u>4,557,802</u>	<u>–</u>	<u>–</u>	<u>5,547,834</u>	<u>10,105,636</u>

As at 31 December 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 and bills receivables*	–	–	–	9,021,856	9,021,856
Financial assets included in prepayments, other receivables and other assets					
– Normal**	46,490	–	–	–	46,490
Pledged deposits					
– Not yet past due.	692,020	–	–	–	692,020
Restricted cash					
– Not yet past due.	3,298	–	–	–	3,298
Cash and cash equivalents					
– Not yet past due.	4,406,907	–	–	–	4,406,907
Total	<u>5,148,715</u>	<u>–</u>	<u>–</u>	<u>9,021,856</u>	<u>14,170,571</u>

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As at 31 December 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 and bills receivables*	–	–	–	11,740,585	11,740,585
Financial assets included in prepayments, other receivables and other assets					
– Normal**	45,309	–	–	–	45,309
Pledged deposits					
– Not yet past due.	1,222,947	–	–	–	1,222,947
Restricted cash					
– Not yet past due.	41,442	–	–	–	41,442
Time deposits					
– Not yet past due.	93,876	–	–	–	93,876
Cash and cash equivalents					
– Not yet past due.	5,461,528	–	–	–	5,461,528
Total	<u>6,865,102</u>	<u>–</u>	<u>–</u>	<u>11,740,585</u>	<u>18,605,687</u>

As at 30 September 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 and bills receivables*	–	–	–	11,223,298	11,223,298
Financial assets included in prepayments, other receivables and other assets					
– Normal**	69,849	–	–	–	69,849
Pledged deposits					
– Not yet past due.	446,532	–	–	–	446,532
Restricted cash					
– Not yet past due.	2,013	–	–	–	2,013
Time deposits					
– Not yet past due.	46,719	–	–	–	46,719
Cash and cash equivalents					
– Not yet past due.	6,850,371	–	–	–	6,850,371
Total	<u>7,415,484</u>	<u>–</u>	<u>–</u>	<u>11,223,298</u>	<u>18,638,782</u>

* For trade and bills receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 21.

** 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”.

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Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the operations and mitigate the effects of fluctuations of cash flows.

The Group’s objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank borrowings and lease liabilities.

The maturity profile of the Group’s financial liabilities as at the end of the each of the Relevant period, based on the contractual undiscounted payments, is as follows:

	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
31 December 2022						
Interest-bearing bank						
borrowings	452,022	106,643	156,921	346,846	–	1,062,432
Lease liabilities	61,069	55,189	40,672	5,691	–	162,621
Trade and bills payables	9,585,085	–	–	–	–	9,585,085
Financial liabilities included						
in other payables	10,495	–	–	–	–	10,495
Derivative financial						
instruments	3,008	–	–	–	–	3,008
Total	<u>10,111,679</u>	<u>161,832</u>	<u>197,593</u>	<u>352,537</u>	<u>–</u>	<u>10,823,641</u>

	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
31 December 2023						
Interest-bearing bank						
borrowings	777,970	96,067	100,590	453,970	127,340	1,555,937
Lease liabilities	69,411	57,068	27,531	43,519	82,713	280,242
Trade and bills payables	13,653,990	–	–	–	–	13,653,990
Financial liabilities included						
in other payables	19,125	–	–	–	–	19,125
Derivative financial						
instruments	23,120	–	–	–	–	23,120
Total	<u>14,543,616</u>	<u>153,135</u>	<u>128,121</u>	<u>497,489</u>	<u>210,053</u>	<u>15,532,414</u>

	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
31 December 2024						
Interest-bearing bank						
borrowings	1,824,037	312,430	222,648	168,212	13,413	2,540,740
Lease liabilities	84,171	51,436	34,742	43,799	62,048	276,196
Trade and bills payables	17,310,801	–	–	–	–	17,310,801
Financial liabilities included						
in other payables	29,951	–	–	–	–	29,951
Derivative financial						
instruments	27,636	–	–	–	–	27,636
Total	<u>19,276,596</u>	<u>363,866</u>	<u>257,390</u>	<u>212,011</u>	<u>75,461</u>	<u>20,185,324</u>

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	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
30 September 2025						
Interest-bearing bank borrowings	3,068,026	234,284	71,308	216,439	117,585	3,707,642
Lease liabilities	73,466	44,846	35,306	53,571	41,260	248,449
Trade and bills payables	16,680,460	–	–	–	–	16,680,460
Financial liabilities included in other payables	247,444	–	–	–	–	247,444
Derivative financial instruments	47,132	–	–	–	–	47,132
Total	20,116,528	279,130	106,614	270,010	158,845	20,931,127

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 return capital to shareholders or issue new shares.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt includes, interest-bearing bank borrowings, trade and bills payables, derivative financial instrument, other payables and accruals and lease liabilities, less cash and cash equivalents. Capital includes equity attributable to the owners of the parent. The gearing ratios as at the end of each of the Relevant Periods were as follows:

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills payables	9,585,085	13,653,990	17,310,801	16,680,460
Other payables and accruals	420,837	440,433	462,661	688,742
Derivative financial instruments	3,008	23,120	27,636	47,132
Interest-bearing bank borrowings	986,004	1,465,245	2,501,377	3,638,865
Lease liabilities	151,734	243,298	244,714	238,313
Less: Cash and cash equivalents	(3,278,958)	(4,406,907)	(5,461,528)	(6,850,371)
Net debt	7,867,710	11,419,179	15,085,661	14,443,141
Equity attributable to owners of the parent	3,156,084	3,825,258	5,600,773	5,740,203
Capital and net debt	11,023,794	15,244,437	20,686,434	20,183,344
Gearing ratio	71%	75%	73%	72%

43. EVENTS AFTER THE RELEVANT PERIODS

On 20 November 2025, the Company granted a total of 950,000 shares to certain employees under the RSs at a grant price of RMB19.34 per share.

44. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any subsidiaries of the Group in respect of any period subsequent to 30 September 2025.

APPENDIX IA

[REDACTED]

[REDACTED]

APPENDIX IA

[REDACTED]

[REDACTED]

APPENDIX IA

[REDACTED]

[REDACTED]

APPENDIX II

UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II

UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II

UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II

UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II

UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX III

TAXATION AND FOREIGN EXCHANGE

PRC TAXATION

Taxation of Security Holders

The taxation of income and capital gains of holders of H Shares is subject to the laws and practices of the PRC and of jurisdictions in which holders of H Shares are resident or otherwise subject to tax. The following summary of certain relevant taxation provisions is based on current laws and practices in effect, and constitutes no predictions of changes or adjustments to relevant laws or policies or any advice or suggestions thereunder. The discussion does not deal with all possible tax consequences relating to an investment in the H Shares or take into account the specific circumstances of any particular [REDACTED], some of which may be subject to special rules. Accordingly, [REDACTED] should consult their own tax adviser regarding the taxation of an [REDACTED] in the H Shares. The discussion is based upon current laws and relevant interpretations in effect as at the execution date of this document, all of which are subject to change or adjustment and may differ from our past practices.

The discussion below does not involve any issue concerning the PRC or Hong Kong taxation other than income tax, capital gains tax, stamp duty and estate duty. Prospective [REDACTED] are urged to consult their financial advisers regarding the PRC, Hong Kong and other tax consequences of [REDACTED] and [REDACTED] of H Shares.

Taxation on Dividends

Individual Investors

Pursuant to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) (the “IIT Law”) last amended on 31 August 2018 and implemented on 1 January 2019 as well as the Regulations for the Implementation of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法實施條例》) last amended on 18 December 2018 and implemented on 1 January 2019, dividends distributed by PRC enterprises are subject to an individual income tax levied at a flat rate of 20%.

For a foreign individual who is not a resident of the PRC, the receipt of dividends from an enterprise in the PRC is normally subject to an individual income tax of 20% unless specifically exempted by the tax authority of the State Council or reduced by an applicable tax treaty. In accordance with the Circular on Certain Issues Concerning the Policies of Individual Income Tax (Cai Shui Zi [1994] No. 020) (《關於個人所得稅若干政策問題的通知》(財稅字[1994]020號)) promulgated by the Ministry of Finance (“MOF”) and the State Administration of Taxation (the “SAT”) on 13 May 1994 and effective from the same day, overseas individuals are, as an interim measure, exempted from the individual income tax for dividends or bonuses received from foreign-invested enterprises. According to the Notice of the State Council on Approving and Relaying the Several Opinions of the National Development and Reform Commission and Other Departments on Deepening Reform of the Income Distribution System (Guo Fa [2013] No. 6) (《國務院批轉發展改革委等部門關於深化收入分配制度改革若干意見的通知》(國發[2013]6號)) issued by the State Council on 5 February 2013, overseas

APPENDIX III

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individuals are no longer exempted from the individual income tax for dividends or bonuses received from foreign-invested enterprises, which is, however, not specified in the subsequent IIT Law and relevant tax regulations.

On 28 June 2011, the SAT issued the Notice on Matters Concerning the Levy and Administration of Individual Income Tax After the Repeal of Document Guo Shui Fa [1993] No. 045 (Guo Shui Han [2011] No. 348) (《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》(國稅函[2011]348號)), pursuant to which, dividends received by overseas resident individual shareholders from domestic non-foreign invested enterprises which have issued shares in Hong Kong are subject to individual income tax, which shall be withheld and paid by a withholding agent according to the items of interest, dividend and bonus income. Overseas resident individual shareholders of domestic non-foreign invested enterprises which have issued shares in Hong Kong are entitled to relevant preferential tax treatment pursuant to the provisions in the tax treaties between the countries in which they are residents and China, and the tax arrangements between Chinese Mainland and Hong Kong (Macau). Individual shareholders are generally subject to a withholding tax rate of 10% without any application when domestic non-foreign invested enterprises which have issued shares in Hong Kong distribute dividends. Where the tax rates on dividends are not 10%, the following requirements shall apply: (i) for individuals receiving dividends who are citizens from countries that have entered into tax treaties with China with tax rates lower than 10%, they may, according to the Notice of SAT on Issuing the Administrative Measures on Preferential Treatment Entitled by Non-residents under Tax Treaties (Guo Shui Fa [2009] No. 124) (《國家稅務總局關於發布<非居民納稅人享受協議待遇管理辦法>的公告》(國稅發[2009]124號)), apply for refund; (ii) for individuals receiving dividends who are citizens from countries that have entered into tax treaties with China with tax rates higher than 10% but lower than 20%, the withholding agent will, upon distribution of dividends, withhold and pay the individual income tax at the agreed effective tax rates under the treaties, without seeking such approval; (iii) for individuals receiving dividends who are citizens from countries without tax treaties with China or under other circumstances, the withholding agent will, upon distribution of dividends, withhold and pay the individual income tax at the rate of 20%.

In accordance with 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》) promulgated on 21 August 2006 and implemented on 8 December 2006, the PRC Government may levy taxes on the dividends paid by a PRC company to Hong Kong residents (including natural persons and legal entities) in an amount not exceeding 10% of total dividends payable by the PRC company. If a Hong Kong resident directly holds 25% or more of the equity interest in a PRC company, then such tax shall not exceed 5% of the dividends payable by the PRC company.

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Enterprise Investors

Pursuant to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) (the “EIT Law”), which was last amended and became effective on 29 December 2018, and the Regulations for the Implementation 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》), which was last amended on 6 December 2024 and became effective on 20 January 2025, a non-resident enterprise is generally subject to a 10% enterprise income tax on PRC-sourced income (including dividends from PRC resident enterprises with shares issued in Hong Kong), if such non-resident enterprise does not have an establishment or place in the PRC or has an establishment or place in the PRC but the PRC-sourced income is not connected with such establishment or place. The above income tax may be reduced or exempted to avoid double taxation in accordance with the applicable treaties.

The withholding tax payable for non-resident enterprises is deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise when such amount is payable or due.

The SAT Circular on Issues Relating to the Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-PRC Resident Enterprise Shareholders of H Shares (Guo Shui Han [2008] No. 897) (《國家稅務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008]897號)) issued by the SAT on 6 November 2008, which became effective on the same day, further clarified that a PRC-resident enterprise must withhold corporate income tax at a flat rate of 10% on dividends paid to non-PRC resident enterprise shareholders of H Shares with respect to the dividends of 2008 and onwards. In addition, the SAT Response to Questions on Levying Enterprise Income Tax on Dividends Derived by Non-resident Enterprises from Holding Stocks such as B Shares (Guo Shui Han [2009] No. 394) (《國家稅務總局關於非居民企業取得B股等股票股息徵收企業所得稅問題的批覆》(國稅函[2009]394號)) issued by the SAT on 24 July 2009, which became effective on the same day, further provides that PRC-resident enterprises listed on Chinese and overseas stock exchanges by issuing stocks (A shares, B shares and overseas shares) must withhold enterprise income tax at a flat rate of 10% on dividends of 2008 and onwards that it distributes to non-resident enterprise shareholders. Such tax rates may be further modified pursuant to the tax treaties or agreements that China has concluded with a relevant jurisdiction, where applicable.

Pursuant to the Arrangement between the Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) promulgated on 21 August 2006 and implemented on 8 December 2006, the PRC Government may levy taxes on the dividends paid by a PRC company to Hong Kong residents (including natural persons and legal entities) in an amount not exceeding 10% of total dividends payable by the PRC company. If a Hong Kong resident directly holds 25% or more of the equity interest in a PRC company, then such tax shall not exceed 5% of the dividends payable by the PRC company.

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Tax Treaties

Investors who are not PRC residents and reside in jurisdictions which have entered into avoidance of double taxation treaties or arrangements with the PRC are entitled to a reduction of the PRC enterprise income taxes imposed on the dividends received from PRC companies. At present, the PRC has entered into agreements/arrangements for the avoidance of double taxation with a number of countries or regions including HKSAR, Macau S.A.R, Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom and the United States. Non-PRC resident enterprises entitled to preferential tax rates in accordance with the relevant income tax treaties or arrangements may apply to the PRC tax authorities for a refund of enterprise income tax in excess of the agreed tax rate, and the refund application is subject to approval by the PRC tax authorities.

Taxation on Share Transfer

Income Tax

Individual investors

According to the IIT Law, gains realised from the transfer of personal assets are subject to income tax at a rate of 20%. According to the Circular on Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares (Cai Shui Zi [1998] No. 61) (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》(財稅字[1998]61號)) jointly issued by the MOF and STA on 30 March 1998 and implemented from the same date, since 1 January 1997, gains of individuals from the transfer of shares of listed companies continue to be temporarily exempted from individual income tax. Pursuant to the IIT Law and its implementation regulations, the STA has not expressly stipulated whether gains from the transfer of shares of listed companies will continue to be exempted from individual income tax.

However, on 31 December 2009, the MOF, the SAT and the CSRC jointly issued the Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of Listed Shares Subject to Sales Limitation (Cai Shui [2009] No. 167) (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知》(財稅[2009]167號)), which became effective on 1 January 2010 and provides that individuals' income from transferring listed shares publicly issued and transferred on the Shanghai Stock Exchange and the Shenzhen Stock Exchange shall continue to be exempted from individual income tax, except for shares subject to sales limitations as defined in the Supplementary Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of Listed Shares Subject to Sales Limitation (Cai Shui [2010] No. 70) (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的補充通知》(財稅[2010]70號)) jointly issued by such departments on 10 November 2010 and coming into effect on the same day.

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As of the execution date of this document, no provision has expressly provided that individual income tax shall be collected from non-PRC resident individual shareholders on their gains from the transfer of shares of PRC resident enterprises listed on overseas stock exchanges (such as the Hong Kong Stock Exchange).

Enterprise Investors

According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) (the “EIT Law”) and the Implementation Regulation of the EIT Law of the PRC last amended on 6 December 2024 and implemented on 20 January 2025, a non-resident enterprise is generally subject to enterprise income tax at the uniform rate of a 10% on PRC-sourced income if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. The aforesaid income tax payable for non-resident enterprises is deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise when such amount is payable or due. The tax may be deducted in accordance with special arrangements or agreements entered into between the PRC and the jurisdiction in which the non-resident enterprise operate.

Value-Added Tax and Local Additional Tax

Pursuant to the Notice of Taxation on Implementing the Pilot Program of Replacing Business Tax with Value-Added Tax in an All-round Manner (Cai Shui [2016] No. 36) (《關於全面推開營業稅改徵增值稅試點的通知》(財稅[2016]36號)) (the “Notice 36”) promulgated by the MOF and the SAT on 23 March 2016, implemented on 1 May 2016, and amended on 11 July 2017 and 20 March 2019, respectively, entities and individuals engaging in the sale of services within the PRC are subject to the VAT. Sales services include the provision of financial services, and “engaging in the sale of services within the PRC” refers to the situation where the seller or purchaser of taxable services (other than leasing of real estate) is located in the PRC.

In addition, Notice 36 also stipulates that for general or overseas value-added tax taxpayers, the transfer of financial products (including the transfer of the ownership of securities) is subject to a value-added tax of 6% on taxable income. According to the Notice on Several Tax Exemption Policies for Business Tax on Sale and Purchase of Financial Commodities by Individuals (《關於個人金融商品買賣等營業稅若干免稅政策的通知》) promulgated by the MOF and the SAT of Taxation on 27 September 2009 and implemented on 1 January 2009, income obtained by individuals from the transfer of financial products such as securities is temporarily exempted from business tax.

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Stamp Duty

According to the Stamp Duty Law of the PRC (《中華人民共和國印花稅法》) issued by the SCNPC on 10 June 2021 and implemented on 1 July 2022, the PRC stamp duty applies to entities and individuals that conclude taxable vouchers and conduct securities transactions within the PRC and the entities and individuals that conclude taxable vouchers outside the PRC which are used within the PRC. Therefore, the PRC stamp duty imposed on the transfer of shares by PRC listed companies does not apply to the acquisition and disposal of H shares outside the PRC by non-PRC investors.

Estate Duty

As of the execution date of this document, no estate duty has been levied in China under the PRC laws.

Taxation Policies of Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect

On 31 October 2014 and 5 November 2016, the MOF, the SAT and the CSRC jointly issued the Notice on Taxation Policies Concerning the Pilot Program of an Interconnection Mechanism for Transactions in the Shanghai and Hong Kong Stock Markets (Cai Shui [2014] No. 81) (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014]81號)) and the Notice on Tax Policies Concerning the Pilot Program of an Interconnection Mechanism for Transactions in the Shenzhen and Hong Kong Stock Markets (Cai Shui [2016] No. 127) (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號)), pursuant to which, the income from transfer differences and dividend and bonus income derived by PRC enterprise investors from investing in stocks listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect shall be included in their total income and subject to enterprise income tax in accordance with the law. In particular, the dividend and bonus income derived by PRC resident enterprises which hold H shares for at least 12 consecutive months shall be exempted from enterprise income tax according to law. H-share companies do not withhold tax on dividends and bonus income of PRC enterprise investors, and the tax payable shall be declared and paid by enterprises.

For dividends and bonuses received by PRC individual investors investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, H-share companies shall submit an application to China Securities Depository and Clearing Corporation Limited, which shall provide H-share companies with a register of PRC individual investors. H-share companies shall withhold individual income tax at a rate of 20%. Individual investors who have paid withholding tax outside the PRC may apply for tax credits at the competent tax authorities of the CSDC with valid tax deduction certificates. Individual income tax is levied on dividend and bonus income

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derived by PRC security investment funds from investing in stocks listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect in accordance with the above provisions.

On 4 December 2019, the MOF, the SAT and the CSRC jointly issued the Announcement on the Continued Implementation of the Individual Income Tax Policies on the Interconnection Mechanisms for Transactions in Shanghai and Hong Kong Stock Markets and for Transactions in Shenzhen and Hong Kong Stock Markets (MOF Announcement 2019 No. 93) (《關於繼續執行滬港、深港股票市場交易互聯互通機制和內地與香港基金互認有關個人所得稅政策的公告》(財政部公告2019年第93號)). It stipulates that for PRC individual investors, the transfer difference income derived from investing in stocks listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect and the trading of Hong Kong fund units through mutual recognition of funds will continue to be exempt from individual income tax on a temporary basis from 5 December 2019 to 31 December 2022.

In addition, pursuant to the Announcement on Continuing the Implementation of the Individual Income Tax Policies Concerning the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and the Mutual Recognition of Funds between Chinese Mainland and Hong Kong (《關於延續實施滬港、深港股票市場交易互聯互通機制和內地與香港基金互認有關個人所得稅政策的公告》(財政部公告2023年第23號)) (Announcement of the MOF No. 23 of 2023) jointly issued by the MOF, the SAT and the CSRC on 21 August 2023, the period for the implementation of the individual income tax exemption policy has been further extended to 31 December 2027.

Principal Taxation of Our Company in the PRC

Enterprise Income Tax

Pursuant to the Enterprise Income Tax Law of the PRC (the “EIT Law”) promulgated by the National People’s Congress on 16 March 2007, last amended on 29 December 2018 and effective from the same date, and the Regulations for the Implementation of the Enterprise Income Tax Law of the PRC promulgated by the State Council on 6 December 2007, last amended on 6 December 2024 and effective from 20 January 2025, enterprises are classified into resident enterprises and non-resident enterprises. A resident enterprise refers to an enterprise that is established inside China, or which is established under the law of a foreign country (region) but whose actual office of management is inside China. A non-resident enterprise refers to an enterprise established under the law of a foreign country (region), whose actual institution of management is not inside China but which has offices or establishments inside China; or which does not have any offices or establishments inside China but has incomes sourced in China. According to the EIT Law and related implementation regulations, the uniform tax rate for enterprise income tax is 25%.

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Small meagre-profit enterprises that meet the prescribed conditions shall pay enterprise income tax at a rate of 20%. Important high- and new-tech enterprises that are supported by the state can enjoy a preferential enterprise income tax rate of 15%.

According to the Detailed Rules for the Implementation of the Law of the PRC on the Administration of Tax Collection (《中華人民共和國稅收徵收管理法實施細則》) promulgated by the State Council on 6 February 2016 and coming into effect on the same day, taxpayers eligible for tax reduction or exemption shall resume tax payment from the date following the expiry date of the tax reduction or exemption. If there is a change in the requirements for tax reduction or exemption, taxpayers shall report to tax authorities when filing tax returns. Taxpayers shall fulfill tax payment liabilities according to law when they no longer meet the requirements for tax reduction or exemption; if they fail to pay the tax according to law, tax authorities shall pursue tax payment.

Value-added Tax

According to the Interim Regulations on Value-Added Tax of the PRC (the “VAT Regulations”) (《中華人民共和國增值稅暫行條例》(「增值稅條例」)), which was promulgated by the State Council on 13 December 1993 and last amended on 19 November 2017, and the Implementation Rules for the Interim 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》), which was promulgated by the MOF with effect from 25 December 1993 and latest amended on 28 October 2011, all taxpayers that engage in the sale of goods, the provision of processing, repair and replacement services or the importation of goods in the PRC shall pay value-added tax. Except as otherwise provided in the VAT Regulations, general taxpayers are subject to a VAT rate of 17% on the sale or importation of goods; taxpayers are subject to a VAT rate of 17% on the provision of processing, repair and replacement services; and taxpayers are subject to a VAT rate of 0% on the exportation of goods, unless otherwise provided.

Pursuant to the Notice on Implementing the Pilot Program of Replacing Business Tax with Value-Added Tax in an All-round Manner (Cai Shui [2016] No. 36) (《關於全面推開營業稅改徵增值稅試點的通知》(財稅[2016]36號)) issued by the MOF and the SAT on 23 March 2016, the pilot program of replacing business tax with value-added tax (VAT) shall be implemented across the country, the financial industry shall be included in the scope of the pilot program, and the payment of business tax shall be replaced by the payment of VAT, unless otherwise provided in the Implementation Measures for Replacing Business Tax with Value Added Tax (《營業稅改徵增值稅實施辦法》) in accordance with the Implementation Measures.

According to the Notice of the Ministry of Finance and the State Administration of Taxation on the Adjustment to VAT Rates (Cai Shui [2018] No. 32) (《財政部、國家稅務總局關於調整增值稅稅率的通知》(財稅[2018]32號)), which was promulgated on 4 April 2018 and became effective on 1 May 2018, the tax rates of 17% and 11% originally applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 16% and 10%, respectively. According to the Announcement of the Ministry of Finance, the State

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Taxation Administration and the General Administration of Customs on Relevant Policies for Deepening the Value-Added Tax Reform (Announcement No. 39 of 2019) (《財政部、稅務總局及海關總署關於深化增值稅改革有關政策的公告》(2019年第39號公告)), which was promulgated on 20 March 2019 and became effective on 1 April 2019, the value-added tax rates were reduced to 13% and 9% respectively.

According to the Notice of the Ministry of Finance and the State Administration of Taxation on Value-added Tax Policies for Software Products (Cai Shui [2011] No. 100) (《財政部、國家稅務總局關於軟件產品增值稅政策的通知》(財稅[2011]100號)), which was promulgated by the MOF and the SAT on 13 October 2011 and came into effect on 1 January 2011, if general VAT taxpayers sell self-developed and produced software products, after VAT has been collected at a tax rate of 17%, the refund-upon-collection policy shall be applied to the part of actual VAT burden in excess of 3%.

On 25 December 2024, the SCNPC promulgated the Value-added Tax Law of the PRC (《中華人民共和國增值稅法》), which will come into effect on 1 January 2026 and replace the Provisional Regulations of the PRC on Value-added Tax (《中華人民共和國增值稅暫行條例》). The new law reiterates the provisions of the Provisional Regulations of the PRC on Value-added Tax (《中華人民共和國增值稅暫行條例》) and makes modifications in terms of taxable activities, tax jurisdiction, deemed sales, non-taxable items, simplified taxation, withholding agents, input tax, non-deductible input tax, mixed sales, and input tax carry-forward and refund.

Foreign Exchange Policy of China

RMB is the legal currency of the PRC and is currently subject to foreign exchange controls and cannot be freely inverted into foreign currency. The State Administration of Foreign Exchange (“SAFE”) under the People’s Bank of China is responsible for all matters relating to foreign exchange, including the enforcement of exchange control regulations.

Under the Regulations of the PRC on Foreign Exchange Administration (《中華人民共和國外匯管理條例》) issued by the State Council on 29 January 1996 and effective from 1 April 1996, all international payments and transfers are classified into current items and capital items. Approval by the foreign exchange authorities is not required for most current items, but required for capital items. According to the Regulations of the PRC on Foreign Exchange Administration (《中華人民共和國外匯管理條例》) amended on 14 January 1997 and 5 August 2008, the state does not impose restrictions on current international payments and transfers.

Under the Administrative Regulations for Foreign Exchange Settlement, Sale and Payment (Yin Fa [1996] No. 210) (《結匯、售匯及付匯管理規定》(銀發[1996]210號)) issued by the People’s Bank of China on 20 June 1996 and implemented from 1 July 1996, the existing restrictions on foreign exchange transactions under capital items are retained, while the remaining restrictions on foreign exchange conversion for current items are abolished.

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According to the Announcement on Reforming the RMB Exchange Rate Regime (《關於完善人民幣匯率形成機制改革的公告》(中國人民銀行公告[2005]第16號)) (People’s Bank of China Announcement [2005] No. 16) issued by the People’s Bank of China on 21 July 2005 and effective from the same date, from 21 July 2005 onwards, China has implemented a floating exchange rate system with management and regulation based on market supply and demand and with reference to a basket of currencies. As a result, RMB exchange rates are no longer pegged to USD. The People’s Bank of China publishes the closing prices of the exchange rates of RMB against USD and other currencies in the interbank foreign exchange market after the market closes on each working day, which serves as the mid-price for the currency’s transactions against RMB on the following working day.

On 5 August 2008, the State Council promulgated the amended Regulations of the PRC on Foreign Exchange Administration (《中華人民共和國外匯管理條例》), with significant changes to China’s foreign exchange regulatory system. Firstly, balanced treatment has been adopted for foreign exchange inflows and outflows. Foreign exchange earnings from overseas may be transferred back to the PRC or deposited abroad, and foreign exchange and settlement funds under capital items may only be used for the purposes approved by competent authorities and foreign exchange control authorities. Secondly, it has improved the RMB exchange rate formation mechanism based on market supply and demand. Thirdly, when there is or appears to be a serious imbalance in international balance of payments or when there is or appears to be a serious crisis in the national economy, the state can take necessary safeguard and control measures on international balance of payments. Fourthly, it has strengthened the supervision and management of foreign exchange transactions and granted extensive powers to the SAFE to enhance its supervision and management capabilities.

According to relevant PRC laws and regulations, Chinese enterprises (including foreign-invested enterprises) requiring foreign exchange for current account transactions may, without the approval of foreign exchange authorities, make payments through foreign exchange accounts opened at designated foreign exchange banks, provided that valid receipts or vouchers for the transactions are produced. Foreign-invested enterprises that need to distribute profits in foreign currency to their shareholders and Chinese enterprises that need to pay dividends in foreign currency to their shareholders may make payments from foreign exchange accounts at designated foreign exchange banks or exchange and pay at such banks in accordance with the decision of the board of directors or the shareholders’ general meeting on the distribution of profits.

Pursuant to the Decision of the State Council on Cancelling and Adjusting a Range of Administrative Approval Items and Other Matters (Guo Fa [2014] No. 50) (《國務院關於取消和調整一批行政審批項目等事項的決定》(國發[2014]50號)) issued by the State Council on 23 October 2014 and effective from the same date, the requirement has been cancelled for the SAFE and its branches to approve the repatriation and settlement of foreign exchange proceeds raised by overseas listed foreign shares.

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According to the Notice of the State Administration of Foreign Exchange on Issues Concerning the Foreign Exchange Administration of Overseas Listing (Hui Fa [2014] No. 54) (《國家外匯管理局關於境外上市外匯管理有關問題的通知》(匯發[2014]54號)) issued by the SAFE on 26 December 2014 and effective from the same date, a domestic company shall register its overseas listing with the local branch of the State Administration of Foreign Exchange within 15 working days from the date of completion of overseas listing. Funds raised by a domestic company from overseas listing may be transferred back or deposited overseas, and the use of the funds shall be consistent with those set out in the document and other disclosure documents.

According to the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (Hui Fa [2015] No. 13) (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》(匯發[2015]13號)) issued by the SAFE on 13 February 2015, implemented from 1 June 2015 and amended on 30 December 2019, two administrative approvals have been cancelled, namely foreign exchange registration under domestic direct investment and that under overseas direct investment, which will be directly reviewed and approved by banks. The SAFE and its branches exercise indirect supervision over the foreign exchange registration of direct investment through banks.

Pursuant to the Notice of the State Administration of Foreign Exchange on Reforming and Regulating the Policies for the Administration of Foreign Exchange Settlement under Capital Items (Hui Fa [2016] No. 16) (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》(匯發[2016]16號)) issued by the SAFE on 9 June 2016 and implemented from the same date, the relevant policies have explicitly stated that the foreign exchange income from capital items (including foreign exchange capital funds, foreign debt funds, funds transferred back from overseas listings, etc.) which are subject to voluntary settlement can be settled at banks according to the particular needs of domestic institutions. The ratio of voluntary settlement of foreign exchange earnings from capital items of domestic institutions is temporarily set at 100%, which is subject to adjustment by the SAFE according to international balance of payments.

According to the Notice of the State Administration of Foreign Exchange on Further Promoting the Reform of Foreign Exchange Administration and Improving the Examination of Authenticity and Compliance (Hui Fa [2017] No. 3) (《國家外匯管理局關於進一步推進外匯管理改革完善真實合規性審核的通知》(匯發[2017]3號)) issued by the SAFE on 26 January 2017 and implemented from the same date, the scope of domestic foreign exchange loan settlement is further expanded to allow domestic foreign exchange loans with the background of commodity trade and exports to be settled, allow funds under domestic guarantee and foreign loans to be transferred back, allow foreign exchange settlement via the foreign exchange accounts of foreign institutions in pilot free trade zones, and implement full-coverage overseas lending management in both RMB and foreign currencies; where a domestic institution engages in overseas lending, the combined balance of foreign exchange lending in RMB and foreign currencies shall not exceed a maximum of 30% of the owner’s equity in the audited financial statements of the preceding year.

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According to the Notice on Further Facilitating Cross-border Trade and Investment (Hui Fa [2019] No.28) (《關於進一步促進跨境貿易投資便利化的通知》(匯發[2019]28號)) issued by the SAFE on 23 October 2019 and implemented from the same date, restrictions have been removed on the use of capital funds by non-investment foreign-invested enterprises for domestic equity investment. In addition, restrictions have also been removed on the use of funds in domestic asset realization accounts for foreign exchange settlement and the use of security deposits for foreign exchange settlement by foreign investors. Eligible enterprises in pilot areas are allowed to use capital funds, foreign debt, overseas listings and other income under capital items for domestic payments without providing the banks with proofs of authenticity in advance, and their use of funds should be genuine and compliant with the current regulations governing the use of income from capital items.

TAXATION IN HONG KONG

Tax on Dividends

Under the current practice of the Inland Revenue Department of Hong Kong, no tax is payable in Hong Kong in respect of dividends paid by us.

Capital Gains and Profit Tax

No tax is imposed in Hong Kong in respect of capital gains from the sale of H Shares. However, trading gains from the sale of the H Shares by persons carrying on a trade, profession or business in Hong Kong, where such gains are derived from or arise in Hong Kong from such trade, profession or business will be subject to Hong Kong profits tax, which is currently imposed at the maximum rate of 16.5% on corporations and at the maximum rate of 15% on unincorporated businesses. Certain categories of taxpayers (for example, financial institutions, insurance companies and securities dealers) are likely to be regarded as deriving trading gains rather than capital gains unless these taxpayers can prove that the investment securities are held for long-term investment purposes. Trading gains from sales of H Shares effected on the Stock Exchange will be considered to be derived from or arise in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from sales of H Shares effected on the Stock Exchange realized by persons carrying on a business of trading or dealing in securities in Hong Kong.

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TAXATION AND FOREIGN EXCHANGE

Stamp Duty

Hong Kong stamp duty, currently levied at an ad valorem rate of 0.13% based on the higher of the consideration 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 Hong Kong securities, including H Shares (in other words, a total of 0.26% is currently payable on a typical sale and purchase transaction involving H Shares). In addition, a fixed 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.

Estate Duty

The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on 11 February 2006 in Hong Kong, pursuant to which no Hong Kong estate duty is payable, and no estate duty clearance papers are needed for an application of a grant of representation in respect of holders of H Shares whose deaths occur on or after 11 February 2006.

APPENDIX IV

SUMMARY OF PRINCIPAL LAWS AND REGULATORY PROVISIONS

This Appendix summarizes certain aspects of PRC laws and regulations which are relevant to our Company’s operations and business. Laws and regulations relating to taxation in the PRC are discussed separately in “Appendix III — Taxation and Foreign Exchange” to this document. This Appendix also contains a summary of laws and regulatory provisions of the PRC Company Law. The principal objective of this summary is to provide potential [REDACTED] with an overview of the principal laws and regulatory provisions applicable to our Company. This summary is not intended to include all the information which is important to the potential [REDACTED]. For a discussion of laws and regulations which are relevant to our Company’s business, see “Regulatory Overview”, in this document.

THE PRC LEGAL SYSTEM

The PRC legal system is based on the Constitution of the People’s Republic of China (《中華人民共和國憲法》), or the Constitution, and is made up of written laws, administrative regulations, local regulations, separate regulations, rules and regulations of departments of the State Council, rules and regulations of local governments, autonomous regulations, separate regulations of autonomous regions, special administrative region law and international treaties and other regulatory documents signed by the PRC government. Court decisions do not constitute binding precedents, although they are used for the purposes of judicial reference and guidance.

According to the Constitution and the Legislation Law of the People’s Republic of China (《中華人民共和國立法法》), or the Legislation Law, which was amended latest by the National People’s Congress (“NPC”) on 13 March 2023 and became effective on 15 March 2023, the NPC and the Standing Committee of the National People’s Congress (“SCNPC”) are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend basic laws governing criminal and civil matters, state organs and other matters. The SCNPC is empowered to formulate and amend laws other than those required to be enacted by the NPC and to supplement and amend any parts of laws enacted by the NPC during the adjournment of the NPC, provided such supplements and amendments are not in conflict with the basic principles of such laws.

The State Council is the highest organ of state administration in our country and has the power to formulate administrative regulations based on the Constitution and laws.

The people’s congresses of provinces, autonomous regions and municipalities and their respective standing committees may formulate local regulations based on the specific circumstances and actual needs of their respective administrative areas, provided that such local regulations do not contravene any provision of the Constitution, laws or administrative regulations. The people’s congresses of cities divided into districts and their standing committees may formulate local regulations on matters such as urban and rural construction and management, environmental conservation and historical and cultural protection based on the specific circumstances and actual needs of such cities, provided that such local regulations do not contravene any provision of the Constitution, laws, administrative regulations and local

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regulations of such provinces or autonomous regions. Where laws have other stipulations on matters of local regulations formulated by cities divided into districts, such stipulations shall prevail. The local regulations of cities divided into autonomous regions shall be submitted for approval before implementation.

The standing committees of the people’s congresses of provinces or autonomous regions shall examine the legality of local regulations submitted for approval, and such approval should be granted within four months if they are not in conflict with the Constitution, laws, administrative regulations and local regulations of their respective provinces or autonomous regions. People’s congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in the light of the political, economic and cultural characteristics of the nationality (nationalities) in the areas concerned. The ministries and the commissions of the State Council, People’s Bank of China, National Audit Office and public institutions with administrative functions directly under the State Council may formulate rules and regulations within the jurisdiction of their respective departments based on the laws and the administrative regulations, decisions and rulings of the State Council.

The Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations or rules may contravene the Constitution. The authority of laws is greater than that of administrative regulations, local regulations and rules. The authority of administrative regulations is greater than that of local regulations and rules. The authority of the rules enacted by the people’s governments of the provinces and autonomous regions is greater than that of the rules enacted by the people’s governments of the cities divided into districts within their respective administrative regions.

The NPC has the power to alter or repeal inappropriate laws enacted by the SCNPC, and to repeal any autonomous regulations and separate regulations which have been approved by the SCNPC but which contravene the Constitution and the Legislation Law. The SCNPC has the power to repeal administrative regulations that contravene the Constitution and laws, to repeal local regulations that contravene the Constitution, laws and administrative regulations, and to repeal autonomous regulations and separate regulations which have been approved by the SCNPC of the relevant provinces, autonomous regions or municipalities directly under the Central Government, but which contravene the Constitution and the Legislation Law; the State Council has the power to alter or repeal any inappropriate ministerial rules and local rules. The people’s congresses of provinces, autonomous regions and municipalities directly under the Central Government have the power to alter or repeal any inappropriate local regulations enacted or approved by their respective standing committees. The standing committees of the local people’s congresses have the power to repeal inappropriate rules enacted by the people’s governments at the corresponding level. The people’s governments of provinces and autonomous regions have the power to alter or repeal any inappropriate rules enacted by the people’s governments at a lower level.

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According to the Constitution and the Legislation Law, the power to interpret laws is vested in the SCNPC. According to the Decision of the SCNPC Regarding the Strengthening of Interpretation of Laws (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) passed by the SCNPC and effective on 10 June 1981, the Supreme People’s Court is vested with the power to give interpretation on questions involving the specific application of laws and decrees in court trials. The Supreme People’s Procuratorate shall interpret all issues involving the specific application of laws and decrees in the procuratorial work. Interpretation of questions involving the specific application of laws and decrees in areas unrelated to trial and procuratorial work shall be provided by the State Council and competent authorities.

Where the scope of local regulations needs to be further defined or additional stipulations need to be made, the SCNPC of provinces, autonomous regions and municipalities directly under the Central Government which have enacted these regulations shall provide the interpretations or make the stipulations. Interpretation of questions involving the specific application of local regulations shall be provided by the competent departments of the people’s governments of provinces, autonomous regions and municipalities directly under the Central Government.

PRC JUDICIAL SYSTEM

According to the Constitution and the Law of the PRC of Organization of the People’s Courts (《中華人民共和國人民法院組織法》) amended latest by the SCNPC on 26 October 2018 and becoming effective from 1 January 2019, the PRC People’s Court is made up of the Supreme People’s Court, the local people’s courts at all levels, and other special people’s courts. The local people’s courts are divided into three levels, namely the basic people’s courts, the intermediate people’s courts and the higher people’s courts. The basic people’s courts may set up certain people’s tribunals based on the status of the region, population and cases. The Supreme People’s Court shall be the highest judicial organ of the state. The Supreme People’s Court shall supervise the exercise of judicial power by the local people’s courts at all levels and by the special people’s courts. The people’s courts at a higher level shall supervise the judicial work of the people’s courts at lower levels.

According to the Constitution and the Law of Organization of the People’s Procuratorate of the PRC (《中華人民共和國人民檢察院組織法》) amended latest by the SCNPC on 26 October 2018 and becoming effective from 1 January 2019, the People’s Procuratorate is the law supervision organ of the state. The Supreme People’s Procuratorate shall be the highest procuratorial organ. The Supreme People’s Procuratorate shall direct the work of the local people’s procuratorates at all levels and of the special people’s procuratorates. The people’s procuratorates at higher levels shall direct the work of those at lower levels.

The people’s courts implement a two-tier appellate system, and judgments or rulings of the second instance at the people’s courts are final judgments or rulings. A party may appeal against the judgment or ruling of the first instance of a local people’s court. The people’s procuratorate may present a protest to the people’s courts at the next higher level in accordance

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with the procedures stipulated by the laws. In the absence of any appeal by the parties and any protest by the people’s procuratorate within the stipulated period, the judgments or rulings of the people’s courts are final judgments or rulings. Judgments or rulings of the second instance of the intermediate people’s courts, the higher people’s courts and the Supreme People’s Court and those of the first instance of the Supreme People’s Court are final judgments or rulings. However, if the Supreme People’s Court or the people’s courts at the next higher level finds any definite errors in a legally effective final judgment or ruling of the people’s court at a lower level, or if the chief judge of a people’s court at any level finds any definite errors in a legally effective final judgment or ruling of such court, the case can be retried according to judicial supervision procedures.

The Civil Procedure Law of the People’s Republic of China (revised 2023) (《中華人民共和國民事訴訟法(2023修正)》), (the “PRC Civil Procedure Law”), adopted by the SCNPC on 1 September 2023 and effective on 1 January 2024 sets forth the requirements for instituting a civil action, the jurisdiction of the people’s courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or order. All parties to a civil action conducted within the PRC must comply with the PRC Civil Procedure Law. Civil cases are generally heard by the courts where the defendants are located. The court of jurisdiction in a civil action may be chosen by express agreement between the parties, provided that the court is located at a place that has direct connection with the dispute, such as the plaintiff’s or the defendant’s place of domicile, the place where the contract is performed or signed, or the object of the action is located. However, the choice of the court cannot be in conflict with the regulations of different jurisdictions and exclusive jurisdictions in any case.

A foreign individual, a person without nationality, a foreign-invested enterprise or a foreign organization must have the same litigation rights and obligations as a PRC citizen, legal person or other organizations when initiating or defending any proceedings at a people’s court. If a foreign court limits the litigation rights of PRC citizens and enterprises, the PRC court may apply the same limitations to the citizens and enterprises of such foreign country. A foreign individual, a person without nationality, a foreign-invested enterprise or a foreign organization must engage a PRC lawyer if such person needs to engage a lawyer in initiating or defending any proceedings at a people’s court. Under an international treaty or the principle of reciprocity signed or acceded to by the PRC, the people’s court and foreign courts may require each other to act on their behalf to serve documents, conduct investigations, collect evidence and take other actions on behalf of each other. If the request by a foreign court would result in the violation of the PRC’s sovereignty, security or public interest, the people’s court shall decline the request.

All parties must comply with legally effective civil judgments and rulings. If any party to a civil action refuses to comply with a judgment or ruling made by a people’s court or an award made by an arbitration tribunal in the PRC, the other party may apply to the people’s court for enforcement within two years. Suspension or disruption of the time limit for applying for such enforcement shall comply with the provisions of the applicable law concerning the suspension or disruption of the time-barring of actions.

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When a party applies to a people’s court for enforcing an effective judgment and ruling by a people’s court against a party who is not located within the territory of the PRC or whose property is not within the PRC, the party may apply to a foreign court with proper jurisdiction for recognition and enforcement of the judgment and ruling. A foreign judgment and ruling may also be recognized and enforced by the people’s court according to the PRC enforcement procedures if the PRC has entered into, or acceded to, an international treaty with the foreign country, which provides for such recognition and enforcement, or if the judgment and ruling satisfies the court’s examination according to the principle of reciprocity, unless among other exceptions, the people’s court finds that the recognition or enforcement of such judgment and ruling will result in a violation of the basic legal principles of the PRC, its sovereignty or security, or for reasons of social and public interests.

THE PRC COMPANY LAW, INTERIM MEASURES FOR THE ADMINISTRATION, AND GUIDELINES FOR ARTICLES OF ASSOCIATION

A joint stock limited company incorporated in the PRC seeking a listing on The Stock Exchange of Hong Kong Limited is mainly subject to the following laws and regulations of the PRC:

- The Company Law of the People’s Republic of China (《中華人民共和國公司法》) (the “PRC Company Law”), was adopted by the Fifth Standing Committee Meeting of the Eighth NPC on 29 December 1993 and came into effect on 1 July 1994, and was amended latest on 29 December 2023 and came into effect on 1 July 2024.
- The Interim Measures for the Administration of Overseas Securities Offering and Listing by Domestic Enterprises (the “Interim Measures for the Administration”) and the filing rules promulgated by the CSRC on 17 February 2023 and came into effect on 31 March 2023, were applicable to the direct and indirect overseas share subscription and listing of domestic companies.
- According to the Interim Measures for the Administration and its interpretative guidelines, where a domestic company directly offering and listing overseas, it shall formulate its articles of association in line with the Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》) (the “Guidelines for Articles of Association”), in place of the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas (《到境外上市公司章程必備條款》). The Guidelines for Articles of Association were promulgated by the CSRC on 16 December 1997 and last amended on 28 March 2025.

Set out below is a summary of the major provisions of the PRC Company Law, the Interim Measures for the Administration and the Guidelines for Articles of Association which are applicable to our Company.

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General Provisions

“A joint stock limited company” means a corporate legal person incorporated under the PRC Company Law, whose registered capital is divided into shares of equal par value. The liability of its shareholders is limited to the extent of the shares held by them and the liability of a company is limited to the full value of all the property owned by it.

A company must conduct its business in accordance with laws as well as public and commercial ethics. A company may invest in other limited liability companies. The liabilities of the company to such invested companies are limited to the amount invested. Unless otherwise provided by laws, a company cannot be the capital contributor who has the joint liabilities associated with the debts of the invested enterprises.

Incorporation

A joint stock limited company may be incorporated by promotion or subscription. A joint stock limited company may be incorporated by a minimum of one but not more than 200 promoters, and at least half of the promoters must have residence within the PRC.

The promoters shall convene a general meeting within 30 days from the date when the share capital for the issued shares is paid up. The promoters shall notify each of the subscribers of the meeting date or make an announcement 15 days before the general meeting. The general meeting may be held only if the promoters and subscribers holding more than half of the voting rights are present. At the general meeting, matters including the approval of the Company’s articles of association and the election of directors and supervisors will be reviewed. Any resolution made by the general meeting shall be passed by more than half of the voting rights held by the subscribers attending the meeting. Within 30 days after the conclusion of the general meeting of the Company, the board of directors shall apply to the registration authority for registration of the incorporation of the joint stock limited company. A company is formally established and has the status of a legal person after the business license has been issued by the relevant registration authority.

Registered Shares

Under the PRC Company Law, shareholders may make capital contributions in cash, or with non-monetary property that may be valued in money and legally transferred, such as contribution in kind or with intellectual property rights, land use rights, shareholding or creditor’s rights.

The Interim Measures for the Administration provides that domestic enterprises that are listed overseas may raise funds and distribute dividends in foreign currencies or Renminbi.

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Under the PRC Company Law, a joint stock limited company is required to maintain a register of shareholders, detailing the following information: (i) the name and domicile of each shareholder; (ii) the class and number of shares subscribed for by each shareholder; (iii) the serial number of shares if issued in paper form; and (iv) the date on which each shareholder acquired the shares.

Allotment and Issue of Shares

Issue of shares of a joint stock limited company shall be based on the principles of fairness and equality, and shall rank *pari passu* in all respects with the shares of the same class. Shares of the same class issued at the same time shall be issued on the same conditions and at the same price. The joint stock limited company may issue shares at par value or at a premium, but not below the par value.

Domestic enterprises issued and listed overseas shall file with the CSRC in accordance with Interim Measures for the Administration, submit filing reports, legal opinions and other relevant materials, and truthfully, accurately and completely explain shareholder information and other information. Where a domestic enterprise directly issues and is listed overseas, the issuer shall file with the CSRC.

Increase in Share Capital

Under the PRC Company Law, a joint stock limited company issuing new shares shall be resolved at the general meeting in respect of the class and number of new shares, the issue price of the new shares, the commencement and end dates for the issuance of new shares and the class and number of the new shares proposed to be issued to existing shareholders, if any. Additionally, if a company intends to make public offering of shares, it is required to complete the registration with the securities regulatory authority of the State Council and announce this document.

Reduction of Share Capital

A company may reduce its registered capital in accordance with the following procedures prescribed by the PRC Company Law:

- (i) to prepare a balance sheet and a property list;
- (ii) to make a resolution of reducing registered capital by the company at the general meeting;
- (iii) to inform creditors within 10 days and publish an announcement in newspapers or the National Enterprise Credit Information Publicity System within 30 days after the approval of resolution of reducing registered capital;

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- (iv) the creditors shall have the right to require the company to repay its debts or provide corresponding guarantees within 30 days after receiving the notice or within 45 days after the announcement if the creditors have not received the notice;
- (v) when a company reduces its registered capital, it shall register the change with a company registration authority in accordance with the law.

When a company reduces its registered capital, it must reduce the amount of capital contribution or shares in proportion to the capital contribution or shares held by the shareholders, unless otherwise prescribed by any law, or agreed upon by all the shareholders of a limited liability company, or as specified in the articles of association of a joint stock limited company.

Repurchase of Shares

Under the PRC Company Law, a company shall not purchase its own shares. Except for any following circumstances:

- (i) reducing the registered capital;
- (ii) merging with other company that holds the shares of the company;
- (iii) using the shares for employee stock ownership plan or equity incentives;
- (iv) the right of the shareholders voting against any resolution adopted at the general meeting on the merger or division of the company to demand the company to acquire the shares they hold;
- (v) using the shares for the conversion of convertible corporate bonds issued by the Company;
- (vi) as required for maintenance of the corporate value and shareholders' rights and interests of a listed company.

The purchase of shares of a company for reasons specified in the case of (i) to (ii) above shall be subject to the resolution of the general meeting. The purchase of shares of a company for reasons specified in the case of (iii), (v) and (vi) above shall be subject to the resolution of the Board meeting attended by more than two-thirds of the directors in accordance with the provisions of the articles of association or the authorization from the general meeting.

Following the purchase of a company's shares by a company in accordance with the above provisions, such shares shall be canceled within 10 days from the date of buy-back in the case of item (i) above; such shares shall be transferred or canceled within six months in the case of items (ii) and (iv) above; the total accumulated number of shares held by a company shall not exceed 10% of the total issued shares of a company, and shall be transferred or canceled within three years in the case of items (iii), (v) and (vi) above.

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Transfer of Shares

Shares held by a shareholder may be transferred according to the law. Under the PRC Company Law, the transfer of shares by shareholders shall be carried out on a securities exchange established by law or in other ways as prescribed by the State Council. Shares may be transferred by endorsement of shareholders or by other means stipulated by laws or administrative regulations. After the transfer, a company shall record the name and address of the transferee in the register of shareholders. No changes of registration in the share register provided in the foregoing requirement shall be affected during a period of 20 days prior to the convening of shareholder’s meeting or 5 days prior to the record date for a company’s distribution of dividends. If any law, administrative regulation, or any provision by the securities regulatory authority of the State Council specifies otherwise for the modification of the register of shareholders of a listed company, such provisions should prevail.

Under the PRC Company Law, shares issued by a company prior to the public offering of shares shall not be transferred within one year from the date on which the shares of a company are listed and traded on a securities exchange. The directors, supervisors and senior management of the company should declare to the company the shares they hold and the changes thereof. During the term of office as determined when they assume the posts, the shares transferred each year should not exceed 25% of the total shares they hold of the company. Shares of a company held by its directors, supervisors and senior management shall not be transferred within one year from the date of a company’s listing on a securities exchange, nor within six months after their resignation from their positions with a company.

If the shares are pledged within the time limit for restricted transfer as provided for by laws and administrative regulations, the pledgee cannot exercise the pledge right within such period.

General Meeting

Under the PRC Company Law, the general meeting of a joint stock limited company is made up of all shareholders. The general meeting is the organ of authority of a company, which exercises the following functions and powers:

- (i) to elect and replace directors and supervisors and to decide on matters relating to the remuneration of directors and supervisors;
- (ii) to consider and approve reports of the board of directors;
- (iii) to consider and approve reports of the board of supervisors;
- (iv) to consider and approve profit distribution plans and loss recovery plans;
- (v) to resolve on the increase or reduction of registered capital;

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- (vi) to resolve on the issuance of corporate bonds;
- (vii) to resolve on the merger, division, dissolution, liquidation or change of corporate form of a company;
- (viii) to amend a company’s articles of association; and
- (ix) other functions and powers specified in the articles of association.

Under the PRC Company Law, the annual general meeting shall be held once a year. The company shall convene an extraordinary general meeting within two months from the date of occurrence of any of the following circumstances:

- (i) the number of directors is less than the number stipulated in the PRC Company Law or less than two-thirds of the number specified in the articles of association;
- (ii) when the unrecovered losses of a company amount to one-third of the total paid-up share capital;
- (iii) shareholders individually or jointly holding 10% or more of the company’s shares request;
- (iv) when deemed necessary by the board of directors;
- (v) the board of supervisors proposes to convene the meeting;
- (vi) other circumstances as stipulated in the articles of association.

The general meeting shall be convened by the board of directors, and presided over by the chairman of the board of directors. In the event that the chairman is incapable of performing or not performing his duties, the meeting shall be presided over by the vice chairman. In the event that the vice chairman is incapable of performing or not performing his duties, a director nominated by more than half of directors shall preside over the meeting.

If the board of directors is incapable of performing or is not performing its duties to convene the general meeting, the board of supervisors should convene and preside over general meeting in a timely manner; if the board of supervisors fails to convene and preside over general meeting, shareholders individually or in aggregate holding 10% or more of the company’s shares for 90 days or more consecutively may unilaterally convene and preside over general meeting.

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If the shareholders who separately or aggregately hold more than 10% of the shares of the company request to convene an extraordinary general meeting, the board of directors and the board of supervisors should, within 10 days after the receipt of such request, decide whether to hold an extraordinary general meeting and reply to the shareholders in writing.

Notice of a general meeting shall state the time and venue of and matters to be considered at the meeting and shall be given to all shareholders 20 days before the meeting. Notice of a extraordinary general meeting shall be given to all shareholders 15 days prior to the meeting.

Shareholders who individually or jointly hold more than 1% of the company's shares may put forward interim proposals and submit them to the convener in writing 10 days before the general meeting. The convener shall issue a supplementary notice of the general meeting within two days after receiving the proposal and announce the contents of the interim proposal.

Under the PRC Company Law, a shareholder may entrust a proxy to attend the general meeting, and it should clarify the matters, power and time limit of the proxy. The proxy shall present a written power of attorney issued by the shareholder to a company and shall exercise his voting rights within the scope of authorization. There is no specific provision in the PRC Company Law regarding the number of shareholders constituting a quorum in the general meeting.

Under the PRC Company Law, shareholders present at the general meeting have one vote for each share they hold, except the shareholders of classified shares. However, shares held by the company itself are not entitled to any voting rights.

The cumulative voting system may be adopted for the election of directors and supervisors at the general meeting in accordance with the provisions of the articles of association or the resolutions of the general meeting. Under the accumulative voting system, each share shall have the same number of voting rights as the number of directors or supervisors to be elected at the general meeting, and shareholders may consolidate their voting rights when casting a vote.

Under the PRC Company Law and the Guidelines for Articles of Association, a resolution made by the general meeting shall be passed by more than half of the voting rights held by the shareholders present at the meeting. Matters relating to merger, division or dissolution of a company, increase or reduction of registered capital, change of corporate form or amendments to the articles of association must be approved by more than two-thirds of the voting rights held by the shareholders present at the meeting.

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Board of Directors

Under the PRC Company Law, a joint stock limited company should have a board of directors. However, companies with a small scale or a limited number of shareholders may opt not to establish a board of directors. The board of directors shall consist of no fewer than three members. The term of office of a director shall be stipulated in the articles of association, but each term of office shall not exceed three years. Directors may serve consecutive terms if re-elected.

For a joint stock limited company, meetings of the board of directors shall be convened at least twice a year. Notice of meeting shall be given to all directors and supervisors at least ten days before the meeting. The board of directors shall exercise the following functions and powers:

- (i) to convene the general meeting and report to the general meeting;
- (ii) to implement the resolution of the general meeting;
- (iii) to decide on the company’s operational plans and investment programs;
- (iv) to formulate the company’s profit distribution plan and loss recovery plan;
- (v) to formulate proposals for the increase or reduction of a company’s registered capital and the issuance of bonds;
- (vi) to formulate plans for merger, division, dissolution or change of the form of a company;
- (vii) to decide on the internal management structure of a company;
- (viii) to decide on the appointment or removal of the company’s general manager and his remuneration, and to decide on the appointment or dismissal of the deputy general manager and financial officer and their remuneration based on the nomination of the general manager;
- (ix) to formulate the company’s basic management systems;
- (x) other functions and powers specified in the articles of association or granted by the general meeting.

The board of directors shall be held only if more than half of the directors are present. Where a director is unable to attend, he or she may authorize, in writing, another director to attend the meeting of the board of directors on his or her behalf. The instrument of proxy shall specify the scope of authorization. If a resolution of the board of directors violates the laws,

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administrative regulations or the articles of association, resulting in serious losses to the company, the directors participating in the resolution shall be liable to compensate the company. However, if it can be proved that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director may be exempt from such liability.

Under the PRC Company Law, a person may not serve as a director of a company if he/she is:

- (i) a person without capacity or with restricted capacity;
- (ii) a person who has been sentenced to any criminal penalty due to an offence of corruption, bribery, encroachment of property, misappropriation of property, or disrupting the order of the socialist market economy, or has been deprived of political rights due to a crime, where a five-year period has not elapsed since the date of completion of the sentence; if he/she is pronounced for suspension of sentence, a two-year period has not elapsed since the expiration of the suspension period;
- (iii) a person who was a director, factory manager or manager of a company or enterprise which has entered into insolvent liquidation and who was personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the insolvency and liquidation of such company or enterprise;
- (iv) persons who were legal representatives of a company or enterprise which had its business license revoked due to violation of the law and had been closed down by order, and who were personally liable, where less than three years have elapsed since the date of the revocation of the business license of the company or enterprise or the order for closure;
- (v) being listed as the “dishonest person subject to enforcement” by the people’s court due to his/her failure to pay off a relatively large amount of due debts.

The board of directors shall have one chairman, who shall be elected by more than half of all the directors. The chairman shall exercise the following functions and powers (including but not limited to):

- (i) to preside over the general meetings and convene and preside over the board of directors;
- (ii) to examine the implementation of resolutions of the board of directors;
- (iii) to exercise other powers conferred by the board of directors.

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Managers and Senior Management

Under the PRC Company Law, a company should have a general manager who is appointed or removed by the board of directors. The general manager is responsible to the board of directors and exercises his/her functions and powers according to the articles of association or the authorization of the board of directors. The manager attends the meetings of the board of directors as a non-voting member.

According to the PRC Company Law, senior management shall refer to the general manager, deputy general manager(s), chief financial officer, secretary of the board of directors and other personnel as stipulated in the articles of association of the listed company.

Duties of Directors, Supervisors and Senior Management

Directors, supervisors and senior management of the company are required under the PRC Company Law to comply with the relevant laws, regulations and the articles of association, and have fiduciary and diligent duties to the company. Directors, supervisors and senior management are prohibited from abusing their powers to accept bribes or other unlawful income and from misappropriating the company’s properties.

Directors, supervisors and senior management are prohibited from:

- (i) embezzling the company’s property or misappropriating of the company’s capital;
- (ii) depositing the company’s capital into accounts under his own name or the name of other individuals;
- (iii) giving bribes or accepting other illegal proceeds by taking advantage of their power;
- (iv) accept and possess commissions paid by other parties for transactions conducted with the company;
- (v) unauthorized divulgence of confidential business information of the company; or
- (vi) other acts in violation of their fiduciary duty to the company.

If any director, supervisor or senior management directly or indirectly concludes a contract or conducts a transaction with the company, he/she should report the matters relating to the conclusion of the contract or transaction to the board of directors or the general meeting, subject to the approval of the board of directors or shareholders according to the articles of association.

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The provisions of the preceding paragraph shall apply if any near relatives of the directors, supervisors or senior management, or any of the enterprises directly or indirectly controlled by the directors, supervisors or senior management or any of their near relatives, or any related parties with any other related-party relationship with the directors, supervisors or senior management, concludes a contract or conducts a transaction with the company.

No director, supervisor or senior management may take advantage of his/her position to seek any business opportunity that belongs to the company for himself/herself or any other person except under any of the following circumstances:

- (i) where he/she has reported to the board of directors or the general meeting and has been approved by a resolution of the board of directors or the general meeting according to the articles of association; or
- (ii) where the company cannot make use of the business opportunity as stipulated by laws, administrative regulations or the articles of association.

Where any director, supervisor or senior management fails to report to the board of directors or the general meeting and obtain an approval by resolution of the board of directors or the general meeting according to the articles of association, he/she may not engage in any business that is similar to that of the company where he/she holds office for himself/herself or for any other person.

A director, supervisor or senior management who contravenes any laws, administrative regulations or the articles of association in the performance of his duties resulting in any loss to the company shall be personally liable for the damages to the company.

Finance and Accounting

Under the PRC Company Law, a company shall establish its financial and accounting systems according to laws, administrative regulations and the regulations of the financial department of the State Council. At the end of each fiscal year, the company shall prepare financial and accounting reports which shall be audited by an accounting firm in accordance with the law. The financial and accounting reports shall be prepared in accordance with the laws, administrative regulations and the regulations of the financial department of the State Council.

A joint stock limited company shall make its financial and accounting reports available at the company for inspection by the shareholders 20 days before the convening of an annual general meeting. A joint stock limited company issuing its shares in public must announce its financial and accounting reports.

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When distributing the after-tax profits of the current year, the company shall allocate 10% of the profits into the statutory surplus reserve. When the cumulated amount of the statutory surplus reserve of the company has reached 50% or more of its registered capital, no further allocation is required.

If the statutory surplus reserve of the company is insufficient to make up for the losses of the previous years, the current year profits shall be used to make up for the losses before making allocations to the statutory surplus reserve in accordance with the preceding paragraph. After the company has made an allocation to the statutory surplus reserve from its after-tax profit, it may also make an allocation to the arbitrary surplus reserve from its after-tax profit by the general meeting or its resolution.

A joint stock limited company may distribute profits in proportion to the number of shares held by its shareholders, except for distributions that are not in proportion to the number of shares held in accordance with the provisions of the articles of association.

The premium over the nominal value of the shares of a joint stock limited company from the issue of shares, the amount of share proceeds from the issuance of no-par shares that have not been credited to the registered capital and other incomes required by the financial department of the State Council to be treated as the capital reserve fund shall be accounted for as the capital reserve fund of the company.

The surplus reserves of the company shall be used to cover losses of the company, expand the production and operation of the company or increase the capital of the company. To make up for the Company’s losses, the Company shall first use the arbitrary surplus reserve and statutory surplus reserve. If they are insufficient, the capital reserve can be used in accordance with the regulations. When the statutory surplus reserve is converted to increase registered capital, the remaining statutory surplus reserve shall be no less than 25% of the registered capital of the company before such conversion.

The company shall not keep accounting books other than those provided by law.

Appointment and Dismissal of Accounting Firms

Pursuant to the PRC Company Law, the appointment or removal of an accounting firm responsible for the company’s auditing shall be determined by the general meeting, the board of directors or the board of supervisors in accordance with the articles of association. The accounting firm should be allowed to make representations when the general meeting, the board of directors or the board of supervisors conduct a vote on the removal of the accounting firm.

The company should provide true and complete accounting vouchers, accounting books, financial and accounting reports and other accounting information to the engaged accounting firm without any refusal or withholding or falsification of information.

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The Guidelines for Articles of Association provides that the company guarantees to provide true and complete accounting vouchers, accounting books, financial and accounting reports and other accounting information to the engaged accounting firm without any refusal or withholding or falsification of information. And the audit fee of the accounting firm shall be decided by the general meeting.

Profit Distribution

Pursuant to the PRC Company Law, a company shall not distribute profits before making up for losses and allocation to the surplus reserves. Where a company distributes profits to shareholders in violation of the provisions of the PRC Company Law, the shareholders shall refund the profits distributed to the company, and the shareholders, directors, supervisors, and senior management who are responsible for causing losses to the company shall bear compensation liability.

Dissolution and Liquidation

According to the PRC Company Law, a company shall be dissolved for the following reasons:

(i) the term of business stipulated in the articles of association has expired or other events of dissolution specified in the articles of association have occurred; (ii) the general meeting resolves to dissolve the company; (iii) dissolution is necessary due to a merger or division of the company; (iv) the business license is revoked, or the business license is ordered to be closed or revoked in accordance with laws; or (v) where the company encounters serious difficulties in its operation and management and its continuance shall cause a significant loss in the interest of shareholders, and where this cannot be resolved through other means, shareholders who hold more than 10% of the total shareholders' voting rights of the company may present a petition to a people's court for the dissolution of the company with the support of the judgment.

If any event of dissolution as mentioned in the preceding paragraph arises, a company shall publicize the event of dissolution through the National Enterprise Credit Information Publicity System within ten days.

Where the company is dissolved in accordance with sub-paragraph (i) or (ii) above but has not yet distributed its assets to the shareholders, it may carry on its existence by amending its articles of association or upon a resolution of the general meeting, which must be approved by more than two-thirds of the voting rights held by the shareholders present at the general meeting. Where the company is dissolved pursuant to sub-paragraphs (i), (ii), (iv) or (v) above, it shall be liquidated. The directors, who are the liquidation obligors of the company, shall form a liquidation group to carry out liquidation within 15 days from the date of occurrence of the event of dissolution.

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The liquidation group shall be composed of the directors, unless it is otherwise provided for in the company’s articles of association or it is otherwise elected by the general meeting. The liquidation obligors shall be liable for compensation if they fail to fulfill their obligations of liquidation in a timely manner, and thus any loss is caused to the company or the creditors.

The liquidation group fails to be formed within the time limit or fails to carry out the liquidation after its formation, any interested party may request the people’s court to designate relevant persons to form a liquidation group. The people’s court shall accept such request and organize a liquidation group to carry out the liquidation in a timely manner.

The liquidation committee shall exercise the following functions and powers during the liquidation period:

- (i) to liquidate the company’s property and respectively prepare a balance sheet and list of property;
- (ii) to notify creditors by notice or public announcement;
- (iii) to deal with the outstanding business of the company involved in the liquidation;
- (iv) to pay all outstanding taxes and taxes arising in the course of liquidation;
- (v) to liquidate claims and debts;
- (vi) distributing the remaining property of the company after paying off debts;
- (vii) to participate in civil litigations on behalf of the company.

The liquidation group shall notify the company’s creditors within ten days as of its formation and shall make a public announcement in the newspaper or on the National Enterprise Credit Information Publicity System within 60 days. The creditors shall file their proofs of claim with the liquidation group within 30 days as of the receipt of the notice or within 45 days as of the issuance of the public announcement in the case of failing to receive such notice.

The remaining property of the company after the payment of liquidation expenses, employees’ wages, social insurance expenses and statutory compensation, outstanding taxes and the company’s debts, shall be distributed to shareholders in proportion to their shareholdings.

During the liquidation period, the company shall continue to exist but shall not carry out any business activities unrelated to the liquidation. The company’s property shall not be distributed to the shareholders before the liquidation in accordance with the preceding paragraph.

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If the liquidation group, having examined the company’s assets and having prepared a balance sheet and an inventory of assets, discovers that the company’s property are insufficient to pay its debts in full, it shall file an application to a people’s court for bankruptcy liquidation. After the people’s court accepts the application for bankruptcy, the liquidation group shall hand over the liquidation matters to the bankruptcy administrator designated by the people’s court.

Upon completion of the liquidation, the liquidation group shall prepare a liquidation report to be submitted to the general meeting or the people’s court for confirmation, and submit to the company registration authority to apply for cancellation of the company’s registration.

The members of the liquidation group performing their duties of liquidation are obliged to loyalty and diligence. Any member of the liquidation group who neglects to fulfill his/her liquidation duties, thus causing any loss to the company shall be liable for compensation, and any member of the liquidation group who causes any loss to any creditor due to his/her intentional or gross negligence shall be liable for compensation.

Where, after three years since the business license of a company is revoked, or the company is ordered to close down or is revoked, the company fails to apply for its deregistration with the company registration authority, the said authority may announce the company’s deregistration through the National Enterprise Credit Information Publicity System for a period of no less than 60 days. If there is no objection after the announcement period expires, the company registration authority may deregister the company.

Overseas Listing

According to the Interim Measures for the Administration, where an issuer makes an overseas initial public offering or listing, it shall file with the CSRC within 3 working days after submitting the application documents for overseas issuance and listing. If an issuer issues securities in the same overseas market after overseas issuance and listing, it shall file with the CSRC within 3 working days after the completion of the issuance. If an issuer issues and lists in other overseas markets after overseas issuance and listing, it shall file with the CSRC within 3 working days after submitting the application documents for overseas issuance and listing. Moreover, if the filing materials are complete and meet the requirements, the CSRC shall complete the filing within 20 working days from the date of receiving the filing materials, and publicize the filing information through the website. If the filing materials are incomplete or do not meet the requirements, the CSRC shall inform the issuer of the materials to be supplemented within 5 working days after receiving the filing materials. The issuer shall supplement the materials within 30 working days.

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Loss of Share Certificates

A shareholder may, in accordance with the public notice procedures set out in the Civil Procedure Law of the People’s Republic of China, apply to a people’s court if his share certificate(s) in registered form is either stolen, lost or destroyed, for a declaration that such certificate(s) will no longer be valid. After the people’s court declared that such certificate(s) will no longer be valid, the shareholder may apply to the company for the issue of a replacement certificate(s).

Suspension and Termination of Listing

The PRC Company Law has deleted provisions governing suspension and termination of listing. The Securities Law (《證券法》) has also deleted provisions regarding suspension of listing. Where listed securities fall under the delisting circumstances stipulated by the stock exchange, the stock exchange shall terminate its listing and trading in accordance with the business rules.

According to the Interim Measures for the Administration, in case of active or compulsory termination of listing, the issuer shall report the specific situation to the CSRC within 3 working days from the date of occurrence and announcement of the relevant matters.

SECURITIES LAW AND REGULATIONS

In October 1992, the State Council established the Securities Committee and the CSRC. The Securities Committee is responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of securities markets, directing, coordinating and supervising all securities-related institutions in the PRC and administering the CSRC. The CSRC is the regulatory arm of the Securities Committee and is responsible for the drafting of regulatory provisions of securities markets, supervising securities companies, regulating public offers of securities by Chinese companies in the Chinese mainland or overseas, regulating the trading of securities, compiling securities-related statistics and undertaking research and analysis. In April 1998, the State Council consolidated the above two departments and reformed the CSRC.

The Provisional Regulations Concerning the Issue and Trading of Shares (《股票發行與交易管理暫行條例》) promulgated by the State Council and effective on 22 April 1993 provide the application and approval procedures for public offerings of shares, trading in shares, the acquisition of listed companies, the deposit, settlement and transfer of listed shares, the disclosure of information with respect to a listed company, investigation and penalties and dispute arbitration.

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The Regulations of the State Council Concerning the Domestic Listed Foreign Shares of Joint Stock Limited Companies (《國務院關於股份有限公司境內上市外資股的規定》), which were promulgated by the State Council and came into effect on 25 December 1995, mainly provide for the issue, subscription, trading and payment of dividends of domestic listed foreign shares and disclosure of information of joint stock limited companies with domestic listed foreign shares.

The Securities Law provides a series of provisions regulating, among other things, the issue and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of the State Council’s securities regulatory authorities in the PRC, and comprehensively regulates activities in the PRC securities market. The Securities Law provides that a domestic enterprise must comply with the relevant provisions of the State Council in issuing securities directly or indirectly outside the PRC or listing and trading its securities outside the PRC. Currently, the issue and trading of foreign issued shares are mainly governed by the rules and regulations promulgated by the State Council and the CSRC.

ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARDS

Under the Arbitration Law of the People’s Republic of China (《中華人民共和國仲裁法》) (the “Arbitration Law”), amended by the Standing Committee of the NPC on 1 September 2017 and effective on 1 January 2018, the Arbitration Law is applicable to economic disputes involving foreign parties, and all parties have entered into a written agreement to refer the matter to an arbitration committee constituted in accordance with the Arbitration Law. An arbitration committee may, before the promulgation by the PRC Arbitration Association of arbitration regulations, formulate interim arbitration rules in accordance with relevant regulations under the Arbitration Law and the Civil Procedure Law of the People’s Republic of China. Where both parties have agreed to settle disputes by means of arbitration, the people’s court will refuse to take legal action brought by a party in the people’s court.

Under the Arbitration Law, an arbitral award is final and binding on the parties. If a party fails to comply with an award, the other party to the award may apply to the people’s court for enforcement according to the Civil Procedure Law of the People’s Republic of China. A people’s court may refuse to enforce an arbitral award made by an arbitration commission if there is any procedural irregularity (including irregularity in the composition of the arbitration committee or the making of an award on matters beyond the scope of the arbitration agreement or the jurisdiction of the arbitration commission). A party seeking to enforce an arbitral award of foreign arbitration commission against a party who or whose property is not within the PRC shall apply to a foreign court with jurisdiction over the case for recognition and enforcement. Similarly, an arbitral award made by a foreign arbitration body may be recognized and enforced by the people’s court in accordance with the principles of reciprocity or any international treaty concluded or acceded to by the PRC.

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An arrangement was reached between Hong Kong and the Supreme People’s Court of China allowing for mutual recognition and enforcement of arbitral awards. On 18 June 1999, the Supreme People’s Court adopted the “Arrangement Concerning Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region”, which came into effect on 1 February 2000. Pursuant to this arrangement, arbitral awards rendered by arbitral authorities in the Chinese Mainland in accordance with the Arbitration Law may be enforced in Hong Kong, and Hong Kong arbitral awards may also be enforced in the Chinese Mainland.

On 26 November 2020, the Supreme People’s Court promulgated the “Supplemental Arrangement Concerning Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region”, which clarifies the procedure for “recognition,” which expands the scope of mutual recognition and enforcement of arbitral awards, and removes restrictions on arbitral authorities. The supplemental arrangement also provides that an applicant may apply for enforcement of an arbitral award to both Mainland and Hong Kong courts, and includes provisions regarding interim measures.

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SUMMARY OF THE ARTICLES OF ASSOCIATION

This Appendix contains a summary of the principal provisions of the (Draft) Articles of Association of the Company adopted on June 9, 2025, which will become effective on the date of [REDACTED] and [REDACTED] of the H Shares on the Hong Kong Stock Exchange. This Appendix is mainly designed to provide [REDACTED] with an overview of the Articles of Association of the Company. As this is a summary, it may not contain all the information that may be important to you.

ISSUANCE OF SHARES

The shares of the Company shall be issued based on the principle of fairness and impartiality, and shall rank pari passu in all respects with the shares of the same class. Shares of the same class issued at the same time shall be issued under the same conditions and at the same price. The same price shall be paid for each of the shares subscribed for by all subscribers.

INCREASE, REDUCTION AND REPURCHASE OF SHARES

Based on the needs of operation and development, the Company may increase capital by the following means in accordance with the provisions of the laws and regulations upon resolution of the general meeting:

- (I) issuing shares to non-specific investors;
- (II) offering of shares to specific investors;
- (III) allotting bonus shares to existing shareholders;
- (IV) conversion of capital reserve into share capital;
- (V) other methods prescribed by laws, administrative regulations, the CSRC and other securities regulatory rules of the place where the Company’s shares are listed.

The Company may reduce its registered capital. The Company shall reduce its registered capital in accordance with the Company Law of the People’s Republic of China and other relevant provisions and the procedures stipulated in the Articles of Association.

REPURCHASE OF SHARES

The Company shall not purchase its own shares, except in any of the following circumstances:

- (I) to reduce the registered capital of the Company;
- (II) to merge with another company which holds the shares of the Company;

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- (III) to use the shares for Employee Stock Ownership Plan or as equity incentive;
- (IV) the shareholders disagreeing with the merger or division resolution made by the general meeting ask the Company to acquire their shares;
- (V) to use the shares in the conversion of the convertible corporate bonds issued by the Company;
- (VI) necessary for the Company to protect its value and its shareholders' equity.

Where the Company intends to repurchase its own shares in the situations prescribed in Items (III), (V) and (VI) above, the repurchase shall be conducted through public and centralized trading.

Where the Company repurchases its shares under the circumstances set out in preceding item (I) or (II), it shall be resolved at the general meeting. Where the Company repurchases its shares under the circumstances set out in preceding item (III), (V) or (VI), it shall be resolved at a board meeting attended by more than two-thirds of the directors in accordance with the provisions of the Articles of Association or upon authorization by the general meeting, subject to the securities regulatory rules of the place where the Company's shares are listed.

In terms of A shares, the shares repurchased by the Company shall be processed in the following ways: for the circumstance in item (I), such shares shall be canceled in 10 days after the date of repurchase; for the circumstance in item (II) or (IV), such shares shall be transferred or canceled in 6 months; for the circumstance in item (III), (V) or (VI), 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 in 3 years. In terms of H shares, if it is otherwise specified in provisions of the laws, regulations and relevant rules of the securities regulatory authorities where the Company's shares are listed on the handling of the matters involved in the aforementioned share repurchase, such provisions shall prevail.

TRANSFER OF SHARES

The shares of the Company shall be legally transferable.

Directors, and senior management of the Company shall declare to the Company the number of shares held by them in the Company and changes therein, and shall not transfer more than 25% of the total number of the Company's shares held by them in each year of their term of office as determined at the time of their assumption of office; the shares of the Company held by them shall not be transferred within 1 year as of the listing date of the shares of the Company; and the above-mentioned persons are not allowed to transfer their shares in the Company within six months after their departure. Where laws, administrative regulations, the CSRC or the securities regulatory rules of the place where the Company's shares are listed provide otherwise for the transfer of the Company's shares held by a shareholder, such provisions shall apply accordingly.

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If a director, senior management, or shareholder holding more than 5% of the Company’s shares sells the Company’s shares or other securities of an equity nature held by the director, senior management, or shareholder holding more than 5% of the Company’s shares within six months of the date of purchase, or buys again within six months of the date of sale, and the proceeds therefrom shall belong to the Company, the Board of Directors of the Company shall reclaim the proceeds therefrom. However, securities companies holding more than 5% of the shares due to the purchase of the remaining shares after underwriting, and other circumstances stipulated by the CSRC or the securities regulatory rules of the place where the Company’s shares are listed are excluded.

The shares or other securities with an equity nature held by directors, senior management and natural person shareholders as mentioned in the above paragraph shall include the shares or other securities with an equity nature held by their spouses, parents, children, and those held in the accounts of others.

In the event that the Board fails to comply with the above provisions, the Shareholders shall have the right to request the Board to do so within 30 days. If the Board fails to follow the above-mentioned deadline, shareholders shall have the right to file a lawsuit directly to the people’s court in their own name in the interest of the Company. If the Board fails to comply with the above provisions, the responsible directors shall be jointly and severally liable in accordance with the law.

SHAREHOLDERS AND GENERAL MEETING

Shareholders

The Company shall make a register of Shareholders based on the vouchers provided by the securities registration and settlement institution. The register of shareholders shall be the sufficient evidence proving the shareholders’ holding of the Company’s shares. The original register of H-shareholders shall be kept in Hong Kong for inspection by shareholders, but the Company may suspend the registration of shareholders in accordance with applicable laws and regulations and the rules of the securities regulatory authorities in the place where the Company’s shares are listed. The shareholders shall enjoy the rights and assume the obligations according to the class of the shares they hold. The shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations.

If any individual who has his/her name registered or requests to have his/her name registered on the register of shareholders loses his/her share certificate(s), he/she may apply to the Company for issuing a replacement share certificate(s) representing the same shares. In the event that a shareholder of A shares loses its share certificate(s) and applies for issuing replacement share certificate(s), it shall follow the procedures as stipulated in the Company Law. In the event that a shareholder of H shares loses his/her share certificate(s) and applies for issuing replacement share certificate(s), he/she shall follow the procedures as required by the laws, rules of the stock exchange or any other related provision in the place where the original register of shareholders for such H shares is kept.

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The shareholders of the Company shall be entitled to the following rights:

- (I) to receive dividends and other forms of distribution of interests in proportion to their respective shareholdings;
- (II) to request to convene, hold, preside over, attend in person or appoint a proxy to attend the general meeting according to law, and exercise their voting rights correspondingly (unless individual shareholders shall waive their voting rights in respect of certain matters in accordance with applicable laws and regulations, and securities regulatory rules in the place where the shares of the Company are listed);
- (III) to supervise, and make recommendations or inquiries on the operation of the Company;
- (IV) to transfer, bestow or pledge the shares they hold according to the laws, administrative laws and regulations, securities regulatory rules in the place where the shares of the Company are listed and the Articles of Association;
- (V) to inspect and copy the Articles of Association, register of shareholders, minutes of general meetings, resolutions of meetings of the board of directors, financial and accounting reports, and eligible shareholders may inspect the Company’s accounting books and accounting documents;
- (VI) to participate in the distribution of the Company’s remaining assets in proportion to their shareholdings upon termination or liquidation of the Company;
- (VII) The shareholders disagreeing with the merger or separation resolution made by the general meeting are entitled to ask the Company to acquire their Shares;
- (VIII) other rights conferred by the laws, administrative regulations, departmental rules, security regulatory rules of the place where the Company’s shares are listed and the Articles of Association.

Shareholders requesting access to or copying of relevant materials of the Company shall comply with the provisions of the Company Law, the Securities Law and other laws and administrative regulations, and shall provide the Company with written documents proving the class and number of shares held by them. The relevant materials shall be provided by the Company upon verification of the identity of the shareholders and in accordance with the request of the shareholders. If a shareholder who individually or collectively holds more than 3% of the Company’s shares for more than 180 consecutive days requests to inspect the Company’s accounting books and documents, he/she shall submit a written request to the Company, stating the purpose. Where the Company reasonably believes that shareholders have unjust purposes in accessing the accounting books and reports, which may harm the legal rights

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and interests of the Company, the Company may refuse such request and shall, within 15 days of such request, reply in written form and state the reasons. The provisions of this Article shall apply to shareholders requesting to inspect or copy materials related to the Company’s wholly-owned subsidiaries.

If the content of any resolution of the general meeting or the board of directors violates laws or administrative regulations, the shareholders shall have the right to request the people’s court to recognize it as invalid.

The shareholders are entitled to request the people’s court to cancel the relevant resolution within 60 days after the resolution is adopted if the convening procedure and voting method of the general meeting or Board meeting violate the laws, administrative regulations or the Articles of Association, or the resolution content breaches the Articles of Association, unless there are only minor defects in the convening procedure or voting method of the general meeting or Board meeting, which do not materially affect the resolution.

Where the Board of Directors, shareholders and other relevant parties dispute the validity of a resolution of a general meeting, they shall promptly file a lawsuit with the people’s court. The relevant parties shall implement the resolution of the general meeting before the people’s court makes a judgment or ruling, such as revoking the resolution. The Company, its directors and senior management should effectively fulfill their duties to ensure the normal operation of the Company.

If the people’s court makes a judgment or ruling on the relevant matters, the Company shall fulfill its information disclosure obligations in accordance with the laws, administrative regulations, and rules of the CSRC and the stock exchanges, fully explain the impact, and actively cooperate with the implementation of the judgment or ruling after it has come into effect. Corrections of prior matters will be handled in a timely manner and the corresponding information disclosure obligations will be fulfilled.

In the event of a violation of laws, administrative regulations or the provisions under the Articles of Association by a director or senior management other than the member of the Audit Committee in performing his duties, resulting in loss suffered by the Company, the shareholders that solely or collectively hold 1% or more shares of the Company for a continuous period of 180 days have the right to make a written request to the Audit Committee to file a litigation with a people’s court. In the event of a violation of laws, administrative regulations or the provisions under the Articles of Association by a member of the Audit Committee in performing his duties, which has led to loss and damage suffered by the Company, the aforesaid shareholders have the right to make a written request to the Board to file a litigation with a people’s court.

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Where the Audit Committee or the Board of Directors refuses to file a lawsuit after receiving shareholders' written request as prescribed in the preceding paragraph, or fails to file a lawsuit within 30 days as of the date of receiving the request, or the situation is so urgent that failure in filing immediate lawsuit will result in irreparable losses to the Company, shareholders as prescribed in the previous paragraph shall have the right to, in their names, directly file a lawsuit to a people's court for the interests of the Company.

In the event of violation of laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed or provisions under the Articles of Association by Directors or senior management in performing their duties, resulting damage to the Shareholders' interest, the shareholders may file a litigation with a people's court.

Shareholders of the Company shall assume the following obligations:

- (I) to comply with the laws, administrative regulations and Articles of Association;
- (II) to pay capital contributions in accordance with the shares subscribed and the capital participation method;
- (III) not to withdraw from the Company its capital contribution except for the circumstances set out in relevant laws and regulations;
- (IV) not to abuse Shareholder's rights to damage the interests of the Company or other shareholders; not to abuse the independent legal person status of the Company and the limited liability of shareholders to damage the interests of the creditors of the Company;
- (V) to assume other obligations required by the laws, administrative regulations, regulation rules of the place where the Company's shares are listed and the Articles of Association.

A shareholder of the Company who abuses the rights of shareholders to cause losses to the Company or other shareholders shall be liable for compensation in accordance with the law. Where any shareholder of the Company abuses the independent legal person status of the Company and the limited liability of shareholders to evade debts and severely damages the interests of the creditors of the Company, such shareholder shall bear joint liability for the debts of the Company.

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Controlling shareholders and actual controller

The controlling shareholders and actual controller of the Company shall comply with the following provisions:

- (I) To exercise shareholders’ rights in accordance with the law, and not to abuse the right of control or take advantage of the relationship to harm the legitimate rights and interests of the Company or other shareholders;
- (II) To strictly fulfill the public statements and commitments made, without unauthorized changes or exemptions;
- (III) To fulfill the information disclosure obligations in strict accordance with the relevant regulations, to proactively cooperate with the Company in making information disclosure, and to inform the Company in a timely manner of significant events that have occurred or are proposed to occur;
- (IV) Not to take up the Company’s funds in any way;
- (V) Not to force, instruct or require the Company and related persons to provide guarantees in violation of the law;
- (VI) Not to make use of the Company’s undisclosed material information to seek benefits, not to disclose in any way undisclosed material information relating to the Company, and not to engage in insider trading, short-term trading, market manipulation and other illegal and illicit behaviors;
- (VII) Not to harm the legitimate rights and interests of the Company and other shareholders through any means such as unfair connected transactions, profit distribution, asset restructuring, or external investment.
- (VIII) To ensure the integrity of the Company’s assets, personnel independence, financial independence, institutional independence and business independence, and not to affect the independence of the Company in any way;
- (IX) Other provisions of laws, administrative regulations, regulations of the CSRC, business rules of stock exchanges, securities regulatory rules of places where the Company’s shares are listed and the Articles of Association.

If the controlling shareholders or actual controller does not serve as directors of the Company but actually executes the affairs of the Company, the provisions of the Articles of Association on the duties of loyalty and diligence of directors shall apply.

Where a controlling shareholder or actual controller of the Company instructs a director or senior management to engage in acts that are detrimental to the interests of the Company or shareholders, he/she shall be jointly and severally liable with the director or senior management.

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General provisions on general meeting

The general meeting shall be the organ of authority of the Company and shall exercise the following functions and powers according to law:

- (I) to elect and replace Directors who are not employee representatives, and to decide on matters relating to the remuneration of Directors;
- (II) to consider and approve reports of the Board;
- (III) to examine and approve the profit distribution plans and loss recovery plans of the Company;
- (IV) to make resolutions concerning the increase or reduction of the Company’s registered capital;
- (V) to make resolutions on the issuance of corporate bonds;
- (VI) to pass resolutions on matters such as the merger, division, dissolution, liquidation or change in the organizational form of the Company;
- (VII) to revise the Articles of Association;
- (VIII) to make resolutions on the appointment or removal of accounting firm that undertakes the audit service of the Company;
- (IX) to review and approve the guarantees set out in Article 47 of the Articles of Association;
- (X) to examine the Company’s purchase or disposal of major assets within one year of an aggregate value exceeding 30% of the latest audited total assets of the Company;
- (XI) to examine and approve changes in the use of proceeds;
- (XII) to examine the equity incentive scheme and Employee Stock Ownership Plan;
- (XIII) the general meeting can authorize the board of directors to make resolutions on the issuance of corporate bonds;
- (XIV) to consider other matters that should be decided by the general meeting as stipulated by laws, administrative regulations, departmental rules, rules of securities regulation of the place where the Company’s shares are listed or the Articles of Association.

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Unless otherwise provided by laws, administrative regulations, the regulations of the CSRC or the securities regulatory rules of the place where the Company’s shares are listed, the aforesaid powers and functions of the general meeting shall not be exercised by the Board of Directors or any other body or individual by way of authorization.

The following external guarantees of the Company shall be considered and approved by the general meeting:

- (I) any guarantee provided after the total amount of the external guarantees provided by the Company and its controlled subsidiaries exceeds 50% of the audited net assets for the latest period;
- (II) any guarantee provided after the total amount of the external guarantees provided by the Company exceeds 30% of the Company’s audited total assets for the latest period;
- (III) the guarantee whose amount exceeds 30% of the Company’s total audited assets in the latest period according to the principle of cumulative calculation of guarantee amount for 12 consecutive months;
- (IV) the guarantee provided to the guaranteed party with a debt-to-asset ratio of more than 70%;
- (V) any single guarantee with its amount exceeding 10% of the audited net assets for the latest period;
- (VI) any guarantee provided to shareholders, the actual controllers and their related parties;
- (VII) other transactions that shall be decided by the general meeting in accordance with relevant laws and regulations or the securities regulatory rules of the place where the Company’s shares are listed.

General meetings are categorized into annual general meetings and extraordinary general meetings. The annual general meeting shall be held once a year and shall be held within six months after the end of the preceding fiscal year.

In the event of any of the following circumstances, the Company shall convene an extraordinary general meeting within two months from the date of occurrence:

- (I) When the number of directors is less than that specified in the Company Law or two-thirds of the number required by the Articles of Association;
- (II) When the Company’s losses which are not covered amount to one-third of the total share capital;

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- (III) Upon written request(s) by shareholders individually or collectively holding more than 10% of the Company’s shares;
- (IV) When the Board of Directors considers it necessary;
- (V) When the Audit Committee proposes to hold such a meeting;
- (VI) Other circumstances required by the laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company’s shares are listed and the Articles of Association.

The number of shares in Item (III) above shall be calculated in accordance with the shares held on the day on which the written request is made by the shareholders.

If the extraordinary general meeting is convened in response to the provisions of the securities regulatory rules of the place where the Company’s shares are listed, the actual date of the extraordinary general meeting may be adjusted in accordance with the provisions of the securities regulatory rules of the place where the Company’s shares are listed.

Convening of a general meeting

The Board shall duly convene the general meeting within the time limit specified.

The Independent Directors are authorized to propose to the Board of Directors to convene an extraordinary general meeting with the approval of a majority of all Independent Directors. In response to a proposal from an independent director requesting the convening of an extraordinary general meeting, the Board of Directors shall, in accordance with the provisions of laws, administrative regulations, the rules of securities regulation of the place where the Company’s shares are listed and the Articles of Association, provide written feedback on whether it agrees or disagrees with the convening of the extraordinary general meeting within 10 days of receipt of the proposal. Where the Board agrees to convene the extraordinary general meeting, it shall serve a notice of such meeting within five days after the resolution is made by the Board. Where the Board does not agree to convene the extraordinary general meeting, it shall give the reasons and make an announcement in respect thereof.

The Audit Committee shall have the right to propose to the Board to convene an extraordinary general meeting, and shall make such proposal in writing. The Board of Directors shall, in accordance with the provisions of laws, administrative regulations, rules of securities regulation of the place where the Company’s shares are listed and the Articles of Association, provide written feedback on whether it agrees or disagrees with the convening of an extraordinary general meeting within 10 days of receipt of the proposal.

Where the Board agrees to convene the extraordinary general meeting, it shall issue a notice of general meeting within 5 days after the decision is made. Any changes made to the original proposal in the notice shall be agreed by the Audit Committee.

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If the Board of Directors does not agree to convene an extraordinary general meeting or fails to provide feedback within 10 days after receiving the proposal, it is deemed that the Board of Directors is unable to fulfill or does not fulfill its duty to convene the general meeting, and the Audit Committee may convene and preside over the meeting on its own.

The shareholders who individually or jointly hold more than 10% of the shares of the Company shall have the right to request the Board to convene an extraordinary general meeting, and shall make such request to the Board in writing. The Board of Directors shall, in accordance with the provisions of laws, administrative regulations, rules of securities regulation of the place where the Company’s shares are listed and the Articles of Association, provide written feedback on whether it agrees or disagrees with the convening of an extraordinary general meeting within 10 days of receipt of the proposal.

Where the Board agrees to convene the extraordinary general meeting, it shall issue a notice of general meeting within 5 days after the decision is made. Any changes made to the original request in the notice shall be agreed by the relevant shareholders.

If the Board of Directors does not agree to convene an extraordinary general meeting or fails to provide feedback within 10 days after receiving the request, shareholders who individually or collectively hold more than 10% of the Company’s shares and propose to the Audit Committee to convene an extraordinary general meeting shall submit their request in writing to the Audit Committee.

Where the Audit Committee agrees to convene the extraordinary general meeting, it shall issue a notice of general meeting within 5 days after the decision is made. Any changes made to the original request in the notice shall be agreed by the relevant shareholders.

If the Audit Committee fails to give notice of a general meeting within the prescribed period, it shall be deemed that the Audit Committee does not convene and preside over the general meeting, and the shareholders who have individually or collectively held more than 10% of the Company’s shares for more than 90 consecutive days may convene and preside over the meeting on their own.

If the Audit Committee or the shareholders decide to convene a general meeting on their own, they must notify the Board of Directors in writing and file a report with the stock exchange or make an announcement.

The Audit Committee or the convening shareholders shall, at the time of issuing the notice of the general meeting and the announcement of the resolution of the general meeting, submit the relevant supporting materials to the stock exchange in accordance with the rules of the securities regulation of the place where the Company’s shares are listed. Before the announcement of the resolution of the general meeting, the shareholding ratio of convening shareholders shall be not less than 10%.

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In the case of a general meeting convened by the Audit Committee or by the shareholders themselves, the expenses necessary for the meeting shall be borne by the Company.

Proposals and Notices of General Meetings

When the Company holds a general meeting, the Board of Directors, the Audit Committee, and shareholders who individually or collectively hold more than 1% of the Company’s shares have the right to submit proposals to the Company.

Shareholders who individually or collectively hold more than 1% of the Company’s shares may propose a provisional proposal and submit it in writing to the convenor 10 days prior to the general meeting. The convenor shall issue a supplementary notice of the general meeting within 2 days after the receipt of the proposal, announcing the contents of the provisional proposal and submitting the provisional proposal to the general meeting for deliberation, except that the provisional proposal is in violation of the provisions of the laws, administrative regulations or the Articles of Association of the Company or does not fall within the terms of reference of the general meeting. If the general meeting shall be postponed for the publication of the supplementary notice of the general meeting in accordance with the provisions in the securities regulatory rules of the place where the Company’s shares are listed, the convening of the general meeting shall be postponed in accordance with the relevant provisions.

Save as specified above, the convenor shall neither revise the proposals set out in the notice of general meetings nor add new proposals after issuing the notice of general meeting.

The general meeting shall not vote or pass resolutions on proposals not listed in the notice of the general meeting or resolutions not in conformity with the Articles of Association.

The convenor shall notify shareholders in writing (including announcements) 21 days prior to the Annual General Meeting and 15 days prior to the Extraordinary General Meeting. Where laws, regulations and the securities regulatory rules of the stock exchange where the Company’s shares are listed have other provisions, such provisions shall prevail. The Company shall not include the date of the meeting when calculating the starting time.

The notice of the general meeting shall include the following particulars:

- (I) the time, venue and duration of the meeting;
- (II) the matters and proposals to be reviewed at the meeting;
- (III) explicit textual explanation: all shareholders shall be entitled to attend the general meeting and they may appoint a proxy in writing to attend and vote at such meeting on their behalf and that such proxy needs not be a shareholder of the Company;
- (IV) the record date for shareholders who are entitled to attend the general meeting;

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(V) the name and telephone number of the regular contact person for the meeting.

(VI) the voting time and voting procedures of the meeting for the online voting or other means of voting.

Holding of General Meeting

All shareholders registered on the record date or their proxies shall have the right to attend the general meeting and exercise their shareholders' rights, including the right to speak, in accordance with the relevant provisions of the laws and administrative regulations, the rules of the securities regulatory authorities of the place where the Company's shares are listed, and the Articles of Association. The Company and the convenor shall not deny their rights to do so for any reason whatsoever. A shareholder attending a general meeting shall have one vote for each share held (unless such shareholder is required to waive his/her voting rights in respect of individual matters by virtue of the provisions of laws, administrative regulations, or the rules of the securities regulatory authorities of the place where the Company's shares are listed).

Shareholders may attend the general meeting in person or appoint a proxy to attend, speak and vote on their behalf.

An individual shareholder who attends the meeting in person shall produce his own ID card or other valid documents or proof evidencing his/her identity. If a proxy is appointed to attend the meeting on his/her behalf, such proxy shall produce his/her own valid proof of identity and the power of attorney from the shareholder.

If the legal representative/managing partner of the partnership (or his/her delegate) of a corporate shareholder attends the meeting in person, he/she shall present his own valid ID, certificate of legal representative/managing partner (or his/her delegate), and a copy of its business license with the official seal stamped on it for registration; If the legal representative/managing partner of the partnership of a legal person shareholder or his/her delegate appoints a proxy to attend the meeting, the proxy shall present his own valid ID, a copy of the business license with the official seal stamped on it, a document certifying that he/she is the legal representative/managing partner (or his/her delegate), and a power of attorney to complete the registration formalities; except where the shareholder is a recognized clearing house and its nominee.

If the shareholder is a recognized clearing house (or its nominee), the shareholder may authorize one or more individuals deemed appropriate by it to act as its representative at any general meeting and creditors' meeting. However, if more than one person is granted authorization, the power of attorney should specify the number and type of shares for which each of these individuals is authorized. The power of attorney shall be signed by an authorized officer of the recognized clearing house. A person so authorized may attend the meeting on behalf of the recognized clearing house (or its nominee) to exercise rights (without having to

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produce proof of shareholding, a notarized authorization and/or further evidence of formal authorization) and shall have the same statutory rights as other shareholders, including the right to speak and to vote, as if it were an individual shareholder of the Company.

Voting and Resolutions of General Meetings

The resolutions of general meeting are classified into ordinary ones and special ones.

Ordinary resolutions at a general meeting shall be passed by a majority of the votes held by the shareholders present at the general meeting. A special resolution at a general meeting shall be passed by more than two-thirds of the votes held by the shareholders present at the general meeting.

The following matters shall be resolved by way of ordinary resolution of the general meeting:

- (I) work reports of the Board of Directors;
- (II) profit distribution proposals and loss recovery proposals formulated by the Board of Directors;
- (III) appointment and removal of directors, and determination of the remuneration and method of payment of the directors;
- (IV) other matters other than those required to be approved by special resolutions under the laws, administrative regulations, Listing Rules, regulatory rules of the place where the Company's shares are listed or the Articles of Association.

The following matters shall be resolved by way of special resolution of the general meeting:

- (I) increase or decrease of the Company's registered capital;
- (II) separation, division, merger, dissolution and liquidation of the Company;
- (III) amendment to the Articles of Association;
- (IV) purchase and disposal of major assets by the Company within one year, or a guarantee amount exceeding 30% of the Company's audited total assets for the latest period;
- (V) equity incentive plan;
- (VI) adjustment or change of cash dividend policy;

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(VII) matters required to be approved by special resolutions under the laws, administrative regulations, regulatory rules of the place where the Company’s shares are listed or the Articles of Association, and matters which, according to an ordinary resolution of the general meeting, may have a significant impact on the Company and shall be adopted by way of a special resolution.

Shareholders shall exercise their voting rights by the number of shares with voting rights they represent, and each share shall have one vote. On a voting by ballot at a meeting, a shareholder (including his/her proxies) entitled to two or more votes does not need to cast all his votes for, against, or abstain. Where the securities regulatory rules of the stock exchange where the Company’s shares are listed have other provisions, such provisions shall prevail.

When material issues affecting the interests of minority shareholders are considered at the general meeting, the votes of minority shareholders shall be counted separately, and the results of the separate count shall be publicly disclosed in a timely manner.

Shares of the Company held by the Company do not have voting rights, and such shares are not counted in the total number of shares entitled to vote at the general meeting. Where the securities regulatory rules of the place where the Company’s shares are listed have special provisions, the relevant provisions shall prevail.

Where a shareholder’s purchase of the Company’s voting shares violates the provisions of paragraphs 1 and 2 of Article 63 of the Securities Law, the voting rights of the shares exceeding the prescribed proportion shall not be exercised within 36 months after the purchase, and such shares shall not be included in the total number of voting shares of the shareholders attending the general meeting.

If the relevant laws and regulations and the securities regulatory rules of the place where the Company’s shares are listed require any shareholders to abstain from voting on the relevant proposal, or restrict any shareholders to vote only in favor of or against the designated proposal, any votes cast by or on behalf of such shareholders in contravention of the aforesaid provisions or restrictions shall not be counted as part of the voting result.

The board of directors of the Company, independent Directors, shareholders holding more than 1% of the voting shares or investor protection institutions established in accordance with laws, administrative regulations or the provisions of the CSRC, may publicly solicit voting rights from shareholders. When soliciting voting rights from shareholders, the specific voting intention and other information shall be fully disclosed to the solicitation targets. Solicitation of shareholders’ voting rights in a paid or disguised paid way shall be prohibited. Except for statutory conditions, the Company shall not impose restrictions on the minimum shareholding proportion against the solicitation of shareholders’ voting rights.

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DIRECTORS AND BOARD OF DIRECTORS

General provisions on directors

Directors shall be natural persons, and none of the following persons may serve as a director of the Company:

- (I) persons without capacity or with limited capacity for civil acts;
- (II) persons who were sentenced for crimes of corruption, bribery, encroachment or embezzlement of property or disruption of the social and economic order, where five years have not lapsed following the serving of the sentence, or persons who were deprived of their political rights for committing a crime, where five years have not lapsed following the serving of the sentence, or in case of a suspended sentence, not more than two years have elapsed since the date of expiration of the probationary period;
- (III) persons who acted as directors, or factory managers or managers of bankrupt or liquidated companies or enterprises who bear personal liability for the bankruptcy or liquidation of such companies or enterprises, where three years have not lapsed following the date of completion of such bankruptcy or liquidation;
- (IV) persons who were legal representatives of a company or enterprise, which had its business license revoked due to a violation of the law and were ordered to close down, and who were personally liable for the revocation of business license of such company or enterprise, where less than three years have elapsed since the date of the revocation of business license of such company or enterprise;
- (V) persons who have been listed by the people’s court as defaulter because they have incurred debts of a large amount that have not been settled by the due date;
- (VI) persons who are imposed by the CSRC a ban from entering into the securities market for a period which has not yet expired;
- (VII) persons publicly declared by the stock exchange as unsuitable for serving as a director, or senior management member of a company for a period which has not yet expired;
- (VIII) other requirements stipulated in the laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company’s shares are listed.

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Directors shall comply with the provisions of laws, administrative regulations, the rules of securities regulation of the place where the Company's shares are listed and the Articles of Association, and have a duty of loyalty to the Company; they shall take measures to avoid conflicts between their own interests and the interests of the Company, and they shall not make use of their powers to gain undue benefits. The directors shall bear the following obligations of loyalty to the Company:

- (I) Not to encroach upon the Company's property or misappropriate the Company's funds;
- (II) Not to deposit the Company's assets into an account in his/her own name or any other individual's name;
- (III) Not to take advantage of his/her functions and powers to accept bribes or obtain other illegal income;
- (IV) Not to enter into contracts or transactions directly or indirectly with the Company without reporting to the Board or the general meeting and obtaining the approval of the Board or the general meeting through resolution in accordance with the provisions of the Articles of Association;
- (V) Not to take advantage of his/her position to obtain business opportunities that should belong to the Company for himself/herself or others, except in any of the following circumstances: It has been reported to the Board or the general meeting and approved by a resolution of the general meeting; According to laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed or the Articles of Association, the Company cannot take advantage of the business opportunity;
- (VI) Not to carry on business of the same kind as that of the Company, either on his/her own account or on behalf of others without reporting to the Board or the general meeting and obtaining the approval of the general meeting through resolution;
- (VII) Not to accept and keep privately commissions on transactions between others and the Company;
- (VIII) Not to disclose the secrets of the Company without authorization;
- (IX) Not to damage the interests of the Company by taking advantage of his/her relationship; and
- (X) Other obligations of loyalty stipulated by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

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The income derived by the directors in violation of above provisions shall be returned to the Company. If losses are caused to the Company, they shall be liable for compensation.

The provisions of Item (IV), paragraph 2 of Article 102 of the Articles of Association shall apply to the conclusion of contracts or transactions with the Company by close relatives of directors, and senior management, enterprises directly or indirectly controlled by directors, and senior management or their close relatives, as well as connected persons with whom directors, and senior management have other relationship.

Directors shall comply with the provisions of laws, administrative regulations, rules of securities regulation of the place where the Company’s shares are listed and the Articles of Association, and shall have a duty of diligence to the Company, and shall perform their duties with the reasonable care normally expected of a manager in the best interests of the Company. The directors shall bear the following obligations of diligence to the Company:

- (I) to exercise the rights conferred by the Company with due discretion, care and diligence to ensure the business operations of the Company comply with the requirements of PRC laws, administrative regulations, securities regulatory rules of the place where the Company’s shares are listed, and relevant PRC economic policies, and business activities are not beyond the business scope specified in the business license of the Company;
- (II) to treat all shareholders equally;
- (III) to timely understand the business operations and management of the Company;
- (IV) to sign a written confirmation on the Company’s periodic reports to ensure that the information disclosed by the Company is true, accurate and complete;
- (V) to provide the status reports and information to the Audit Committee honestly, and not to hinder the Audit Committee from exercising their functions and powers;
- (VI) other obligations of diligence stipulated by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company’s shares are listed and the Articles of Association.

The Company has established a system for managing the departure of directors, and specified safeguards to ensure accountability and compensation in respect of any unfulfilled public commitments and other outstanding matters. When a director’s resignation takes effect or his/her term of office expires, the director shall complete all handover procedures with the Board, and his/her fiduciary duties to the Company and shareholders shall not be discharged upon the termination of office, but shall remain valid within a reasonable period specified in the Articles of Association. A director’s liability arising from the performance of his/her duties during his/her tenure shall not be waived or terminated by his/her departure from office.

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Board of Directors

The Board of Directors of the Company consists of seven directors, including three independent directors and one employee representative director. The Board shall exercise the following functions and powers:

- (I) to convene general meetings and report to the general meeting on the work of the Board;
- (II) to implement resolutions adopted by the general meeting;
- (III) to determine the Company’s operational plans and investment programs;
- (IV) to formulate the profit distribution plan and loss recovery plan of the Company;
- (V) to formulate plans of the Company regarding increase or reduction of the registered capital, issuance of bonds or other securities and listing;
- (VI) to formulate plans for substantial acquisition, shares repurchase, or merger, division, dissolution and change of corporate form of the Company;
- (VII) to determine the outbound investment, acquisition and disposal of assets, asset mortgage, external guarantee, entrusted wealth management, connected transactions, external donations etc. of the Company within the authority granted by the general meeting;
- (VIII) to determine the structure of the Company’s internal management bodies;
- (IX) to appoint or dismiss the general manager, Secretary to the Board and other senior management of the Company, and decide on matters of their remuneration, rewards and punishments; to appoint or dismiss senior management such as deputy manager and CFO according to the nomination of the general manager, and decide on matters of their remuneration, rewards and punishments;
- (X) to formulate the basic management scheme of the Company;
- (XI) to formulate the proposals for any amendment to the Articles of Association;
- (XII) to manage the information disclosure of the Company;
- (XIII) to request the general meeting to appoint or remove the accounting firm that undertakes the audit service of the Company;
- (XIV) to debrief the work report of the general manager of the Company and check the works of the general manager;

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(XV) any other functions and powers granted by the laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed, Articles of Association or the general meeting.

Matters beyond the scope of authorization from the general meeting shall be submitted to the general meeting for consideration.

If a director has a relationship with an enterprise or individual involved in a matter resolved at a meeting of the Board of Directors, such director shall promptly report in writing to the Board of Directors. Directors who are related shall not exercise their voting rights on the resolution, nor shall they exercise their voting rights on behalf of other directors. The meeting of the Board of Directors may be held once more than half of the unrelated directors will be present. The resolution made by the meeting of the Board shall be adopted by more than half of all such directors. If the number of unrelated directors present at the Board meeting is less than 3, the matter shall be submitted to the general meeting for consideration. If laws and regulations and the securities regulatory rules of the place where the Company's shares are listed impose additional restrictions on the participation of directors in the meetings of the Board of Directors and on voting, the relevant provisions shall apply accordingly.

Independent Directors

The Company has established a mechanism for special meetings attended by all independent directors. Matters deliberated by Board of Directors, such as connected transactions, shall be endorsed in advance by a special meeting of independent directors.

The Company holds special meetings of independent directors on a regular or irregular basis. Matters listed in Item (I) to (III), paragraph 1 of Article and Article 138 of the Articles of Association shall be considered at a special meeting of independent directors.

The special meeting of independent Directors may study and discuss other matters of the Company as needed.

Special meeting of independent Directors shall be convened and presided over by an independent Director jointly elected by a majority of the independent directors; in the event that the convenor fails to or is unable to perform his/her duties, two or more independent directors may convene and elect a representative to preside over the meeting on their own.

Minutes of special meetings of independent directors shall be prepared in accordance with applicable regulations, and the opinions of independent directors shall be set out in the minutes. The independent directors shall sign and confirm the minutes of the meeting.

The Company shall facilitate and support the convening of special meeting of independent directors.

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Special Board Committees

The Board of Directors of the Company has set up an Audit Committee to exercise the powers and functions of the Supervisory Committee as stipulated in the Company Law.

The Audit Committee shall consist of no less than three members, all of whom must be non-executive directors, of whom a majority shall be independent directors, with a convenor (the chairman of the Audit Committee) being one of the independent directors who is a professional with expertise in accounting or financial management, as stipulated in the securities regulatory rules of the place where the Company’s shares are listed.

The Audit Committee shall be responsible for reviewing the Company’s financial information and its disclosure, supervising and evaluating internal and external audit work and internal control. The following matters shall be submitted to the Board of Directors for consideration upon the consent of more than half of all members of the Audit Committee:

- (I) disclosure of financial information in the financial accounting report and periodic reports, and the internal control evaluation report;
- (II) appointment or removal of the accounting firm that undertakes audit service of the Company;
- (III) appointment or removal of the chief financial officer;
- (IV) making changes in accounting policies and estimates or correcting significant accounting errors for reasons other than changes in accounting standards;
- (V) other matters provided for by laws, administrative regulations, regulations of the CSRC, securities regulatory rules of the place where the Company’s shares are listed and the Articles of Association.

The Board of Directors of the Company has set up the Strategy and ESG Committee, the Nomination Committee and the Remuneration and Appraisal Committee, which shall perform their duties in accordance with the Articles of Association and the authorization of the Board of Directors. Proposals from special committees shall be submitted to the Board of Directors for consideration and decision, and the Board of Directors shall be responsible for formulating the rules of work of the special committees.

A majority of independent directors shall be included in the Nomination Committee and the Remuneration and Appraisal Committee, and an independent director shall serve as the convenor (committee chairperson).

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The Strategy and ESG Committee is mainly responsible for conducting research and making recommendations on the Company’s long-term development strategy, major investment decisions and ESG. It mainly performs the following responsibilities and powers:

- (I) To study and make recommendations on the long-term development strategy and plan of the Company;
- (II) To study and make recommendations on the Company’s major investment and financing plans that should be approved by the Board as required by the Articles of Association;
- (III) To study and make recommendations on major capital operation and asset management projects that are required to be approved by the Board of Directors as stipulated in the Articles of Association;
- (IV) To study the Company’s sustainable development and ESG strategies, objectives and significant matters, review and make recommendations on the Company’s ESG-related reports;
- (V) To identify ESG risks and opportunities relevant to the Company, assess the impact of the risks and opportunities on the Company, and make recommendations to address the risks and opportunities;
- (VI) To study and make recommendations on other important matters that may affect the development of the Company;
- (VII) To inspect the implementation of the above matters;
- (VIII) To perform other duties as authorized by the Board.

The Nomination Committee is responsible for formulating criteria and procedures for the selection of directors and senior management, selecting and reviewing candidates for directors and senior management and their qualifications, and making recommendations to the Board of Directors on the following matters:

- (I) Nomination or appointment and removal of directors;
- (II) Appointment or removal of senior management;
- (III) Other matters provided for by laws, administrative regulations, regulations of the CSRC, securities regulatory rules of the place where the Company’s shares are listed and the Articles of Association.

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The Remuneration and Appraisal Committee is responsible for formulating appraisal standards for directors and senior management and conducting appraisals, formulating and reviewing remuneration policies and programs such as the mechanism for determining the remuneration of directors and senior management, the decision-making process, and the arrangements for payment and stoppage of recourse, as well as making recommendations to the Board of Directors in respect of the following matters:

- (I) Remunerations of directors and senior management;
- (II) Formulation or change of the equity incentive plans and employee stock ownership plans, and determination as to the entitlement of grantees to the relevant rights and the fulfillment of the conditions for their exercise;
- (III) Arrangement of shareholding plans of directors and senior management in subsidiaries to be split;
- (IV) Other matters provided for by laws, administrative regulations, regulations of the CSRC, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

Senior Management

The Company shall have one general manager who shall be appointed or removed by the Board. The Company shall have several deputy general managers, who shall be appointed or removed by the Board. The general manager, deputy general managers, the secretary to the Board, and chief financial officer are senior management of the Company.

The general manager shall be responsible to the Board and exercise the following powers and functions:

- (I) to be in charge of the production, operation and management of the Company, to organize and implement the Board of Directors resolutions, and to report on his/her work to the Board of Directors;
- (II) to arrange for the implementation of the Company's annual business plans and investment plans;
- (III) to prepare the plan for the structure of the Company's internal management;
- (IV) to prepare the basic management scheme of the Company;
- (V) to formulate detailed rules of the Company;
- (VI) to request the Board to appoint or remove the deputy general manager and chief financial officer;

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(VII) to decide to appoint or remove the management personnel other than those to be appointed and removed by the Board of Directors;

(VIII) any other functions and powers granted by the securities regulatory rules of the place where the Company’s shares are listed, the Articles of Association or the Board of Directors.

The general manager may attend the Board meetings as a non-voting delegate, and the general manager who is not a director shall have no right to vote at the Board meetings.

The Company shall have one Secretary to the Board to take charge of the preparation for general meetings and Board meetings, the safekeeping of documents, the management of the information of shareholders, the handling of information disclosure, etc. The Board Secretary shall comply with the relevant provisions of the laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company’s shares are listed and the Articles of Association.

FINANCIAL AND ACCOUNTING SYSTEMS, AND DISTRIBUTION OF PROFITS AND AUDIT

Financial Accounting System

The Company shall submit and disclose its Annual Report to the local offices of the CSRC and the stock exchange within four months as of the end of each fiscal year, and its Interim Report to the local offices of the CSRC and the stock exchange within two months as of the end of the first half of each fiscal year.

The above-mentioned annual report and interim report shall be prepared in accordance with relevant laws, administrative regulations, requirements of the CSRC and securities regulatory rules of the place where the Company’s shares are listed.

The Company shall not set up any other accounting books except for the legal accounting books. The funds of the Company shall not be deposited into an account established in the name of any individual.

When the Company distributes the after-tax profits of the current year, it shall allocate 10% of the profits into the statutory surplus reserve. When the cumulated amount of the statutory surplus reserve of the Company has reached 50% or more of its registered capital, no further allocation is required.

Where the statutory surplus reserve of the Company is not sufficient to recover its losses in the previous years, the profits of the current year shall be used to cover the losses before the withdrawing of the statutory surplus reserve in accordance with the above provisions.

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After the Company has withdrawn the statutory surplus reserve from the after-tax profit, it can also withdraw the arbitrary surplus reserve from the after-tax profit by a resolution of the general meeting.

The remaining after-tax profits of the Company after making up the losses and withdrawing the surplus reserve may be distributed according to the proportion of shares held by the shareholders, except that it is specified in the Articles of Association that the distribution is not made based on the shareholding proportions.

If the general meeting distributes profits to shareholders in violation of the provisions of the Company Law or the Articles of Association, the shareholders shall return the profits distributed in violation of the provisions to the Company. If any loss is caused to the Company, the shareholders and the responsible directors and senior management shall be liable for compensation.

The Company’s shares held by the Company shall not be subject to profit distribution.

The Company shall appoint one or more collection agents for holders of H shares in Hong Kong. The collection agent shall receive on behalf of the H shareholders concerned the dividends and other payables by the Company in respect of the H shares and shall hold such amounts on behalf of the H shareholders for subsequent payment to such H shareholders. The collection agent appointed by the Company shall comply with the requirements of laws and regulations and the securities regulatory rules of the place where the Company’s shares are listed.

The surplus reserve of the Company shall be used to cover the Company’s losses, expand its production and operation or to increase its registered capital.

To make up for the Company’s losses, the Company shall first use the arbitrary surplus reserve and statutory surplus reserve; If they are insufficient, the capital reserve can be used in accordance with the regulations.

When the statutory surplus reserve is converted into registered capital, the remaining statutory surplus reserve shall be no less than 25% of the registered capital of the Company before the capital increase.

When a resolution is made by general meeting on the profit distribution plan, or the Board of Directors has formulated a specific plan based on the conditions and upper limit of the next year’s interim dividend approved at the annual general meeting, the Board shall complete the dividend (or share) distribution in 2 months after the general meeting. If it is not possible to implement the specific plan within two months due to the provisions of laws and regulations and the securities regulatory rules of the place where the Company’s shares are listed, the date of implementation of the specific plan may be adjusted accordingly in accordance with such provisions and the actual situation.

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SUMMARY OF THE ARTICLES OF ASSOCIATION

Internal audit

The Company has implemented an internal audit system, which specifies the leadership system, responsibility and authority, staffing, financial security, use of audit results and accountability for internal audit work.

The Company's internal audit organization supervises and inspects the Company's business activities, risk management, internal control, financial information and other matters.

Employment of Accounting Firms

The Company shall appoint an accounting firm that complies with the provisions of the Securities Law and the securities regulatory rules of the place where the Company's shares are listed to audit financial reports, verify the net assets, and offer other relevant consulting services. The term of service of an accounting firm engaged by the Company shall be one year, which is renewable.

The appointment or removal of an accounting firm by the Company shall be approved by the general meeting, and the Board of Directors shall not appoint an accounting firm before the resolution is made by the general meeting.

The Company guarantees to provide true and complete accounting vouchers, accounting books, financial accounting reports and other accounting materials to the appointed accounting firm, and shall not refuse, conceal or make false reports.

The audit fee of an accounting firm shall be approved by the general meeting.

When the Company dismisses or does not renew the service of an accounting firm, it shall give a 30-day notice to the accounting firm, and the accounting firm shall have the right to state its opinions at the general meeting where a voting process concerning the removal of such accounting firm is carried out.

Where an accounting firm tenders its resignation, it shall inform the general meeting of whether there is any irregularity in the Company.

APPENDIX V

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MERGER, DIVISION, CAPITAL INCREASE AND REDUCTION, DISSOLUTION AND LIQUIDATION

Merger, Division, and Capital Increase and Reduction

Merger of the Company may take the form of merger by absorption and merger by new establishment.

When a company has another company absorbed with it, it is merger by absorption, and the absorbed company shall be dissolved. When two or more companies merge to establish a new company, it is merger by new establishment, and all parties being merged shall be dissolved.

In the event of a merger, the parties to the merger shall enter into a merger agreement, and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within a period of 10 days since the date on which the resolution to proceed with the merger is passed, publish announcements in Shanghai Securities News and other legal information disclosure media or the National Enterprise Credit Information Publicity System within 30 days.

Creditors shall, within 30 days since the date of receiving the notice, or creditors who do not receive the notice shall, within 45 days since the date of the public announcement, be entitled to require the Company to pay off its debts in full or to provide a corresponding guarantee.

When companies merge, the claims and debts of all the parties to the merger shall be succeeded to by the company that continues to exist after the merger or by the newly established company.

If the Company is to be divided, its property shall be divided accordingly.

In the event of a division, the Company shall prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within a period of 10 days since the date on which the resolution to proceed with the division is passed, publish announcements on the merger in Shanghai Securities News and other legal information disclosure media or the National Enterprise Credit Information Publicity System within 30 days.

In case of reduction of registered capital, the Company shall prepare a balance sheet and a property list.

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The Company shall notify its creditors within a period of 10 days since the date on which the resolution to proceed with the capital reduction is passed, publish announcements in Shanghai Securities News and other legal information disclosure media or the National Enterprise Credit Information Publicity System within 30 days. Creditors shall, within 30 days since the date of receiving the notice, or creditors who do not receive the notice shall, within 45 days since the date of the public announcement, be entitled to require the Company to pay off its debts in full or to provide a corresponding guarantee.

When the Company reduces its registered capital, it shall reduce the amount of capital contribution or shares accordingly based on the proportion of shares held by shareholders, unless otherwise provided by law or the Articles of Association.

Where the merger or division of the Company results in a change in its registered particulars, such change shall be registered with the company registry according to law. Where the Company is dissolved, it shall cancel its registration according to law. Where a new company is established, its establishment shall be registered according to law.

The increase or reduction of the Company’s registered capital shall be registered with the company registry according to law.

Dissolution and Liquidation

The Company shall be dissolved if:

- (I) business term specified in the Articles of Association expires or other dissolution reasons as stipulated in the Articles of Association arise;
- (II) a resolution on dissolution is passed by the general meeting;
- (III) where merger or division of the Company necessitates its dissolution;
- (IV) where the business license of the Company is revoked, or the Company is ordered to close down, or its registration is canceled, according to law; or
- (V) where the Company’s operations and management encounter serious difficulty, and its continuation will cause substantial loss to the interests of the shareholders and no solution can be found through any other channel, shareholders holding 10% or more of the total voting rights of the Company may make requisition to the people’s court to dissolve the Company.

If the Company has the reasons for dissolution specified in the above paragraph, it shall publicize the reasons for dissolution through the National Enterprise Credit Information Publicity System within 10 days.

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If the Company is in the situations of the above items (I) and (II) and has not yet distributed its property to its shareholders, it may survive by amending the Articles of Association or by a resolution of the general meeting.

Amendments to the Articles of Association or resolutions of general meeting made in accordance with the provisions of the preceding paragraph shall be approved by more than 2/3 of the voting rights held by the shareholders attending the general meeting.

If the Company is dissolved under above items (I), (II), (IV) and (V), it shall be liquidated. The directors are the obligors of the Company’s liquidation and shall form a liquidation team to carry out the liquidation within 15 days from the date of the occurrence of the cause of dissolution.

The liquidation team shall consist of the directors, unless the Articles of Association provide otherwise or the general meeting resolves to elect another person.

If the liquidation obligors fail to perform the liquidation obligation in time and causes losses to the Company or its creditors, they shall be liable for compensation.

The liquidation team shall notify the creditors in 10 days after its establishment, and publish announcements in Shanghai Securities News and other legal information disclosure media or the National Enterprise Credit Information Publicity System within 60 days. The creditors may declare their claims to the liquidation team within 30 days from the date they receive such notice or within 45 days from the date of announcement if no such notice is received.

If the liquidation team, having thoroughly liquidated the Company’s assets and formulated a balance sheet and schedule of assets, discovers that the Company’s assets are insufficient to pay its debts in full, it shall immediately apply to the people’s court for bankruptcy liquidation.

After the people’s court accepts the bankruptcy application, the liquidation team shall hand over the liquidation affairs to the bankruptcy administrator appointed by the people’s court.

If the Company is declared bankrupt, the bankruptcy liquidation shall be implemented in accordance with the laws on enterprise bankruptcy.

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SUMMARY OF THE ARTICLES OF ASSOCIATION

AMENDMENT TO THE ARTICLES OF ASSOCIATION

The Company will amend the Articles of Association under any of the following circumstances:

- (I) After the amendment of the Company Law or relevant laws, regulations, or the securities regulatory rules of the place where the Company’s shares are listed, the matters stipulated in the Articles of Association conflict with the provisions of the amended laws, regulations or securities regulatory rules of the place where the Company’s shares are listed;
- (II) There has been a change to the Company, resulting in inconsistency with the contents in the Articles of Association;
- (III) The general meeting decides to amend the Articles of Association.

The amendment to the Articles of Association approved by way of resolution at the general meeting shall be submitted to the relevant authorities for approval (if necessary). Where the Company’s registered items are involved, change registration shall be made according to law.

The Board shall amend the Articles of Association in accordance with the resolutions of the general meeting and the approval opinions of relevant competent authorities.

If the amendments to the Articles of Association are information required to be disclosed by laws, regulations and the securities regulatory rules of the place where the Company’s shares are listed, they shall be announced in accordance with the applicable regulations.

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation of our Company

Our Company was incorporated in the PRC on October 27, 2004 under the name of Longcheer Technology (Shanghai) Co., Ltd. (龍旗科技(上海)有限公司), and was converted into a joint stock limited company on May 26, 2015. Our Company completed the listing of our A Shares on the Shanghai Stock Exchange (stock code: 603341) on March 1, 2024.

As of the date of this document, our Company’s registered address and headquarters are located at Floor 1, Building 1, 401 Caobao Road, Xuhui District, Shanghai, the PRC. Our Company’s corporate structure and Articles of Association are governed by PRC laws and regulations. The relevant PRC laws and regulations and a summary of the Articles of Association are set out in “Appendix IV — Summary of Principal Laws and Regulatory Provisions” and “Appendix V — Summary of the Articles of Association” to this document, respectively.

Our registered place of business in Hong Kong is at 46/F, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong. We have registered as a non-Hong Kong Company under Part 16 of the Companies Ordinance on July 8, 2025. Mr. CHOW Shing Lung (鄒醒龍), one of our joint company secretaries, has been appointed as the authorized representative of our Company for the acceptance of the service of process on behalf of our Company in Hong Kong. The address for the service of process is the same as our principal place of business in Hong Kong.

2. Changes in the Share Capital of Our Company

Save as disclosed below, there has been no other alteration in the share capital of our Company during the two years immediately preceding the date of this document.

As approved by the fourth extraordinary Shareholders’ meeting on November 25, 2022, and with the approval obtained from the CSRC, 60,000,000 A Shares were issued and listed on the Shanghai Stock Exchange on March 1, 2024. Upon completion of the A-Share listing, our Company’s total share capital increased from RMB405,096,544 to RMB465,096,544.

As approved by the seventh meeting of the fourth session of the Board on May 26, 2025, 4,285,000 A Shares underlying the 4,285,000 Restricted Shares granted under the Restricted Share Scheme were issued and registered on July 15, 2025. Upon the completion of this issuance and registration, our Company’s total share capital increased from RMB465,096,544 to RMB469,381,544.

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As approved by the eleventh meeting of the fourth session of the Board on November 20, 2025, 950,000 A Shares underlying the 950,000 Restricted Shares granted under the Restricted Share Scheme were issued and registered on December 10, 2025. Upon the completion of this issuance and registration, our Company’s total share capital increased from RMB469,381,544 to RMB470,331,544.

3. Changes in the Share Capital of Our Subsidiaries

A summary of the corporate information and the particulars of our subsidiaries are set out in Note 1 to the Accountants’ Report as set out in Appendix I to this document.

On December 4, 2023, Longcheer Japan Co. Ltd. was incorporated as a limited liability company in Japan with a registered capital of JPY5 million.

On February 5, 2024, the registered capital of Longcheer Japan Co. Ltd. was increased from JPY5 million to JPY75 million.

On March 25, 2024, the registered capital of Huizhou Longcheer was increased from RMB300 million to RMB600 million.

On March 26, 2024, the registered capital of Shanghai Longcheer Smart Technology was increased from RMB370 million to RMB600 million.

On July 29, 2024, the registered capital of LONGCHEER INTELLIGENCE PTE. LTD. was increased from USD0.1 million to USD2.2 million.

On August 15, 2024, the registered capital of Huizhou Longcheer Automotive Electronics Co., Ltd. (惠州龍旗汽車電子有限公司) was increased from RMB10 million to RMB50 million.

On October 20, 2025, Haikou Longcheer was established in the PRC with a registered capital of RMB500 million.

On November 18, 2025, LONGCHEER INTERNATIONAL PTE. LTD. was incorporated as a limited liability company in Singapore with an issued share capital of US\$10,000.

On November 26, 2025, LONGCHEER TECHNOLOGY PTE. LTD., a company engaged in investment holding was incorporated as a limited liability company in Singapore with an issued share capital of US\$10,000.

On December 12, 2025, LONGCHEER INTELLIGENT TECHNOLOGY (MALAYSIA) SDN. BHD., a company engaged in manufacture, was incorporated as a limited liability company in Malaysia with an issued share capital of MYR3,000.

Save as disclosed above, there has been no alteration in the share capital of any of our subsidiaries during the two years immediately preceding the date of this document.

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4. Resolutions of Shareholders of Our Company Passed on June 9, 2025

Written resolutions of our Shareholders were passed on June 9, 2025, pursuant to which, among others:

- (i) the [REDACTED] of H Shares with a nominal value of RMB1.00 each by our Company and such H Shares be [REDACTED] on the Stock Exchange;
- (ii) the number of H Shares to be [REDACTED] pursuant to the [REDACTED] before the exercise of the [REDACTED] shall not exceed [REDACTED]% of the enlarged share capital of our Company upon completion of the [REDACTED], and the [REDACTED] shall not exceed [REDACTED]% of the above number of H Shares to be [REDACTED];
- (iii) subject to the completion of the [REDACTED], the Articles of Association to become effective on the [REDACTED] shall be conditionally adopted, and the Board and its authorized person have been authorized to amend the Articles of Association in accordance with any comments from the relevant regulatory authorities; and
- (iv) to authorize the Board and its authorized person to handle the matters relating to, among others, the [REDACTED], the [REDACTED] and [REDACTED] of the H Shares.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contract(s)

We have entered into the following contract(s) (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this document that are or may be material:

- (a) [REDACTED].

APPENDIX VI STATUTORY AND GENERAL INFORMATION

2. Intellectual Property Rights

(a) Trademarks

Registered Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Owner	Class	Place of registration	Expiry date	Registration number
1. . . .		Company	38	PRC	March 6, 2027	19047780
2. . . .		Company	40	PRC	March 6, 2027	19048324
3. . . .		Company	42	PRC	March 6, 2027	19048441
4. . . .		Company	9	PRC	September 20, 2028	19047870
5. . . .	LONGCHEER	Company	38	PRC	March 6, 2027	19046119
6. . . .	LONGCHEER	Company	40	PRC	March 13, 2027	19048307
7. . . .	LONGCHEER	Company	42	PRC	March 6, 2027	19048263
8. . . .	LONGCHEER	Company	9	PRC	May 20, 2028	19048030
9. . . .		Company	42	PRC	November 6, 2026	14695848
10. . .		Company	40	PRC	August 27, 2035	14695900
11. . .		Company	9	PRC	November 13, 2035	14696228
12. . .		Company	9	PRC	November 13, 2033	3338442
13. . .	 LONGCHEER	Company	38	PRC	October 27, 2029	5386311
14. . .		Company	9	PRC	November 13, 2033	3338441
15. . .		Company	38	PRC	October 27, 2031	8764926
16. . .		Company	42	PRC	October 27, 2031	8764932
17. . .		Company	9	PRC	August 27, 2035	14696158

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No.	Trademark	Owner	Class	Place of registration	Expiry date	Registration number
18. . .		Company	40	PRC	August 20, 2035	14695968
19. . .		Company	42	PRC	August 20, 2035	14695628
20. . .		Company	9	PRC	November 13, 2033	3338443
21. . .		Company	40	PRC	August 20, 2035	14695851
22. . .		Company	9	PRC	November 13, 2035	14696081
23. . .		Company	42	PRC	December 6, 2026	14695882
24. . .		Company	9, 42	Hong Kong	May 21, 2035	306907627
25. . .		Company	9, 42	Hong Kong	May 21, 2035	306907636
26. . .		Company	9, 42	Hong Kong	May 22, 2035	306908176

(b) Patents

Registered Patents

As of the Latest Practicable Date, we owned the following registered patents which we consider to be or may be material to our business:

No.	Patent	Type of patent	Place of registration	Patent number	Owner	Expiration date
1. . .	A dual touch screen device and its response control method (一種雙觸摸屏設備及其響應控制方法)	invention	PRC	ZL201710867311.1	Company	2037/9/21
2. . .	A method and device for adjusting the backlight of a smart device (一種調節智能設備的背光的方法及設備)	invention	PRC	ZL202011197269.5	Company	2040/10/29

APPENDIX VI STATUTORY AND GENERAL INFORMATION

No.	Patent	Type of patent	Place of registration	Patent number	Owner	Expiration date
3. . .	A method, system and device for providing connecting relationships between wearable devices (一種用於連接可穿戴設備的方法、系統及設備)	invention	PRC	ZL202010436938.3	Nanchang Longcheer Smart Technology	2040/5/20
4. . .	A method and device for adjusting a screen display (一種屏幕顯示調節方法及設備)	invention	PRC	ZL201910185911.9	Shanghai Longcheer Smart Technology	2039/3/11
5. . .	Smart antenna system (智能天線系統)	invention	PRC	ZL202011359849.X	Shanghai Longcheer Smart Technology	2040/11/26
6. . .	Method, device and storage medium for determining a target antenna (確定目標天線的方法設備及存儲介質)	invention	PRC	ZL201910005297.3	Company	2039/1/2
7. . .	A camera and smart device (一種攝像頭及智能設備)	invention	PRC	ZL202010192336.8	Company	2040/3/17
8. . .	Camera driving method and device (相機驅動方法及設備)	invention	PRC	ZL202010456690.7	Company	2040/5/25
9. . .	Lift-to-wake method and system for mobile devices (移動設備的抬起喚醒方法及系統)	invention	PRC	ZL202010463246.8	Company	2040/5/26
10. . .	A method and device for supporting Openssl algorithm based on the framework of UEFI with EDK2 (一種基於UEFI架構EDK2支持Openssl算法的方法與設備)	invention	PRC	ZL202010698863.6	Company	2040/7/19
11. . .	Noise canceling earphones, electronic products, and method based on gravity sensors (基於重力感應傳感器的降噪耳機、電子產品及方法)	invention	PRC	ZL202110982107.0	Company	2041/8/24
12. . .	A method and device for storing a Flash chip (一種Flash芯片的存儲方法及設備)	invention	PRC	ZL202110070923.4	Company	2041/1/18

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No.	Patent	Type of patent	Place of registration	Patent number	Owner	Expiration date
13. . .	A method, device, and apparatus for realizing spatial trajectory input (一種實現空間軌跡輸入的方法、裝置及設備)	invention	PRC	ZL202110034342.5	Company	2041/1/10
14. . .	Method and device for reselection of new radio terminals in controlling connection recovery (新無線電終端在控制連接恢復中的重選方法及設備)	invention	PRC	ZL202110341628.8	Company	2041/3/29
15. . .	Lace-up wearable products (綁帶式穿戴產品)	invention	PRC	ZL202210149064.2	Hefei Longcheer Smart Technology	2042/2/17
16. . .	A circuit for power feedback (一種功率反饋的電路)	invention	PRC	ZL202210138054.9	Company	2042/2/14
17. . .	A diversity switch component, radio frequency device, and communication device (一種分集開關組件、射頻裝置以及通信設備)	invention	PRC	ZL202111071364.5	Shanghai Haocheng	2041/9/13
18. . .	Electronic device (電子設備)	invention	PRC	ZL202111567241.0	Huizhou Longcheer	2041/12/20
19. . .	Information display method, device, apparatus, and storage medium (信息顯示方法、裝置、設備及存儲介質)	invention	PRC	ZL202210159923.6	Huizhou Longcheer	2042/2/21
20. . .	Voice interrupt wake-up circuit applied to tablets (應用於平板電腦的語音打斷喚醒電路)	invention	PRC	ZL202111397929.9	Nanchang Longcheer	2041/11/23
21. . .	Antenna tuning impedance control method, circuit, device, apparatus, and storage medium (天線調諧阻抗的控制方法、電路、裝置、設備及存儲介質)	invention	PRC	ZL202210406900.0	Huizhou Longcheer	2042/4/18
22. . .	Antenna circuits (天線電路)	invention	PRC	ZL202210565762.0	Huizhou Longcheer	2042/5/23
23. . .	Optical imaging module and virtual reality device (光學成像模組及虛擬實境設備)	invention	PRC	ZL202210321826.2	Nanchang Longcheer	2042/3/29

APPENDIX VI STATUTORY AND GENERAL INFORMATION

No.	Patent	Type of patent	Place of registration	Patent number	Owner	Expiration date
24. . .	SRS polling method, radio-frequency circuit and electronic device (SRS輪詢方法、射頻電路及電子設備)	invention	PRC	ZL202210677050.8	Huizhou Longcheer	2042/6/15
25. . .	Radio-frequency module, signal transmitting and receiving method, and wireless communication device (射頻模組、信號收發方法及無線通訊設備)	invention	PRC	ZL202210659530.1	Hefei Longcheer Smart Technology	2042/6/12
26. . .	USART-based communication method, system, and device (一種基於USART的通信方法、系統及設備)	invention	PRC	ZL202211119515.4	Company	2042/9/13
27. . .	Antenna circuit and its control method (天線電路及其控制方法)	invention	PRC	ZL202210946596.9	Huizhou Longcheer	2042/8/8
28. . .	Playback control method, device, apparatus, and storage medium for electrostatic earphones (電容式耳機的播放控制方法、裝置、設備及存儲介質)	invention	PRC	ZL202210763174.8	Huizhou Longcheer	2042/6/30
29. . .	An earphone charging case connecting device and earphone charging case (一種耳機充電盒連接裝置及耳機充電盒)	invention	PRC	ZL202210930752.2	Huizhou Longcheer	2042/8/3
30. . .	Receiving signal processing circuit, radio-frequency system, and communication device (接收信號處理電路、射頻系統及通信設備)	invention	PRC	ZL202210895231.8	Hefei Longcheer Smart Technology	2042/7/27
31. . .	Charging glasses case component (一種充電眼鏡盒元件)	invention	PRC	ZL202211186250.X	Nanchang Longcheer Smart Technology	2042/9/27
32. . .	A car wireless charger with dustproof function (一種具有防塵功能的車載無線充電器)	invention	PRC	ZL202211631597.0	Huizhou Longcheer	2042/12/18

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No.	Patent	Type of patent	Place of registration	Patent number	Owner	Expiration date
33. . .	Image adjustment method, device, apparatus, and medium based on virtual reality technology (基於虛擬現實技術的圖像調整方法、裝置、設備及介質)	invention	PRC	ZL202211420240.8	Huizhou Longcheer	2042/11/14
34. . .	Virtual location processing method and virtual device (虛擬位置處理方法及虛擬裝置)	invention	PRC	ZL202310286576.8	Nanchang Longcheer Smart Technology	2043/3/22
35. . .	A printed circuit board and mobile device (一種印刷電路板和移動設備)	invention	PRC	ZL202310437217.8	Nanchang Longcheer	2043/4/22
36. . .	A watch decoration assembly (一種手錶裝飾元件)	utility model	PRC	ZL202320326469.9	Hefei Longcheer Smart Technology	2033/2/26
37. . .	A push-button snap structure (一種按鍵式卡扣結構)	utility model	PRC	ZL202321153362.5	Shanghai Longcheer Smart Technology	2033/5/11
38. . .	A watch band assembly structure (一種錶帶組裝結構)	utility model	PRC	ZL202322037703.9	Nanchang Longcheer	2033/7/30
39. . .	Optical module and VR display device (光學模組以及VR顯示裝置)	invention	PRC	ZL202311716416.9	Nanchang Longcheer	2043/12/13
40. . .	Protective case for electronic device and vehicle system (電子設備保護殼及車輛系統)	invention	PRC	ZL202410156201.4	Nanchang Longcheer	2044/2/3
41. . .	VR headset device and control method, controller (VR頭戴設備及控制方法、控制器)	invention	PRC	ZL202410405273.8	Nanchang Longcheer	2044/4/6
42. . .	Watch crown (錶冠)	utility model	PRC	ZL202420501449.5	Hefei Longcheer Smart Technology	2034/3/14
43. . .	A control system for a Bluetooth stylus (一種藍牙手寫筆的控制系統)	invention	PRC	ZL202310194224.X	Company	March 1, 2043
44. . .	A smart glasses structure (一種智慧眼鏡結構)	utility model	PRC	ZL202520319008.8	Huizhou Longcheer	February 25, 2035

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Patents under Application

As of the Latest Practicable Date, we have applied for the registration of the following patents which we consider to be or may be material to our business:

No.	Patent application	Type of patent	Place of registration	Patent number	Applicant	Application date
1.	A UART-based single-wire communication method and system between an external device and a user device (一種外接設備與用戶設備基於UART的單線通信方法及系統)	invention	PRC	202310834016.1	Company	2023/7/7
2.	An application launching method, device and medium (一種應用程序啟動方法、設備和介質)	invention	PRC	202310884116.5	Shanghai Longcheer Smart Technology	2023/7/18
3.	Battery charging method, device, and electronic device and storage medium (電池充電方法、裝置及電子設備、存儲介質)	invention	PRC	202311713988.1	Company	2023/12/13
4.	Terminal devices and search method, device, medium and product for low-earth orbit satellites (終端設備、低軌衛星的搜索方法、裝置、介質及產品)	invention	PRC	202410075156.X	Company	2024/1/18
5.	An encoder mounting bracket, encoder mounting component, and electronic device (一種編碼器安裝座、編碼器安裝元件及電子設備)	invention	PRC	202410314752.9	Company	2024/3/19
6.	Infant and toddler care device (嬰幼兒看護設備)	invention	PRC	202410365647.8	Shanghai Longcheer Smart Technology	2024/3/28
7.	Wearable device (可穿戴設備)	invention	PRC	202410493680.9	Hefei Longcheer Smart Technology	2024/4/23

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No.	Patent application	Type of patent	Place of registration	Patent number	Applicant	Application date
8. . . .	Bluetooth-based positioning method, device, apparatus, device and storage medium (基於藍牙設備的定位方法、裝置、設備及存儲介質)	invention	PRC	202410526285.6	Hefei Longcheer Smart Technology	2024/4/29
9. . . .	Theme switching method, smartwatch and device (主題切換方法、智能手錶及裝置)	invention	PRC	202410648528.3	Hefei Longcheer Smart Technology	2024/5/23
10. . . .	A computer booting method and computer (一種電腦啟動方法及電腦)	invention	PRC	202410829827.7	Hefei Longcheer Smart Technology	2024/6/25
11. . . .	Lens and head-mounted display device (鏡片及頭戴顯示裝置)	invention	PRC	202411119150.4	Company	2024/8/15
12. . . .	Object finding method, device, apparatus, storage medium, and program product (物品查找方法、裝置、設備、存儲介質及程序產品)	invention	PRC	202411116244.6	Company	2024/8/14
13. . . .	AR space display method, device, apparatus, storage medium, and program product (AR空間的顯示方法、裝置、設備、存儲介質及程式產品)	invention	PRC	202411469895.3	Company	2024/10/21
14. . . .	A transmitting and receiving prediction system and method for regional short message communication (一種北斗短報文收發預測系統及方法)	invention	PRC	202411476053.0	Shanghai Longcheer Smart Technology	2024/10/22

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No.	Patent application	Type of patent	Place of registration	Patent number	Applicant	Application date
15. . . .	Filming system, method, apparatus, medium and product for smart eyewear (智能眼鏡的拍攝系統、方法、設備、介質及產品)	invention	PRC	202411566380.5	Company	2024/11/5
16. . . .	Filming method, apparatus, electronic device, storage medium, and program product (拍攝方法、裝置、電子設備、存儲介質和程序產品)	invention	PRC	202411611533.3	Company	2024/11/12
17. . . .	Circuit control, electronic device and handwriting input system (控制電路、電子設備和手寫輸入系統)	invention	PRC	202411861662.8	Hefei Longcheer Smart Technology	2024/12/17
18. . . .	A hardware reset circuit for system abnormality detection (一種系統異常檢測的硬件復位電路)	utility model	PRC	202423252292.6	Company	2024/12/27
19. . . .	A wearable device (一種穿戴設備)	invention	PRC	202411871879.7	Shanghai Longcheer Smart Technology	2024/12/18
20. . . .	A smart eyewear structure (一種智能眼鏡結構)	utility model	PRC	202520319008.8	Huizhou Longcheer	2025/2/26
21. . . .	An antenna structure and electronic device (一種天線結構與電子設備)	invention	PRC	202510297817.8	Shanghai Longcheer Smart Technology	2025/3/13
22. . . .	Rotating component and smart eyewear (轉動組件及智能眼鏡)	invention	PRC	202510427417.4	Huizhou Longcheer	2025/4/7
23. . . .	Screen control methods, devices, electronic devices, storage media and program products (螢幕控制方法、裝置、電子設備、存儲介質及程式產品)	invention	PRC	202510867190.5	Shanghai Longcheer Smart Technology	June 26, 2025

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No.	Patent application	Type of patent	Place of registration	Patent number	Applicant	Application date
24	Control methods, devices, equipment, storage media, and software products for display screen (顯示幕的控制方法、裝置、設備、存儲介質及程式產品)	invention	PRC	202511092544.X	Shanghai Longcheer Smart Technology	August 5, 2025
25	Wearable devices, control methods, apparatus, media and products (可穿戴設備、控制方法、裝置、介質和產品)	invention	PRC	202511524022.2	Company	October 23, 2025
26	A type of smart glasses (一種智能眼鏡)	invention	PRC	202511315116.9	Company	September 15, 2025
27	Embedded controller hotkey voice control method, device, equipment, and storage medium (嵌入式控制器熱鍵語音控制方法、裝置、設備、存儲介質)	invention	PRC	202511573070.0	Shanghai Longcheer Smart Technology	October 30, 2025
28	Communication control methods, devices, equipment and storage media (通信控制方法、裝置、設備及存儲介質)	invention	PRC	202511480102.2	Shanghai Longcheer Smart Technology	October 16, 2025
29	Charging circuit and AR glasses (充電電路及AR眼鏡)	invention	PRC	202511595460.8	Shanghai Longcheer Smart Technology	November 3, 2025
30	A type of smart glasses (一種智能眼鏡)	invention	PRC	202511869692.8	Company	December 11, 2025
31	A type of smart glasses (一種智能眼鏡)	invention	PRC	202511869693.2	Company	December 11, 2025

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(c) Copyrights

Software Copyrights

As of the Latest Practicable Date, we were the registered proprietor of the following software copyrights which we consider to be or may be material to our business:

No.	Subject	Owner	Certification number	Place of registration	First published date
1.	Longcheer number management system application software V1.0 (龍旗股份號段管理系統應用軟件V1.0)	Company	2024SR0396268	PRC	January 4, 2023
2.	Longcheer MTK platform NR sar rollback configuration automation software V1.0 (龍旗股份 MTK 平台NR sar回退配置自動化軟件V1.0)	Company	2023SR0708192	PRC	March 31, 2023
3.	Longcheer Jenkins+Pipeline concurrent compilation software V1.0 (龍旗股份 Jenkins+Pipeline併發編譯軟件V1.0)	Company	2023SR1045889	PRC	July 11, 2023
4.	Longcheer Qualcomm Platform based tooling protocol software V1.3 (龍旗股份基於高通平台的工具協議軟件V1.3)	Company	2024SR0754032	PRC	November 30, 2023
5.	Longcheer ArtiSync (Japanese version) intelligent control transmission software V1.0 (龍旗股份ArtiSync日版智控傳輸軟件V1.0)	Company	2024SR1006140	PRC	March 1, 2024
6.	Nanchang Longcheer intelligent code scanner software V1.0 (南昌龍旗智能掃碼軟件V1.0)	Nanchang Longcheer Smart Technology	2023SR0344586	PRC	August 18, 2022
7.	Longcheer intelligent visual inspection system V1.0 (龍旗智能視覺檢測系統V1.0)	Nanchang Longcheer Smart Technology	2023SR0439270	PRC	August 20, 2022

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No.	Subject	Owner	Certification number	Place of registration	First published date
8.	nRF52840 chip-based Bluetooth wireless charging keyboard software V1.0 (基於nRF52840芯片的藍牙無線充鍵盤軟件V1.0)	Nanchang Longcheer Smart Technology	2023SR1245235	PRC	August 23, 2022
9.	A520 Bluetooth keyboard software V1.0 (A520藍牙鍵盤軟件V1.0)	Nanchang Longcheer Smart Technology	2023SR1252499	PRC	August 27, 2022
10.	DA14697 chip-based Bluetooth leather keyboard software V1.0 (基於DA14697芯片的藍牙皮套鍵盤軟件V1.0)	Nanchang Longcheer Smart Technology	2023SR1287367	PRC	August 27, 2022
11.	Telink8258 chip-based Bluetooth leather keyboard software V1.0 (基於Telink8258芯片的藍牙皮套鍵盤軟件V1.0)	Nanchang Longcheer Smart Technology	2023SR1439243	PRC	September 15, 2022
12.	WNF176 chip-based POGO keyboard software V1.0 (基於WNF176芯片POGO鍵盤軟件 V1.0)	Nanchang Longcheer Smart Technology	2024SR0877722	PRC	March 10, 2023
13.	DA14697 chip-based Bluetooth keyboard software V1.0 (基於DA14697芯片的藍牙鍵盤軟件V1.0)	Nanchang Longcheer Smart Technology	2023SR1252088	PRC	May 6, 2023
14.	A320 POGO/BLE dual-mode keyboard software V1.0 (A320 POGO/BLE雙模鍵盤軟件V1.0)	Nanchang Longcheer Smart Technology	2023SR1502998	PRC	June 28, 2023
15.	A610 Bluetooth keyboard software V1.0 (A610藍牙鍵盤軟件V1.0)	Nanchang Longcheer Smart Technology	2023SR1710971	PRC	October 14, 2023
16.	Automatic correction PCBA tool software V1.0 (自動糾偏PCBA工具軟件V1.0)	Nanchang Longcheer Smart Technology	2024SR1898050	PRC	June 7, 2024

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Artistic Copyrights

As of the Latest Practicable Date, we were the registered proprietor of the following artistic copyrights which we consider to be or may be material to our business:

No.	Subject	Owner	Certification number	Place of registration	First published date
1. . . .	Longcheer Logo (龍旗標識)	Company	National Copyright Registration Number (國作 登字)-2016-F- 00266081	PRC	November 1, 2004
2. . . .	Longcheer Group Red Packet Design (龍旗集 團紅包設計圖)	Company	Shandong Copyright Registration Number (魯作 登字)-2023-F- 00010136	PRC	January 1, 2022
3. . . .	Longcheer Group Red Packet Design (龍旗集 團紅包設計圖)	Company	Shandong Copyright Registration Number (魯作 登字)-2023-F- 00002230	PRC	December 20, 2022

(d) Domain Names

As of the Latest Practicable Date, we had registered the following internet domain names which we consider to be or may be material to our business:

No.	Domain Name	Owner	Expiry date
1. . . .	longcheer.com	Company	January 27, 2031
2. . . .	longcheer.cn	Company	March 21, 2031
3. . . .	longcheer.net	Company	January 6, 2031

Save as aforesaid, as of the Latest Practicable Date, there were no other trade or service marks, patents or other intellectual or industrial property rights which were material in relation to our Group’s business.

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C. EMPLOYEE INCENTIVE SCHEMES

1. Restricted Share Scheme

Our Company adopted the Restricted Share Scheme on May 26, 2025. The following is a summary of the principal terms of the Restrictive Share Scheme in effect as of the Latest Practicable Date.

(a) Purpose

The purpose of the Restricted Share Scheme is to further improve our Company’s long-term incentive mechanism, attract and retain outstanding talents, effectively align the interests of our Shareholders, our Company and employees, and enable all stakeholders to jointly focus on the long-term development of the Company. The Restricted Share Scheme is implemented to align the interests of the Shareholders, and in accordance with the principal of reciprocity between earnings and contributions.

(b) Administration

The Restricted Share Scheme is subject to the approval of the Shareholders’ meeting, administration of the Board, and the supervision of the Remuneration and Assessment Committee of our Company.

(c) Participants

The participants of the Restricted Share Scheme include Directors, middle and senior management, core technical personnel, and other core and key personnel determined by the Board as requiring incentives, of our Group.

(d) Source and maximum number of the Restricted Shares

The underlying Shares for the Restricted Share Scheme shall be A Shares to be issued by our Company. Upon adoption of the scheme, the maximum number of Restricted Shares grantable under the Restricted Share Scheme was 5,300,000 A Shares, representing 1.13% of the Company’s the total issued share capital as of the Latest Practicable Date.

Restricted Shares representing 4,335,000 A Shares were granted to 269 grantees on May 26, 2025, in which Restricted Shares representing 50,000 A Shares granted to four grantees were voluntarily waived by such grantees. Subsequently on July 15, 2025, the 4,285,000 A Shares underlying the Restricted Shares granted were issued and registered. The reserved tranche of Restricted Shares representing 965,000 A Shares were granted to 80 grantees on November 20, 2025, in which Restricted Shares representing 15,000 A Shares granted to a grantee were voluntarily waived. Subsequently on December 10, 2025, the 950,000 A Shares underlying the Restricted Shares granted were issued and registered. No further Restricted Shares are available for further grants under the Restricted Share Scheme after the [REDACTED].

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(e) Date of grant and duration of the scheme

The grant date of Restricted Shares shall be determined by the Board after approval of the Restricted Share Scheme by the Shareholders’ meeting. The grant of the Restricted Shares is subject to the approval of the Board and shall be registered and announced within 60 days after approval of the Restricted Share Scheme at the Shareholders’ meeting. The first tranche of Restricted Shares was granted to the eligible participants on May 26, 2025.

The validity period of the Restricted Share Scheme shall commence from the date of completion of the First Tranche of the grant, issuance and registration of the Restricted Shares, and end on the date when all Restricted Shares granted under the scheme have either been fully unlocked or repurchased, with a maximum duration of 60 months.

(f) Lock-up period and unlocking of Restricted Shares

The lock-up period for Restricted Shares shall commence from date of completion of registration of the Restricted Shares, and the period between the date of completion of registration and the date of unlocking of the Restricted Shares shall be 12 months, 24 months and 36 months. During the lock-up period, the Restricted Shares granted to the participants under the Restricted Share Scheme shall not be transferred, pledged or used for repayment of debts. The Restricted Shares shall not be unlocked unless all the conditions set out under the Restricted Share Scheme are fulfilled. The Restricted Shares will be unlocked in accordance with the unlocking schedule as set out under the Restricted Share Scheme as follows:

Unlocking arrangement	Period of the unlocking	Maximum proportion of Restricted Shares unlocked
First unlocking period	From the first trading day after 12 months to the last trading day within 24 months from the completion of registration of the relevant Restricted Shares.	30%
Second unlocking period . . .	From the first trading day after 24 months to the last trading day within 36 months from the completion of registration of the relevant Restricted Shares.	30%
Third unlocking period	From the first trading day after 36 months to the last trading day within 48 months from the completion of registration of the relevant Restricted Shares.	40%

Any Restricted Share for which the application for unlocking has not been made within the specified period, or that cannot be unlocked due to failure to meet the unlocking conditions, shall be repurchased by the Company in accordance with the Restricted Share Scheme.

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(g) Conditions for the grant and unlocking of the Restricted Share Scheme

The Restricted Shares will only be granted to eligible participants if the following conditions are fulfilled:

- (i) with respect to our Company, none of the following circumstances occur: (1) an audit report with a qualified opinion or an adverse opinion issued by a certified public accountant on the Company’s financial accounting report for the most recent accounting year; (2) an audit report with a qualified opinion or an adverse opinion issued by a certified public accountant on the internal control over the Company’s financial reporting for the most recent accounting year; (3) failure to distribute profits in accordance with laws, regulations, the Articles of Association, or public commitments within the most recent 36 months after the Company’s A-Share Listing; (4) circumstances in which the implementation of equity incentives is prohibited by laws or regulations; or (5) any other circumstances determined by the CSRC; and
- (ii) with respect to a grantee, none of the following circumstances occur: (1) circumstances in which the participant has been regarded as an inappropriate person by the Shanghai Stock Exchange within the last 12 months; (2) circumstances in which the grantee has been regarded as an inappropriate person by the CSRC or its local office within the last 12 months; (3) circumstances in which the grantee has been administratively punished or prohibited from entering into the securities market by the CSRC or its local office due to material breach of laws and regulations within the last 12 months; (4) circumstances in which the grantee is not qualified to serve as a director or senior management according to the PRC Company Law; (5) circumstances in which the grantee is prohibited from participating in any share incentive scheme of listed companies according to laws and regulations; or (6) any other circumstances determined by the CSRC.

(h) Conditions for the unlocking

The Restricted Shares shall be unlocked pursuant to the following conditions:

- (i) none of the following circumstances regarding the Company occur: (1) an audit report with a qualified opinion or an adverse opinion issued by a certified public accountant on the Company’s financial accounting report for the most recent accounting year; (2) an audit report with a qualified opinion or an adverse opinion issued by a certified public accountant on the internal control over the Company’s financial reporting for the most recent accounting year; (3) failure to distribute profits in accordance with laws, regulations, the Articles of Association, or public commitments within the most recent 36 months after the Company’s A-Share Listing; (4) circumstances in which the implementation of equity incentives is prohibited by laws or regulations; or (5) any other circumstances determined by the CSRC;

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- (ii) none of the following circumstances regarding the grantee occur: (1) circumstances in which the participant has been regarded as an inappropriate person by the Shanghai Stock Exchange within the last 12 months; (2) circumstances in which the grantee has been regarded as an inappropriate person by the CSRC or its local office within the last 12 months; (3) circumstances in which the grantee has been administratively punished or prohibited from entering into the securities market by the CSRC or its local office due to material breach of laws and regulations within the last 12 months; (4) circumstances in which the grantee is not qualified to serve as a director or senior management according to the PRC Company Law; (5) circumstances in which the grantee is prohibited from participating in any share incentive scheme of listed companies according to laws and regulations; or (6) any other circumstances determined by the CSRC; and
- (iii) performance assessment requirements: in accordance with the Restricted Share Scheme, the performance assessment requirements in relation to the unlocking of the Restricted Shares granted under the Restricted Share Scheme include three levels: (1) the company level, measured by the company-level unlocking coefficient with reference to the Company’s annual financial performance; (2) the department level, measured by the achievement of departmental performance indicators in accordance with the annual performance indicators assigned by the Company to each department and/or the relevant agreements signed between the Company and the grantee in each department; and (3) the individual level, measured by the individual-level unlocking rate with reference to the annual assessment result of each grantee.

(i) Adjustment

Subject to the other terms and conditions contained in the Restricted Share Scheme, the number and/or grant price of Restricted Shares granted may be adjusted upon the occurrence of certain events. These events include, as the case may be, (a) capitalization of reserves, (b) distribution of stock dividends, (c) distribution of cash dividends, (d) share subdivision, and (e) share issuance or share consolidation.

(j) Outstanding Restricted Shares

As of the Latest Practicable Date, the Group granted 5,235,000 Restricted Shares to 342 grantees, none of which are our Directors, senior management members or other connected persons. All underlying A Shares under the aforesaid grants were issued and registered, and no Shares were outstanding under the Restricted Shares granted.

As all Restricted Shares granted under the Restricted Share Scheme have been issued and registered in full in December 2025, there will not be any dilution effect on the shareholdings of the Shareholders nor will there be any impact on the earnings per Share arising from the Restricted Shares granted after completion of the [REDACTED]. No consideration is paid for the grant of the Restricted Shares under the Restricted Share Scheme.

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The following table sets forth the details of the Restricted Shares granted to grantees (none of which are our Directors, senior management members or other connected persons) under the Restricted Share Scheme as of the Latest Practicable Date.

Grantee by category	Date of grant	Number of grantees	Number of Restricted Shares granted and issued ⁽³⁾	Grant price (RMB)	Lock-up Arrangement	Approximate percentage of issued and outstanding Shares as of the Latest Practicable Date
<i>Employees⁽¹⁾</i>						
1 to 10,000	May 26, 2025	143	1,430,000	19.34	Note 4	0.31%
	November 20, 2025	63	630,000	19.34	Note 4	0.13%
10,001 to 20,000 . .	May 26, 2025	76	1,430,000	19.34	Note 4	0.31%
	November 20, 2025	16	320,000	19.34	Note 4	0.07%
20,001 to 50,000 . .	May 26, 2025	46	1,425,000	19.34	Note 4	0.31%
Total		342⁽²⁾	5,235,000			1.12%

Notes:

- (1) No Restricted Shares were granted to our Director, senior management or other connected persons as of the Latest Practicable Date.
- (2) The total number of grantees does not equal the sum of the grantees counts listed above, as two grantees were granted Restricted Shares in both tranches.
- (3) The Restricted Shares granted have been issued and registered in full as of the Latest Practicable Date.
- (4) For the lock-up arrangement of such Restricted Shares, see “— (f) Lock-up period and unlocking of Restricted Shares” above.

2. Employee Stock Ownership Scheme

The following is a summary of the principal terms of the Employee Stock Ownership Scheme which was adopted on May 26, 2025. Given the Employee Stock Ownership Scheme does not involve issue of new Shares by our Company, the terms of the Employee Stock Ownership Scheme are not subject to the provisions of Chapter 17 of the Listing Rules except for the disclosure requirement under Rule 17.12 of the Listing Rules.

(a) Purpose

The purpose of the Employee Stock Ownership Scheme is to further improve the Company’s long-term incentive mechanism, attract and retain outstanding talents, effectively align the interests of our Shareholders, the Company and employees, enhance corporate governance, strengthen employee cohesion and the Company’s competitiveness, motivate employees’ enthusiasm and creativity, and promote the Company’s long-term, sustainable and healthy development.

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(b) Administration

The Employee Stock Ownership Scheme is subject to the approval of the Shareholders’ meeting and is administered by a committee (the “**Management Committee**”), the members of which are elected by the participants of the Employee Stock Ownership Scheme. Currently, the Management Committee includes three members, namely LV Qiang, LIU Rong and ZHANG Lugang, each an employee of our Group. The Management Committee is responsible for overseeing the daily operation and management of the Employee Stock Ownership Scheme.

(c) Participants

The participants of the Employee Stock Ownership Scheme include Directors, supervisors, senior management, and core and key personnel of our Group who is important for the Company’s overall performance and development in the medium and long term. The scope of participants excludes independent Directors.

(d) Source and maximum number of the Shares

The A Shares for the Employee Stock Ownership Scheme will be sourced from the A Shares repurchased by the Company through its dedicated securities account for share repurchase. The maximum number of A Shares that can be granted under the Employee Stock Ownership Scheme is 7,500,000, representing 1.60% of the Company’s the total issued share capital as of the Latest Practicable Date. Among them, it is proposed that no more than 6,380,000 A Shares will be granted to no more than 29 grantees in the initial grant, accounting for approximately 1.36% of the Company’s current total share capital as of the Latest Practicable Date, while the remaining 1,120,000 A Shares will be reserved, accounting for approximately 0.24% of the Company’s current total share capital as of the Latest Practicable Date.

(e) Duration

The duration of the Employee Stock Ownership Scheme is 60 months, commencing from the date on which the Company announces the transfer of the last batch of underlying A Shares to the Employee Stock Ownership Scheme.

(f) Lock-up period and unlocking of the A Shares

The lock-up period for the A Shares under the Employee Stock Ownership Scheme shall commence from date of announcing the transfer of the last batch of underlying A Share into the designated securities account of the Employee Stock Ownership Scheme. Each participants’ entitlement to the corresponding portion of A Shares held by the Employee Stock Ownership Scheme, shall be unlocked in three tranches in the proportion of 30%, 30% and 40%, upon expiry of a period of 12 months, 24 months and 36 months from the date of announcing, respectively. The unlocking schedule shall be subject to attainment of corporate performance targets and personal evaluation of each participant.

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Upon the expiry of the lock-up period, the A Shares shall be sold by the Management Committee or transfer the corresponding underlying A Shares to the participants’ personal securities accounts.

(g) *Adjustment*

Subject to the other terms and conditions contained in the Employee Stock Ownership Scheme, the number and/or grant price of A Shares under the Employee Stock Ownership Scheme may be adjusted upon the occurrence of certain events. These events include, as the case may be, (a) capitalization of reserves, (b) distribution of stock dividends, (c) distribution of cash dividends, (d) share subdivision, and (e) share issuance or share consolidation.

(h) *Details of the number of A Shares granted*

As of the Latest Practicable Date, the aggregate number of A Shares granted under the Employee Stock Ownership Scheme was 6,270,000, representing approximately 1.33% of the Company’s the total issued share capital as of the Latest Practicable Date.

As of Latest Practicable Date, there were 29 grantees in total who were granted the A Shares under the Employee Stock Ownership Scheme, including one Director and four senior management members who are not Directors, and 24 employees. The details of the A Shares to the grantees under the Employee Stock Ownership Scheme are as follows:

Name of the grantee	Position	Date of grant	Grant price (RMB)	Lock-up arrangement	Number of A Shares underlying the Scheme granted	Approximate percentage of issued Shares immediately after the [REDACTED] ⁽¹⁾
<i>Director and Senior Management</i>						
Ms. QIN Yanling (覃艷玲)	Executive Director and employee representative Director	May 26, 2025	21.32	Note 2	35,000	[REDACTED]
Mr. Cheng Lihui (程黎輝)	Deputy general manager	May 26, 2025	21.32	Note 2	700,000	[REDACTED]
Mr. Zheng Qiang (鄭啟昂)	Deputy general manager	May 26, 2025	21.32	Note 2	700,000	[REDACTED]
Mr. Zhang Zhijiong (張之炯)	Chief financial officer	May 26, 2025	21.32	Note 2	280,000	[REDACTED]
Mr. Zhou Liangliang (周良梁)	Board secretary and deputy general manager	May 26, 2025	21.32	Note 2	70,000	[REDACTED]
<i>Others</i>						
Other grantees	—	May 26, 2025	21.32	Note 2	4,485,000	[REDACTED]

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Notes:

- (1) Assuming the [REDACTED] is not exercised.
- (2) For the lock-up arrangement for the A Shares granted under the Employee Stock Ownership Scheme, see “—(f) Lock-up period and unlocking of the A Shares” above.

D. FURTHER INFORMATION ABOUT OUR DIRECTORS, CHIEF EXECUTIVE AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interest

(a) *Interests of the Directors and Chief Executive in the shares of Our Company*

The following table sets out the interests of our Directors and chief executive of our Company immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised) in the Shares of our Company or any of our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to us and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules:

(i) *Interest in our Company*

Name	Nature of interest	Description of Shares	Immediately after the [REDACTED]	
			Number of Shares	Approximate percentage of interest in our Company ⁽¹⁾
Mr. Du	Interest in controlled corporation ⁽²⁾⁽³⁾	A Shares	141,638,563	[REDACTED]
	Interest of a party to an agreement ⁽⁴⁾	A Shares	37,415,450	[REDACTED]
	Other ⁽⁵⁾	A Shares	4,179,808	[REDACTED]
	Interest in treasury Shares ⁽⁶⁾	A Shares	1,229,937	[REDACTED]
Mr. Ge.	Beneficial owner ⁽³⁾	A Shares	21,443,635	[REDACTED]
	Interest in controlled corporation ⁽²⁾⁽⁷⁾	A Shares	111,765,359	[REDACTED]
	Interest of a party to an agreement ⁽⁴⁾	A Shares	45,845,019	[REDACTED]

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Name	Nature of interest	Description of Shares	Immediately after the [REDACTED]	
			Number of Shares	Approximate percentage of interest in our Company ⁽¹⁾
Mr. GUAN Yadong. . . .	Other ⁽⁵⁾	A Shares	699,502	[REDACTED]
	Interest in treasury Shares ⁽⁶⁾	A Shares	1,229,937	[REDACTED]
	Interest in controlled corporation ⁽⁸⁾	A Shares	16,286,576	[REDACTED]
	Other ⁽⁵⁾	A Shares	9,102,015	[REDACTED]
	Interest in controlled corporation ⁽⁹⁾	A Shares	3,120,095	[REDACTED]
Ms. QIN Yanling	Other ⁽⁵⁾	A Shares	943,956	[REDACTED]

Notes:

- (1) Assuming the [REDACTED] is not exercised.
- (2) As of Latest Practicable Date, Kunshan Longcheer was managed by its general partner, Shanghai Xinhe, which in turn was controlled by Mr. Du as to 51.00% and Mr. Ge as to 49.00%. Save for Mr. Du who also held 52.95% of the partnership interest in Kunshan Longcheer, none of the limited partners held over one third of the partnership interest in Kunshan Longcheer. Therefore, each of Mr. Du, Mr. Ge and Shanghai Xinhe is deemed to be interested in the 95,793,544 Shares held by Kunshan Longcheer under the SFO.
- (3) As of the Latest Practicable Date, Mr. Du was the general partner of Chengmai Qihe. Therefore, Mr. Du is deemed to be interested in the 45,845,019 Shares held by Chengmai Qihe under the SFO.
- (4) As of the Latest Practicable Date, pursuant to a concert party agreement dated November 1, 2021, Mr. Du and Mr. Ge agreed to act in concert by aligning the voting rights controlled by them at the Shareholders' meetings of the Company. Therefore, they are deemed to be jointly interested in the aggregate number of Shares held by each other under the SFO.
- (5) Representing the relevant A Shares held by the respective Directors through the employee shareholding platforms.
- (6) As of the Latest Practicable Date, there were 1,229,937 A Shares repurchased and held in our Company's stock repurchase account. Our Controlling Shareholders who control more than one-third of the voting power at the general meetings of our Company would be taken to have an interest in such repurchased A Shares held by our Company.
- (7) As of Latest Practicable Date, Mr. Ge was the executive general partner of Kunshan Qiyun. Save for Mr. Ge, none of the other partners held over one third of the partnership interest in Kunshan Qiyun. Therefore, Mr. Ge is also deemed to be interested in the 15,971,815 Shares held by Kunshan Qiyun under the SFO.
- (8) As of Latest Practicable Date, Mr. GUAN Yadong was the general partner of each of Chengmai Yongcan Enterprise Management Partnership (Limited Partnership) (澄邁永燦企業管理合夥企業(有限合夥)) (“**Chengmai Yongcan**”) and Shanghai Qijing Enterprise management Partnership (Limited Partnership) (上海旗境企業管理合夥企業(有限合夥)), previously known as Ningbo Meishan Bonded Port Qihong Enterprise Management Center (Limited Partnership) (寧波梅山保稅港區旗弘企業管理合夥企業(有限合夥)) (“**Shanghai Qijing**”). Save for Mr. GUAN Yadong, none of the limited partners held over one third of the partnership interest in Chengmai Yongcan and Shanghai Qijing. Therefore, Mr. GUAN Yadong is deemed to be interested in the 8,738,167 and 7,548,409 A Shares held by Chengmai Yongcan and Shanghai Qijing under the SFO.

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- (9) As of the Latest Practicable Date, Ms. QIN Yanling was the general partners of Shanghai Qili Enterprise Management Partnership (Limited Partnership) (上海旗勵企業管理合夥企業(有限合夥)), previously known as Kunshan Qizhuang Investment Management Center (Limited Partnership) (昆山旗壯投資管理中心(有限合夥)) (“**Shanghai Qili**”). Therefore, Ms. QIN Yanling is deemed to be interested in the 3,120,095 A Shares held by Shanghai Qili.

Save as disclosed above, as of the Latest Practicable Date, none of the Directors or chief executive or their respective spouses and children under 18 years of age had been granted by the Company or had exercised any rights to subscribe for shares or debentures of the Company or any of its associated corporations.

(b) Interests of the substantial Shareholders in the Shares of our Company

Save as disclosed below and in the section headed “Substantial Shareholders,” immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), our Directors are not aware of any other person (not being a Director or chief executive of our Company) 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 voting power at any general meeting of our Company.

(c) Interests in Other Members of Our Group

So far as our Directors are aware, as of the Latest Practicable Date, the following persons (excluding us) are directly and 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 members of our Group:

<u>Name of member of our Group</u>	<u>Name of shareholder</u>	<u>Approximate percentage of ownership</u>
Vietnam Longcheer	Meiko Elec. Hong Kong Co., Ltd.	20%

2. Particulars of Service Contracts

Our Company has entered into a service agreement or appointment letter with each of the Directors. The principal particulars of these service agreements and appointment letters are: (a) each of the agreement or letter is for a term of three years following the commencement date of his/her term of office; and (b) each of the agreement or letter is subject to termination in accordance with their respective terms. The service agreements and appointment letters may be renewed in accordance with our Articles of Association and the applicable laws, rules and regulations from time to time.

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Save as disclosed above, our Directors have not entered into or propose to enter into any service contracts 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)).

3. Directors’ Remuneration

Save as disclosed in “Directors and Senior Management” of this document and Note 8 to the Accountant’s Report as set out in Appendix I to this document, for the three financial years ended December 31, 2022, 2023, 2024, and the nine months ended September 30, 2025, none of our Directors received other remunerations of benefits in kind from us.

There was no arrangement under which any Director has waived or agree to waive any emolument during the Track Record Period.

4. Disclaimers

Save as disclosed in this document:

- (a) there is no existing or proposed service contract (excluding any contract expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)) between our Directors and any member of our Group;
- (b) none of our Directors or the experts named in the paragraph headed “— E. Other Information — 9. Qualifications and Consents of Experts” in this Appendix has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this document, acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;
- (c) save in connection with the [REDACTED], none of our Directors nor any of the experts named in the paragraph headed “— E. Other Information — 9. Qualifications and Consents 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 as a whole;
- (d) none of our Directors and the chief executive of our Company has any interests or short positions in the Shares, underlying Shares or debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered into the register referred to therein,

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or 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; and

- (e) none of our Directors or their respective close associates or any Shareholders of our Company (who to the knowledge of our Directors owns more than 5% of the number of our issued shares) has any interest in our five largest suppliers or our five largest customers.

E. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to be imposed on our Company or any of the subsidiaries of our Company.

2. Litigation

As of the Latest Practicable Date, save as disclosed in this document, we were not aware of any other litigation or arbitration proceedings of material importance pending or threatened against us or any of our Directors that would have a material adverse effect on our financial condition or results of operations.

3. Joint Sponsors

The Joint Sponsors have made an application on our behalf to the [REDACTED] for the [REDACTED] of, and permission to [REDACTED], our H Shares [REDACTED], our H Shares to be [REDACTED] pursuant to the [REDACTED] (including any H Shares which may fall to be [REDACTED] pursuant to the exercise of the [REDACTED]). All necessary arrangements [have been] made to enable the securities to be admitted into [REDACTED].

The Joint Sponsors satisfy the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules. Pursuant to the engagement letter entered into between the Company and the Joint Sponsors, we have agreed to pay the Joint Sponsors a sponsor fee in the amount of US\$1,100,000 in aggregate to act as the sponsors of our Company in connection with the [REDACTED] on the Hong Kong Stock Exchange.

4. Compliance Advisor

Our Company has appointed Guotai Junan Capital Limited as our Compliance Advisor in compliance with Rule 3A.19 of the Listing Rules.

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5. Preliminary Expenses

Our Company did not incur any material preliminary expenses in relation to the incorporation of our Company.

6. No Material Adverse Change

Our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Group since September 30, 2025 (being the date to which the latest consolidated financial statements of our Group were prepared).

7. Promoter

The promoters of our Company are as follow:

No.	Name
1.	Kunshan Longcheer Investment Management Center (Limited Partnership) (昆山龍旗投資管理中心(有限合夥))
2.	Chengmai Qihe Enterprise Management Partnership (Limited Partnership) (澄邁旗禾企業管理合夥企業(有限合夥)), previously known as Kunshan Longfei Investment Management Center (Limited Partnership) (昆山龍飛投資管理中心(有限合夥))
3.	Jiaxing Yunrui Huahe Venture Capital Partnership (Limited Partnership) (嘉興雲睿華合創業投資合夥企業(有限合夥)), previously known as Kunshan Yunrui Investment Management Center (Limited Partnership) (昆山雲睿投資管理中心(有限合夥))
4.	Kunshan Yuanye Investment Management Center (Limited Partnership) (昆山遠業投資管理中心(有限合夥))
5.	Chengmai Yongcan Enterprise Management Partnership (Limited Partnership) (澄邁永燦企業管理合夥企業(有限合夥)), previously known as Kunshan Yongcan Investment Management Center (Limited Partnership) (昆山永燦投資管理中心(有限合夥))
6.	Chengmai Renxun Enterprise Management Partnership (Limited Partnership) (澄邁仁迅企業管理合夥企業(有限合夥)), previously known as Kunshan Renxun Investment Management Center (Limited Partnership) (昆山仁迅投資管理中心(有限合夥))
7.	Chengmai Hongdao Enterprise Management Partnership (Limited Partnership) (澄邁弘道企業管理合夥企業(有限合夥)), previously known as Kunshan Hongdao Investment Management Center (Limited Partnership) (昆山弘道投資管理中心(有限合夥))

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No.	Name
8.	Shanghai Qili Enterprise Management Partnership (Limited Partnership) (上海旗勵企業管理合夥企業(有限合夥)), previously known as Kunshan Qizhuang Investment Management Center (Limited Partnership) (昆山旗壯投資管理中心(有限合夥))
9.	Shanghai Qizhuang Enterprise Management Partnership (Limited Partnership) (上海旗壯企業管理合夥企業(有限合夥)), previously known as Kunshan Qizhi Investment Management Center (Limited Partnership) (昆山旗志投資管理中心(有限合夥))
10.	Shanghai Qili Enterprise Management Partnership (Limited Partnership) (上海旗礪企業管理合夥企業(有限合夥)), previously known as Kunshan Qiling Investment Management Center (Limited Partnership) (昆山旗凌投資管理中心(有限合夥))
11.	Kunshan Qiyun Investment Management Center (Limited Partnership) (昆山旗雲投資管理中心(有限合夥))
12.	Tianjin Jinmi Investment Partnership (Limited Partnership) (天津金米投資合夥企業(有限合夥))
13.	Suzhou Industrial Park Shunwei Technology Venture Investment Partnership (Limited Partnership) (蘇州工業園區順為科技創業投資合夥企業(有限合夥))
14.	Ma’anshan Wutong Tree Equity Investment Partnership (Limited Partnership) (馬鞍山梧桐樹股權投資合夥企業(有限合夥))
15.	Dong Hong (董紅)
16.	Tang Hairong (唐海蓉)

Saved as disclosed in this document, within the two years immediately preceding the date of this document, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the [REDACTED] and the related transactions described in this document.

8. Agency Fees or Commissions Received

Save as disclosed in the section headed “[REDACTED] — [REDACTED] Arrangements and Expenses” in this document, within the two years immediately preceding the date of this document, no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries. Within the two years preceding the date of this document, no commission has been paid or is payable for subscribing or agreeing to subscribe, or procuring or agreeing to procure the subscriptions, for any Shares in our Company.

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9. Qualifications and Consents of Experts

The following are the qualifications of the experts who have given opinions or advice which are contained in this document:

Name	Qualification
Citigroup Global Markets Asia Limited	A corporation licensed to carry on Type 1 (Dealing in Securities), Type 2 (Dealing in Futures Contracts), Type 4 (Advising on Securities), Type 5 (Advising on Futures Contracts), Type 6 (Advising on Corporate Finance) and Type 7 (Providing Automated Trading Services) regulated activities as defined under the SFO.
Haitong International Capital Limited	A corporation licensed to carry on Type 6 (advising on corporate finance) of the regulated activities as defined under the SFO.
Guotai Junan Capital Limited	A corporation licensed to carry on Type 6 (advising on corporate finance) regulated activity as defined under the SFO
Ernst & Young	Certified Public Accountants and Registered Public Interest Entity Auditor
Beijing DeHeng Law Offices	Legal advisors to our Company as to PRC law
Hogan Lovells	Legal advisor as to U.S. regulatory laws and International Sanctions laws
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co. . .	Industry consultant

Each of the experts named above has given and has not withdrawn its consent to the issue of this document with the inclusion of its report, letter, summary of valuations, valuation certificates and/or legal opinion (as the case may be) and references to its name included in the form and context in which it respectively appears.

Save as disclosed in this document and in connection with the [REDACTED], none of the experts named above is interested legally or beneficially in any shares of any member of our Group or has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

10. Binding Effect

This document shall have the effect, if any application is made pursuant hereto, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

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11. Bilingual Document

The English language and Chinese language versions of this document are being published separately, in reliance upon the exemption provided by section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong). In case of any discrepancies between the English language version and Chinese language version of this document, the English language version shall prevail.

12. Miscellaneous

- (i) Save as disclosed in this Appendix, “History and Corporate Structure” and in connection with the [REDACTED], within the two years immediately preceding the date of this document:
 - (a) no share or loan capital of our Company or any of our subsidiaries has been issued nor agreed to be issued fully or partly paid either for cash or for a consideration other than cash;
 - (b) no commissions, discounts, brokerage fee or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries;
 - (c) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option; and
 - (d) 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.
- (ii) There are no founder, management or deferred shares nor any debentures in our Company or any of our subsidiaries.
- (iii) There are no arrangements under which future dividends are waived or agreed to be waived.
- (iv) There are no procedures for the exercise of any right of pre-emption or transferability of subscription rights.
- (v) There have been no interruptions in our business which may have or have had a significant effect on our financial position in the last 12 months immediately preceding the date this document.

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- (vi) There are no restrictions affecting the remittance of profits or repatriation of capital by us into Hong Kong from outside Hong Kong.
- (vii) Save as disclosed in “History and Corporate Structure”, no part of the equity or debt securities of our Company, if any, is currently listed on or dealt in on any stock exchange or trading system, and no such listing or permission to list on any stock exchange other than the Stock Exchange is currently being or agreed to be sought.
- (viii) Our Company has no outstanding convertible debt securities or debentures.

APPENDIX VII DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES AND AVAILABLE ON DISPLAY

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this document and delivered to the Registrar of Companies in Hong Kong for registration were, among other documents:

- (a) the written consents referred to in “Appendix VI — Statutory and General Information — E. Other Information — 9. Qualifications and Consents of Experts” to this document; and
- (b) a copy of each of the material contract(s) referred to in “Appendix VI — Statutory and General Information — B. Further Information about Our Business — 1. Summary of Material Contract.”

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the Stock Exchange’s website at www.hkexnews.hk and our Company’s website at www.longcheer.com during a period of 14 days from the date of this document:

- (a) the Articles of Association;
- (b) the Accountants’ Report from Ernst & Young, the text of which is set out in Appendix I to this document;
- (c) the audited financial statements of our Group for the years ended December 31, 2022, 2023 and 2024, and the nine months ended September 30, 2025;
- (d) the report on unaudited [REDACTED] financial information of our Group from Ernst & Young, the text of which is set out in Appendix II to this document;
- (e) the letters from Ernst & Young and the Joint Sponsor relating to the [REDACTED], the texts of which are set out in Appendix IA to this document;
- (f) the legal opinions issued by Beijing DeHeng Law Offices, our PRC Legal Advisors in respect of certain matters of our Group in the PRC;
- (g) the memoranda of advice issued by Hogan Lovells, our legal advisor as to U.S. regulatory laws and International Sanctions laws;
- (h) the industry report prepared by Frost & Sullivan, the summary of which is set forth in “Industry Overview;”
- (i) a copy of each of the PRC Company Law, the PRC Securities Law and the Overseas Listing Trial Measures together with their unofficial English translations;

**APPENDIX VII DOCUMENTS DELIVERED TO THE REGISTRAR OF
COMPANIES AND AVAILABLE ON DISPLAY**

- (j) the material contract(s) referred to in “Appendix VI — Statutory and General Information — B. Further Information about Our Business — 1. Summary of Material Contract;”
- (k) the written consents referred to in “Appendix VI — Statutory and General Information — E. Other Information — 9. Qualifications and Consents of Experts”; and
- (l) the service contracts referred to in “Appendix VI — Statutory and General Information — D. Further Information about Directors, Chief Executive and Substantial Shareholders of Our Company” to this document”.