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Application Proof of

MeiG Smart Technology Co., Ltd.
美格智能技術股份有限公司

(the "**Company**")

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

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MeiG Smart Technology Co., Ltd.
美格智能技術股份有限公司

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

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Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to [REDACTED] and the [REDACTED])**
Maximum [REDACTED]	**:**	**HK$[REDACTED] per [REDACTED], plus brokerage of 1%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal value	**:**	**RMB[1.00] per H Share**
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EXPECTED TIMETABLE[(1)]

[REDACTED]

EXPECTED TIMETABLE[1]

[REDACTED]

EXPECTED TIMETABLE[(1)]

[REDACTED]

EXPECTED TIMETABLE[(1)]

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SUMMARY

This summary aims to give you an overview of the information contained in this document. As it 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 forth in the section headed "Risk Factors" in this document. You should read that section carefully before you decide to* **[REDACTED]** *in the* **[REDACTED]**.

OVERVIEW

About Us

We are a globally leading provider of wireless communication modules and solutions, with a focus on smart modules, particularly high-computing-power smart modules. Our products facilitate the growing adoption of smart applications, on-device AI and 5G communication. According to Frost & Sullivan, we ranked fourth in the global wireless communication module industry in terms of revenue from wireless communication module business in 2024, accounting for 6.4% of the global market share.

Wireless communication modules are products typically equipped with communication functions designed to enable the transmission and processing of large volumes of data over long distances. Our portfolio of wireless communication modules includes:

- **Smart modules**, which are equipped with SoC processors and smart operating systems, and can be further categorized into:
  - — **High-computing-power smart modules**, primarily designed to run complex algorithms and to support on-device AI applications; and
  - — **Regular smart modules**, primarily designed for smart applications such as custom software and multi-media functions.
- **Data transmission modules**, primarily designed for data communication, security and high-throughput data exchange.

Leveraging our wireless communication module technologies, we develop customized solutions tailored to the specific requirements of various application sectors, addressing the diverse needs of our customers. Our wireless communication modules and solutions are widely applied across general IoT, ICV and wireless broadband sectors, and we are actively expanding into emerging on-device AI applications such as robots. Our modules and solutions are widely used in a

variety of end products such as POS machines, 5G barcode-scanner smart PDA solutions for logistics and warehouses, industrial AI boxes for quality checks and production facility oversight, intelligent cockpits and T-Boxes and mobile WiFi terminals.

Our Industry Leadership

We are at the forefront of driving and leading key industry trends in the wireless communication module industry. As the industry evolves with advancements in new technologies, we have consistently demonstrated our ability to anticipate and respond to these developments, particularly in the following aspects:

- *Transition to Smart Modules*: The industry is seeing a shift from traditional data transmission modules to smart modules amid the trend towards smart applications in various downstream sectors. We have played a leading role in driving this transition. According to Frost & Sullivan, we were the first company globally to (i) launch smart module products, when we launched our smart module products back in 2014; and (ii) achieve large-scale deployment of 5G smart modules in new energy vehicles as our 5G smart modules were first deployed on the new energy vehicles of a leading manufacturer in China in 2021.

- *Transition to On-Device AI Application*: As AI computation gradually extends from cloud to edge and local device levels, we are at the industry forefront to offer high-computing-power smart modules, which serve as critical infrastructure to provide robust hardware and software support for various on-device AI applications. According to Frost & Sullivan, (i) we were the largest provider of high-computing-power smart modules in terms of revenue from high-computing-power smart module business in 2024, accounting for 29.0% of the global market share; (ii) we were the first company globally to develop a 48 TOPS high-computing-power smart module and to become one of designated suppliers of such modules for leading automobile manufacturers; and (iii) in 2023, we successfully ran a text-to-image generative AI model on our high-computing-power smart modules, making us the first company globally to successfully run this kind of AI model on high-computing-power smart modules. As of the Latest Practicable Date, we had a portfolio of high-computing-power smart modules with computing power ranging from 8 TOPS to 64 TOPS. Our high-computing-power smart modules can support the deployment and operation of on-device versions of various prevailing AI models.

- *Transition to 5G Communication*: We are one of the early movers in driving the transition from 4G to 5G in the wireless communication module industry, supporting faster and more reliable connectivity of modules. According to Frost & Sullivan, (i) we were among the first globally to launch 5G data transmission module products; (ii) we were among the first globally to launch 5G-A and 5G RedCap module products; and (iii) in 2024, we ranked first in the industry in terms of shipment volume of 5G in-vehicle modules, accounting for 35.1% of the global market share.

OUR STRENGTHS

We believe the following strengths position us well to capitalize on future opportunities and deliver continued growth: (i) globally leading wireless communication module and solution provider; (ii) technical expertise and continuous innovation driving differentiated technological advantages; (iii) balanced development across three core sectors, driving diversified market coverage; (iv) long-term partnerships with leading global customers, enhancing market competitiveness; and (v) pragmatic and solid corporate culture, visionary management team and diverse talent pool supporting sustainable development.

OUR STRATEGIES

We intend to implement the following strategies: (i) continue investing in R&D to drive product iteration and industry expansion; (ii) build and strengthen global sales and supply chain networks to accelerate international expansion; and (iii) expand along the industry value chain and pursue strategic mergers and acquisitions to create new growth opportunities.

OUR PRODUCTS AND SOLUTIONS

The following table sets forth a summary of our module products and solutions:

Product	Key features and functions	Key components
(i) Smart module:		
(a) Regular smart module. .	• Equipped with smart operating systems such as Android; • Supports features such as multi-media, multi-camera and multi-display; and • Computing capability at lower than 8 TOPS[(1)]	• SoC; • Memory chip[(3)]; • Radio frequency chip[(4)]; • PCB[(5)]; and • Power management chip[(6)]

Product	Key features and functions	Key components
(b) High-computing-power smart module	• Equipped with smart operating systems such as Android; • More suitable for deployment of advanced AI models (especially on local devices) that require high computing power and large memory ; and • Computing capability at equal to or higher than 8 TOPS	• SoC with stronger NPU and AI acceleration performance; • Memory chip; • Radio frequency chip; • PCB; and • Power management chip
(ii) Data transmission module:	• Cellular wireless connection from 2G to 5G[(2)]; • Not equipped with smart operating systems like Android; and • No high computing power capability, and typically not selected for their computing power capability	• Baseband chip[(7)]; • Memory chip; • Radio frequency chip; • PCB; and • Power management chip

Notes:

(1) According to Frost & Sullivan, 8 TOPS is considered as an industry norm as the threshold for high-computing-power smart modules, enabling stable deployment and effective commercialization in mainstream scenarios such as AI model deployment in intelligent cockpit, and on-device generative image models for extended reality devices.

(2) Data transmission modules have cellular wireless communication capability, while smart modules may or may not have cellular wireless communication capability.

(3) Memory chip stores data and software program instructions required for module operations.

(4) Radio frequency chip converts digital signals to radio frequency signals and vice versa for wireless communication.

(5) PCB serves as the physical platform with electrical connections for integrating and supporting electronic components in a module or device.

(6) Power management chip regulates and distributes power efficiently to ensure stable and optimal operation of the module's components in electronic devices.

(7) Baseband chip processes and manages digital signals for communication protocols and data transmission.

We also provide our customers with solutions built based on our module products and/or module technologies. Our solutions are typically provided in the forms of (i) PCBAs, which are fully assembled circuit boards that typically integrate (a) firmware or embedded software for specific functions and (b) electronic components such as chips and modules; (ii) end products, which are ready-to-use products embedding PCBAs, such as handheld devices and (iii) services, which primarily include research and development services catered to the needs of our customers.

The following table sets forth a breakdown of our revenue by module and solution type during the Track Record Period:

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Modules and Solutions	**2,227,999**	**96.6**	**2,048,987**	**95.4**	**2,808,563**	**95.5**	**1,235,604**	**94.6**	**1,838,575**	**97.5**
(i) Smart modules and solutions	957,351	41.5	1,218,424	56.7	1,850,696	62.9	796,369	61.0	1,352,722	71.7
(a) Regular smart modules and solutions	922,296	40.0	898,167	41.8	832,578	28.3	486,353	37.3	567,902	30.1
(b) High-computing-power smart modules and solutions	35,055	1.5	320,257	14.9	1,018,118	34.6	310,016	23.7	784,820	41.6
(ii) Data transmission modules and solutions	1,270,648	55.1	830,563	38.7	957,867	32.6	439,235	33.6	485,853	25.8
Others[(1)]	**77,933**	**3.4**	**98,349**	**4.6**	**132,811**	**4.5**	**69,947**	**5.4**	**47,900**	**2.5**
Total	**2,305,932**	**100.0**	**2,147,336**	**100.0**	**2,941,374**	**100.0**	**1,305,551**	**100.0**	**1,886,475**	**100.0**

Note:

(1) Primarily including sales of electronic components.

Revenue generated from sales of our smart modules and solutions increased by 27.3% from RMB957.4 million in 2022 to RMB1,218.4 million in 2023, primarily attributable to an increase in revenue generated from sales of our high-computing-power smart modules and solutions as a result of an increase in downstream demand in the ICV application sector, especially in the intelligent cockpit application scenario. Revenue generated from sales of our data transmission modules and solutions decreased by 34.6% from RMB1,270.6 million in 2022 to RMB830.6 million in 2023, primarily due to a decrease in the average selling price of our data transmission modules and solutions as a result of to a decrease in the sales proportion of our data transmission modules and solutions used in wireless broadband products of overseas carriers which generally had higher selling price.

Revenue generated from sales of our smart modules and solutions increased by 51.9% from RMB1,218.4 million in 2023 to RMB1,850.7 million in 2024, primarily attributable to an increase in revenue generated from sales of our high-computing-power smart modules and solutions as a result of an increase in downstream demand in the ICV application sector. Revenue generated from sales of our data transmission modules and solutions increased by 15.3% from RMB830.6 million in 2023 to RMB957.9 million in 2024, primarily attributable an increase in the average selling price of our data transmission modules as a result of (i) an increase in the sales proportion of 4G data transmission modules with higher selling price sold to certain customers and (ii) an increase in the sales of our 5G data transmission modules and solutions.

Our revenue generated from sales of our smart modules and solutions increased by 69.9% from RMB796.4 million in the six months ended June 30, 2024 to RMB1,352.7 million in the six months ended June 30, 2025, primarily attributable to (i) an increase in sales of our high-computer-power smart modules and solutions as a result of an increase in downstream demand in the ICV application sector, especially in the intelligent cockpit application scenario and (ii) an increase in the sales of our regular smart modules as a result of (i) an increase in the sales volume of our smart modules and solutions used in ICV and (ii) an increase in the average selling price of our regular smart modules used in general IoT. Revenue generated from sales of our data transmission modules and solutions increased by 10.6% from RMB439.2 million in the six months ended June 30, 2024 to RMB485.9 million in the six months ended June 30, 2025, primarily an increase in the average selling price of our data transmission modules as a result of an increase in the sales of our 5G data transmission modules and solutions with high selling price as a result of our expanded customer base.

Our gross profit margin decreased from 16.0% in the six months ended June 30, 2024 to 12.9% in the six months ended June 30, 2025, primarily due decreases in the gross profit margin of (i) our high-computing-power smart modules and solutions due to an increase in the unit cost of sales of our high-computing-power smart modules and solutions as a result of an increase in the purchase price of memory chips, a key component of high-computing-power smart modules and solutions, and (ii) our data transmission modules and solutions due to an increase in the sales proportion of our data transmission modules and solutions sold in overseas carriers in Japan with lower gross profit margin. These data transmission modules and solutions had lower gross profit margin because we adopted competitive pricing to secure large volume orders at lower initial margins, which we believe is crucial for maintaining our market share and strengthening customer relationship.

The following table sets forth a breakdown of our revenue generated in terms of application sector during the Track Record Period.

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
General IoT	1,004,868	43.6	970,963	45.2	1,050,531	35.7	608,152	46.6	704,251	37.3
ICV	342,173	14.8	593,629	27.6	1,220,869	41.5	403,196	30.9	815,880	43.3
Wireless broadband	880,957	38.2	484,395	22.6	537,164	18.3	224,256	17.2	318,444	16.9
Others[(1)]	77,933	3.4	98,349	4.6	132,811	4.5	69,947	5.3	47,900	2.5
Total	**2,305,932**	**100.0**	**2,147,336**	**100.0**	**2,941,374**	**100.0**	**1,305,551**	**100.0**	**1,886,475**	**100.0**

Note:

(1) Primarily including sales of electronic components.

Please see "Business — Application of our Products and Solutions" for details on the application sectors of our products and solutions.

The following table sets forth the sales volume of our main modules and solutions by application sectors for the periods indicated.

	For the year ended December 31,			For the six months ended June 30,	
	2022	2023	2024	2024	2025
	'000	*'000*	*'000*	*'000*	*'000*
General IoT	8,489	9,143	7,709	4,600	4,261
ICV	684	1,092	2,420	998	1,215
Wireless Broadband	2,702	1,634	2,039	882	1,174

The following table sets forth the average selling price of our main modules and solutions by application sectors for the periods indicated.

	For the year ended December 31,			For the six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
General IoT	118.4	106.2	136.3	132.2	165.3
ICV	500.4	543.5	504.5	404.1	671.4
Wireless Broadband	326.1	296.5	263.4	254.3	271.4

Comparison between the six months ended June 30, 2025 and 2024

- **General IoT:**
  - **Sales Volume:** Our sales volume in the general IoT sector remained relatively stable.
  - **Average Selling Price:** The average selling price for this sector increased by 25.0% from RMB132.2 to RMB165.3 over the same period. This increase was primarily attributable to a shift in our product mix towards higher-value products such as customized smart modules, which typically command a higher ASP.

- **ICV:**

  - **Sales Volume:** Our sales volume in the ICV sector increased by 21.7% from 1.0 million units in the six months ended June 30, 2024 to 1.2 million units in the corresponding period in 2025, reflecting continued growth in demand from the industry.

  - **Average Selling Price:** The average selling price for this sector increased significantly by 66.1% from RMB404.1 to RMB671.4, primarily because we experienced a substantial increase in sales of our 5G high-computing-power smart modules for intelligent cockpit applications to customers, coupled with a decrease in sales of our lower-price 4G data transmission modules used in T-Box applications.

- **Wireless Broadband:**

  - **Sales Volume:** Our sales volume in the wireless broadband sector increased by 33.1% from 0.9 million units in the six months ended June 30, 2024 to 1.2 million units in the same period in 2025, primarily due to our successful market expansion in overseas markets, particularly in Japan.

  - **Average Selling Price:** The average selling price for this sector increased modestly from RMB254.3 to RMB271.4 over the same period, reflecting normal product mix fluctuations.

Comparison between 2024 and 2023

- **General IoT:**

  - **Sales Volume:** Our sales volume in the General IoT sector decreased from 9.1 million units in 2023 to 7.7 million units in 2024. However, average selling price increased, as explained below, leading to an overall revenue increase.

  - **Average Selling Price:** The average selling price for this sector increased by 28.3% from RMB106.2 in 2023 to RMB136.3 in 2024, primarily due to a change in our product mix, with a higher proportion of revenue being generated from higher-price customized smart modules sold to overseas customers.

- **ICV:**

  - **Sales Volume:** Our sales volume in the ICV sector increased by 121.6% from 1.1 million units in 2023 to 2.4 million units in 2024, attributable to the strong and growing downstream demand for our products in the ICV sector, particularly for intelligent cockpit scenarios.

  - **Average Selling Price:** The average selling price for this sector decreased by 7.2% from RMB543.5 in 2023 to RMB504.5 in 2024. This decrease was mainly due to a shift in product mix, as we recorded a significant increase in sales of lower-price 4G data transmission modules for T-Box applications, which reduced the overall average selling price for the sector.

- **Wireless Broadband:**

  - **Sales Volume:** Our sales volume in the wireless broadband sector increased by 24.8% from 1.6 million units in 2023 to 2.0 million units in 2024, driven by an expansion of our customer base.

  - **Average Selling Price:** The average selling price for this sector decreased by 11.2% from RMB296.5 in 2023 to RMB263.4 in 2024, primarily due to a decrease in the sales proportion of higher-price products that were sold indirectly to overseas carriers.

Comparison between 2023 and 2022

- **General IoT:**

  - **Sales Volume:** Our sales volume in the General IoT sector remained relatively stable.

  - **Average Selling Price:** The average selling price for this sector decreased by 10.3% from RMB 118.4 in 2022 to RMB 106.2 in 2023. This was primarily due to a shift in product mix towards a higher proportion of lower-price 4G data transmission modules used for industrial connectivity applications for certain customers.

- **ICV:**

  - **Sales Volume:** Our sales volume in the ICV sector increased by 59.6% from 0.7 million units in 2022 to 1.1 million units in 2023, reflecting growing downstream demand.

- **Average Selling Price:** The average selling price for this sector increased by 8.6% from RMB 500.4 in 2022 to RMB 543.5 in 2023. This increase was mainly because a major customer for intelligent cockpit applications shifted from procuring our products through a distributor to a direct sales model with us, which resulted in a higher ASP being recorded by the Company.

• **Wireless Broadband:**

- **Sales Volume:** Our sales volume in the wireless broadband sector decreased by 39.5% from 2.7 million units in 2022 to 1.6 million units in 2023 primarily because we fulfilled a majority of the data transmission modules and solutions in 2022, which resulted in lower volume of orders fulfilled in 2023.

- **Average Selling Price:** The ASP for this sector decreased by 9.1% from RMB326.1 in 2022 to RMB296.5 in 2023, reflecting normal product mix fluctuations.

The table below sets forth the breakdown of our revenue by geographic region (in terms of the place of registration of our customers) for the periods indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
China	1,760,368	76.3	1,482,375	69.0	2,138,448	72.7	860,944	65.9	1,354,226	71.8
East Asia[(1)]	272,068	11.8	305,953	14.2	285,931	9.7	227,330	17.4	305,097	16.2
United States	106,344	4.6	72,428	3.4	222,264	7.6	47,135	3.6	122,159	6.5
Europe	96,037	4.2	164,417	7.7	107,625	3.7	59,859	4.6	53,110	2.8
Others[(2)]	71,115	3.1	122,163	5.7	187,106	6.4	110,283	8.5	51,883	2.7
Total	**2,305,932**	**100.0**	**2,147,336**	**100.0**	**2,941,374**	**100.0**	**1,305,551**	**100.0**	**1,886,475**	**100.0**

Notes:

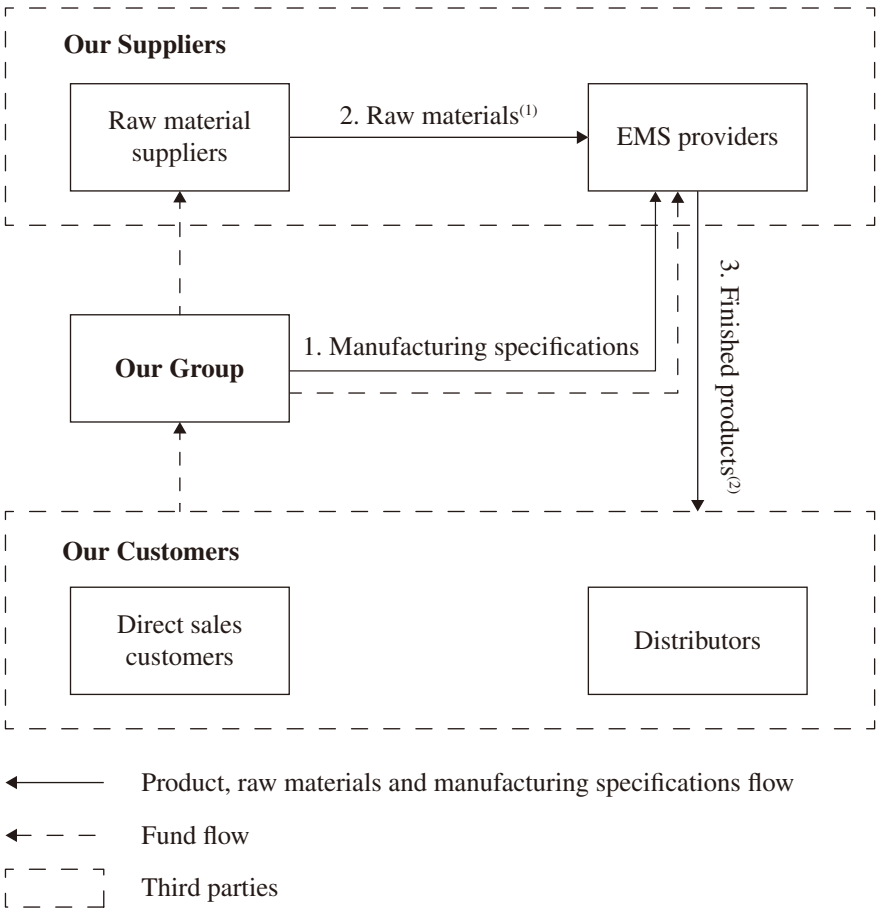
(1) Excluding China.

(2) Primarily including Samoa and Dominican Republic.

OUR BUSINESS MODEL

Under our business model, we focus on the R&D and design of our modules and solutions and we outsource the manufacturing to third-party EMS providers. According to Frost & Sullivan, it is in line with the industry practices in the wireless communication module industry in China to outsource manufacturing to EMS providers.

The following diagram illustrates our business model:



Notes:

(1) During the Track Record Period, our raw material suppliers directly provided raw materials to our EMS providers. Our raw material suppliers may arrange the shipments of the raw materials.

(2) During the Track Record Period, our finished products were generally delivered directly from EMS providers to locations designated by our customers.

OUR CORE TECHNOLOGICAL CAPABILITIES

Our core technological capabilities enable us to develop, integrate and customize modules and solutions that cater to diverse industries. Through years of R&D efforts, we have built our proprietary technologies upon three fundamental pillars: (i) smart module design and development; (ii) customization capabilities; and (iii) accumulation of knowhow in core sectors.

OUR CUSTOMERS AND SUPPLIERS

In 2022, 2023, 2024 and the six months ended June 30, 2025, revenue generated from our five largest customers amounted to RMB701.2 million, RMB847.2 million, RMB1,388.8 million and RMB1,026.0 million, respectively, accounting for 30.4%, 39.5%, 47.2% and 54.3% of our total revenue in the same periods, respectively. Revenue from our largest customer in each period of the Track Record Period accounted for 8.3%, 24.3%, 32.5% and 36.8% of our total revenue, respectively. For further details, please see "Business — Our Customers."

During the Track Record Period, our suppliers primarily consisted of raw material suppliers and EMS providers. In 2022, 2023, 2024 and the six months ended June 30, 2025, purchases from our five largest suppliers amounted to RMB1,159.9 million, RMB962.3 million, RMB1,720.7 million and RMB1,147.5 million, respectively, representing 57.8%, 53.3%, 63.8% and 62.6% of our total purchases, respectively. In addition, purchases from our largest supplier accounted for 37.6%, 26.5%, 34.1% and 35.0% of our total purchases in 2022, 2023, 2024 and the six months ended June 30, 2025, respectively. For further details, please see "Business — Our Suppliers."

COMPETITION

The global wireless communication module industry in which we operate is highly competitive and characterized by rapid technological evolvement, fast changes in customer demands and preferences, frequent introduction of new products and solutions and constant emergence of new industry standards and practices. In addition, the global wireless communication module industry is marked by a high level of concentration. We compete with other players in the industry whose businesses include sales of modules and solutions. Please see "Industry Overview."

NON-IFRS MEASURE

We also use adjusted net profit (non-IFRS measure) in evaluating our operating results, which is not required by or presented in accordance with IFRS as an additional financial measure to supplement our consolidated financial statements, which are presented in accordance with IFRS. We believe that the non-IFRS measure provides useful information to **[REDACTED]** and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. We define adjusted net profits (Non-IFRS measure) as profit for the year/period adjusted for (i) share-based payment expenses, which are non-cash in nature and (ii) **[REDACTED]**, which relate to the **[REDACTED]**. However, our presentation of adjusted net profit (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of such non-IFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for an analysis of, our results of operations or financial condition as reported under IFRS.

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

	For the year ended December 31,			For the six months ended June 30,	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Profit for the year/period	**126,615**	**62,609**	**134,375**	**32,821**	**84,167**
Add:					
Share-based payment expenses	8,455	2,777	11,118	—	11,761
[REDACTED]	—	—	—	—	**[REDACTED]**
Adjusted net profit (non-IFRS measure)	**135,070**	**65,386**	**145,493**	**32,821**	**96,201**

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

Summary of Consolidated Statements of Profit or Loss and Other Comprehensive Income

The following table sets out summary of our consolidated statements of profit or loss and other comprehensive income for the years/periods indicated:

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Revenue	**2,305,932**	**100.0**	**2,147,336**	**100.0**	**2,941,374**	**100.0**	**1,305,551**	**100.0**	**1,886,475**	**100.0**
Cost of sales	(1,900,557)	(82.4)	(1,751,198)	(81.6)	(2,456,712)	(83.5)	(1,096,575)	(84.0)	(1,643,192)	(87.1)
Gross profit	**405,375**	**17.6**	**396,138**	**18.4**	**484,662**	**16.5**	**208,976**	**16.0**	**243,283**	**12.9**
Profit for the year/period	**126,615**	**5.5**	**62,609**	**2.9**	**134,375**	**4.6**	**32,821**	**2.5**	**84,167**	**4.5**

Our profit for the year decreased by 50.6% from RMB126.6 million in 2022 to RMB62.6 million in 2023, primarily due to (i) a decrease in revenue due to a decrease in revenue generated from sales of our data transmission modules and solutions, (ii) an increase in selling and marketing expenses due to an increase in consultation expenses, as we paid more service fees to business consultant partners who assisted us with (a) securing orders from certain customer engaged in POS machines business, as well as (b) increasing sales of our products in overseas markets. As a result, we paid more service fees to the business consultant partners, and (iii) an increase in research and development expenses due to an increase in employee compensation, as a result of an increase in the average salaries paid to our R&D and technology team, and depreciation and amortization.

Our profit for the year increased by 114.6% from RMB62.6 million in 2023 to RMB134.4 million in 2024, primarily due to (i) an increase in revenue attributable to an increase in revenue generated from sales of smart modules and solutions and (ii) our operating expenses, including selling and marketing expanses, administrative expenses and research and development expenses, remaining relatively stable as a result of operational efficiency and economies of scale achieved through business expansion.

Our profit for the year/period increased from RMB32.8 million for the six months ended June 30, 2024 to RMB84.2 million for the six months ended June 30, 2025, primarily due to an increase in total revenue, particularly an increase in revenue generated form sales of smart modules and solutions, and selling and marketing, administrative and R&D expenses remaining relatively stable as a result of operational efficiency and economies of scale achieved through business expansion.

Summary of Consolidated Statements of Financial Position

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

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total non-current assets	457,166	539,442	478,945	469,536
Total current assets	1,269,537	1,605,280	2,280,612	2,535,296
Total assets	**1,726,703**	**2,144,722**	**2,759,557**	**3,004,832**
Total non-current liabilities	108,997	40,484	24,535	24,716
Total current liabilities	797,455	624,445	1,167,909	1,359,292
Total liabilities	**906,452**	**664,929**	**1,192,444**	**1,384,008**
Net current assets	472,082	980,835	1,112,703	1,176,004
Net assets	**820,251**	**1,479,793**	**1,567,113**	**1,620,824**
Share capital	239,667	261,641	261,802	261,802
Treasury shares	(56,605)	(41,999)	(79,286)	(86,777)
Reserves	636,356	1,261,218	1,384,597	1,445,799
Non-controlling interests	833	(1,067)	—	—
Total Equity	**820,251**	**1,479,793**	**1,567,113**	**1,620,824**

Our net current assets increased by 107.8% from RMB472.1 million as of December 31, 2022 to RMB980.8 million as of December 31, 2023, primarily due to (i) an increase in trade and bills receivables of RMB239.1 million, (ii) a decrease in interest-bearing bank borrowings of RMB305.7 million, partially offset by an increase in trade and bills payables of RMB154.5 million.

Our net current assets increased by 13.4% from RMB980.8 million as of December 31, 2023 to RMB1,112.7 million as of December 31, 2024, primarily due to (i) an increase in trade and bills receivables of RMB356.6 million, (ii) an increase in cash and cash equivalents of RMB203.0 million, partially offset by an increase in interest-bearing bank borrowings of RMB347.6 million.

Our net current assets increased from RMB1,112.7 million as of December 31, 2024 to RMB1,176.0 million as of June 30, 2025, primarily due to (i) an increase in inventories of RMB151.6 million, (ii) an increase in prepayments, other receivables and other assets of RMB132.3 million, partially offset by an increase in interest-bearing bank borrowings of RMB150.5 million.

Our total equity increased from RMB820.3 million as of December 31, 2022 to RMB1,479.8 million as of December 31, 2023, primarily attributable to the capital contribution by our shareholders of RMB592.9 million in 2023 as a result of our private placement of shares. Please see "History and Corporate Structure — Major Shareholding Changes of our Company — Private Placing of A Shares in 2023". Our total equity increased to RMB1,567.1 million as of December 31, 2024, primarily due to our profit for the year of RMB134.4 million. Our total equity increased from RMB1,567.1 million as of December 31, 2024 to RMB1,620.8 million as of June 30, 2025, primarily due to our profit for the period of RMB84.2 million. Please see "Consolidated Statements of Changes in Equity" in the Accountants' Report in Appendix I to this document.

Summary of Consolidated Statements of Cash Flows

The following table sets forth selected information from our cash flows for the years/periods indicated:

	For the year ended December 31,			For the six months ended June 30,	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Net cash flows from/(used in) operating activities	31,824	(31,313)	(129,890)	(50,318)	(83,979)
Net cash flows (used in)/from investing activities	(153,412)	(98,393)	16,758	(6,909)	(17,731)
Net cash flows from financing activities	16,809	191,327	306,473	208,496	99,346
Net (decrease)/increase in cash and cash equivalents	**(104,779)**	**61,621**	**193,341**	**151,269**	**(2,364)**
Cash and cash equivalents at beginning of the year/period	173,092	72,287	138,926	138,926	341,879
Effect of foreign exchange rate changes, net	3,974	5,018	9,612	7,568	9,195
Cash and cash equivalents at end of the year/period	**72,287**	**138,926**	**341,879**	**297,763**	**348,710**

In 2023, we had net cash flows used in operating activities of RMB31.3 million, which primarily consisted of profit before tax of RMB63.1 million, adjusted for (i) non-cash and non-operating items such as amortization of other intangible assets of RMB30.7 million and depreciation of right-of-use assets of RMB16.9 million and fair value gains on equity investments measured at FVTPL of RMB25.4 million; (ii) the effects of movement in working capital such as

increase in trade and bills receivables of RMB259.6 million, increase in trade and bills payables of RMB159.5 million and increase in inventories of RMB51.1 million; and (iii) income tax paid of RMB10.4 million.

In 2024, we had net cash flows used in operating activities of RMB129.9 million, which primarily consisted of profit before tax of RMB124.1 million, adjusted for (i) non-cash and non-operating items such as amortization of other intangible assets of RMB38.3 million, write-down of inventories to net realizable value of RMB16.3 million and depreciation of right-of-use assets of RMB14.6 million; (ii) the effects of movement in working capital such as increase in trade and bills receivables of RMB358.8 million and increase in inventories of RMB145.8 million and increase in trade and bills payables of RMB114.9 million; and (iii) income tax paid of RMB22.7 million.

In the six months ended June 30, 2025, we had net cash flows used in operating activities of RMB84.0 million, which primarily consisted of profit before tax of RMB92.9 million, adjusted for (i) non-cash and non-operating items such as amortization of other intangible assets of RMB18.6 million, write-down of inventories to net realizable value of RMB8.8 million and finance costs of RMB5.3 million; (ii) the effects of movement in working capital such as increase in inventories of RMB160.4 million and increase in prepayments, other receivables and other assets of RMB119.4 million; and (iii) income tax paid of RMB9.6 million.

Please see "Financial Information — Cash Flows Analysis" for more details.

We have adopted the following measures to improve our net operating cash position and enhance working capital efficiency: (i) increasing product sales through continuous product innovation to increase cash inflows; (2) establishing a comprehensive customer credit management policy applicable to all customers, including direct sales customers and distributors, to monitor and strengthen the collection of receivables. We conduct thorough assessment of customers before granting a credit term, including through a review of their financial condition, historical payment records, business scale and other relevant factors. This process allows us to establish an appropriate credit limit that aligns with the customer's risk profile. We also conduct ongoing monitoring of our customers' payment patterns and financial condition to proactively identify potential credit issues; (3) optimizing supplier negotiations and strategic partnerships to extend credit terms; and (4) improving procurement efficiency, including by actively monitoring the price trends of key raw materials, to lower procurement costs and reinforcing inventory management to reduce long-aged stock.

KEY FINANCIAL RATIOS

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

	As of December 31,			As of June 30,
	2022	2023	2024	2025
Current ratio[(1)]	1.59	2.57	1.95	1.87
Quick ratio[(2)]	0.98	1.73	1.40	1.28

Notes:

(1) Current ratio equals to total current assets divided by total current liabilities as of end of the respective year/period.

(2) Quick ratio equals to current assets less inventories divided by current liabilities as of the end of the respective year/period.

Please see "Financial Information — Key Financial Ratios" for more details.

RISK FACTORS

We believe there are certain risks and uncertainties involved in our operations, some of which are beyond our control. We have categorized these risks and uncertainties into: (i) risks relating to our business and industry, (ii) risks relating to doing business in jurisdictions where we operate and (iii) risks relating to the **[REDACTED]**. These risks include, among others, the following:

- New scientific and technological outcomes or trends could make our products and solutions uncompetitive and obsolete;
- If our new products and solutions fail to receive market acceptance, or if we are unable to timely develop products and solutions that meet evolving market demand, our business, financial condition, results of operation and competitive position would be materially and adversely affected;
- If we fail to manage our growth and expansion effectively, our business, financial condition and results of operations may be materially and adversely affected;
- The industry in which we operate is highly competitive. If we fail to compete against other market players, our business, financial condition and results of operations may be materially and adversely affected;

- Our products and solutions are used by end customers of multiple industries and sectors. Factors that adversely affect these industries and sectors may adversely impact our business, financial condition and results of operations;

- We have been and intend to continue investing significantly in R&D activities, which may adversely affect our profitability and operating cash flow and may not generate the results we expect to achieve;

- We may not be able to implement our growth plan and our business, financial condition and results of operations may be adversely affected;

- We may not be able to obtain or maintain adequate intellectual property rights protection for our products and solutions, or the scope of such intellectual property rights protection may not be sufficiently broad;

- We depend on the continued services and contributions of our senior management and other key employees, including senior R&D personnel and skilled engineers; and

- We may be subject to the risks associated with international trade policies, geopolitics and trade protection measures, including imposition of trade restrictions and sanctions, and our reputation, business, results of operations and financial condition could be adversely affected.

LEGAL PROCEEDINGS AND COMPLIANCE

We may, from time to time, become a party to various legal, arbitral or administrative proceedings arising in the ordinary course of our business. During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any actual or pending legal, arbitration or administrative proceedings (including any bankruptcy or receivership proceedings) that we believe would have a material adverse effect on our business, results of operations, financial condition or reputation and compliance. During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any material non-compliance incidents that have led to fines, enforcement actions, or other penalties that could, individually or in the aggregate, have a material adverse effect on our business, results of operations and financial conditions. For further details, please see "Business — Legal Proceedings and Compliance" for more details.

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, our Company was held as to (i) 39.13% by Mr. WANG Ping, and (ii) 10.03% by ZhaoGe Investment, which was ultimately controlled by Mr. WANG Ping as its general partner, representing 39.13% and 10.03% of the voting power at general meetings of our Company, respectively. For details, please see "History and Corporate Structure — Corporate Structure" in this document.

Accordingly, immediately following the completion of the **[REDACTED]** (assuming that (i) the **[REDACTED]** is not exercised; and (ii) no additional Shares are issued pursuant to our Equity Incentive Plans), Mr. WANG Ping, directly and indirectly through ZhaoGe Investment, will be entitled to exercise a total of **[REDACTED]**% of the voting power at general meetings of our Company. Upon **[REDACTED]**, each of Mr. WANG Ping and ZhaoGe Investment will together constitute a group of our Controlling Shareholders under the Listing Rules.

For further details of our corporate structure and the shareholding of our Controlling Shareholder, please see "History and Corporate Structure — Corporate Structure" and "Relationship with Our Controlling Shareholders" in this document.

OUR LISTING ON THE MAIN BOARD OF THE SHENZHEN STOCK EXCHANGE

Since June 2017, our A Shares have been listed on Main Board of the Shenzhen Stock Exchange. Our Directors confirm that, and our PRC Legal Advisor is of the view that, having made all reasonable inquiries, throughout the last two full financial years (i.e., for the two years ended December 31, 2023 and 2024) and up to the Latest Practicable Date, there had been no instances of our material non-compliance with the applicable rules of the Shenzhen Stock Exchange and other applicable PRC securities laws and regulations. To the best knowledge of our Directors, there are no material matters in relation to our compliance record on the Shenzhen Stock Exchange that should be brought to the attention of the Stock Exchange. Based on the independent due diligence conducted by the Sole Sponsor and our PRC Legal Advisor's view above, no material matter has come to the Sole Sponsor's attention that would cause it to disagree with our Directors' confirmation with regard to the compliance records of our Company on the Shenzhen Stock Exchange.

[REDACTED] STATISTICS

The statistics in the following table are based on the assumptions that (i) the **[REDACTED]** is completed and **[REDACTED]** H Shares are newly issued in the **[REDACTED]**, (ii) the **[REDACTED]** for the **[REDACTED]** is not exercised, and (iii) **[REDACTED]** A Shares are issued and outstanding following the completion of the **[REDACTED]**:

	Based on the [REDACTED] of HK$[REDACTED] per Share	Based on the [REDACTED] of HK$[REDACTED] per Share
[REDACTED] of our Shares upon the completion of the **[REDACTED]**[(1)]	HK$**[REDACTED]** million	HK$**[REDACTED]** million
[REDACTED] of our H Shares	HK$**[REDACTED]** million	HK$**[REDACTED]** million
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 **[REDACTED]** H shares and **[REDACTED]** A Shares expected to be in issue immediately following the completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised). The **[REDACTED]** of A Shares is calculated based on the closing price of the A Shares of RMB[45.22] per share and the total share capital of **[REDACTED]** A Shares expected to be in issue immediately following the completion of the **[REDACTED]**.

(2) The unaudited **[REDACTED]** adjusted consolidated net tangible assets per Share as at June 30, 2025 was calculated after making the adjustments referred to in "Appendix IIA — Unaudited **[REDACTED]** Financial Information" to this document.

DIVIDENDS

Dividend distribution to our shareholders is recognized as a liability in the period in which the dividends are approved by our shareholders or Directors, as appropriate. During the Track Record Period, we paid dividends of RMB24.8 million, RMB25.9 million, RMB25.8 million and RMB33.9 million in 2022, 2023, 2024 and the six months ended June 30, 2025, respectively. On May 19, 2025, we approved a final dividend in respect of the year ended December 31, 2024 of RMB1.30 per 10 shares, including tax. The dividend was not recognized as a liability as of December 31, 2024.

We do not have a fixed dividend distribution ratio. According to including the PRC Company Law (《中華人民共和國公司法》) and the No. 3 Guideline for the Supervision of Listed Companies — Cash Dividend Distribution of Listed Companies (2025 Revision) (《上市公司監管指引第3號 — 上市公司現金分紅(2025年修訂)》), and the Articles of Association, we are required to pay cumulative cash dividends of any three fiscal years that account for not less than 30% of our

average net profits for those three fiscal years which are available for distribution, calculated in accordance with PRC GAAP, provided that, among others, the sustainable operation and long term development of the Company will not be impacted and there is no plan for significant capital expenditure. Future profit distributions may be carried out in the form of cash dividends or stock dividends or a combination of cash dividends and stock dividends. Any proposed distribution of dividends is subject to the discretion of our Board and the approval at our Shareholders' meetings. Our Board may recommend a distribution of dividends in the future after taking into account our results of operations, financial condition, operating requirements, capital requirements, shareholders' interests and any other conditions that our Board may deem relevant.

FUTURE PLANS AND USE OF [REDACTED]

Future Plans

Please see "Business — Our Strategies" for a detailed description of our future plans.

Use of [REDACTED]

Assuming an **[REDACTED]** of HK$**[REDACTED]** per Share (being the mid-point of the **[REDACTED]** Range stated in this document), we estimate that we will receive **[REDACTED]** of approximately HK$**[REDACTED]** million (equivalent to approximately RMB**[REDACTED]** million) from the **[REDACTED]** after deducting the **[REDACTED]** and other estimated expenses paid and payable by us in connection with the **[REDACTED]** and assuming that the **[REDACTED]** is not exercised. In line with our strategies, we intend to use our **[REDACTED]** from the **[REDACTED]** for the purposes and in the amounts set forth below:

- approximately **[REDACTED]**% of the **[REDACTED]**, or HK$**[REDACTED]** million (equivalent to approximately RMB**[REDACTED]** million), is expected to be used for enhancing our R&D and innovation capabilities.

- approximately **[REDACTED]**% of the **[REDACTED]**, or HK$**[REDACTED]** million (equivalent to approximately RMB**[REDACTED]** million), is expected to be used for expanding our overseas sales network and promoting our products in overseas markets.

- approximately **[REDACTED]**% of the **[REDACTED]**, or HK$**[REDACTED]** million (equivalent to approximately RMB**[REDACTED]** million), is expected to be used for strategic investments and/or acquisition to achieve our long-term growth strategies.

- approximately **[REDACTED]**% of the **[REDACTED]**, or HK$**[REDACTED]** million (equivalent to approximately RMB**[REDACTED]** million), is expected to be allocated for the repayment of certain interest-bearing bank borrowings.

- approximately **[REDACTED]**% of the **[REDACTED]**, or HK$**[REDACTED]** million (equivalent to approximately RMB**[REDACTED]** million), is expected to be used for working capital and general corporate uses.

For details, please see "Future Plans and Use of **[REDACTED]**."

[REDACTED]

Our **[REDACTED]** mainly include (i) **[REDACTED]**-related expenses, such as **[REDACTED]** fees and **[REDACTED]**, and (ii) non-**[REDACTED]**-related expenses, comprising professional fees paid to our legal advisors and Reporting Accountants for their services rendered in relation to the **[REDACTED]** and the **[REDACTED]**, and other fees and expenses. Assuming full payment of the discretionary incentive fee, the estimated total **[REDACTED]** (based on the mid-point of the **[REDACTED]** Range and assuming that the **[REDACTED]** is not exercised) for the **[REDACTED]** are approximately HK$**[REDACTED]** million, accounting for approximately of **[REDACTED]**% of our gross **[REDACTED]**. Among such estimated total **[REDACTED]**, we expect to pay **[REDACTED]**-related expenses of HK$**[REDACTED]** million, professional fees for our legal advisors and Reporting Accountants of HK$**[REDACTED]** million and other fees and expenses of HK$**[REDACTED]** million. An estimated amount of HK**[REDACTED]** million for our **[REDACTED]**, accounting for approximately **[REDACTED]**% of our gross **[REDACTED]**, was or is expected to be expensed through the statement of profit or loss and other comprehensive income and the remaining amount of HK$**[REDACTED]** million is expected to be recognized directly as a deduction from equity upon the **[REDACTED]**. As of June 30, 2025, **[REDACTED]** in an aggregate of RMB**[REDACTED]** million were incurred and charged to our consolidated statement of profit or loss, and RMB**[REDACTED]** million will be deducted from equity upon the **[REDACTED]**.

IMPACT OF THE COIVD-19 PANDEMIC

The outbreak of the COVID-19 pandemic introduced significant global challenges, impacting economies worldwide since 2020. These challenges included travel restrictions, quarantine measures, and shifts in working arrangements. While these restrictions temporarily disrupted sectors of the global economy, our Directors are of the view that the COVID-19 pandemic did not have any material adverse impact on our business operations and financial condition. See "Business — Impact of the COVID-19 Pandemic" for details.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Our business operations continued to expand subsequent to the Track Record Period. In particular, we continued to experience strong growth in the overseas market, especially in terms of smart modules and solutions, as well as 5G MBB/FWA products. In addition, we continued to launch new and innovative products and solutions catered to a diverse range of applications in general IoT, ICV and wireless broadband sectors.

No Material Adverse Change

Our Directors have confirmed that, up to the date of this document, there has been no material adverse change in our financial or trading position or prospects since June 30, 2025, being the end date of our latest audited financial statements, and there has been no event since June 30, 2025 that would materially affect the information shown in the Accountants' Report set out in Appendix I to this document.

Recent U.S.-China Tariff Policies

Recent complexities in international relations and geopolitical tensions between the United States and China have presented new challenges. For example, in April 2025, the U.S. government announced substantial new tariffs affecting a wide range of products and jurisdictions and has indicated an intention to continue developing new trade policies. In response, certain other governments announced or implemented retaliatory tariffs and other protectionist measures. In May 2025, China and the U.S. made announcement on a joint statement to substantially move down the tariff levels. On June 11, 2025, U.S. President Donald Trump announced that a trade deal was reached between the U.S. and China. On August 11, the U.S. government and China further agreed to extend the suspension of the 24% reciprocal tariff, originally set to expire on August 12, for an additional 90 days until November 10, 2025. On November 1, 2025, the U.S. government announced that it would maintain the suspension of heightened reciprocal tariffs on Chinese imports until November 10, 2026, while the currently 10% reciprocal tariff will remain in effect during this suspension period.

We do not expect the recent developments of U.S. tariffs on imports from China would have a material adverse effect on our business and financial conditions, because revenue from the U.S. did not constitute a material proportion. In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, approximately 4.6%, 3.4%, 7.6%, 3.6% and 6.5% of our total revenue generated from the U.S.

We do not expect the recent developments of Chinese tariffs on imports from the U.S. would have a material adverse effect on our business and financial conditions because:

(i) Although we procured and imported some of our raw materials directly from the U.S., the procurement amount constituted an insignificant portion of our total raw material procurement during the Track Record Period; and

(ii) Although our largest supplier during each year/period in the Track Record Period is a subsidiary of a semiconductor company in the U.S., it is based in Singapore and supplied its products to us from outside the U.S., unaffected by the recent developments of Chinese tariffs on imports from the U.S.

As of the date of this document, the above-mentioned tariff policies might remain subject to further adjustments. Please see "Risk Factors — Risks Relating to Our Business and Industry — We may be subject to the risks associated with international trade policies, geopolitics and trade protection measures, including imposition of trade restrictions and sanctions, and our reputation, business, results of operations and financial condition could be adversely affected" for details.

DEFINITIONS

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

"2020 Equity Incentive Plans"	Our equity incentive plans comprising our 2020 stock option incentive plan and 2020 restricted share incentive plan, each with a term of four years, which was adopted and approved by our Shareholders on July 3, 2020
"2024 Stock Option Incentive Plan"	Our share option incentive plan approved by our Shareholders on June 17, 2024, the principal terms of which are set out in "Statutory and General Information — D. 2024 Equity Incentive Plans" in Appendix VI to this document
"2024 Restricted Share Incentive Plan"	Our share option incentive plan approved by our Shareholders on June 17, 2024, the principal terms of which are set out in "Statutory and General Information — D. 2024 Equity Incentive Plans" in Appendix VI to this document
"2024 Equity Incentive Plans"	Our equity incentive plans comprising 2024 Stock Option Incentive Plan and 2024 Restricted Share Incentive Plan
"A Share(s)"	ordinary share(s) issued by our Company, with a nominal value of RMB1.00 each, which are traded in Renminbi and listed on the Shenzhen Stock Exchange
"A Shareholder(s)"	holder(s) of our A Share(s)
"Accountants' Report"	the accountants' report of our Company for the Track Record Period, as included in Appendix I to this document
"AFRC"	Accounting and Financial Reporting Council of Hong Kong
"Articles of Association" or "Articles"	the articles of association of our Company, conditionally adopted on June 5, 2025 with effect from the **[REDACTED]**, as amended, supplemented, or otherwise modified 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"	the Company's board of Directors
"business day"	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are generally open for normal banking business

[REDACTED]

"China", "Mainland China" or "PRC"	the People's Republic of China excluding, for the purposes of this document, Hong Kong, Macao and Taiwan, China
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong)
"Company," "our Company," "we," "our" or "us"	MeiG Smart Technology Co., Ltd. (美格智能技術股份有限公司) (formerly known as Shenzhen Forge Electronics Co. Ltd. (深圳市方格電子有限公司) and Shenzhen Forge Precision Components Co., Ltd. (深圳市方格精密器件有限公司)), a company established under the laws of the PRC with limited liability on April 5, 2007 and converted into a joint stock company with limited liability on May 14, 2015, whose A Shares have been listed on the Shenzhen Stock Exchange (002881.SZ)
"Controlling Shareholder(s)"	has the meaning given to it under the Listing Rules and, unless the context otherwise requires, refers to the person(s) named in "Relationship with Our Controlling Shareholders" in this document

"CSRC"	the 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税法》), as amended, supplemented or otherwise modified from time to time
"Extreme Conditions"	extreme conditions caused by a super typhoon as announced by the government of Hong Kong

[REDACTED]

"Forge International"	Forge International Co., Ltd. (方格國際有限公司), a limited company incorporated under the laws of Hong Kong on December 16, 2014, and our direct wholly-owned subsidiary
"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., our industry consultant
"F&S Report"	the industry report commissioned by us and independently prepared by Frost & Sullivan, a summary of which is set forth in "Industry Overview"

[REDACTED]

"Group," "our Group," "we," "our" or "us"	our Company and our subsidiaries (or our Company and any one or more of our subsidiaries, as the content may require), or where the context so requires, in respect of the periods before our Company became the holding company of our present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
"H Share(s)"	overseas listed foreign shares in the share capital of our Company, with a nominal value of RMB1.00 each, which are to be **[REDACTED]** for and **[REDACTED]** in Hong Kong dollars and **[REDACTED]** on the Stock Exchange
"H Shareholder(s)"	holder(s) of our H Share(s)

[REDACTED]

[REDACTED]

"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Hong Kong dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong

[REDACTED]

"IFRS"	International Financial Reporting Standards, as issued by the International Accounting Standards Board
"Independent Third Party(ies)"	person(s) or company(ies) who/which, to the best of our Directors' knowledge, information and belief, is/are not a connected person of our Company

[REDACTED]

[REDACTED]

"Latest Practicable Date"	[December 10], 2025, being the latest practicable date for the purpose of ascertaining certain information in this document prior to its publication

[REDACTED]

"Listing Committee"	the Listing Committee of the Stock Exchange

[REDACTED]

"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with GEM of the Stock Exchange
"MeiG Zhilian"	Shenzhen MeiG Zhilian Information Technology Co., Ltd. (深圳市美格智聯信息技術有限公司), a limited liability company established under the laws of the PRC on October 15, 2018, and our direct wholly-owned subsidiary
"MeiG Investment"	Shenzhen MeiG Smart Investment Entrepreneur Investment Co., Ltd. (深圳市美格智投創業投資有限公司), a limited liability company established under the laws of the PRC on December 31, 2019, and our direct wholly-owned subsidiary
"Nomination Committee"	the nomination committee of the Board

[REDACTED]

[REDACTED]

"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"PRC Company Law"	the Company Law of the PRC (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time
"PRC Legal Advisor"	Han Kun Law Offices, our legal advisor as to PRC laws
"PRC Securities Law"	the Securities Law of the PRC (中華人民共和國證券法), as amended, supplemented or otherwise modified from time to time

[REDACTED]

"QIB"	a qualified institutional buyer within the meaning of Rule 144A
"Regulation S"	Regulation S under the U.S. Securities Act
"Remuneration and Appraisal Committee"	the remuneration and appraisal committee of the Board
"Renminbi" or "RMB"	Renminbi, the lawful currency of China
"Rule 144A"	Rule 144A under the U.S. Securities Act

"SAFE"	the State Administration for 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)
"SASAC"	the State-owned Assets Supervision and Administration Commission of the State Council of the PRC (中華人民共和國國務院國有資產監督管理委員會)
"SAT"	the State Administration of Taxation of the PRC (中華人民共和國國家税務總局)
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Shanghai Meixiao"	Shanghai Meixiao Intelligent Information Technology Co., Ltd. (上海美驍智能信息技術有限公司), a limited liability company established under the laws of the PRC on August 15, 2023, and our direct wholly-owned subsidiary
"Share(s)"	ordinary share(s) in the capital of our Company with a nominal value of RMB1.00 each, comprising A Shares and H Shares
"Shareholder(s)"	holder(s) of our Share(s)
"Sole Sponsor"	the sole sponsor as 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"	The Stock Exchange of Hong Kong Limited
"Strategy Committee"	the strategy committee of the Board

"Takeovers Code"	the Code on Takeovers and Mergers issued by the SFC
"Track Record Period"	the three years ended December 31, 2024 and the six months ended June 30, 2025
"U.S. dollars" or "US$"	United States dollars, the lawful currency of the United States
"U.S. Securities Act"	United States Securities Act of 1933 and the rules and regulations promulgated thereunder

[REDACTED]

"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"VAT"	value-added tax

[REDACTED]

"Xi'an ZhaoGe"	Xi'an ZhaoGe Electronics Information Technology Co., Ltd. (西安兆格電子信息技術有限公司), a limited liability company established under the laws of the PRC on October 23, 2014, and our direct wholly-owned subsidiary
"ZhaoGe Investment"	Shanghai ZhaoGe Enterprise Management Center (Limited Partnership) (上海兆格企業管理中心(有限合夥), whose former name is Shenzhen ZhaoGe Investment Enterprise (Limited Partnership) (深圳市兆格投資企業(有限合夥), a limited partnership established under the laws of PRC on June 17, 2014, and one of our Controlling Shareholders

"ZhongGe Nantong"	ZhongGe Smart Technology (Nantong) Co., Ltd. (众格智能技術(南通)有限公司), a limited liability company established under the laws of the PRC on June 18, 2024, and our direct wholly-owned subsidiary
"ZhongGe Shanghai"	ZhongGe Smart Technology (Shanghai) Co., Ltd. (众格智能科技(上海)有限公司), a limited liability company established under the laws of the PRC on March 23, 2018, and our direct wholly-owned subsidiary
"%"	percent

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

For ease of reference, the names of the PRC established companies or entities, laws or regulations 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.

GLOSSARY OF TECHNICAL TERMS

Unless the context otherwise requires, explanations and definitions of certain terms used in this document in connection with our Company and our business shall have the meanings set out below. The terms and their meanings may not always correspond to standard industry meaning or usage of these terms.

"AI"	artificial intelligence
"AI agent"	a software entity that perceives its environment, processes information, and takes actions to achieve specific goals autonomously
"AR"	augmented reality, technology that overlays digital information, such as images, sounds and other data, onto the real-world environment in real-time, enhancing the user's perception and interaction with the surroundings
"baseband"	the signal processing unit in wireless devices that handles encoding, decoding, modulation, and demodulation.
"Bluetooth"	a short-range wireless technology standard for data exchange between fixed and mobiles devices over short distances
"cloud-edge-device architecture"	integrates cloud computing, edge computing, and device-level intelligence to optimize the deployment and execution of AI tasks and data processing across different layers of the network
"CO_2e"	carbon dioxide equivalent
"CPE"	customer premises equipment, end-user devices like routers or gateways that connect households or businesses to the telecom network
"CPU"	central processing unit, the general-purpose processor that fetches, decodes and executes program instructions, orchestrating virtually all computational tasks in a computer system
"DB"	Database

GLOSSARY OF TECHNICAL TERMS

"DDR"	double data rate, an industry standard for synchronous dynamic random-access memory products introduced by the Joint Electron Device Engineering Council Solid State Technology Association
"digital energy"	Use of digital technologies to manage and optimize energy systems for cleaner, more efficient and sustainable operations
"DMS"	driver monitoring system, a vehicle safety system to assess the driver's alertness and warn the driver if needed and eventually apply the brakes
"edge intelligence"	the deployment of AI models and processing capabilities at the network edge, close to data sources, enabling real-time analytics, reduced bandwidth consumption, and decentralized decision-making
"edge servers"	computing nodes located at the edge of networks, designed to process, store, and manage data near the source, supporting latency-sensitive applications
"embodied AI"	AI systems embedded in physical agents, enabling them to perceive, interact with, and learn from the physical environment through real-time sensorimotor integration
"EMS"	electronic manufacturing service, an accepted term for a contract manufacturer in the electronics industry
"FWA"	fixed wireless access, a broadband internet service that uses wireless networks to get internet access to fixed locations
"Gbps"	gigabit per second, a unit of data transfer rate digital commonly used to measure data transfer speed
"general IoT"	general internal of things, covering IoT in various scenarios, such as smart retail, logistics, sharing economy, consumer and industrial IoT
"generative AI"	a branch of artificial intelligence that focuses on generating new and original content

GLOSSARY OF TECHNICAL TERMS

"GHG"	greenhouse gas
"GNSS"	global navigation satellite system
"GPS"	global positioning system
"GPU"	graphics processing unit, a specialized electronic circuit designed to manipulate and alter memory to accelerate the creation of images in a frame buffer intended for output to a display device
"IATF"	International Automotive Task Force, a coalition of automotive manufacturers and trade associations dedicated to establishing global quality standards for the automotive industry
"IATF 16949"	international technical specification of automotive industry quality management system, which prepared by IATF and ISO
"ICV"	Intelligent Connected Vehicle, vehicles equipped with advanced sensing, communication, and processing capabilities to enable smart and connected driving features
"intelligent integration platforms"	Wireless communication modules combining connectivity with local AI computing, edge processing, protocol control and system management
"IoT"	internet of things, a network of interconnected devices that communicate and exchange data with each other over the internet
"ISO"	the International Organization for Standardization, an independent, non-governmental organization that develops and publishes international standards
"ISO 14001"	Environmental Management Systems — Requirements with Guidance for Use, a standard for environmental management systems published by the ISO

GLOSSARY OF TECHNICAL TERMS

"ISO 45001"	Occupational Health and Safety Management System — Requirements with Guidance for Use, an international standard for occupational health and safety management systems
"ISO 9001"	Quality Management Systems — Requirements, an international standard on quality management systems developed by the ISO
"lightweight applications"	Smart modules with AI computing power below 8 TOPS for scenarios with limited processing, low data throughput and low energy consumption
"LMM"	large multimodal model — a type of AI model capable of processing and understanding multiple data modalities, such as text, images, audio and video
"local light intelligence"	Basic AI capabilities built directly into devices, allowing them to make simple judgments or actions without relying on cloud processing
"MBB"	mobile broadband, refers to wireless Internet access via mobile networks, such as a portable modem, wireless modem smart phone or other mobile device
"Mi-Fi"	mobile Wi-Fi, a wireless router that acts as a mobile Wi-Fi hotspot device
"mmWave"	millimeter wave, electromagnetic waves with frequencies between 30 GHz and 300 GHz used for high-speed data transmission in 5G networks and other technologies om the context of wireless communication
"MSDS"	Material Safety Data Sheet, is a document that provides detailed information on the properties of a chemical substance, including its hazards and handling requirements, to ensure safe use in the supply chain
"MWh"	megawatt-hour, a measure of energy used to quantify how much electricity is consumed or generated within a one-hour period

"NFC"	near-field communication, a set of communication protocols that enables two electronic devices or one electronic device and an NFC tag to communicate with each other
"NPU"	neural processing unit, a microprocessor that specializes in the acceleration of machine learning algorithms, typically by operating on predictive models such as artificial neural networks or random forests
"NR"	new radio, the radio access technology developed for 5G mobile networks and the global standard for the air interface in 5G networks
"OEM"	original equipment manufacturer, a company that uses its brand advantages, core technologies and sales channels to have products produced by a manufacturer with production capabilities and then sells them to the market
"on-device intelligence"	denotes AI computing capabilities integrated directly into end devices, allowing local execution of machine learning inference tasks without reliance on cloud resources, thereby reducing latency and enhancing data privacy
"PCB"	printed circuit board, a medium used to connect or wire components to one another in a circuit
"PCBA"	printed circuit board assembly, a completed PCB assembly that contains electronic components, or the process of assembling electronic components on to a PCB
"PDA"	personal digital assistant, a multi-purpose mobile device which functions as a personal information manager
"physical carriers"	tangible hardware entities or intelligent terminals in which AI models are embedded, enabling artificial intelligence to interact with the physical world
"POS"	point of sale

"REACH Declaration"	refers to a supplier's statement of compliance with the EU's Registration, Evaluation, Authorization and Restriction of Chemicals REACH regulation, which addresses the production and use of chemical substances and their impacts on human health and the environment
"RedCap"	reduced capability, a new 5G device category with lower complexity, lower cost, lower power consumption and moderate data rates commonly used in the IoT industry
"RF"	radio frequency, refers to the electronic components and circuits used to generate, amplify, transmit, and receive radio signals in wireless communication systems
"RoHS"	Restriction of Hazardous Substances Directive, is an EU directive that restricts the use of specific hazardous materials found in electrical and electronic products
"ROW"	rest of world
"smart city"	An urban area that uses IoT and data technologies to improve city services and residents' quality of life
"smart module(s)"	module(s) that incorporates smart technologies
"smart retail"	A retail model that uses IoT, big data and AI to enable precision marketing, intelligent supply chain management and seamless shopping experiences
"smart technology"	in the context of wireless communication modules, refers to technologies such as smart operating systems such as Android and features such as multi-media, multi-camera and multi-display
"SoC"	system-on-chips, an integrated circuit that integrates most or all components of a computer or other electronic system
"Sub-6"	sub-6 GHz, referring to radio frequency bands below six gigahertz that are used for wireless communication that provides faster speed than lower frequency bands and wider range coverage than higher frequency bands

GLOSSARY OF TECHNICAL TERMS

"T-Box"	telematics-box, an on-board communication and control unit in vehicles that links the vehicle to external networks such as the cloud, mobile apps and emergency services
"TDD"	time division duplex, a wireless communication technology that allows for the transmission of both upstream and downstream data on the same frequency channel, using different time slots
"TOPS"	tera operations per second, a metric used to measure the computational performance of hardware
"3GPP"	the 3rd Generation Partnership Project, an umbrella term for a number of standards organizations which develop protocols for mobile telecommunications
"VR"	virtual reality, a technology that creates a simulated, immersive environment, allowing users to interact with and experience a computer-generated world as if it were real, typically through the use of specialized headsets and sensors
"Wi-Fi"	a wireless networking technology that uses radio waves to provide wireless Internet access
"Wi-Fi 6"	The latest generation of Wi-Fi standard
"Wi-Fi 7"	an upcoming wireless networking standard that offers higher speeds and better performance in dense environments that is still under development and not widely available over previous Wi-Fi generations
"2G"	second generation wireless mobile telecommunications technology
"3G"	third generation wireless mobile telecommunications technology
"4G"	fourth generation wireless mobile telecommunications technology

GLOSSARY OF TECHNICAL TERMS

"5G"	fifth generation wireless mobile telecommunications technology
"5G RedCap"	a 5G communication standard designed for medium-speed IoT application. It retains key features of 5G broadband while reducing complexity, power consumption and cost
"5G-A"	5G-Advanced, an enhanced version of 5G that builds upon the existing 5G with improved performance and efficiency such as faster speed, lower latency and greater capacity
"6G"	sixth generation wireless mobile telecommunications technology, an upcoming generation that is expected to offer higher performance than current 5G networks
"5G NR Sub-6"	a 5G technology operating in frequency bands below 6 GHz. It offers a good balance of coverage and speed, ideal for widespread 5G deployment

FORWARD-LOOKING STATEMENTS

This document contains certain forward-looking statements and information relating to our Company and its 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," "ought to," "plan," "project," "seek," "should," "target," "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 business prospects;
- future developments, trends and conditions in the industry and markets in which we operate or into which we intend to expand;
- our business and operating strategies and plans to achieve these strategies;
- general economic, political and business conditions in the markets in which we operate;
- changes to the regulatory environment, operating conditions and general outlook in the industry and geographical markets in which we operate;
- the effects of the global financial markets and economic crisis;
- our financial condition and performance;
- our ability to reduce costs;
- our dividend policy;
- the amount and nature of, and potential for, future development of our business;
- capital market developments;
- the actions and developments of our competitors; and

- change or volatility in interest rates, foreign exchange rates, equity prices, volumes, operations, margins, risk management and overall market trends.

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, you should not place undue reliance on any forward-looking information.

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

All forward-looking statements in this document are qualified by reference to the cautionary statements in this section.

An **[REDACTED]** *in our H Shares involves significant risks. You should carefully consider all of the information in this document, including the risks and uncertainties described below, before making an* **[REDACTED]** *in our H Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material and adverse effect on our business, financial condition and results of operations. In any such case, the market price of our H Shares could decline, and you may lose all or part of your* **[REDACTED]**.

These factors are contingencies that may or may not occur and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in "Forward-looking Statements" in this document.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

New scientific and technological outcomes or trends could make our products and solutions uncompetitive and obsolete.

Our success depends on our ability to develop and integrate our technologies to support our products and solutions. To remain competitive, we must maintain and enhance our technologies to meet the latest downstream market needs, technological advancement and industry standards. However, our R&D activities may involve significant time, risks and uncertainties. For example, our R&D team may not be able to coordinate and manage the R&D projects, the expenses associated with these activities may affect our profit margins and operating results and these activities may not generate sufficient revenue to offset related liabilities and expenses. Moreover, our products and solutions are used in a variety of application sectors primarily including general IoT, ICV and wireless broadband. Technological advancement and new industry standards in these downstream industries may affect the application requirements of our end customers and their products and solutions. If we fail to develop new products and solutions or refine our technologies to match the different or additional requirements of our end customers, the sale of our products may decrease, and our business, financial condition and results of operation may be adversely affected.

If our new products and solutions fail to receive market acceptance, or if we are unable to timely develop products and solutions that meet evolving market demand, our business, financial condition, results of operation and competitive position would be materially and adversely affected.

Our success depends on our ability to meet customer expectations and increase the sale of our products and solutions to our customers. If we cannot offer products and solutions that cater to our customers' evolving demand, or if our competitors are able to offer products and solutions with more competitive quality and parameters, our ability to retain our customers may be adversely affected. We cannot assure you that new products and solutions would receive market acceptance as we expected, or generate profits within our expected timeframe. The success and profitability of our new products and solutions are subject to various factors such as market demand, macroeconomic conditions and the pace of technical advancements, which we may not estimate accurately.

In addition, we may not be able to maintain our relationship with customers due to factors beyond our control, including, but not limited to, changes in the customers' business model, the availability of comparable products and solutions from competitors at a lower price and shifts in the macroeconomic condition. Any adverse development in these respects may adversely affect our customer base, and in turn affect our business, financial condition, results of operations and prospects.

Further, our ability to increase the sale of our products and solutions depends on our ability to effectively market our products and solutions, respond to customer requests properly and offer appropriate after-sale services. In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, our selling and marketing expenses were RMB46.4 million, RMB63.8 million, RMB59.2 million, RMB28.1 million and RMB28.8 million, respectively, accounting for 2.0%, 3.0%, 2.0%, 2.1% and 1.5% of our total revenue for the respective periods. If we fail to conduct or enhance our sales and marketing activities in a cost-effective manner, we may incur considerable selling and marketing expenses. Our brand promotion and marketing activities may not be well received by customers and may not generate any anticipated increase in sales. We may not generate sufficient revenue to offset the increase in selling and marketing expenses. As a result, our business, financial condition and results of operations may be adversely affected.

If we fail to manage our growth and expansion effectively, our business, financial condition and results of operations may be materially and adversely affected.

We may not be able to continue growing at the same rate as we did during the Track Record Period or at all. Our results of operations depend to a large extent on our ability to execute our growth plan and manage our expansion and growth successfully. The successful growth of our business depends on our ability to:

- launch products and solutions that meet customer expectation;
- develop and integrate our core technologies;
- secure a stable supply of key raw materials at a reasonable cost;
- manage our EMS providers who provide manufacturing services for us;
- maintain and expand our sales network;
- enhance our talent management and recruit additional key personnel;
- monitor and control expenses and investments in anticipation of expanded operations;
- improve our operational, financial and management internal control, compliance programs and reporting systems; and
- address new market opportunities and potentially unforeseen challenges as they arise.

In addition, our future growth may be affected by factors beyond our control. Such factors include changes in the macroeconomic condition in China and globally, changes in the competitive landscape of the industries in which we operate, government regulations, international geopolitical situation and changes in supply and demand for our products and solutions, among others.

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

The wireless communication module industry in which we operate is highly competitive. According to Frost & Sullivan, although leading enterprises dominate in terms of scale and revenue, the diversity of enterprises at various levels ensures continuous technological progress and a vibrant competitive environment. In 2024, the competitive landscape in global wireless

communication module market was relatively concentrated, with the five largest manufacturers accounting for 76.8% of the market share in total. We primarily compete with other companies that focus on developing and commercializing similar products and solutions. If we compete with players that offer competitive products and solutions at lower prices, or if we do not have or in the future fail to gain more financial resources and sophisticated technological capabilities and broader customer base and relationships than our competitors, we may not be able to respond as quickly and effectively to new opportunities, technologies, industry standards, customer demand or regulatory requirements as our competitors.

We may also face competition from new entrants who may offer competitive products and solutions at lower prices. Such new entrants may increase industry competition and adversely impact the sales, price and profit margins of our products and solutions and our market share. Further, we may be required to make substantial additional investments in research, development, marketing and sales, recruiting and retaining talents, and acquiring technologies complementary to, or necessary for, our current and future products and solutions in order to respond to such potential competitions, and we cannot assure you that such measures will be effective.

If we are unable to compete successfully, or if competing successfully requires us to take costly actions in response to the actions of our competitors, our business, financial condition and results of operations may be materially and adversely affected.

Our products and solutions are used by end customers of multiple industries and sectors. Factors that adversely affect these industries and sectors may adversely impact our business, financial condition and results of operations.

Our products and solutions are primarily offered to downstream end customers of multiple industries, primarily including general IoT, ICV and wireless broadband. Factors that adversely affect these industries could also materially and adversely affect our business, financial condition, results of operations and prospects. These factors include, among others:

- a decline in demand for, or negative perception of, or publicity about, our products and solutions in these industries;

- the reduction or elimination of preferential tax treatments, economic incentives and other favorable government policies on our downstream end customers;

- regulatory restrictions, trade disputes, industry-specific quotas, tariffs, non-tariff barriers and taxes that may have the effect of limiting exports of these industries from China;

- a downturn in general economic conditions of major countries and regions that import our products and solutions; and

- the macroeconomic condition which affects the consumption habits of end consumers.

Any decrease in the demand for our products and solutions in the downstream industries would result in a decrease in customer orders for our products and solutions. Even if the downstream demand increases, we may not be able to identify and capitalize on the market opportunities. If we fail to anticipate or adjust to any shifts in industry standards or technological advancement in these downstream industries, our products and solutions may not be able to compete effectively. Additionally, shifts in industry standards or technological advancement in these downstream industries may also reduce the application of our products and solutions, or even render them obsolete. As a result, if we fail to adjust to changes in the market condition of our downstream industries, our business, financial condition, results of operations and prospects will be adversely affected.

We have been and intend to continue investing significantly in R&D activities, which may adversely affect our profitability and operating cash flow and may not generate the results we expect to achieve.

We invest in R&D activities to develop and introduce new and enhanced products and solutions. In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, our R&D expenses were RMB185.9 million, RMB213.9 million, RMB208.1 million, RMB95.2 million and RMB95.9 million, respectively, accounting for 8.1%, 10.0%, 7.1%, 7.3% and 5.1% of our total revenue for the respective periods. The industry in which we operate is subject to rapid technological innovations. To expand our product portfolio and to remain competitive in the industry, we need to continue investing significant resources in R&D activities. As a result, we may continue to incur significant R&D expenses in the future.

However, we cannot guarantee that our efforts will be successful or deliver the effects, functions or benefits we expect. R&D activities are inherently uncertain. We may not be able to obtain sufficient resources, including qualified R&D personnel and R&D equipment to support the R&D of new or enhanced products and solutions. Even if we succeed in our R&D efforts and generate the results we expect, we may still encounter practical difficulties in commercializing our R&D outcomes. R&D activities are time-consuming and by the time our products and solutions are due for commercialization, new technologies could render our products and solutions obsolete, in which case we may not be able to recover related R&D expenses, which could result in a decline in our revenue, profitability and market share.

Even if our R&D efforts successfully result in the development and commercialization of new products and solutions, these efforts may not contribute to our future results of operations within our expected timeframe, or at all. The success and profitability of our new products and solutions are subject to various factors such as market demand, macroeconomic conditions or the pace of technological advancement, which are beyond our control. Therefore, the contributions from our R&D efforts may not meet our expectations or even cover the costs of such efforts, which would materially and adversely affect our business, financial condition, results of operations and competition position.

We may not be able to implement our growth plan and our business, financial condition and results of operations may be adversely affected.

We plan to continue investing in R&D to drive product iteration and industry expansion, build and strengthen global sales and supply chain networks to accelerate international expansion and expand along the industry value chain and pursue strategic mergers and acquisitions to create new growth opportunities. For details, please see "Business — Our Strategies." The success of our business initiatives and strategies depends on various factors, such as economic condition, market condition, competition, regulatory requirements, technological advancement and customer preferences. These factors may be difficult to predict or control. If they do not develop as we expect, our business initiatives and strategies may not be successful in enhancing our business as anticipated.

In addition, the execution of these plans may require significant investment of capital and other resources and management attention, and we may face challenges in implementing them effectively or within the expected time frame. As a result, we may experience delays, cost overruns or other obstacles that may limit our ability to realize the full benefits of these initiatives. If we are unable to successfully execute our business initiatives and strategies, or if the benefits we realize are less than we estimate, our business, financial condition and results of operations may be adversely affected.

We may not be able to obtain or maintain adequate intellectual property rights protection for our products and solutions, or the scope of such intellectual property rights protection may not be sufficiently broad.

Our success depends in a large part on our ability to protect our proprietary technology as well as our products and solutions from competition by obtaining, maintaining and enforcing our intellectual property rights, including patent rights. We have been protecting the proprietary technologies that we consider commercially important by, among others, filing patent applications in China and other jurisdictions. As of June 30, 2025, we had 293 granted patents in China, including nine invention-related patents. As of the same date, we had 94 copyrights and 10

registered trademarks in China. The intellectual property application process may be expensive and time-consuming, and we may not be able to file and prosecute all necessary or desirable intellectual property applications at a reasonable cost or in a timely manner, if at all. In addition, we may fail to identify patentable aspects of our R&D outputs before it is too late to obtain patent protection. As a result, we may not be able to prevent competitors from developing and commercializing competitive products and solutions in any or all such fields.

Even if we have identified, filed and prosecuted our intellectual property applications, approvals may not be granted or our intellectual property may be invalidated for multiple reasons, including known or unknown prior deficiencies in the intellectual property application or the lack of novelty of the underlying technology. As such, we cannot assure you that we will be able to discern the scope of the intellectual property protection or obtain adequate intellectual property protection with respect to our products and solutions.

Even if our intellectual property applications are approved, they may not be approved in a form that will provide us with any meaningful protection from competition or with any competitive advantage. For instance, our competitors may be able to circumvent our patents by developing similar or alternative technologies, products or solutions in a non-infringing manner. The issuance of a patent is not conclusive as to its inventor, scope, validity or enforceability, and our patents may be challenged in the courts or patent offices in China and other jurisdictions. Further, the life of a patent and the protection it affords is limited. For example, in China, invention patents and utility model patents are valid for 20 years and 10 years from the date of application, respectively. If we fail to extend the life of our patents, we may face competition for any approved products and solutions even if we successfully obtain patent protection once the patent life has expired for the product.

We depend on the continued services and contributions of our senior management and other key employees, including senior R&D personnel and skilled engineers.

Our continued success depends and will continue to depend to a significant extent on our efforts and abilities to retain the key members of our management team, and to make sure each of them is and will continue to be actively engaged in our management and our strategic planning. Our future performance will also depend on their continuing services contributions to formulate and execute our business plan and to identify and pursue new opportunities. The loss of services of any of these individuals, or the ineffective management of any leadership transitions, could significantly delay or prevent the achievement of our development and strategic objectives, which could adversely affect our business, financial condition, results of operations and prospects.

In addition, our success depends on our ability to attract and retain a large number of other qualified employees, especially senior R&D personnel and skilled engineers. In particular, we rely on our R&D team to develop our core technologies and new products and solutions. In order to compete for talent, we may need to offer higher compensation, better training, more attractive career opportunities and other benefits to our employees, which may be costly. We cannot assure you that we will be able to attract, assimilate, develop or retain the qualified personnel necessary to support our future growth. Even if we attract and retain qualified personnel, our ability to train and integrate new employees into our operations may not meet the demands of our growing business. Furthermore, any disputes between us and our employees or any labor-related regulatory or legal proceedings may divert management and financial resources, negatively affect staff morale, reduce our productivity, or harm our reputation and future recruiting efforts. Any of the above issues related to our workforce may materially and adversely affect our business, financial condition, results of operations and future growth.

We may be subject to the risks associated with international trade policies, geopolitics and trade protection measures, including imposition of trade restrictions and sanctions, and our reputation, business, results of operations and financial condition could be adversely affected.

Our operations are subject to deterioration in the political and economic relations among countries and sanctions and export controls administered by government authorities in the countries in which we operate, and other geopolitical challenges, including, but not limited to, economic and labor conditions, increased custom duties, tariffs, taxes and other costs and political instability.

In particular, the U.S. government imposed economic and trade sanctions directly or indirectly affecting China-based technology companies. It is possible that the extent and scope of such sanctions may escalate. There is no assurance as to how the U.S.-China trade tensions might develop or whether there will be any changes to the scope and extent of goods that are or will be subject to such export controls, sanctions, tariffs, or new trade policies introduced by the two countries. We cannot predict the implications of the ongoing U.S.-China trade tensions and the resulting impact on our industry and the global economy.

Recent trade tensions, such as the ongoing U.S.-China trade dispute, have led to tariffs, export controls and other restrictive measures targeting high-technology goods, semiconductors and electronics. On February 1, 2025, the U.S. government announced a 10% tariff on all imports from China (including Hong Kong SAR), citing issues related to fentanyl and other illegal substances, effective February 4, 2025. China responded by imposing a 15% tariff on certain imported originating from the United States, among other measures. On March 3, 2025, the U.S. further imposed a 10% tariff on all imports from China (including the Hong Kong SAR), thereby increasing the U.S. tariff rate on all imports from China (including the Hong Kong SAR) to 20%,

effective March 4, 2025. On April 2, 2025, the U.S. government issued an Executive Order, which imposed a 10% baseline tariff on all imports from all U.S. trade partners, effective on April 5, 2025, and individualized higher reciprocal tariffs to certain countries — including 34% on Chinese goods (including the Hong Kong SAR), effective on April 9, 2025, to counter persistent U.S. trade deficits.

On April 8, 2025, such reciprocal tariffs on Chinese goods were increased from 34% to 84%. On April 9, 2025, the U.S. government introduced a 90-day pause on tariff increases for over 75 countries, excluding China. The U.S. government further amended the reciprocal tariffs to China (including the Hong Kong SAR) again to 125%.

On May 12, 2025, the United States and the People's Republic of China issued a joint statement following their economic and trade discussions in Geneva. Both the United States and China agreed to a temporary 90-day reduction in tariffs, effective May 14, 2025. During this period, the U.S. will lower its "reciprocal tariffs" on Chinese goods (including the Hong Kong SAR) from 125% to 10% by suspending the 24 percentage points of that rate for an initial period of 90 days. In response, China will reciprocate by reducing tariffs from 125% to 10%. On August 11, 2025, President Trump signed an Executive Order to further extend the suspension of the additional 24% reciprocal tariffs on Chinese goods, originally set to expire on August 12, for an additional 90 days until November 10, 2025. On November 1, 2025, the U.S. government announced that it would maintain the suspension of heightened reciprocal tariffs on Chinese imports until November 10, 2026, while the currently 10% reciprocal tariff will remain in effect during this suspension period.

In recent years, the United States has increased export controls restrictions on China through the Export Administration Regulations (the "**EAR**"), which includes a list of foreign persons on which certain trade restrictions are imposed (the "**Entity List**"). The export, re-export and/or in-country transfer of items subject to the EAR to a listed foreign person is generally prohibited unless the specified license requirements are met. These restrictions or regulations, and similar or more expansive restrictions or regulations that may be imposed by the U.S. or other jurisdictions in the future, may materially and adversely affect our ability to acquire technologies, systems, devices or components that may be critical to our technology infrastructure, product offerings and business operations. Any uncertainties and changes in these current or future restrictions or regulations may have a negative impact on our reputation and business. If certain of our customers or suppliers, including our EMS providers, are listed on the Entity List and are subject to restrictions from sourcing or selling technologies, software, or components from or to us, we may not be able to obtain, extend or maintain the requisite regulatory permits in relation to our transactions with these customers and suppliers.

During the Track Record Period, our products and solutions were offered to our downstream customers in China and overseas. After consultation with our legal advisor as to U.S. sanctions, our Directors understand that the impact of U.S. government sanctions on our business operations is limited and manageable because (i) we were not listed as a sanctioned target and (ii) our business operations were not expected to trigger primary or secondary sanctions risks under existing U.S. sanctions regimes because our customers are not subject to sanctions authorities that would expose us to a material risk of the imposition of U.S. sanctions. However, we cannot assure you that our downstream customers will not engage in the export of their goods incorporating our products and solutions into the U.S. or other countries and regions, and that such export will not be subject to the restrictions introduced by the U.S. or other states and political entities. Furthermore, if we export our products and solutions to other countries and regions which are or become subject to sanctions or export controls, our business, financial condition and results of operations may be materially and adversely affected.

Furthermore, we have no control over the countries to which the downstream customers will sell or export their end products and solutions. If the export sales of the downstream customers' end products and solutions are restricted, prohibited or made subject to any trade conditions under any international policies or international export controls or economic sanctions imposed by any jurisdictions, the downstream customers' demand for our products and solutions may drop significantly and, as a result, our business, financial condition and results of operations may be materially and adversely affected.

We may not be able to fully maintain quality control over our products and solutions.

The quality of our products and solutions depends on the effectiveness of our quality control and quality assurance protocol, which in turn depend on factors such as the quality of related training programs and our ability to ensure that our employees adhere to our quality control and quality assurance protocol. However, our quality control and quality assurance protocol may not be effective in preventing and resolving deviations from our quality standards. Any failure to execute our quality control and quality assurance protocol could render our products and solutions unsuitable for use within their service life or defective, which may adversely impact our market reputation and relationship with business partners.

In addition, the quality of our products or services provided by our suppliers, including our EMS providers, is beyond our control. We cannot assure you that the products manufactured by our suppliers are safe and free of defects or can meet the relevant quality standards. In the event of any quality issues, we could be subject to complaints and product liability claims and we may not be able to seek indemnification from our suppliers. Please see "Risks Relating to Our Business and Industry — Our products and solutions may be subject to warranty, indemnity and product liability claims, which could result in significant costs and damage to our business, reputation and

downstream customer relationships, market acceptance of our products, financial condition, results of operations and prospects" in this section. If we engage in legal proceedings against our suppliers, such proceedings may be time-consuming and costly regardless of the outcome. Any such issues may materially and adversely affect our business, financial condition and results of operations.

We rely on a limited number of suppliers for raw materials and the manufacture of our products.

We rely on a limited number of suppliers for raw materials and the manufacture of our modules and solutions. In 2022, 2023, 2024 and the six months ended June 30, 2025, the aggregate purchases from our five largest suppliers each period were RMB1,159.9 million, RMB962.3 million, RMB1,720.7 million and RMB1,147.5 million, respectively, accounting for 57.8%, 53.3%, 63.8% and 62.6% of our total purchase each period, respectively. Purchases from our largest supplier each period accounted for 37.6%, 26.5%, 34.1% and 35.0% of our total purchase for the same periods, respectively. Please see "Business — Our Suppliers." We may not be able to maintain our business relationships with our suppliers due to factors such as geopolitical and trade tensions, unsatisfactory quality or significant increase in the prices of the raw materials and services related to the manufacture of our products. If this happens, we may need to secure alternative sources for the raw materials. Accordingly, if any of our suppliers, especially any of the five largest suppliers, fails to provide raw materials or services in a timely and satisfactory manner, or terminates their relationship with us during the Track Record Period, and if we are unable to secure alternative sources on a timely basis, our business and results of operation may be adversely affected.

In addition, certain of our suppliers may be subject to various regulations and may be required to obtain and maintain various qualifications, government licenses and approvals in the jurisdictions in which they operate. Their ability to provide sufficient raw materials or services could be adversely affected by natural disasters, including earthquakes, drought and typhoons, in locations where they operate, disruptions at manufacturing facilities, international trade policies, and geopolitics and trade protection measures, including imposition of trade restrictions and sanctions. Please see "Risks Relating to Our Business and Industry — We may be subject to the risks associated with international trade policies, geopolitics and trade protection measures, including imposition of trade restrictions and sanctions" in this section. If any of these suppliers loses its qualification eligibility because of its failure to comply with regulatory requirements, recover from natural disasters and disruptions, or if any of these suppliers is subject to trade protection measures, we may not be able to find alternative suppliers in a timely manner or at all.

We depend on a limited number of customers for a substantial portion of our revenue, and the loss of, or a significant reduction in sales to, one or more of our major customers would adversely affect our business, results of operations and financial condition.

Revenue generated from our largest customer accounted for 8.3%, 24.3%, 32.5% and 36.8% of our total revenue in 2022, 2023, 2024 and the six months ended June 30, 2025, respectively. Revenue generated from our five largest customers accounted for 30.4%, 39.5%, 47.2% and 54.3% of our total revenue in 2022, 2023, 2024 and the six months ended June 30, 2025, respectively. The business conditions, liquidity and solvency of these customers may have a significant impact on our business dealings. Any disruption in our business relationship with major customers could have a material adverse effect on our business, results of operations and financial condition. Additionally, if our current major customers decide not to purchase our products or solutions, purchase fewer of our products or solutions than they did in the past, or alter their purchasing patterns or contractual terms with us, we may not be able to may not be able to find new customers with similar level of demands at comparable terms in a timely manner or at all. As a result, our business, financial condition and results of operations may be materially and adversely affected.

We depend on EMS providers to manufacture our modules and solutions.

We cannot assure that our EMS providers will not increase their service prices, deliver defective products, experience delays or shortages in product delivery, or cease operations due to factors such as raw material shortages, shutdowns of manufacturing facilities or natural disasters, including earthquakes, drought and typhoons. Given the complex and proprietary nature of our products and solutions, any disruption at the facilities of our EMS providers could significantly impact our operations. Transitioning to alternative EMS providers would require a substantial amount of time and resources, which could adversely affect our inventory levels.

In addition, the stable and sufficient supply of finished products from our EMS providers could be adversely affected by natural disasters in locations where our EMS providers operate, disruptions at manufacturing facilities, international trade policies, and geopolitics and trade protection measures, including imposition of trade restrictions and sanctions. Please see "Risks Relating to Our Business and Industry — We may be subject to the risks associated with international trade policies, geopolitics and trade protection measures, including imposition of trade restrictions and sanctions" in this section.

Moreover, increased regulation or expectations regarding responsible business practices could increase our compliance costs. Any failure by our EMS providers to comply with such regulations or meet such expectations could result in negative publicity that adversely affects our reputation. Given that we do not directly control the procurement or employment practices of our EMS providers, we could be subject to financial or reputational risks as a result of their conducts. To the extent we are unable to manage these risks, our ability to timely supply competitive products and solutions may be hindered, our costs may increase, and our business, financial condition and results of operations may be adversely affected.

Our products and solutions may be subject to warranty, indemnity and product liability claims, which could result in significant costs and damage to our business, reputation and downstream customer relationships, market acceptance of our products and solutions, financial condition, results of operations and prospects.

Our products and solutions are highly complex and may contain defects that affect their quality or performance. Further, as our products and solutions are used in various application scenarios, failure of the systems in which our products or solutions are integrated could cause damage to property or people. We may be subject to product liability claims if our products and solutions, or the integration of our products and solutions, cause system failures.

Any product liability claim, whether or not determined in our favor, could result in significant expense, divert the efforts of our R&D and management personnel, and harm our business. In addition, if any of our products or solutions contain defects, or have reliability, quality or compatibility problems, we may lose existing customers and fail to attract potential customers. Furthermore, our reputation could be adversely impacted in the event of a significant product defect. Given the association of our individual products and solutions with our brand, any issue with one of our products or solutions could negatively affect the demand for other products and solutions of ours or our reputation as a whole, which could have an adverse impact on our business, results of operations and financial condition.

In addition, certain product liability claims may be the result of defects from components provided by our raw material suppliers or through the manufacturing process of our EMS providers. Attempting to enforce our rights against such suppliers may be expensive, time-consuming and ultimately futile. Such suppliers may not be able to indemnify us for the losses resulting from such defects and product liability claims in full or at all. Further, our insurance coverage might be insufficient to fully cover all damages sought and the claiming process might be prolonged. As a result, any material product liability claim or litigation could result in expenses and managerial efforts in defending them and could have a negative impact on our reputation.

Product recall costs and significant return or exchange could adversely affect our business and financial performance.

Generally, we do not accept sales returns except for limited reasons, such as product design defects or quality issues. We cannot assure you that we will not encounter material product recall, cancellation of orders or become subject to warranty claims due to product defects. If this happens, our business, financial condition and results of operations may be adversely affected. Furthermore, our reputation could be adversely impacted in the event of a material product recall. For example, if we recall one type of our products, such action could negatively affect the demand for other products of ours or our reputation as a whole, which could have an adverse impact on our business, financial condition and results of our operations.

Our business and prospects depend on our ability to build our brand and reputation, which could be harmed by negative publicity regarding us, our Directors, employees, branding or products and solutions. Any negative publicity, whether warranted or not, could adversely affect our business.

We believe that our brand is integral to the success of our business. Since we operate in a highly competitive market, brand maintenance directly affects our ability to maintain our market position. Any loss of trust in our products and solutions could harm the value of our brand, which could reduce our revenue and profitability. The successful maintenance of our brand depends on our ability to provide high-quality and competitive products and solutions, customers' satisfaction with our products and solutions and after-sale services, our ability to maintain and strengthen business relationship with our customers and the increase in brand awareness through marketing activities. In addition, any negative publicity about us, our Directors, employees, brand or products, whether warranted or not, may adversely affect our reputation and business. Even if it is factually incorrect or based on isolated incidents, such negative publicity could damage our reputation and undermine the trust and credibility we have established with our customers and have a negative impact on our ability to attract new customers or retain our existing customers. If our brand and reputation is damaged, we may face challenges in maintaining our current business relationships with our customers and in entering into new markets, which may adversely affect our business, financial condition, results of operations and prospects.

We may be exposed to risks relating to fluctuations of raw material costs.

Our raw material costs represent a substantial portion of our total cost of sales. In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, raw material costs accounted for 91.3%, 92.3%, 92.8%, 92.9% and 92.9% of our cost of sales, respectively. We may be subject to fluctuations in the prices of raw materials, as well as in transportation and other necessary supplies

or services, due to factors beyond our control, such as fluctuations in foreign currency exchange rates, changes in the geopolitical environment and economic conditions, natural disasters or changes in the supply and demand for raw materials, transportation and other necessary supplies or services.

Our primary raw materials include baseband chips, SoCs, memory chips, radio frequency chips, PCBs and power management chips. The global semiconductor industry has experienced significant volatility in recent years, including periods of supply shortages and cyclical price fluctuations. For instance, the market for memory chips is characterized by high price volatility. After a period of decline in 2022 and 2023, memory chip prices began to rebound in 2024 and continued to increase into 2025, driven by shifts in global supply and demand. For 2023, 2024 and the six months ended June 30, 2025, average procurement cost for memory chips increased from US$31.0 to US$40.7 and US$49.5, respectively. Such price increases directly impact our material costs. Although we implement mitigating measures, including strategic inventory management, supplier diversification and communication with customers on price adjustments, these measures may not fully offset the impact of rising costs. Please see "Business — Raw Materials and Procurement — Impact of Global Chip Supply and Raw Material Price Volatility" for details.

We cannot assure you that the price of our raw materials will not increase significantly in the future. If that occurs, we may not be able to offset price increases by raising the prices of our products, in which case our profit margin will decrease. On the other hand, if the prices of our products increase significantly, we may lose our competitive advantage in the market. This in turn could result in loss of sales and customers. In both cases, our business, financial condition and results of operations may be materially and adversely affected.

We experienced significant growth in revenue in the ICV sector during the Track Record Period. We may not be able to achieve the same level of growth in the ICV sector, and any adverse developments in the ICV sector could materially and adversely affect our business, financial condition, and results of operations.

During the Track Record Period, we experienced substantial growth in revenue generated from the sales of our products and solutions used in the ICV sector. Revenue from this sector increased by 73.5% from RMB342.2 million in 2022 to RMB593.6 million in 2023, and further increased by 105.7% to RMB1,220.9 million in 2024, and increased by 102.4% from RMB403.2 million for the six months ended June 30, 2024 to RMB815.9 million for the six months ended June 30, 2025. This growth was primarily attributable to the increase in sales volume of our smart modules and solutions driven by growing demand from our downstream customers in this sector. There is no assurance that the growth in demand for our ICV products and solutions, or our revenue from this sector, will continue at a similar rate or at all in the future. The ICV market is subject to rapid technological changes, evolving industry standards and intense competition.

Factors such as a slowdown in the adoption of NEVs, changes in government subsidies or regulations, shifts in consumer preferences, or increased competition among automakers could lead to a slowdown or decline in demand for our products.

Furthermore, the gross profit margin we derive from the ICV sector may not be able to sustain. The automotive industry, particularly in China, is characterized by intense pricing pressure and competition. Our ICV customers, who often possess significant bargaining power, may demand price reductions, especially as their own markets face margin pressure. In addition, as the market for ICV modules matures, we may face increased competition from other suppliers or from our customers' supply chain diversification initiatives, which could further impact our pricing power and gross profit margins.

We may become involved in lawsuits to protect or enforce our intellectual property and our patent rights could be found invalid or unenforceable if being challenged in court or before any related intellectual property agency in any jurisdiction.

Competitors may infringe our patent rights or misappropriate or otherwise violate our intellectual property rights. To counter infringement or unauthorized use, litigation may be necessary to enforce or defend our intellectual property rights, to protect our trade secrets or to determine the validity and scope of our own intellectual property rights or the proprietary rights of others. This can be expensive and time-consuming, and may divert our management attention and focus on business development. Any claims that we assert against perceived infringers could also result in these parties asserting counterclaims against us alleging that we infringe their intellectual property rights. Many of our current and potential competitors could dedicate substantially greater resources to enforce and/or defend their intellectual property rights than we do. Accordingly, we may not be able to prevent third parties from infringing upon or misappropriating our intellectual property. An adverse result in any litigation proceeding could put our patents, as well as any patents that may be issued in the future from our pending patent applications, at risk of being invalidated, held unenforceable or interpreted narrowly.

Furthermore, depending on the scope of discovery required in connection with intellectual property litigation, some of our confidential information could be compromised by disclosure. Defendant counterclaims alleging invalidity or unenforceability are common, and can be asserted on numerous grounds. Third parties may also raise similar claims before the relevant administrative bodies in China or other jurisdictions. Such proceedings could result in revocation or amendment to our patents in such a way that they no longer cover and protect our products or solutions. The outcome following legal assertions of invalidity and unenforceability is unpredictable.

If third parties claim that we infringe upon their intellectual property rights, we may incur liabilities and penalties and may have to redesign or suspend the sales of products or solutions involved.

The industry in which we operate is patent-intensive. Companies, including us, in this industry routinely seek patent protection for their product designs. Some of our competitors have large patent portfolios with broad rights and may claim that our expected commercial use of our products or solution has infringed their patents. Specifically, these competitors may allege that certain features of our products or solutions fall within the coverage of their patents. Therefore, our competitors may initiate legal proceedings alleging that we are infringing, misappropriating or otherwise violating their intellectual property rights in connection with the commercialization of our products and solutions.

We may not be able to identify or avoid intellectual property infringement activities, primarily because whether a product infringes a patent involves an analysis of complex legal and factual issues and the conclusion of such analysis is often uncertain. For example:

- We may hire employees who have previously worked for our competitors and cannot assure that such employees will not use their previous employers' proprietary know-how, technology and other proprietary information in their work for us, which could result in litigation against us; and

- Our competitors may also have filed for patent protection which is not as yet a matter of public knowledge or claimed trademark rights that have not been revealed through our searches of relevant public records.

Therefore, our efforts to identify and avoid infringement on third parties' intellectual property rights may not always be successful.

Any claims of patent or other intellectual property infringement, regardless of their merit, could be expensive, time-consuming and may divert management attention and internal resources. These claims and the relevant proceedings could diverge management attention and result in substantial financial costs. If our competitors or employees succeed in raising their claims, we may be required to suspend our sales efforts of the relevant products or solutions in controversy, redesign, reengineer or rebrand such products or solutions, pay substantial damages to third parties, or enter into royalty or licensing agreements which may not be available on terms favorable to us.

We may not be able to protect our trade secrets.

We rely on trade secrets, including unpatented know-how, technology and other proprietary information, to protect our products and solutions and thus maintain our competitive position. However, we cannot guarantee you that an employee or a third party will not intentionally or inadvertently make an unauthorized use or disclose our proprietary confidential information. If a competitor gains access to and makes use of such information, our competitive position will be compromised, in spite of any legal action we might take against persons making such unauthorized disclosures. In addition, to the extent that our employees or business partners use intellectual property owned by others in their work for us, disputes may arise as to the rights in related or resulting know-how and inventions.

Furthermore, enforcing a claim that a third party illegally obtained and is using any of our trade secrets is expensive and time-consuming, and the outcome is unpredictable. If we fail in prosecuting or defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights. Even if we are successful in prosecuting or defending against such claims, litigation could result in substantial financial and human resource costs.

We are subject to credit risk due to delay in payment and defaults of customers.

We are exposed to credit risks related to delays and defaults of our trade, bills and other receivables due from our customers or related parties in the ordinary course of our business. As of December 31, 2022, 2023, 2024 and as of June 30, 2025, our trade and bills receivables were RMB420.3 million, RMB659.4 million, RMB1,016.1 million and RMB988.3 million, respectively. In 2022, 2023, 2024 and the six months ended June 30, 2025, our average trade and bills receivables turnover days were 58.7 days, 91.8 days, 104.0 days and 97.2 days, respectively. Fluctuations and extension of trade, bills and other receivables turnover may adversely affect our cash flow and liquidity. Please see "Financial Information — Selected Balance Sheet Items — Current Assets/Liabilities — Trade and Bills Receivables" for details. If the credit-worthiness of our customers deteriorates or if our customers fail to settle their trade and bills receivables for any reason, we may incur additional impairment loss. We may not be able to recover our trade receivables in a timely manner, or at all. As a result, our business, financial condition and results of operations may be adversely affected.

Failure to obtain or maintain any of the preferential tax treatments or government subsidies could adversely affect our business, financial condition and results of operations.

We cannot assure you that the policies on preferential tax treatment will not change or that any preferential tax treatment we enjoy or are entitled to enjoy will not be terminated. According to the applicable PRC tax regulations, the statutory corporate income tax rate in the PRC is 25%. We and certain of our subsidiaries were approved as "High New Technology Enterprises" and, accordingly, enjoy a preferential income tax rate of 15% during the Track Record Period. One of our subsidiaries was qualified as Small and Low-Profit Enterprise and, accordingly, enjoyed a preferential income tax rate of 5% during the Track Record Period. Please see Note 11 to the Accountants' Report in Appendix I to this document. If our preferential tax treatments are revoked, become unavailable or if the calculation of our tax liability is successfully challenged by PRC tax authorities, the termination of any of the various types of preferential tax treatment we enjoy could adversely affect our business, financial condition and results of operations.

In addition, during the Track Record Period, we benefited from government subsidies. Some of such government subsidies are non-recurring in nature. We recorded government grants under other income and gains of RMB24.8 million, RMB17.5 million, RMB10.7 million, RMB6.7 million and RMB6.6 million 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively, among which the non-recurring government grants were RMB13.1 million, RMB9.7 million, RMB2.0 million, RMB1.6 million and RMB1.1 million, respectively. Please see Note 5 to the Accountants' Report in Appendix I to this document. Any discontinuation, reduction or delay of any government subsidies would have an adverse impact on our business, financial condition and results of operations.

Fair value change for equity investments at fair value through profit or loss may adversely affect our business, financial condition and results of operations.

We made investments in certain unlisted companies during the Track Record Period and recorded a carrying amount of equity investments at fair value through profit or loss ("**FVTPL**") of RMB198.9 million, RMB234.2 million, RMB190.0 million and RMB176.1 million as of December 31, 2022, 2023, 2024 and as of June 30, 2025, respectively. We recorded gains on equity investments at FVTPL at RMB43.9 million, RMB25.4 million, RMB1.7 million and nil. In 2022, 2023, 2024 and the six months ended June 30, 2024, respectively. We recorded losses on equity investments at FVTPL at RMB1.2 million in the six months ended June 30, 2025. Please see Note 18 and Note 5 to the Accountants' Report in Appendix I to this document for further details.

We face exposure to fair value change for the financial assets at FVTPL. Going forward, we may continue making such investments. We cannot assure you that factors beyond our control, such as general economic and market conditions, changes in market interest rates, stability of the capital markets and regulatory environment, will result in fair value gains on the equity investments we make in or we will not incur any fair value losses on such equity investments in the future. If we incur such fair value losses, our business, financial condition and results of operations may be materially and adversely affected. In addition, the fair value of these equity investments may fluctuate significantly, which contributes to the uncertainties in valuation. Any failure to realize the benefits we expected from these equity investments may materially and adversely affect our business, financial condition and results of operations.

We may be subject to inventory obsolescence risk.

Our inventories primarily consist of (i) raw materials, (ii) finished goods, (iii) goods in transit, (iv) work in process and (v) contract performance cost. As of December 31, 2022, 2023, 2024 and as of June 30, 2025, we had inventories of RMB490.4 million, RMB526.3 million, RMB650.6 million and RMB802.1 million, respectively. Failure to adequately manage inventory risks may lead to inventory obsolescence, decline in inventory value or inventory write-offs. In 2022, 2023, 2024 and the six months ended June 30, 2025, our average inventory turnover days were 85.1 days, 106.0 days, 87.4 days and 80.9 days, respectively. Any fluctuation and extension of inventory turnover may adversely affect our cash flow and liquidity. Please see "Financial Information — Selected Balance Sheet Items — Current Assets/Liabilities — Inventories" for details.

In addition, we manage our inventory levels based on market forecast and maintain a safety stock level. It may be difficult to accurately forecast demand and determine the appropriate levels of inventory we should maintain. Any change in customer demand for our products or the occurrences of catastrophic events may have an adverse impact on our product sales and business prospects. If the actual demand is lower than our forecast demand, we may be subject to overstock, resale of the inventories at less favorable terms, or even write-downs of inventories. If we are required to lower sale prices to increase the demand for our product sales to reduce inventory level, our profit margins might be adversely affected. If the actual demand is higher than our forecast demand, we may not be able to fulfill all the orders we receive to maximize our revenue. As a result, the market share of our products may be adversely affected. Any of the above may adversely affect our business, financial condition and results of operations.

Failure to fulfill our contractual liabilities could adversely affect our liquidity and financial condition.

Our contract liabilities primarily arise from advance payments made by our customers to us before we fulfill our performance obligations. Our contract liabilities were RMB67.5 million, RMB52.3 million, RMB109.3 million and RMB121.7 million, as of December 31, 2022, 2023, 2024 and as of June 30, 2025. Please see "Financial Information — Selected Balance Sheet Items — Current Assets/Liabilities — Contract Liabilities." There is no assurance that we will be able to fulfill our obligations in respect of contract liabilities as the fulfillment of our performance obligations is subject to various factors, including the market demand, the stability of supply and price of raw materials, the quality and price of service provided by and the production capacity of our EMS providers. If we are not able to fulfill our obligations with respect to our contract liabilities, the amount of contract liabilities will not be recognized as revenue and we may have to refund the advance payment made by our customers. As a result, our liquidity and financial condition may be adversely affected.

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

We have established share incentive plans to grant shares to certain of our employees. The fair value of shares granted to employees under the share incentive plan is recognized as an expense over the vesting period, being the period over which all of the vesting conditions are satisfied. The fair value is determined at the grant date.

We believe share-based awards are important to our ability to attract, retain and motivate our key individuals, and we may grant share-based awards in the future. As a result, our financial performance and ownership interests of our Shareholders may be affected by the share-based compensation as the expenses associated with share-based compensation will decrease our net profit and the establishment of a new share incentive plan may potentially dilute the ownership interests of our Shareholders. On the other hand, if we reduce the amount of shares or other share-based compensation awards, we may not be able to attract or retain key personnel by offering them incentives linked to the value of our Shares.

If we determine our intangible assets to be impaired, our business, financial condition and results of operations may be adversely affected.

As of December 31, 2022, 2023, 2024 and June 30, 2025, our intangible assets were RMB75.4 million, RMB118.7 million, RMB109.1 million and RMB103.0 million, respectively, which primarily consist of license rights and software. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortized on straight-line basis over their estimated useful lives. The amortization period and the amortization method for intangible assets with a finite useful life are reviewed at the end of each reporting period. Please see Note 14 to the Accountants' Report in Appendix I to this document. If we determine our intangible assets to be impaired, our results of operations and financial condition may be adversely affected.

The recoverability of our deferred tax assets is subject to accounting uncertainties.

According to our accounting policies, our management is required to make judgments, estimates and assumptions about the carrying amounts of certain assets and liabilities that are not readily apparent from other sources. The estimates and assumptions are based on historical experience and other relevant factors. Therefore, actual results may differ from these accounting estimates. As of December 31, 2022, 2023, 2024 and as of June 30, 2025, we recorded deferred tax assets of RMB41.1 million, RMB59.6 million, RMB88.4 million and RMB85.1 million, respectively.

Based on our accounting policies, deferred tax assets are recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the historical financial information. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition, other than in a business combination, of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill. The realization of deferred tax assets mainly depends on our management's judgment as to whether future taxable amounts will be available to utilize those temporary differences and losses. If sufficient profits or taxable temporary differences are not expected to be generated or are less than expected, a material reversal of deferred tax assets may arise in future periods.

We recorded negative cash flows from operating activities during the Track Record Period, which may have an adverse effect on our business, financial condition, results of operations and prospects.

We recorded net cash flows used in operating activities of RMB31.3 million in 2023, RMB129.9 million in 2024 and RMB84.0 million in the six months ended June 30, 2025. Please see "Financial Information — Liquidity and Capital Resources — Cash Flow Analysis — Operating Activities". Net operating cash outflow could impair our ability to make necessary capital expenditures and constrain our operational flexibility as well as adversely affect our ability to meet our liquidity requirements.

We may continue to experience net cash outflows from our operating activities in the future. If we are unable to maintain adequate working capital, we may not be able to meet our capital expenditure requirements or pursue our growth strategies, which may have a material adverse effect on our business, financial condition, results of operations and prospects.

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

Under the laws and regulations in any jurisdiction where we operate, we are required to obtain or complete a number of licenses, approvals, registrations, filings and other permissions for our operation. We may become subject to additional license, approval and other requirements as we develop and expand the scope of our business and engage in different business activities. We may fail to meet such requirements timely or at all, in which case we may be subject to administrative penalties and our ability to expand our business and sustain our growth may be adversely affected.

Our insurance coverage may not be sufficient to cover all losses or potential claims by our customers, which would affect our business, financial condition and results of operations.

We may not have adequate insurance to cover operational risks and risks relating to product liability claims. We cannot assure you that our insurance will be adequate to cover the abovementioned risks. If we are held liable for amounts and claims exceeding the limits of our insurance coverage or outside the scope of our insurance coverage, our business, financial condition and results of operations may be materially and adversely affected. Even if the amounts and claims are within the limits and scope of our insurance coverage, the insurance provider may not be able to make the compensation payment to us in a timely manner.

We have sales in a number of countries and regions, which are subject to legal, regulatory, operational and other risks inherent in internal and cross-border operations.

In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, our revenue generated from overseas sales was RMB545.6 million, RMB665.0 million, RMB802.9 million, RMB444.6 million and RMB532.2 million, respectively, representing 23.7%, 31.0%, 27.3%, 34.1% and 28.2% of our total revenue, respectively.

Operating in multiple jurisdictions around the globe and expanding into new markets may subject ourselves to the following risks:

- challenges in providing products, solutions and customer support, in recruiting personnel in international markets and in managing sales channels effectively;
- challenges in commercializing our products and solutions in new markets where we have limited experience with the local market dynamics and no existing or developed sales and marketing infrastructure;
- differences in accounting treatment in different countries and jurisdictions, uncertainties in interpretation and application of tax laws and regulations, more onerous tax obligations and unfavorable tax conditions and foreign exchange losses;
- exposure to litigation or third-party claims, inability to effectively enforce contractual or legal rights and difficulty in obtaining or enforcing legal rights and judgements overseas;
- instability or unavailability of international transportation or logistics services due to macroeconomics, geopolitical and other factors;
- changes in or failure to comply with laws, regulations and policies as well as political, economic and market instability, geopolitical risks or civil unrest in the relevant countries and jurisdictions; and
- unfavorable market conditions, intense competition, unattractive products and services, downward pressure on our selling price and any other inherent risks associated with our international business operations.

Acquisitions, investments or strategic alliances may fail and materially and adversely affect our reputation, business and results of operations.

We may make acquisitions of, or investments in, businesses or technologies that are complementary to our business in the future. The process of identifying and consummating acquisitions, investments, and the subsequent integration of new assets and businesses into our existing business, requires attention from our management and could result in a diversion of resources from our existing business, which in turn could have an adverse effect on our operations. Investments, acquired assets or businesses may not generate the expected financial results, strengthen our competitive position or achieve our goals and business strategy. Acquisitions or investments could require significant cash and result in dilutive issuances of equity securities, goodwill impairment charges, amortization expenses for other intangible assets and exposure to potential unknown liabilities of the acquired business or investment. We may also incur costs and management time on transactions that are ultimately not completed.

In addition, our due diligence may fail to identify all of the problems, liabilities or other shortcomings or challenges of an acquired business, product, technology or investment, including issues related to intellectual property, product quality or product architecture, regulatory compliance practices, revenue recognition or other accounting practices or issues with employees or customers. Additionally, we may be subject to litigation or other claims in connection with the acquired company, including claims from terminated employees, former shareholders or other third parties, which may differ from or be more significant than the risks its business faces. We may also face retention or cultural challenges associated with integrating employees from the acquired company into our organization. If we fail to identify, consummate, and integrate our acquisitions or investments, our business, financial condition and results of operations may be adversely affected.

We may not be able to obtain additional capital when desired, on favorable terms or at all.

We may need to raise additional capital in the future to further expand our business and sustain our growth. We may raise additional funds through the issuance of equity or debt related securities, or through obtaining credit from government or financial institutions. Our ability to obtain additional capital is impacted by factors including, but not limited to, our market position, future profitability, financial position, and the general macroeconomic condition. We may not be able to raise additional funds on favorable terms, or at all. If additional funds cannot be obtained when needed and on favorable terms, our business, financial condition and results of operations may be adversely affected. Fundraising through the issuance of debt securities or through loan arrangements may contain terms that require significant interest payments, covenants that restrict our business, or other terms unfavorable to us. In addition, to the extent we raise funds through the sale of additional equity securities, our shares will experience additional dilution.

Our information technology networks and systems may encounter malfunction, unexpected system failure, interruption, insufficiency or security breaches.

We rely on information technology systems to conduct and monitor our daily operations, such as internal communication, customer data management, product development, project management and production process. In addition, we store various proprietary information and customer data in these systems. Please see "Business — Information Technology System" for details. Therefore, our business is dependent upon the continued maintenance and enhancement of our information technology systems.

These information technology systems are subject to certain risks, such as malfunction, natural disasters and malware attacks. Our cybersecurity measures may not timely detect or prevent all attempts to compromise our systems, including distributed denial-of-service attacks, viruses, malicious software, break-ins, phishing attacks, social engineering, security breaches or other attacks that may disrupt the operation of the information technology systems. Any breach of our cybersecurity measure, or malfunction, damages, disruptions or shut down of our information technology systems may result in unauthorized access to our systems, misappropriation of information or data, deletion or modification of customer information, or a denial-of-service or other interruption to our business operations. In cases of malware attacks, we may also be asked to make a lump-sum payment in order to resume the operation of our systems. There is no assurance that we will not be subject to any of these cyber security issues in the future. If we cannot effectively resolve the issues in a timely manner, our business, financial condition and results of operations may be adversely affected.

Furthermore, we need to constantly upgrade and improve our information technology systems to keep up with the continuous growth of our operations and business. We may not always be successful in installing, running or implementing new software or advanced information technology systems as required by our business development. All of the above may have an adverse impact on our business, financial condition and results of operations.

Failure to detect or prevent fraudulent or illegal activities or other misconduct by our employees, consultants, agents, suppliers, direct customers and distributors or other third parties may materially and adversely affect our business, financial condition and results of operations.

We may be exposed to unethical or unlawful behaviors by our employees, consultants, agents, suppliers, which include our raw material suppliers and EMS providers, direct customers and distributors or any other third parties. Such misconducts may include non-compliance with applicable laws and regulations pertinent to mishandling of funds or unlawful kickbacks during our procurement of raw materials or selection of suppliers. We may also have limited control over

third parties involved in unlawful, unethical or anticompetitive conducts targeted at or in connection with our operations and other activities, such as non-compliance with laws, or third-party sabotage or allegations intended to harm us. We may incur substantial monetary losses, suffer reputational damage, be subject to administrative penalties and fines, have our licenses and permits revoked, or even be ordered by regulatory authorities to suspend our operations due to misconduct. We may also be required by regulatory authorities in the relevant jurisdictions to allocate significant resources and incur additional costs to prevent or screen any unlawful, unethical or anticompetitive conducts by our employees or third parties.

Our risk management and internal control systems may not be adequate or effective.

We have designed and implemented risk management and internal control systems in relation to our business operations, financial reporting and general compliance which we believe are appropriate for our business operations. Please see "Business — Internal Control and Risk Management" for details. We cannot assure you that these systems are sufficiently effective in ensuring, among other things, accurate report of our financial results and prevention of fraud. Since our risk management and internal control systems depend on the implementation by our employees, we cannot assure you that our employees or other related third parties are sufficiently or fully trained to implement these systems, or that their implementation will be free from human error or mistakes. If we fail to timely update, implement, and modify, or fail to deploy sufficient human resources to maintain our risk management policies and procedures, our business, financial condition, results of operations and prospects could be materially and adversely affected.

We are subject to risks relating to Third-Party Payment Arrangements.

During the Track Record Period, certain of our customers (individually or collectively, the "**Relevant Customer(s)**") settled their outstanding payments with us through accounts of third-party payors designated by them (such arrangements, the "**Third-Party Payment Arrangements**"). Please see "Business — Our Customers — Third-Party Payment Arrangements" for details.

We are subject to various risks relating to such Third-Party Payment Arrangements, including: (i) possible claims for return of funds from third-party payors who were not contractually indebted to us; (ii) potential risks arising from the fact that we have limited knowledge about the source and purpose of the funds utilized by the third-party payors; and (iii) possible claims from liquidators of third-party payors. In the event of any claims from third-party payors or their liquidators, or legal proceedings instituted or brought against us in respect of any payments under the Third-Party Payment Arrangements, we may have to spend financial and managerial resources to defend against such claims or legal proceedings, and our financial condition and results of operations may be adversely affected.

We may be involved in legal proceedings and commercial or contractual disputes, which could materially and adversely affect our reputation, business, financial condition and results of operations.

We may be subject to claims, litigation and disputes, various legal and administrative proceedings, and any resulting damages. In addition, agreements we entered into may include indemnification provisions which may subject us to costs and damages in the event of a claim against an indemnified third party. Regardless of the merit of particular claims, legal and administrative proceedings may be costly and time consuming and may divert our management attention.

We may be affected by legal or administrative proceedings and claims in the future. If one or more legal or administrative matters were resolved against us or an indemnified third party, we may incur additional expenses to cover compensatory or punitive monetary damages, disgorge any relevant profits, establish remedial measures or comply with injunctions or specific performance. As a result, our business, financial condition and results of operations may be materially and adversely affected.

Failure to comply with the PRC Labor Contract Law, PRC Social Insurance Law, Regulation on the Administration of Housing Provident Funds, or other PRC labor related regulations and rules may subject us to fines and other legal or administrative sanctions.

Pursuant to the PRC Labor Contract Law, employers are subject to stricter requirements in terms of signing labor contracts, minimum wages, paying remuneration, determining the term of employees' probation and unilaterally terminating labor contracts. In the event that we decide to change our employment or labor practices, the Labor Contract Law and other PRC labor related regulations and rules may limit our ability to effect those changes in a manner that we believe to be cost-effective. In addition, due to the application and implementation of these laws and regulations are subject to interpretation, our employment practices may not be at all times deemed in compliance with the laws and regulations.

We are also required to participate in the employee social welfare plan administered by local governments. Such plan consists of pension insurance, medical insurance, work-related injury insurance, maternity insurance, unemployment insurance and housing provident fund. The amount we are required to contribute for each of our employees under such plan should be calculated between the minimum and maximum level as from time to time prescribed by national laws and regulations and local authorities. During the Track Record Period, we and certain of our PRC subsidiaries did not make full contributions to social insurance and housing provident fund for all employees in accordance with the Regulations on Administration of Housing Provident Fund (《住

房公積金管理條例》) and the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), because certain employees were not willing to pay the social insurance and housing provident funds in full as it requires additional contributions from these employees.

As advised by our PRC Legal Advisor, pursuant to relevant PRC laws and regulations, if we fail to make social insurance contributions in compliance with the relevant PRC laws and regulations in the future, we may be required to pay all outstanding social insurance contributions within a prescribed period, with late fees at a daily rate of 0.05% of the outstanding amount, accruing from the date when the outstanding social insurance contributions are due. If this payment is not made within the stipulated period, the competent authority may further impose a fine of one to three times of the overdue amount on us. In 2022, 2023 and 2024 and the six months ended June 30, 2025, the amount of shortfall in social insurance was RMB31.9 million, RMB31.7 million and RMB31.7 million and RMB16.0 million, respectively. In addition, pursuant to relevant PRC laws and regulations, in case of a failure to pay housing provident fund in full, the relevant housing provident fund management center may require us to pay 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. In 2022, 2023 and 2024 and the six months ended June 30, 2025, the amount of shortfall in housing provident fund contributions was RMB7.2 million, RMB7.8 million and RMB7.6 million and RMB3.0 million, respectively. If these enforcement actions were taken by relevant authorities, our financial condition and results of operations could be materially and adversely affected. Additionally, we cannot assure you that any new laws and regulations or any changes in the implementation of the existing laws and regulations will not require us to pay any contribution shortfall, overdue charges or penalties retroactively, thereby adversely affecting our financial condition and results of operations. For instance, on July 31, 2025, the Supreme People's Court of the PRC issued the Interpretation II by the Supreme People's Court of the PRC on Legal Issues 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 "**Interpretation**"), which takes effect from September 1, 2025. For details of the Interpretation and its impact on our business operations and financial positions, please see "Regulatory Overview — Applicable Laws and Regulations to Our Business in the PRC — Regulations on Employment and Social Welfare — Social Insurance" and "Business — Employees".

On September 21, 2018, the Ministry of Human Resources and Social Security of the PRC issued the Urgent Notice on Enforcing the Requirement of the General Meeting of the State Council and Stabilization 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》). This notice promotes the reduction of social insurance contributions by companies to avoid overburdening enterprises and prohibits local authorities from requiring enterprises to make up for historically underpaid or unpaid social insurance contributions in one go.

If the relevant authorities order us to fully contribute the social insurance and/or housing provident funds, we would make full contributions and take rectification measures as soon as possible within the specified period. As of the Latest Practicable Date, no penalty had been imposed by the relevant regulatory authorities with respect to our social insurance and housing provident fund contributions. As advised by our PRC Legal Advisor, based on the above, the likelihood that the relevant social insurance and housing provident fund authorities would take initiative to recover the historically unpaid social insurance and housing provident fund from us or impose material administrative penalties on us due to our failure to provide full social insurance and housing provident fund contributions for our employees is remote.

Failure to renew our leases or comply with PRC property-related laws and regulations regarding certain of our properties and leased properties could adversely affect our business, financial condition and results of operations.

We lease properties mainly for office space. As of the Latest Practicable Date, we had seven leased properties in China. As of the Latest Practicable Date we had not received real estate ownership certificates or proof of authorizations from lessors of three of our leased properties proving their right to lease those properties to us. If the lessor is not the owner of the property and the lessor has not obtained consent from the owner or their lessor for sub-lease, or if the property was mortgaged before it was leased to us, our lease could be invalidated or terminated as a result of challenges by third parties. Our inability to enter into new leases or renew existing leases on terms acceptable to us could materially and adversely affect our business, financial condition and results of operations.

As of the Latest Practicable Date, we had not completed the lease registration for seven of our leased properties with the relevant land and real estate administration authorities. As advised by our PRC Legal Advisor, failure to complete the registration and filing of lease agreements will not affect the validity of the lease agreements. However, we may be subject to fines ranging from RMB1,000 to RMB10,000 for each lease if we fail to rectify within the prescribed period after receiving notices from the relevant PRC government authorities. If we fail to complete the lease registration within the period required by the relevant governmental authorities and the relevant authorities determine that we shall be liable for failing to complete the lease registration of all the relevant lease agreements, the aggregate amount of maximum fine will be approximately RMB70,000.

In addition, as of the Latest Practicable Date, we have not obtained the real estate ownership certificate for 12 properties we owned, with a GFA of approximately 1,008.2 sq.m. As of the Latest Practicable Date, as advised by our PRC Legal Advisor, we have not been subject to any administrative penalty as a result of such defect. However, we cannot assure you that we will be

able to obtain the real estate ownership certificate in a timely manner or at all. In the absence of the real estate ownership certificates for these properties, these properties are not permitted to be used as collateral for borrowings nor can it be bought, transferred or sold.

Our business growth and results of operations may be adversely affected by changes in natural disasters, health epidemics and pandemics, and social disruption and other outbreaks.

Our business could be adversely affected by natural disasters, such as snowstorms, earthquakes, fires or floods, public health hazards, such as the outbreaks of widespread epidemics, public security hazards or other events, such as wars, acts of terrorism, environmental accidents, power shortages or communication interruptions. We cannot assure you that any backup systems will be adequate to protect us from the effects of natural disasters, public health and public security hazards or other events. Any of the foregoing events may give rise to interruption, breakdowns, system failures or internet failures, which may result in the loss or corruption of data, malfunctions of software and hardware, and adversely affect our ability to produce our products and solutions. As a result, our business, financial condition and results of operations may be adversely affected.

RISKS RELATING TO CONDUCTING BUSINESS IN JURISDICTIONS WHERE WE OPERATE

Failure to fully adapt to changes in the economic, political and social conditions, as well as government policies, laws and regulations, and industry practice guidelines in the jurisdictions where we operate could materially and adversely affect our business, financial condition, results of operations and prospects.

Our business, financial condition, results of operations and prospects are subject to the economic, political and legal conditions of where we operate. Political and economic policies of the government of where we operate could affect our business and financial condition. Failure to fully adapt to these changes in political and economic policies may adversely affect our growth. In recent years, the PRC government implemented a series of laws, regulations and policies which imposed stricter standards with respect to, among other things, quality and safety control, and supervision and inspection of companies in our industry. Please see "Regulatory Overview" for more details. Laws, regulations and policies related to our industries will continue to evolve and undergo changes or adjustments, compliance to which may incur additional costs for us. If we cannot fully comply with these Laws, regulations and policies, our business, financial condition, results of operations and prospects may be adversely affected.

Development in the legal system of certain geographic markets in which we operate could materially and adversely affect us. The legal systems in these geographic markets vary significantly from one jurisdiction to another.

Legal systems of the geographic markets where we operate vary significantly from jurisdiction to jurisdiction. Some jurisdictions have a civil law system based on written statutes and others are based on common law. Unlike the common law system, prior court decisions under the civil law system may be cited for reference but have limited precedential value. The legal systems of some 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 is not settled. 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. These uncertainties may affect our judgment on the relevance of legal requirements and our ability to enforce our contractual rights or claims. In addition, the regulatory uncertainties may be exploited through unmerited or frivolous legal actions, claims concerning the conduct of third parties, or threats in attempt to extract payments or benefits from us.

Furthermore, many 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 not published on a timely basis or at all and may have retroactive effects. There are other circumstances where key regulatory definitions are unclear, imprecise or missing, or where interpretations that are adopted by regulators are inconsistent with interpretations adopted by a court in analogous cases. 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.

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. Changes in current laws or regulations or the imposition of new laws and regulations in our geographic markets may slow the growth of our industries and affect our business, financial condition and results of operations.

Regulations on currency exchange may limit our foreign exchange transactions, including our ability to pay dividends and other obligations, and may affect the value of your [REDACTED].

Conversion of RMB into foreign currency and remittance of foreign currency out of the PRC under certain circumstances are subject to Chinese foreign exchange regulations. If there are unfavorable changes in exchange rates, or if PRC government implements regulatory policies that limit our ability to convert RMB into foreign currency, we may not have sufficient foreign exchange to meet our foreign exchange needs. Under current PRC foreign exchange regulations, certain current account transactions such as profit distributions, interest payments and trade-related expenses can be conducted in foreign currency without prior approval from the SAFE, as long as certain procedural requirements are met. However, capital account transactions such as capital transfers, direct investments, securities investments and repayment of borrowings are subject to foreign exchange policies and require prior approval from the SAFE or registration with the SAFE or authorized banks. Any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments to shareholders or satisfy any other foreign exchange obligation. If we fail to obtain approvals from the SAFE to convert RMB into any foreign exchange for any of the above purposes, our potential offshore capital expenditure plans and even our business may be materially and adversely affected.

Fluctuations in exchange rates could result in foreign currency exchange losses.

Fluctuations in exchange rates between Renminbi, Hong Kong dollar, US dollar and other currencies are unpredictable and may be affected by a number of factors, such as economic and political developments. There can be no assurance that Renminbi will not appreciate or depreciate significantly in value against the Hong Kong dollar or US dollar in the future. It is difficult to predict how market forces may impact the exchange rates between Renminbi and foreign currencies in the future.

Revaluation of Renminbi may have an adverse effect on your **[REDACTED]**. For example, to the extent that we need to convert Hong Kong dollars we receive from this **[REDACTED]** into Renminbi for our operations, appreciation of Renminbi against Hong Kong dollar would have an adverse effect on the Renminbi amount we would receive from the conversion. Conversely, if we decide to convert our Renminbi into Hong Kong dollars for the purpose of making payments for any dividends on our Shares or for other business purposes, appreciation of the Hong Kong dollar against Renminbi would have a negative effect on the Hong Kong dollar amount available to us. As a result, fluctuations in exchange rates may have an adverse effect on your **[REDACTED]** in our Shares.

Holders of our H Shares may be subject to PRC income tax obligations.

Under the current PRC tax laws and regulations, non-PRC resident individuals and non-PRC resident enterprises are subject to different tax obligations with respect to the dividends paid to them by us and the gains realized upon the sale or other disposition of H Shares by them. Non-PRC resident individuals are required to pay PRC individual income tax at a 20% rate for the dividends or gain from share transfer derived in China under the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法》) and its implementation regulations. Accordingly, we are required to withhold such tax from dividend payments, unless applicable tax treaties between the PRC and the jurisdiction in which the foreign individual or enterprise resides reduce or exempt the relevant tax obligations. According to the Notice of the Ministry of Finance and the State Administration of Taxation on Several Policy Issues Concerning Individual Income Tax (《財政部國家税務總局關於個人所得税若干政策問題的通知》) issued on May 13, 1994, foreign individuals are exempt from individual income tax on dividends received from foreign-invested enterprises. Pursuant to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region ("**HKSAR**") 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税和防止偷漏税的安排》) signed on August 21, 2006, the PRC government may impose tax on dividends paid by a PRC company to a resident of the HKSAR (including natural person and legal entity), but such tax will not exceed 10% of the total amount of the dividends payable by the Chinese company. If an HKSAR resident directly holds 25% or more of the equity interest in a PRC company, such tax will not exceed 5% of the total dividends payable by the Chinese company. The Fifth Protocol to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (《<內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排>第五議定書》) issued by the STA effective on December 6, 2019 stipulates that the arrangements or transactions made for the primary purpose of obtaining the above-mentioned tax benefits are not subject to the above-mentioned provisions.

For non-PRC resident enterprises that do not have establishments or premises in the PRC, and for those who have establishments or premises in the PRC but whose income is not related to such establishments or premises, under the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》), and its implementation regulations, dividends paid by us and gains realized by such foreign enterprises upon the sale or other disposition of H Shares are typically subject to PRC enterprise income tax at a 10% rate. The 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 (《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税有關問題的通知》) issued by the STA, also stipulates that the withholding tax rate for dividends payable to non-PRC resident enterprise holders of H Shares shall be 10%, subject to a further reduction under a special arrangement or an applicable treaty

between China and the jurisdiction of the residence of the relevant non-PRC resident enterprise. Despite the arrangements mentioned above, the interpretation and application of applicable PRC tax laws and regulations are subject to the then relevant laws and regulations due to several factors, including whether the relevant preferential tax treatment will be revoked in the future such that all non-PRC resident individual holders will be subject to PRC individual income tax at a flat rate of 20%. If there is any change to applicable tax laws and rules and interpretation or application with respect to such laws and rules, the value of your **[REDACTED]** in our H Shares may be materially affected.

Any decrease or discontinuation of tax rebate for our exported products may have a negative effect on our profitability.

According to the Notice of the Ministry of Finance and the State Administration of Taxation on the Value-Added Tax and Consumption Tax Policy for Labor Services of Exported Goods (《財政部、國家税務總局關於出口貨物勞務增值税和消費税政策的通知》) issued by Ministry of Finance and the SAT on May 25, 2012, revised on December 9, 2014 and January 20, 2020, unless otherwise provided by law, export goods and services are subject to the exemption and refund of value-added tax ("**VAT**") policies. Subject to the relevant PRC laws, we are entitled to a rebate of VAT from the PRC tax authority in connection with our export sales for our products. The tax rebate comprised a refund of VAT incurred on the raw materials we used for production of our products in the PRC, which are subsequently exported to overseas countries. We cannot assure you that the PRC governmental policies on tax rebate will not change or that the current policies we enjoy will not be cancelled. If there is any reduction, suspension, discontinuation or cancellation of tax rebate which may adversely affect the recoverability of our VAT recoverable, our business, financial condition and profitability would be adversely affected.

You may have limited resources in effecting service of legal process and enforcing judgments against us, our Directors and senior management.

We are a company incorporated under the laws of the PRC and a majority of our assets and subsidiaries are located in the PRC. The majority of our Directors and senior management reside within the PRC. The assets of these Directors and senior management also may be located within the PRC. It may not be possible for **[REDACTED]** to effect service of process upon us or those persons inside the PRC or to enforce against us or them in the PRC any judgments obtained from non-PRC courts.

The PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts in the United States, the United Kingdom, Japan or other countries. On January 18, 2019, the Supreme People's Court and the Hong Kong Special Administrative Region Government signed the Arrangement on Reciprocal Recognition and Enforcement of Judgements 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 "**New Arrangement**"). The New Arrangement was issued on January 25, 2024 and came into effect on January 29, 2024, seeking to establish a mechanism with greater clarity and certainty for recognition and enforcement of judgments in a wider range of civil and commercial matters between Hong Kong Special Administrative Region and mainland China. Under the New Arrangement, any party concerned may apply to the relevant PRC or Hong Kong court for recognition and enforcement of the effective judgments in civil and commercial cases, subject to the conditions set forth in the New Arrangement. However, we cannot assure you that all final judgments will fully fall into the scope of New Arrangement and thus be recognized and effectively enforced by the relevant PRC and Hong Kong court.

Any failure to comply with relevant regulations regarding the registration requirements for employee share incentive plans may subject our share incentive plan participants or us to fines and other legal or administrative sanctions.

Under SAFE regulations, PRC residents who participate in a share incentive plan in an overseas publicly listed company are required to register with SAFE or its local branches and complete certain other procedures. Please see "Regulatory Overview — Regulations Relating to Overseas Investment." We and our PRC resident employees who participate in our share incentive plans are subject to these regulations as we are publicly listed in Hong Kong. If we or any of these PRC resident employees fail to comply with these regulations, we or such employees may be subject to fines and other legal or administrative sanctions. We also face uncertainties that could restrict our ability to adopt additional incentive plans for our directors, executive officers and employees under PRC law.

RISKS RELATED TO THE [REDACTED]

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

As our A Shares are listed on Shenzhen Stock Exchange and our H Shares will be **[REDACTED]** on **[REDACTED]**, we will be required to comply with the applicable **[REDACTED]** rules 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 to ensure our compliance with the **[REDACTED]** rules of both jurisdictions.

Following the **[REDACTED]**, our A Shares will continue to be traded on Shenzhen Stock Exchange and our H Shares will be **[REDACTED]** on Hong Kong Stock Exchange. Under current laws and regulations in China, without the approval from the relevant regulatory authorities, our H

Shares and A Shares are neither interchangeable nor fungible. There is no **[REDACTED]** or settlement between the H Share and A Share markets. With different **[REDACTED]** characteristics, the H Share and A Share markets have divergent **[REDACTED]** volumes, liquidity and **[REDACTED]** bases, as well as different levels of retail and institutional **[REDACTED]** participation. As a result, the **[REDACTED]** performance 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. Therefore, you should not place undue reliance on the trading history of our A Shares when making your **[REDACTED]** decision in our H Shares.

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

Prior to the completion of the **[REDACTED]**, there has been no public market for our H Shares. There can be no guarantee that an active **[REDACTED]** market for our H Shares will develop or be sustained after the completion of the **[REDACTED]**. The **[REDACTED]** is the result of negotiations between our Company and the **[REDACTED]**, which may not be indicative of the price at which our H Shares will be **[REDACTED]** following completion of the **[REDACTED]**. The market price of our H Share may drop below the **[REDACTED]** at any time after completion of the **[REDACTED]**.

The price and [REDACTED] volume of our H Shares may be subject to significant volatility in response to various factors beyond our control, including the general market conditions of securities in Hong Kong and elsewhere in the world.

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

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

The market price of our H Shares could decline as a result of future sales of a substantial number of our H Shares or other securities relating to our H Shares in the public market, or the issuance of new shares or other securities, or the perception that such sales or issuances may occur. Future sales, or anticipated sales, of substantial amounts of our securities, including any future offerings, could also adversely affect our ability to raise capital at a specific time and on terms favorable to us. In addition, our shareholders may experience dilution in their holdings if we issue more securities in the future. New shares or shares-linked securities issued by us may also confer rights and privileges that take priority over those conferred by the H Shares. Certain amount of the Shares controlled by our Controlling Shareholders are subject to certain lock-up periods beginning on the date on which **[REDACTED]** in our Shares commences on the Hong Kong Stock Exchange. While we currently are not aware of any intention of our Controlling Shareholders to dispose of significant amounts of their Shares after the expiry of the lock-up periods, we cannot assure you that they will not dispose of any Shares they may own now or in the future. Market sale of Shares by the Controlling Shareholders and the availability of these Shares for future sale may have a negative impact on the market price of our Shares.

In addition, while **[REDACTED]** 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 dispose 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 disposal may occur within a short period or any time or period after the **[REDACTED]**. Any sale of the H Shares subscribed by such **[REDACTED]** pursuant to such arrangement or agreement could adversely affect the market price of our H Shares and any sizeable sale could have a material and adverse effect on the market price of our H Shares and could cause substantial volatility in the **[REDACTED]** volume of our H Shares.

The interests of our Controlling Shareholders may not be aligned with the interests of other Shareholders.

Immediately upon the completion of the **[REDACTED]**, without taking into account any Shares which may be **[REDACTED]** pursuant to the exercise of the **[REDACTED]**, our Controlling Shareholders will control approximately **[REDACTED]**% of the voting rights at our general meetings. Our Controlling Shareholders will, through their voting power at the Shareholders' meetings and their delegates on the Board, have significant influence over our business and affairs, including decisions in respect of mergers or other business combinations, acquisition or disposition of assets, issuance of additional Shares or other equity securities, timing

and amount of dividend payments, and our management. Our Controlling Shareholders may not act in the best interests of our minority Shareholders. This concentration of ownership may also discourage, delay or prevent a change in control of our Company, which could deprive our Shareholders of an opportunity to receive a premium for the Shares as part of a sale of our Company and may significantly reduce the price of our H Shares.

As of the Latest Practicable Date, Mr. WANG, one of our Controlling Shareholders, had pledged 12,850,000 A Shares, representing approximately 4.91% of our total issued share capital, in favor of certain financial institutions for commercial loans at RMB266.4 million. See "Substantial Shareholders." If an event of defaults occurs under the relevant security agreements, the lenders may be able to enforce their rights against part or all of the pledged Shares of our Company thereunder through legal proceedings. In such event, Mr. Wang may no longer be able to maintain the current level of interest in our Company, which could adversely affect the influence of our Controlling Shareholders over us.

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. We protect our Shareholders' interest by ensuring a consistent dividend policy. There is no assurance that we will be able to declare or distribute dividends of any amount in any year in the future. Under the applicable PRC laws and regulations, the payment of dividends may be subject to certain limitations, and the calculation of our profit under the Accounting Standards for Business Enterprises may differ in certain respects from the calculation under IFRS. 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 PRC laws and regulations. Please see "Financial Information — Dividends and Dividend Policy" for further details of our dividend policy. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Our historical dividends should not be taken as indicative of our dividend policy in the future.

You should not place any reliance on any information released by us in connection with the listing of our A Shares on Shenzhen Stock Exchange.

As our A Shares are listed on Shenzhen Stock Exchange, we have been subject to periodic reporting and other information disclosure requirements in China. As a result, from time to time, we publicly release information relating to us on Shenzhen Stock Exchange or other media outlets designated by the CSRC. However, the information announced by us in connection with our A Shares listing is based on regulatory requirements of the securities authorities, industry standards and market practices in China, which are different from those applicable to the **[REDACTED]**. The presentation of financial and operational information for the Track Record Period disclosed on Shenzhen Stock Exchange or other media outlets may not be directly comparable to the financial and operational information contained in this document. Therefore, prospective **[REDACTED]** in our H Shares should be reminded that, in making their **[REDACTED]** decisions as to whether to purchase our H Shares, they should rely only on the financial, operating and other information included in this document. By applying to purchase our H Shares in the **[REDACTED]**, you will be deemed to have agreed that you will not rely on any information other than that contained in this document and any formal announcements made by us in Hong Kong with respect to the **[REDACTED]**.

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, 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.

RISK FACTORS

Certain facts, forecast and other statistics in this document obtained from publicly available sources have not been independently verified and may not be reliable.

Certain facts, forecast and other statistics in this document are derived from various government and official resources. However, our Directors cannot guarantee the quality or reliability of such source materials. We believe that the sources of the said information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. Nevertheless, information from official government sources has not been independently verified by us, the Sole Sponsor, the **[REDACTED]**, the **[REDACTED]**, **[REDACTED]** and the **[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.

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

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rules 8.12 and 19A.15 of the Listing Rules, we must have a 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 our principal business and operations are substantially located, managed and conducted in the PRC through its PRC subsidiaries, our Directors consider that appointment of additional executive Directors who will be ordinarily resident in Hong Kong would not be beneficial to or appropriate for the Group. As none of our executive Directors are ordinarily based in Hong Kong, we do not, and do not contemplate that we will in the foreseeable future, have a sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rules 8.12 and 19A.15 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 8.12 and 19A.15 of the Listing Rules. We will put in place the following measures in order to ensure that regular communication is maintained between the Stock Exchange and our Company:

(a) we have appointed two authorized representatives pursuant to Rule 3.05 of the Listing Rules, who will act as our principal channel of communication with the Stock Exchange. The two authorized representatives are Mr. WANG Ping, an executive Director, and Ms. CHENG Kwai Yuk (鄭桂鈺) ("**Ms. Cheng**"), one of our joint company secretaries. Mr. WANG Ping confirms that he possesses valid travel documents and can readily travel to Hong Kong and Ms. Cheng is ordinarily resident in Hong Kong. Each of the authorized representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable period of time upon the request of the Stock Exchange and will be readily contactable by telephone and email. Each of the authorized representatives is authorized to communicate on behalf of our Company with the Stock Exchange;

(b) the authorized representatives have means to contact our Directors (including our independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact our Directors for any matter;

(c) all of our Directors have confirmed that they possess or can apply for and renew valid travel documents to visit Hong Kong and would be able to meet with the Stock Exchange upon reasonable notice and within a reasonable period. Each of our Directors will be readily contactable by telephone and email, and is authorized to communicate on behalf of our Company with the Stock Exchange;

(d) each of our Directors has provided his/her respective contact details, including office phone numbers, mobile phone numbers, email addresses and addresses, to the Stock Exchange and the authorized representatives. In the event that any Director expects to travel or otherwise be out of office, he/she will provide the contact details and his/her place of accommodation to the authorized representatives;

(e) our Company has appointed Somerley Capital Limited as our compliance advisor pursuant to Rule 3A.19 of the Listing Rules who will have access at all times to the authorized representatives, our Directors and other senior management of our Company, and will act as an additional channel of communication with the Stock Exchange for the period commencing on the date of the **[REDACTED]** of our H Shares on the Main Board and ending on the date when our Company distributes its annual report for the first full financial year in accordance with Rule 13.46 of the Listing Rules; and

(f) meetings between the Stock Exchange and our Directors can be arranged through the authorized representatives or the compliance advisor of our Company or directly with our Directors within a reasonable time frame. The Company will inform the Stock Exchange promptly in respect of any change in the authorized representatives and/or its compliance advisor.

APPOINTMENT OF JOINT COMPANY SECRETARIES

Pursuant to Rule 8.17 of the Listing Rules, we must appoint a company secretary who satisfies Rule 3.28 of the Listing Rules. According to Rule 3.28 of the Listing Rules, our company secretary must be 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.

The Stock Exchange considers the following academic or professional qualifications to be acceptable:

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

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

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

In assessing "relevant experience", the Stock Exchange will consider the individual's:

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

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

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

(d) professional qualifications in other jurisdictions.

We have appointed Mr. HUANG Min (黃敏) as one of our joint company secretaries. Mr. Huang joined our Group in June 2014 and is our executive Director, secretary of the Board and deputy general manager. He is primarily responsible for the Group's securities affairs, refinancing initiatives, and other capital market-related matters. Although our Company believes, having regard to his past experience in handling corporate matters, that he has a thorough understanding of our Company and the Board, he does not possess the requisite qualifications required by Rule 3.28 of the Listing Rules. Therefore, our Company has appointed Ms. Cheng, who is a Hong Kong resident and possesses such qualifications, to be a joint company secretary to assist Mr. Huang in the compliance matters for the **[REDACTED]** as well as other Hong Kong regulatory requirements for a period of three years commencing from the **[REDACTED]**. For the biographies of our joint company secretaries, please see "Directors and Senior Management — Joint Company Secretaries" in this document. Over such three-year period, we will implement measures to assist Mr. Huang to satisfy the requisite qualifications as prescribed in Rule 3.28 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 8.17 and 3.28 of the Listing Rules in relation to Mr. Huang's appointment as our joint company secretary pursuant to Chapter 3.10 of the Guide for New Listing Applicants on the following conditions:

(a) Mr. Huang must be assisted by Ms. Cheng, who possesses the qualification and experience as required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the validity period of the waiver; and

(b) the waiver is valid for a period of three years from the **[REDACTED]** and will be revoked immediately if and when Ms. Cheng ceases to provide such assistance or if there are material breaches of the Listing Rules by our Company.

It is anticipated that Mr. Huang will gain experience with the assistance of Ms. Cheng. Before the end of the initial three-year period, we will evaluate the then experience of Mr. Huang in order to determine whether the requirements as stipulated in Rules 3.28 and 8.17 of the Listing Rules can be satisfied at the time and on-going assistance would be needed. We would then endeavor to demonstrate to the satisfaction of the Stock Exchange that Mr. Huang, having had the benefit of Ms. Cheng's assistance for three years, would then have acquired the "relevant experience" within the meaning of Rule 3.28 of the Listing Rules so that a further waiver would not be necessary.

WAIVER AND EXEMPTION IN RESPECT OF THE 2024 STOCK OPTION INCENTIVE PLAN

The Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance prescribe certain disclosure requirements in relation to the share options granted by our Company (the "**ESOP Disclosure Requirements**"):

(i) Rule 17.02(1)(b) of the Listing Rules stipulates that all material terms of a scheme must be clearly set out in this document. Our Company is also required to disclose in this document full details of all outstanding options and their potential dilution effect on the shareholdings upon **[REDACTED]** as well as the impact on the earnings per share arising from the issue of shares in respect of such outstanding options;

(ii) Paragraph 27 of Appendix D1A to the Listing Rules requires our Company to set out in this document particulars of any capital of any member of our Group that is under option, or agreed conditionally or unconditionally to be put under option, including the consideration for which the option was or will be granted and the price and duration of the option, and the name and address of the grantee; and

(iii) Paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance requires our Company to disclose, amongst others, details of the number, description and amount of any shares in or debentures of our Company which any person has, or is entitled to be given, an option to subscribe for, together with the particulars of the option, that is to say, (a) the period during which it is exercisable; (b) the price to be paid for shares or debentures subscribed for under it; (c) the consideration (if any) given or to be given for it or for the right to it; and (d) the names and addresses of the persons to whom it or the right to it was given or, if given to existing shareholders or debenture holders as such, the relevant shares or debentures must be specified in the document.

Pursuant to paragraphs 6 to 7 of Chapter 3.6 of the Guide for New Listing Applicants, the Stock Exchange would normally grant waivers from disclosing the names and addresses of certain grantees if the issuer could demonstrate that such disclosures would be irrelevant and unduly burdensome, subject to certain conditions specified therein.

As of the Latest Practicable Date, our Company had granted outstanding options under the 2024 Stock Option Incentive Plan to 149 grantees who are employees of our Group, to subscribe for an aggregate of 1,494,300 A Shares. The Shares underlying the granted options represent **[REDACTED]**% of the total number of Shares in issue immediately after completion of the **[REDACTED]** (assuming that no new Shares are issued under the **[REDACTED]** and our 2024 Equity Incentive Plans, and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the **[REDACTED]**). As of the Latest Practicable Date, among the outstanding options, 387,800 were held by six connected persons and 1,106,500 were held by 143 employees of our Company, none of whom was a Director or senior management of our Company. For details of the 2024 Stock Option Incentive Plan which involve the issuance of new A Shares, please see section headed "Appendix VI — Statutory and General Information — D. 2024 Equity Incentive Plans" in this document.

We have applied to: (i) the Stock Exchange for a waiver from strict compliance with the disclosure requirements under Rule 17.02(1)(b) of, and paragraph 27 of Appendix D1A to, the Listing Rules; and (ii) the SFC for a certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting our Company from strict compliance with paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, respectively, on the ground that strict compliance with the above requirements would be unduly burdensome for our Company and the exemption would not prejudice the interests of the **[REDACTED]** public for the following reasons:

(i) given that 143 grantees (who are not Directors, members of the senior management or connected persons of the Company) are involved in the granting of outstanding options, strict compliance with such disclosure requirements in setting out full details of all the grantees under the 2024 Stock Option Incentive Plan in this document would be costly and unduly burdensome for us in light of a significant increase in costs and timing for information compilation and document preparation. For example, we would need to collect and verify the addresses of a large number of grantees to meet the disclosure requirement;

(ii) the disclosure of the personal details of each grantee, including their names, addresses and the number of options granted, may require obtaining consent from the grantees in order to comply with personal data privacy laws and principles and it would be unduly burdensome for the Company to obtain such consents given the number of grantees;

(iii) strict compliance with the above requirements to disclose names, addresses, and entitlements on an individual basis will require substantial additional disclosure without reflecting the materiality of the information and does not provide any material nor meaningful information to the **[REDACTED]** public;

(iv) the grant and exercise in full of the options under the 2024 Stock Option Incentive Plan will not cause any material adverse impact to the financial position of our Group. The 143 grantees who are not Directors, members of the senior management or connected persons of our Company have been granted options to acquire an aggregate of 1,106,500 A Shares, representing **[REDACTED]**% of the total number of Shares in issue immediately after completion of the **[REDACTED]** (assuming that no new Shares are issued under the **[REDACTED]** and our 2024 Equity Incentive Plans, and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the **[REDACTED]**), which is not material in the circumstances of our Company;

(v) there will not be any new H Shares issued under the 2024 Stock Option Incentive Plan as the foregoing plan is an A-share incentive scheme;

(vi) non-compliance with the above disclosure requirements would not prevent us from providing our **[REDACTED]** with an informed assessment of the activities, assets, liabilities, financial position, management and prospects of our Company; and

(vii) material information relating to the Shares under the 2024 Stock Option Incentive Plan has been disclosed in this document to provide prospective **[REDACTED]** with sufficient information to make an informed assessment of the potential dilutive effect and impact on earnings per Share of the options in making their **[REDACTED]** decision, and such information includes:

(a) a summary of the terms of the 2024 Stock Option Incentive Plan;

(b) the aggregate number of Shares subject to the options and the percentage to our total issued share capital represented by such number of Shares;

(c) the dilutive effect and the impact on earnings per Share upon full exercise of the options immediately following completion of the **[REDACTED]** (assuming that no new Shares are issued under the **[REDACTED]** and our 2024 Equity Incentive Plans, and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the **[REDACTED]**);

(d) full details of the options granted by our Company to Directors, members of senior management and connected persons of our Company (if any), on an individual basis, are disclosed in this document, and such details include all the particulars required under Rule 17.02(1)(b) of, and paragraph 27 of Appendix D1A to the Listing Rules and paragraph 10 of Part 1 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;

(e) in respect of the options under the 2024 Stock Option Incentive Plan granted to remaining grantees (being the other grantees who are not our Directors, senior management or connected persons of our Company), disclosure will be made, on an aggregate basis, including (1) their aggregate number of grantees and number of Shares underlying the options under the 2024 Stock Option Incentive Plan, (2) the consideration (if any) paid for the grant of the options under the 2024 Stock Option Incentive Plan, and (3) the exercise period of the options and the exercise price of the options granted under the 2024 Stock Option Incentive Plan; and

(f) the particulars of the waiver and exemption granted by the Stock Exchange and the SFC, respectively.

We have applied for, and the Stock Exchange [has granted], a waiver from strict compliance with the applicable ESOP Disclosure Requirements on the conditions that:

(i) on an individual basis, full details of the options under the 2024 Stock Option Incentive Plan granted by our Company to each of our Directors, members of senior management and connected persons of our Company, will be disclosed in the section headed "Appendix VI — Statutory and General Information — D. 2024 Equity Incentive Plans" as required under Rule 17.02(1)(b) of, and paragraph 27 of Appendix D1A to, the Listing Rules, and paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;

(ii) in respect of the options under the 2024 Stock Option Incentive Plan granted to remaining grantees (being the other grantees who are not our Directors, senior management or connected persons of our Company), disclosure will be made, on an aggregate basis, including (1) their aggregate number of grantees and number of Shares underlying the options under the 2024 Stock Option Incentive Plan, (2) the consideration (if any) paid for the grant of the options under the 2024 Stock Option Incentive Plan, and (3) the exercise period of the options and the exercise price of the options granted under the 2024 Stock Option Incentive Plan;

(iii) aggregate number of Shares underlying the options granted under the 2024 Stock Option Incentive Plan and the percentage to our total issued share capital represented by such number of Shares as of the Latest Practicable Date;

(iv) the dilutive effect and impact on earnings per Share upon the full exercise of the options under the 2024 Stock Option Incentive Plan will be disclosed in the section headed "Appendix VI — Statutory and General Information — D. 2024 Equity Incentive Plans";

(v) a summary of the major terms of the 2024 Stock Option Incentive Plan will be disclosed in the section headed "Appendix VI — Statutory and General Information — D. 2024 Equity Incentive Plans";

(vi) a full list of all the grantees with outstanding options under the 2024 Stock Option Incentive Plan containing all the particulars as required under Rule 17.02(1)(b) of, and paragraph 27 of Appendix D1A to, the Listing Rules be made available for public inspection in accordance with "Documents Delivered to the Registrar of Companies and Available on Display — 2. Document Available for Inspection" in Appendix VI to this document;

(vii) the grant of a certificate of exemption under the Companies (Winding Up and Miscellaneous Provisions) Ordinance from the SFC exempting our Company from strict compliance with paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance; and

(viii) the particulars of the waiver will be disclosed in this document.

We have applied for, and the SFC [has granted], a certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance from strict compliance with paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance on the conditions that:

(i) on an individual basis, full details of the options under the 2024 Stock Option Incentive Plan granted by our Company to each of our Directors, members of senior management of the Group and connected persons of our Company (if any), will be disclosed in the section headed "Appendix VI — Statutory and General Information — D. 2024 Equity Incentive Plans" as required under paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;

(ii) in respect of the options under the 2024 Stock Option Incentive Plan granted to remaining grantees (being the other grantees who are not our Directors, senior management or connected persons of our Company), disclosure will be made, on an aggregate basis, including (1) their aggregate number of grantees and number of Shares underlying the options under the 2024 Stock Option Incentive Plan, (2) the consideration (if any) paid for the grant of the options under the 2024 Stock Option Incentive Plan, and

(iii) the exercise period of the options and the exercise price of the options granted under the 2024 Stock Option Incentive Plan;

(iv) a full list of all the grantees with outstanding options under the 2024 Stock Option Incentive Plan, containing all the details as required under paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance be made available for public inspection in accordance with "Documents Delivered to the Registrar of Companies and Available on Display — 2. Document Available for Inspection" in Appendix VI to this document; and

(v) the particulars of the exemption will be disclosed in this document which will be issued on or before [January 30, 2026].

WAIVERS AND EXEMPTIONS

[REDACTED]

WAIVERS AND EXEMPTIONS

[REDACTED]

WAIVERS AND EXEMPTIONS

[REDACTED]

WAIVERS AND EXEMPTIONS

[REDACTED]

WAIVERS AND EXEMPTIONS

[REDACTED]

WAIVERS AND EXEMPTIONS

[REDACTED]

WAIVERS AND EXEMPTIONS

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

DIRECTORS

Name	Residential address	Nationality
Executive Directors		
Mr. WANG Ping (王平)	Room 29A, Building 3 Yongshan Mingyuan, Longwei Road Meilin Street, Futian District Shenzhen Guangdong PRC	Chinese
Mr. DU Guobin (杜國彬)	Room 904, No. 9, Lane 177 Qiheng Road Pudong New Area Shanghai PRC	Chinese
Mr. XIA Youqing (夏有慶)	Room 1308, Building 4A Qincheng Dahe Yuan Xin'an Street, Bao'an District Shenzhen Guangdong PRC	Chinese
Mr. HUANG Min (黃敏)	Room 603, Unit 1, Building 1, Cuijing Yuan No. 18 Shangbao Road Lianhua Street, Futian District Shenzhen Guangdong PRC	Chinese

Name	Residential address	Nationality
Independent Non-Executive Directors		
Dr. MA Lijun (馬利軍)	Room 1405, Building 5 Penghua Xiangyu Garden No. 1001, Longhua New Area Avenue Shenzhen Guangdong PRC	Chinese
Mr. YANG Zheng (楊政)	Room 1202, Unit 1, Building 11 Poly Champagne International No. 89 Jinshajiang East Street Jianye District Nanjing Jiangsu, PRC	Chinese
Ms. LIU Jia (劉佳)	Flat 26B, Tower 1, One Silversea 18 Hoi Fai Road Kowloon Hong Kong	Chinese (Hong Kong)

Further information about our Directors are set out in "Directors and Senior Management" in this document.

PARTIES INVOLVED IN THE [REDACTED]

Sole Sponsor

China International Capital Corporation Hong Kong Securities Limited
29/F, One International Finance Centre
1 Harbour View Street
Central
Hong Kong

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Legal Advisors to our Company

As to Hong Kong and U.S. laws:

Paul Hastings (Hong Kong) LLP
22/F, Bank of China Tower
1 Garden Road
Hong Kong

As to PRC law:

Han Kun Law Offices
9/F, Office Tower C1
Oriental Plaza
1 East Chang An Ave
Dongcheng District
Beijing
PRC

Legal Advisors to the Sole Sponsor and the [REDACTED]

As to Hong Kong and U.S. laws:

Jones Day
31/F, Edinburgh Tower
The Landmark
15 Queen's Road Central
Hong Kong

As to PRC law:

King & Wood Mallesons
28/F, China Resources Tower
2666 Keyuan South Road
Nanshan District, Shenzhen
Guangdong
PRC

Auditor and Reporting Accountants

Ernst & Young
Certified Public Accountants
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.** 2504, Shanghai Wheelock Square No. 1717, Nanjing West Road Jingan District Shanghai PRC

[REDACTED]

CORPORATE INFORMATION

Registered Office	2/F, No. 5 Lingxia Road Fenghuang Community Fuyong Street Bao'an District, Shenzhen Guangdong PRC
Headquarters and Principal Place of Business in the PRC	32/F, Building B Shenzhen International Innovation Center Futian Technology Plaza No. 1006 Shennan Avenue Xintian Community, Huafu Street Futian District, Shenzhen Guangdong PRC
Place of Business in Hong Kong	40/F, Dah Sing Financial Centre No. 248 Queen's Road East Wanchai Hong Kong
Company's Website	**www.meigsmart.com** *(The information on the website does not form part of this document)*
Joint Company Secretaries	**Mr. HUANG Min (黃敏)** 32/F, Building B Shenzhen International Innovation Center Futian Technology Plaza No. 1006 Shennan Avenue Xintian Community, Huafu Street Futian District, Shenzhen Guangdong PRC

	Ms. CHENG Kwai Yuk (鄭桂鈺) *(an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom)* 40/F, Dah Sing Financial Centre No. 248 Queen's Road East Wanchai Hong Kong
Authorized Representatives	**Mr. WANG Ping (王平)** Room 29A, Building 3 Yujing Pavilion Yongshan Mingyuan Longwei Road Futian District Shenzhen Guangdong PRC **Ms. CHENG Kwai Yuk (鄭桂鈺)** 40/F, Dah Sing Financial Centre No. 248 Queen's Road East Wanchai Hong Kong
Audit Committee	Mr. YANG Zheng (楊政) *(Chairperson)* Dr. MA Lijun (馬利軍) Ms. LIU Jia (劉佳)
Remuneration and Appraisal Committee	Dr. MA Lijun (馬利軍) *(Chairperson)* Mr. WANG Ping (王平) Mr. YANG Zheng (楊政)
Nomination Committee	Dr. MA Lijun (馬利軍) *(Chairperson)* Mr. YANG Zheng (楊政) Ms. LIU Jia (劉佳)
Strategy Committee	Mr. WANG Ping (王平) *(Chairperson)* Dr. MA Lijun (馬利軍) Mr. YANG Zheng (楊政)

[REDACTED]

Compliance Advisor	**Somerley Capital Limited** 20/F, China Building 29 Queen's Road Central Hong Kong
Principal Banks	**Citibank** 34/F, Citigroup Tower No. 33 Huayuan Shiqiao Road Lujiazui Financial and Trade Zone Pudong Shanghai PRC
	Huaxia Bank Huaxia Bank Building No. 22 Jianguomennei Street Dongcheng District Beijing PRC
	China Everbright Bank China Everbright Center No. 25 Taipingqiao Street Xicheng District Beijing PRC

The data and statistics provided in this section and other sections of the document are extracted from the Frost & Sullivan report that we commissioned, as well as various government publications and other publicly available sources. We engaged Frost & Sullivan to prepare an independent industry report related to the **[REDACTED]***, known as the Frost & Sullivan report. We believe that the sources of information contained in this Industry Overview are appropriate sources for such information and have taken reasonable care in reproducing such information. We have no reason to believe that such information is false or misleading or that any material fact has been omitted that would render such information false or misleading. The information set out in this Industry Overview has not been independently verified by us, the Sole Sponsor, the* **[REDACTED]***, the* **[REDACTED]***, the* **[REDACTED]***, any of the* **[REDACTED]***, any of our or their respective directors, officers, employees, advisors, agents or representatives or any other party involved in the* **[REDACTED]** *and no representation is given as to its accuracy.*

SOURCE AND RELIABILITY OF INFORMATION

We have commissioned Frost & Sullivan, an independent market research and consulting company, to conduct an analysis of China's wireless communication modules industry. Frost & Sullivan is an independent global consulting firm, founded in 1961 in New York. It offers industry research and market strategies and provides growth consulting and corporate training. It has over 40 offices worldwide with over 2,000 industry consultants, market research analysts, and economists. We commissioned Frost & Sullivan for a total fee of RMB350,000 in connection with the preparation of the market research report (the "**Frost & Sullivan Report**"). We have included certain information from the Frost & Sullivan Report in this document to provide our potential **[REDACTED]** with a more comprehensive understanding of the industries in which we operate.

During the preparation of the Frost & Sullivan Report, Frost & Sullivan performed both (i) primary research, which involved in-depth interviews with leading industry participants and industry experts; and (ii) secondary research, which involved review of company reports, independent research reports and data based on Frost & Sullivan's own research database. Projected data was obtained from historical data analysis plotted against macroeconomic data with reference to specific industry-related factors. The Frost & Sullivan Report was compiled based on the following assumptions: (i) China's economy is likely to maintain a steady growth in the next decade; (ii) China's social, economic and political environment is likely to remain stable in the forecast period from to 2025 to 2029, which ensures the stable and healthy development of the China's wireless communication modules industry.

1 MACRO INDUSTRY BACKGROUND

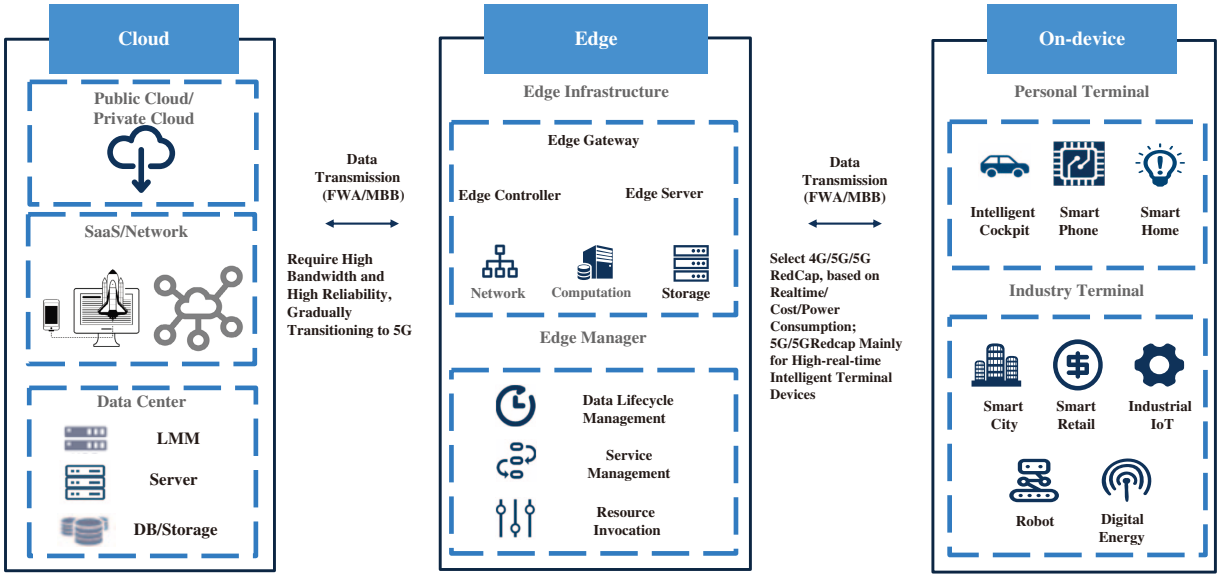
1.1 Wireless Communication Modules are part of the Important Infrastructure of the AI Intelligent Ecosystem

■ ***Development background of wireless communication modules***

In the context of continuous deepening of digital transformation and expanding intelligent applications, the technical form of wireless communication modules has undergone a systematic evolution from "connection" to "computation". Early wireless communication modules primarily handled basic data transmission functions, widely applied in machine-to-machine communication and early-stage IoT scenarios. With the popularity of 5G cellular networks, they provide faster, more stable, and more secure wireless connections for application scenarios such as general IoT, cloud-edge-device, and wireless broadband. On this basis, the accelerated deployment of AI further changes the functional positioning of wireless communication modules in the system architecture, driving the accelerated development of module forms with AI processing capabilities.

■ ***Cloud-edge-device architecture and data transmission mode***

Cloud-edge-device architecture is a distributed model integrating cloud computing, edge computing, and terminal devices. The cloud is responsible for handling complex computing and big data storage (such as AI model training), while the edge layer completes local real-time analysis and wireless broadband connections. The device layer encompasses personal devices and industry terminals, performing perception, control, and local inference of the physical world. With AI models increasingly shifting toward the terminal side and the continuous evolution of edge-cloud collaborative architectures, the data flow between cloud, edge, and terminal requires higher network capabilities. FWA and MBB, as next-generation wireless broadband access methods, based on 5G, 5G-A and 5G RedCap communication standards, provide high-speed wireless connections for smart terminals, effectively supporting typical application scenarios such as high-definition video transmission, task command delivery, and real-time data interaction.

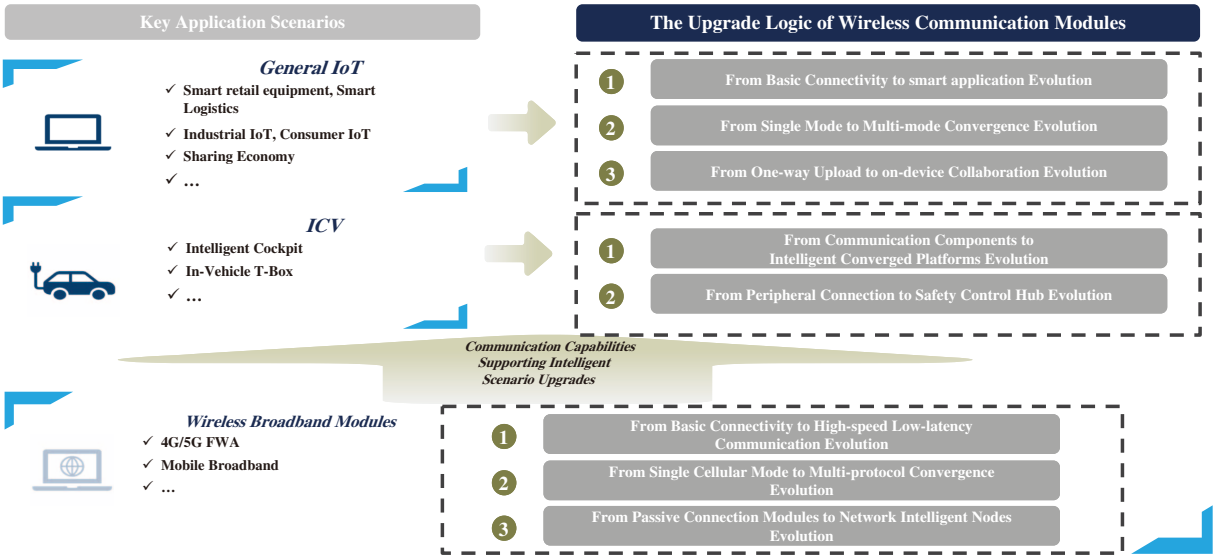


Source: Frost & Sullivan

1.2 On-device Intelligence Era Core Driving Scenarios Requirements for Module Capabilities

■ *On-device AI market size*

On-device AI technology deploys AI functions to various terminal devices such as sensors and IoT terminals, enabling them to perform local data processing and decision-making. The global on-device AI market has experienced explosive growth, increasing from RMB90.2 billion in 2020 to RMB251.7 billion in 2024, with a CAGR of 29.3%. This growth is expected to accelerate further, with the market size projected to surge from RMB321.9 billion in 2025 to RMB1,223.0 billion in 2029, achieving a CAGR of 39.6%. The rapid expansion of the on-device AI market is directly driven by its accelerated adoption in typical scenarios such as general IoT, ICV and robotics. These fields require local inference, low-latency responses, and intelligent control, which align closely with the characteristics of on-device AI, forming its primary growth drivers.



Source: Frost & Sullivan

■ ***Upgrade Logic of Key Application Scenarios of the Wireless Communication Modules in the On-Device Intelligence Era***

- General IoT: The global number of connected devices is rapidly increasing in the era of on-device intelligence, and is expected to reach tens of billions. Communication modules are evolving from "simple connectivity" to "local light intelligence," performing initial AI inference and status judgment at the terminal. With the maturity of the terminal-edge-cloud collaborative architecture in the future, modules will possess data filtering and edge preprocessing capabilities, enabling more efficient collaborative processing between local and cloud ends.

- ICV: Intelligent cockpit and intelligent connectivity are core carriers of on-device intelligence applications in ICV. While 4G in-vehicle modules met basic requirements for streaming media playback and remote diagnostics. However, in the on-device intelligence era, wireless communication modules are evolving from 4G to 5G. The wide coverage and high communication capabilities of 5G enable faster, lower-latency data exchange both inside and outside the vehicle, providing more stable support for features such as multi-screen interaction, software updates. As such, wireless communication modules have become critical enablers for the evolution of ICV in the on-device intelligence era.

- Wireless Broadband: Globally, wireless broadband access has become the mainstream choice due to its rapid deployability, controllable costs, and absence of need for large-scale wired infrastructure. As user demands for high-definition video, real-time interaction, and remote collaboration continue to rise, communication modules are accelerating their transition from 4G to 5G, 5G RedCap and 5G-A to deliver higher bandwidth, lower latency, and better energy efficiency. With the continuous improvement of 5G network coverage, module functions are evolving from single connectivity to intelligent network nodes with edge caching, protocol scheduling, and security management capabilities, serving as the core foundation for supporting the sustained expansion of the global wireless broadband market.

1.3 Main Application Prospects of Wireless Communication Modules in the AI Era

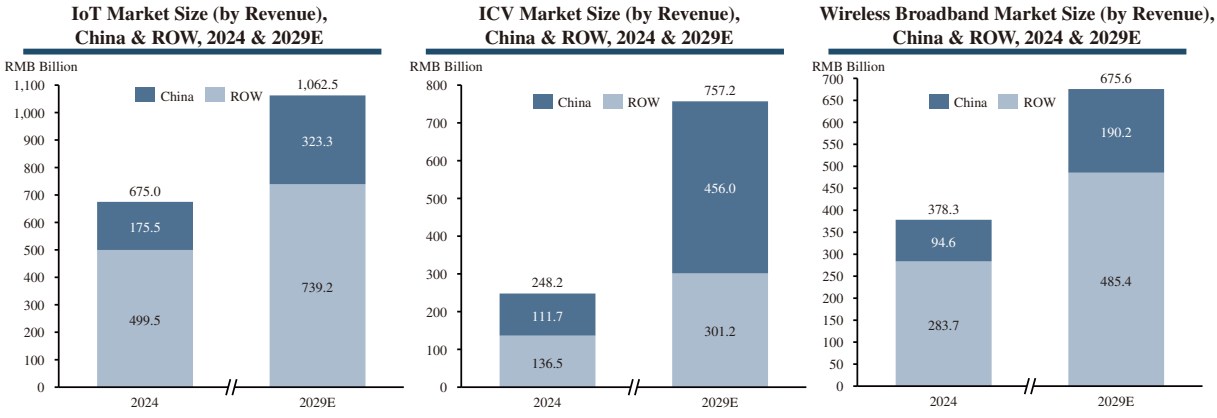
■ ***Current core driving scenarios***

- **General IoT:** The diversity of general IoT terminal types is increasing, covering numerous sub-sectors such as industrial control and Smart Cities. On-device AI has become a key pathway to enhance device intelligence levels now, driving module products to evolve towards integrated computing-power, multi-protocol support, and edge algorithm adaptation, which imposes higher requirements on modules' edge processing capabilities and software-hardware integration. In China, the General IoT market is experiencing rapid expansion driven by national digital infrastructure policies and widespread industrial digitalization, resulting in a strong increase in connected devices, and the ROW market is larger in scale but growing at a steadier pace, with consistent demand from industrial IoT and smart city applications in developed economies such as North America and Europe.

- **ICV:** With the rapid penetration of functions such as intelligent cockpit in mid-to-high-end vehicles, OEMs are placing emphasis on high data rates, low latency, and local AI inference for in-vehicle modules. In on-device AI tasks such as multi-modal perception and real-time inference, high-computing-power modules are gradually replacing traditional communication modules, becoming critical nodes in intelligent architectures. Particularly in supporting automotive-grade interfaces, modules face higher comprehensive performance requirements. China's ICV market is accelerating due to the rising penetration of intelligent electric vehicles in domestic brands, driving strong demand for automotive-grade modules; the ROW markets started earlier and have a larger installed base, but face regulatory constraints and slower model renewal cycles, resulting in more moderate growth.

- **Wireless Broadband (FWA/MBB):** The communication capabilities of wireless broadband have become foundational for intelligent scenario upgrades, serving as a key enabler for connecting terminal intelligence and system collaboration. FWA/MBB are gradually replacing traditional wired broadband access, with rapid growth in demand for high data rates, multi-user concurrency, and remote management capabilities in households and enterprises. Wireless communication modules not only need to support multi-mode fusion communication such as 5G and Wi-Fi 6 but also need to undertake intelligent functions like user behavior analysis and local data scheduling, driving modules to evolve towards the "communication + edge intelligence" direction. The ROW markets, particularly in emerging regions like Southeast Asia and Africa, are seeing faster growth than China due to limited fixed-line infrastructure and surging demand for cost-effective broadband alternatives.

The following figure shows the market size of the main downstream industries of communication modules in the on-device AI field:



Source: Frost & Sullivan

■ ***Future high-potential driving scenarios***

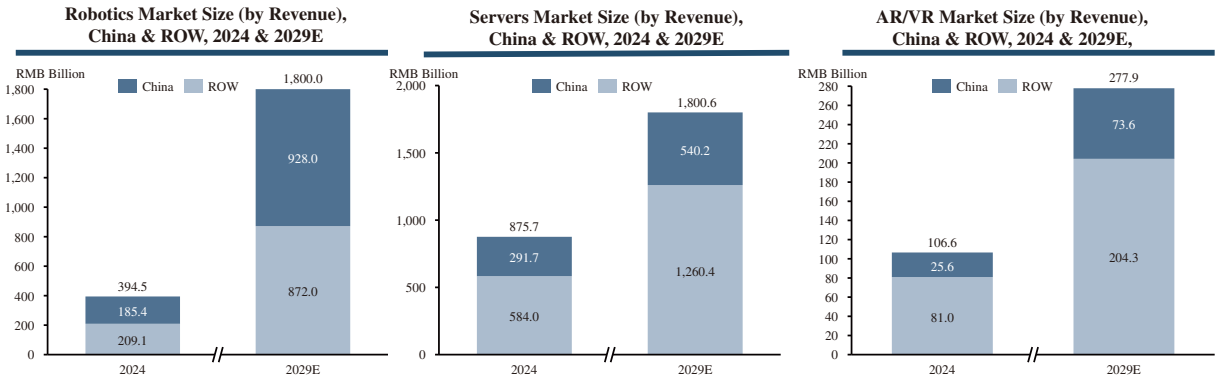
- **Robots:** As AI evolves from perception and understanding to autonomous decision-making and physical interaction, robots have become the most direct embodiment of AI modules and edge computing capabilities, widely applied in various operational scenarios. The demand for real-time and stable local AI inference and command control in robot terminals drives module products to develop towards integrating AI computing-power, sensor interfaces, and control scheduling capabilities. In China, the robotics market is undergoing rapid expansion beyond industrial applications, with strong policy support and demand surges in service, logistics, and

public sector use cases; the ROW markets are more concentrated in industrial robots with slower adoption in non-industrial segments, leading to a narrower application scope and more moderate growth.

- **Servers:** Under the backdrop of rapid evolution in large AI models, server architectures are accelerating their shift from centralized computing-power to edge intelligence. As critical nodes in server systems responsible for local inference, parameter caching, and task scheduling, edge servers are increasingly becoming a critical component of the AI computing-power infrastructure. Edge servers impose higher demands on wireless communication modules in terms of high-speed data transmission, low latency, and multi-link reliability, making these module products an essential underlying support component for the stable operation of edge computing-power. Looking ahead, next-generation lightweight servers optimized for AI inference acceleration and edge deployment will widely integrate wireless communication modules. This integration will not only enable remote manageability and flexible deployment but also unlock significant market potential within ubiquitous intelligent infrastructure. In China, the growth of servers is fueled by localized AI deployments, alongside increased demand for domestically controlled computing infrastructure; the ROW markets benefit from the large-scale deployment of AI inference workloads by global tech giants, with stronger momentum in modular edge server adoption and wireless module integration.

- **AR/VR:** AR/VR devices, as representative forms of the integration of generative AI and immersive interaction, require support for high-intensity tasks such as ultra-high-definition video rendering, low-latency feedback, and real-time environmental sensing, imposing stringent requirements on local computing-power and wireless communication modules. To meet the collaborative demands of edge image processing and semantic understanding, module products must possess high-bandwidth, low-latency, and stable connection capabilities, while supporting multi-protocol access fusion access to ensure the smoothness and interactivity of cross-scenario immersive experiences. China's AR/VR market growth is tempered by limited consumer adoption and underdeveloped high-end hardware ecosystems, with demand concentrated in education and cultural tourisms; By contrast, ROW markets, particularly North America, are experiencing faster growth supported by flagship product launches from global tech giants and the convergence of generative AI and immersive interaction.

The following figure shows the market size of future core driving scenarios:



Source: Frost & Sullivan

2 GLOBAL WIRELESS COMMUNICATION MODULE MARKET OVERVIEW

2.1 Definition, classification and introduction of wireless communication modules

■ ***Definition of wireless communication modules***

Communication modules refer to integrated hardware units that combine baseband chips, RF chips and related components to provide plug-and-play cellular or short-range wireless communication functions for terminal products. Among them, wireless communication modules integrate core elements such as RF transceivers, baseband processors, antenna interfaces, and protocol stacks, providing communication and local computing functions, and supporting application scenarios such as general IoT, ICV wireless broadband, and robotics. Wireless communication module can be classified into data transmission modules and smart modules based on their functions and levels of intelligence.

■ ***Data transmission modules***

Data transmission modules refer to traditional wireless communication modules primarily responsible for data transmission. It focuses on secure and high-throughput data exchange prioritizing the reliable connection of raw or pre-processed data between edge devices and integrated systems. These modules can be categorized by network standards into 2G, 3G, 4G and 5G types with 4G and 5G modules currently dominating the market.

■ *Smart Modules*

Smart modules refer to hardware modules that integrate application processors (CPU), operating systems and open development environments on top of traditional wireless communication modules. They enable terminal devices to perform local data processing, image rendering and application execution edge intelligence capabilities. While smart modules have evolved to provide enhanced computing power and open operating environments, they fundamentally retain wireless connectivity functions inherited from traditional communication modules. Therefore, they are recognized in the industry as a core sub-category of wireless communication modules, despite their extended capabilities beyond connectivity.

The industry typically classifies smart modules based on chip platforms, integrated systems and computing-power scale. With the development of downstream customer needs, the integrated computing-power measured by TOPS has gradually become an important criterion for smart modules while the presence of communication capabilities is no longer a necessary condition for defining smart modules.

- **Regular smart module:** Primarily used to support lightweight applications such as basic data collection, edge control, audio and video playback, and graphical user interface (GUI) interaction. Leveraging mid-to-low power consumption CPU platforms tailored for scenarios with lower computational demands, such as smart wearables and smart home systems, with a focus on balancing system integration and cost efficiency.

- **High-computing-power smart module:** An intelligent module integrating a computing power of 8 TOPS or above, with dedicated AI accelerators like TPU and NPU embedded, capable of performing machine learning inference terminal-side or hosting AI models. This kind of module achieves efficient real-time analysis and processing by locally loading and optimizing pre-trained models. With the support of computing power, terminal devices can perform intelligent processing of high-density information at the edge or locally. This significantly reduces reliance on cloud resources, enhances system responsiveness and data privacy protection, and strongly supports AI deployment across various terminals. The industry generally uses 8 TOPS as the technical starting point for high-computing-power smart modules. Mainstream scenarios that need 8 TOPS or higher power for stable deployment and good commercial operation include, intelligent cockpit interactive AI model deployment, and XR device-side generative image model deployment.

The following table sets out the categories and characteristics of wireless communication modules:

	Data transmission module	Smart module	High-computing-power smart module
Components .	Baseband chips, memory chips, RF chips	SoC (integrated CPU, GPU), supporting memory chips, RF chips, PCBs, power management chips	High-performance SoC (integrated NPU or AI accelerator), supporting large-capacity memory chips, RF chips, PCBs, power management chips
Local processing capability .	Weak	Equipped with a general-purpose CPU, it supports basic applications such as multimedia, multiple cameras, and multi-screen display	Integrated with high-performance heterogeneous computing units, it supports on-device complex AI model inference and features edge intelligence capabilities such as high-density data processing and image recognition
Smart application capability .	Weak	It can run smart functions, such as simple recognition and basic speech processing	It can deploy complex AI models locally, including tasks such as multi-stream video analysis, target detection, multimodal perception fusion
Computing power	/	<8 TOPs	≥8 TOPs

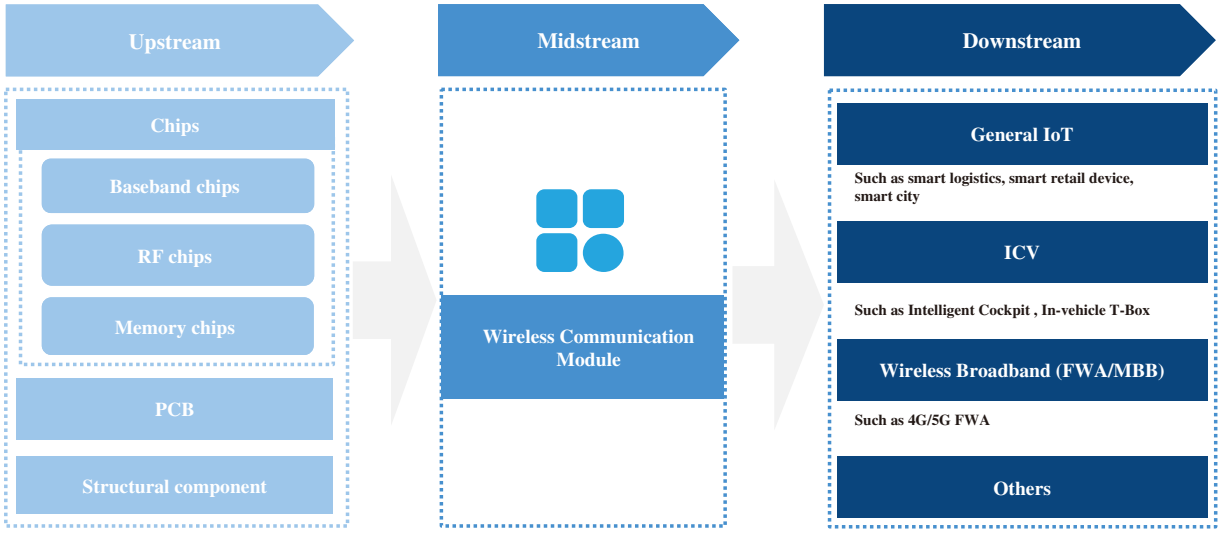
Source: Frost & Sullivan

2.2 Wireless Communication Module Industry Value Chain Analysis

- The wireless communication module industry chain comprises three segments: upstream dominated by core components such as baseband chips and RF chips, primarily supplied by chipmakers and component vendors; midstream providing standardized module designs and customized solutions, led by module suppliers specializing in hardware and software integration; downstream connecting end-application scenarios including general IoT, ICV wireless broadband, and robotics.

- Positioned in the midstream of the value chain, wireless communication modules serve as the vital link between upstream chips and downstream application scenarios. Its core function is to integrate various key components, such as baseband chips, RF devices, antennas, and memory, through hardware and software integration. These components are then encapsulated into standardized or customized module products. This process provides stable and high-performance wireless communication capabilities, making it easier for downstream terminal manufacturers to quickly deploy them in various smart devices. Wireless communication modules not only perform the important functions of technical integration and system adaptation, but also serve as a critical enabler for the large-scale implementation of advanced communication technologies such as 5G and IoT.

- As downstream customers' requirements for product intelligence, customization, and integration continue to rise, wireless communication module enterprises not only need to provide connectivity capabilities but also possess comprehensive technical capabilities such as system integration, heterogeneous computing power deployment, and software adaptation. The value creation stages are gradually shifting from upstream standard chip supply to midstream module manufacturers, with modules becoming a key hub for facilitating collaborative innovation between upstream and downstream players and driving application implementation.



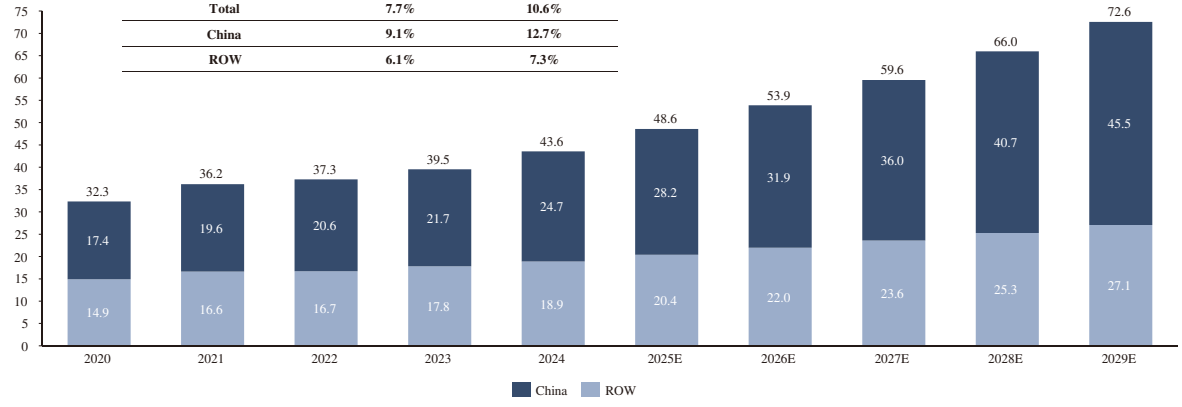
Source: Frost & Sullivan

2.3 Global Wireless Communication Module Market Size Analysis, 2020-2029E

- The global wireless communication module market has witnessed rapid growth, expanding from RMB32.3 billion in 2020 to RMB43.6 billion in 2024, with a CAGR of 7.7%. From a regional perspective, China's market size has surpassed that of other regions in the world, growing from RMB17.4 billion in 2020 to RMB24.7 billion in 2024, achieving a CAGR of 9.1% during the period. The global high-tech industry's accelerated growth has driven the wireless communication module market to expand continuously. Rising customer demand for highly customized and higher-value-added solutions has pushed wireless communication module companies to develop more technology-intensive products for higher profits. This will likely speed up global market growth further. From 2025 to 2029, it is expected to grow at a CAGR of 10.6%, reaching RMB72.6 billion by 2029, exceeding its historical growth rate. Meanwhile, Chinese enterprises' leading position in manufacturing has caused China's demand for wireless communication modules to exceed the global average. China is projected to achieve a CAGR of 12.7% during the same period, surpassing other regions. By 2029, its market size is expected to reach RMB45.5 billion.

Global Wireless Communication Modules Market Size, 2020–2029E, by Revenue

CAGR	2020–2024	2025E–2029E
Total	7.7%	10.6%
China	9.1%	12.7%
ROW	6.1%	7.3%



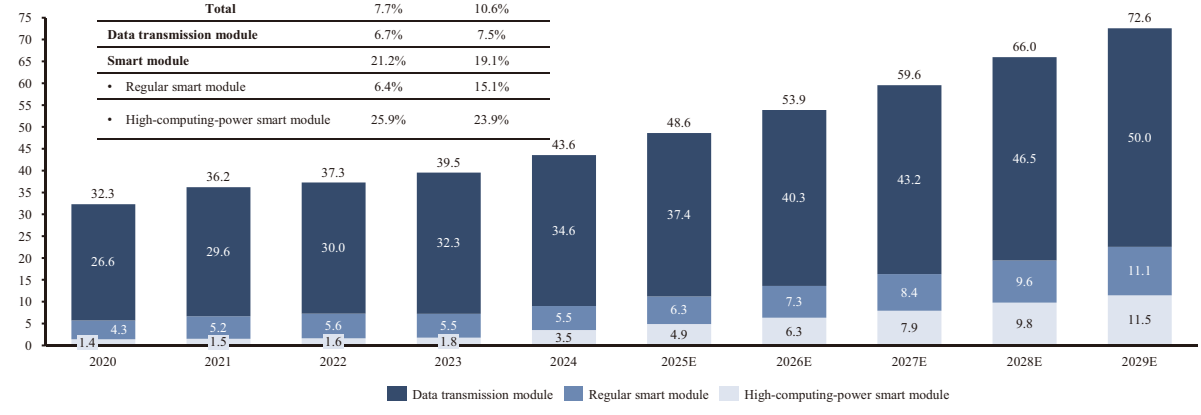
Source: Frost & Sullivan

2.4 Global and China's Wireless Communication Module Market Size Analysis by Type, 2020-2029E

■ By wireless communication module type, the market size for data transmission modules increased from RMB26.6 billion in 2020 to RMB34.6 billion in 2024, representing a CAGR of 6.7%. Given the anticipated growth in downstream demand, the data transmission module market is projected to accelerate, growing from RMB37.4 billion in 2025 to RMB50 billion in 2029, representing a CAGR of 7.5%. Driven by the rapid adoption of lightweight smart module applications like digital payment and smart home, the global regular smart modules market is expected to increase from RMB6.3 billion in 2025 to RMB11.1 billion in 2029, representing a CAGR of 15.1%. However, with the rapid deployment of high-complexity AI tasks such as large models, video structuring and local generation at the edge, industry demands for module computing-power have significantly increased. Some applications originally handled by regular smart modules are shifting towards high-computing-power smart modules, leading to a migration of the growth potential of smart modules more towards high-computing-power smart modules. For instance, in the field of ICVs, T-Box units that previously required only basic connectivity are now expected to support advanced functions such as real-time voice interaction, high-definition streaming, pushing automakers to replace regular smart modules with high-computing power smart modules. In comparison, the high-computing-power smart module market increased from RMB1.4 billion in 2020 to RMB3.5 billion in 2024, representing a CAGR of 29.2% will expand from RMB4.9 billion in 2025 to RMB11.5 billion in 2029, representing a CAGR of 23.9%, due to the surge in high-computing-power applications in the AI field.

Global Wireless Communication Modules Market Size (by Module Type), 2020–2029E, by Revenue

CAGR	2020-2024	2025E-2029E
Total	7.7%	10.6%
Data transmission module	6.7%	7.5%
Smart module	21.2%	19.1%
• Regular smart module	6.4%	15.1%
• High-computing-power smart module	25.9%	23.9%



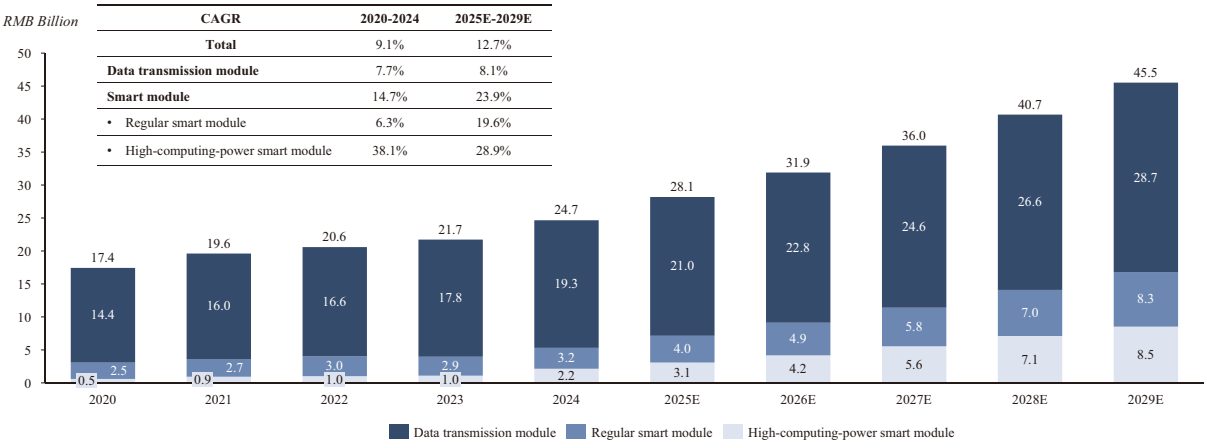
Source: Frost & Sullivan

In line with the global trend, China's wireless communication modules market has grown steadily across data transmission, regular smart modules and high-computing-power smart modules, supported by the migration from 4G to 5G, the adoption of RedCap, the rise of AI-enabled applications, as well as favorable policies, a complete industry chain.

By segment, the market size for data transmission modules increased from RMB14.4 billion in 2020 to RMB19.3 billion in 2024, representing a CAGR of 7.7% during 2020 to 2024, and is expected to further expand to RMB28.7 billion by 2029 with a CAGR of 8.1% during 2025 to 2029. The market for regular smart modules grew from RMB2.5 billion in 2020 to RMB3.2 billion in 2024, recording a CAGR of 6.3% during 2020 to 2024, and is forecasted to reach RMB8.3 billion by 2029 with a CAGR of 19.6% during 2025 to 2029. The high-computing-power smart modules market expanded rapidly from RMB0.5 billion in 2020 to RMB2.2 billion in 2024, achieving a CAGR of 38.1% during 2020 to 2024, and is projected to reach RMB8.5 billion by 2029 with a CAGR of 28.9% during 2025 to 2029.

China's Wireless Communication Modules Market Size (by Module Type), 2020–2029E, by Revenue

CAGR	2020-2024	2025E-2029E
Total	9.1%	12.7%
Data transmission module	7.7%	8.1%
Smart module	14.7%	23.9%
• Regular smart module	6.3%	19.6%
• High-computing-power smart module	38.1%	28.9%



Source: Frost & Sullivan

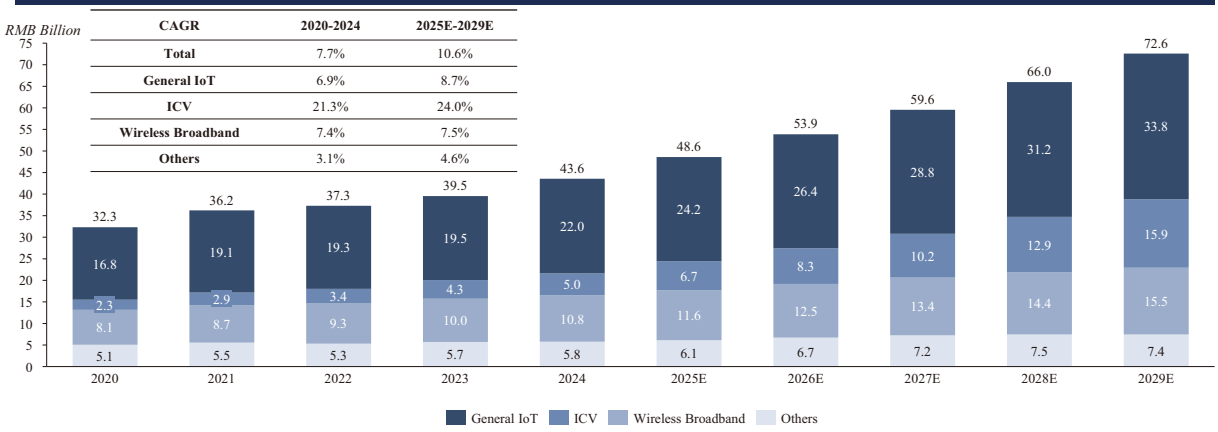
2.5 Global and China's Wireless Communication Module Market Size Analysis by Downstream Application, 2020-2029E

■ In terms of downstream application scenarios for wireless communication modules, the market size of wireless communication modules for general IoT scenarios grew from RMB16.8 billion in 2020 to RMB22.0 billion in 2024, representing a CAGR of 6.9%. Due to the anticipated expansion of niche application scenarios in the general IoT sector, the market size of the general IoT sector is projected to accelerate, increasing from RMB24.2 billion in 2025 to RMB33.8 billion in 2029, representing a CAGR of 8.7%. Driven by continuous advancements in intelligent connected vehicle technologies,

particularly the proliferation of in-vehicle infotainment, and demand for wireless communication modules will surge significantly to support high-speed data transmission, low-latency communication, and multi-device coordination. The market size for wireless communication modules in intelligent connected vehicle scenarios grew from RMB2.3 billion in 2020 to RMB5.0 billion in 2024, representing a CAGR of 21.3%. As the penetration rate of ICV in the existing vehicle market continues to rise, the demand for wireless communication modules in ICV will expand simultaneously. It is expected that market growth in the ICV sector will continue to accelerate, increasing from RMB6.7 billion in 2025 to RMB15.9 billion in 2029, representing a CAGR of 24.0%. Meanwhile, with the accelerated deployment of FWA/MBB in household broadband substitution and enterprise wireless access, the demand for high-performance, multi-standard integrated wireless communication modules in wireless broadband continues to grow. It is expected that the market size of the wireless broadband sector will grow from RMB11.6 billion in 2025 to RMB15.5 billion in 2029, representing a CAGR of 7.5%.

Global Wireless Communication Module Market Size (by Downstream Application Scenarios), 2020-2029E, by Revenue

CAGR	2020-2024	2025E-2029E
Total	7.7%	10.6%
General IoT	6.9%	8.7%
ICV	21.3%	24.0%
Wireless Broadband	7.4%	7.5%
Others	3.1%	4.6%

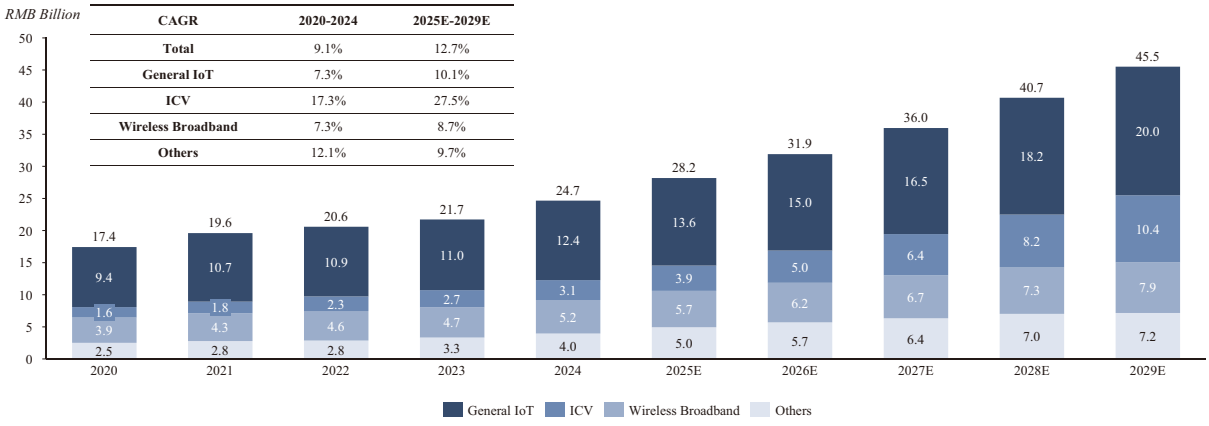


Source: Frost & Sullivan

China's wireless communication modules market by application scenarios presents several distinctive characteristics. In the General IoT segment, the market size increased from RMB9.4 billion in 2020 to RMB12.4 billion in 2024, representing a CAGR of 7.3% during 2020 to 2024, and is expected to reach RMB20.0 billion by 2029 with a CAGR of 10.1% during 2025 to 2029. China demonstrates particularly large application scale, where the extensive deployment of standardized IoT use cases results in a market size and growth trajectory broadly consistent with global trends but with higher deployment density. In the ICV segment, the market size expanded from RMB1.6 billion in 2020 to RMB3.1 billion in 2024, representing a CAGR of 17.3% during 2020 to 2024, and is projected to reach RMB10.4 billion by 2029 with a CAGR of 27.5% during 2025 to 2029. In the wireless broadband segment, the market size grew from RMB3.9 billion in

2020 to RMB5.2 billion in 2024, representing a CAGR of 7.3% during 2020 to 2024, and is forecasted to reach RMB7.9 billion by 2029 with a CAGR of 8.7% during 2025 to 2029, the overall growth trend is consistent with the global market.

China's Wireless Communication Module Market Size (by Downstream Application Scenarios), 2020-2029E, by Revenue



Source: Frost & Sullivan

2.6 Price trends of key cost components of wireless communication modules

Wireless communication module key cost components mainly include memory chips, SoCs, RF chips, PCBs and PMICs.

- **Memory chips:** The market for memory chips is known for its cyclical and often sharp price fluctuations. For example, price of memory chips experienced a period of price declines in 2022 and 2023 due to market overcapacity and weak consumer demand, and began to rebound in 2024 and 2025, driven by factors including surging demand for AI servers and production cuts by major manufacturers. Prices are expected to trend upward in the near term on tight supply for mainstream products.

- **SoCs:** Adjusted downward in 2023 but remained at a relatively high level through 2024. Prices are expected to stay structurally elevated due to persistently high wafer and packaging costs.

- **RF chips:** Weakened in 2023 and showed a mild recovery in 2024. Future pricing will largely follow terminal demand with potential upgrades driven by next-generation wireless standards.

- **PCBs:** Softened in 2023 and rebounded in 2024 alongside higher copper prices. Future trends remain highly sensitive to commodity price movements.

- **PMICs:** Normalized in 2023 and stabilized in 2024. Prices are expected to remain broadly stable, underpinned by structural demand from automotive and industrial applications.

2.7 Development Trends of Wireless Communication Modules

- **5G RedCap and 5G-A standard accelerates the evolution of wireless communication modules** 5G RedCap is a lightweight 5G standard designed for medium-speed IoT scenarios. By addressing the high power consumption, cost, and size of traditional 5G modules, RedCap lowers deployment barriers and accelerates the shift from 4G to 5G in cost-sensitive applications. Compared with conventional 5G modules, RedCap retains essential performance while streamlining RF and protocol design, greatly enhancing cost-efficiency. It is now widely adopted in use cases such as logistics tracking and smart wearables, supporting broader 5G-A adoption across the IoT ecosystem. 5G-A drives the performance frontier of 5G networks and paves the way toward 6G. In parallel, 5G RedCap offers a cost-effective, lightweight 5G option for medium-speed IoT applications. By simplifying hardware and reducing power consumption, RedCap lowers the barriers to 5G adoption in scenarios like logistics tracking and smart wearables. 5G-A and RedCap enable wireless modules to meet diverse performance and cost requirements, speeding up the industry-wide shift from 4G to 5G.

- **ICV have become key application scenarios for 5G communications:** The sector of ICV is one of the application scenarios with the fastest penetration and best development of 5G communication modules. In 2024, the shipment volume of 5G in-vehicle modules in the ICV related sector reached approximately 2.51 million units. With the continuous evolution of the increasing demand for low-latency and high-bandwidth communication capabilities, the shipment volume of this market is expected to reach approximately 5.27 million units by 2029, representing a CAGR of 16%.

- **Module functions evolve towards smart integration:** Wireless communication modules are shifting from traditional connectivity — focused components to integrated intelligent components that combine communication, computing, and management. On one hand, module products are gradually introducing capabilities such as local processing, data preprocessing, and OTA updates, enhancing their independent operational capability and system support capability in general IoT terminals; on the other hand, with the growing demand for collaborative device-platform management, the access capability of modules is also evolving toward platformization, assuming more remote configuration and platform management functions, and becoming key access nodes in the general IoT ecosystem.

3 GLOBAL DATA TRANSMISSION MODULE, SMART MODULE AND HIGH-COMPUTING-POWER MODULE MARKET OVERVIEW

3.1 Analysis of Data Transmission Module

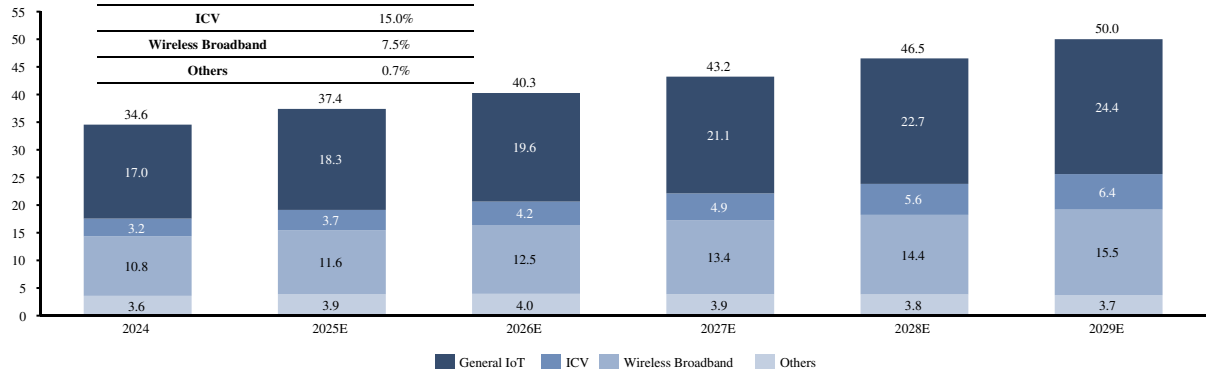
Data transmission modules primarily provide stable connectivity for terminal devices across various IoT scenarios. They are widely used in high-volume applications such as wireless broadband terminals and industrial monitoring devices, where the key requirements are low latency, large-scale deployment and cost efficiency rather than advanced on-device processing. Benefiting from the ongoing expansion of IoT endpoints and the global transition from legacy 2G/3G networks to LTE and 5G technologies, the data transmission module market has maintained steady growth in recent years and is expected to remain a core segment of the wireless communication module industry over the medium term.

3.2 Global and China's Data Transmission Module Market Size Analysis by Downstream Application, 2024-2029E

From the perspective of downstream application scenarios, General IoT, wireless broadband, and ICV currently account for the majority of the data transmission module market. Specifically, benefiting from the steady increase in connected device deployments across industrial, consumer, and infrastructure sectors, the market size of data transmission modules for General IoT is expected to grow from RMB17.0 billion in 2024 to RMB24.4 billion in 2029, representing a CAGR of 7.5%. Demand from the ICV is anticipated to accelerate significantly, with market size increasing from RMB3.2 billion in 2024 to RMB6.4 billion in 2029, reflecting a CAGR of 15.0% driven by the rapid adoption of vehicle connectivity solutions in NEVs and smart transportation systems. Wireless broadband applications are expected to rise from RMB10.8 billion in 2024 to RMB15.5 billion in 2029, representing a CAGR of 7.5%, supported by continuous upgrades of fixed wireless access and home CPE devices.

Global Data TransmissionModule Market Size (by Downstream Application), 2024–2029E

CAGR	2024–2029E
Total	7.7%
General IoT	7.5%
ICV	15.0%
Wireless Broadband	7.5%
Others	0.7%

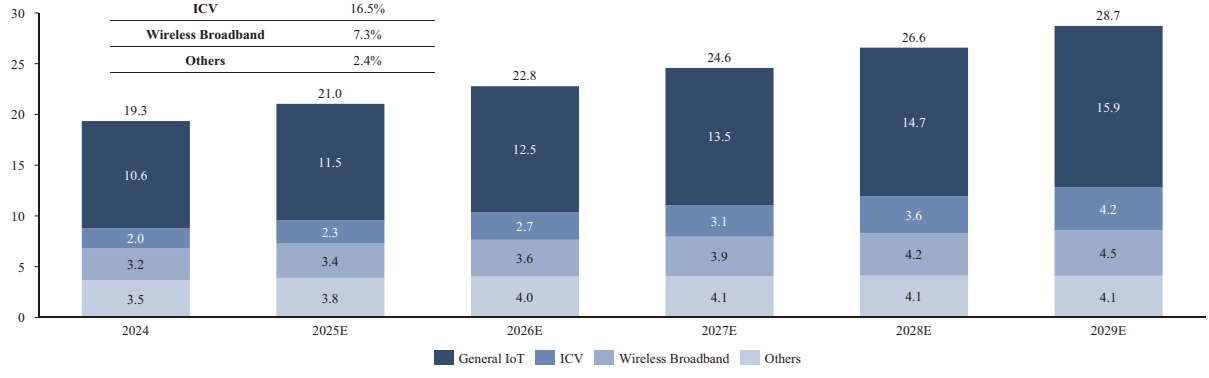


Source: Frost & Sullivan

In line with the global market, China's data transmission modules show a broadly consistent growth trajectory across major application scenarios. The market size for General IoT is expected to increase from RMB10.6 billion in 2024 to RMB15.9 billion in 2029, representing a CAGR of 8.5%. The ICV segment is projected to expand from RMB2.0 billion in 2024 to RMB4.2 billion in 2029, with a CAGR of 16.5%. The wireless broadband segment is forecasted to rise from RMB3.2 billion in 2024 to RMB4.5 billion in 2029, representing a CAGR of 7.3%.

China's Data Transmission Module Market Size (by Downstream Application), 2024-2029E

CAGR	2024-2029E
Total	8.2%
General IoT	8.5%
ICV	16.5%
Wireless Broadband	7.3%
Others	2.4%



Source: Frost & Sullivan

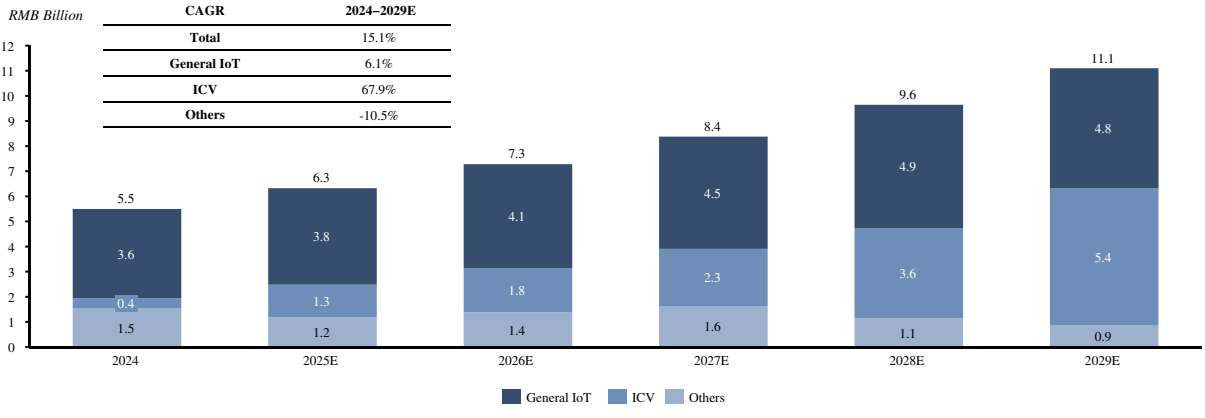
3.3 Analysis of Regular Smart Module Market

With the rapid expansion of general IoT device deployment, regular smart module has been widely adopted in real-time and cost-sensitive scenarios such as smart gateways and wearable devices, leveraging their balance of connectivity and edge processing capabilities. Their openness and customizability make them the standardized module choice for intelligent device implementation across multiple industries, and the market size has been steadily growing with the expansion of terminal types.

3.4 Global and China's Regular Smart Module Market Size Analysis by Downstream Application, 2024-2029E

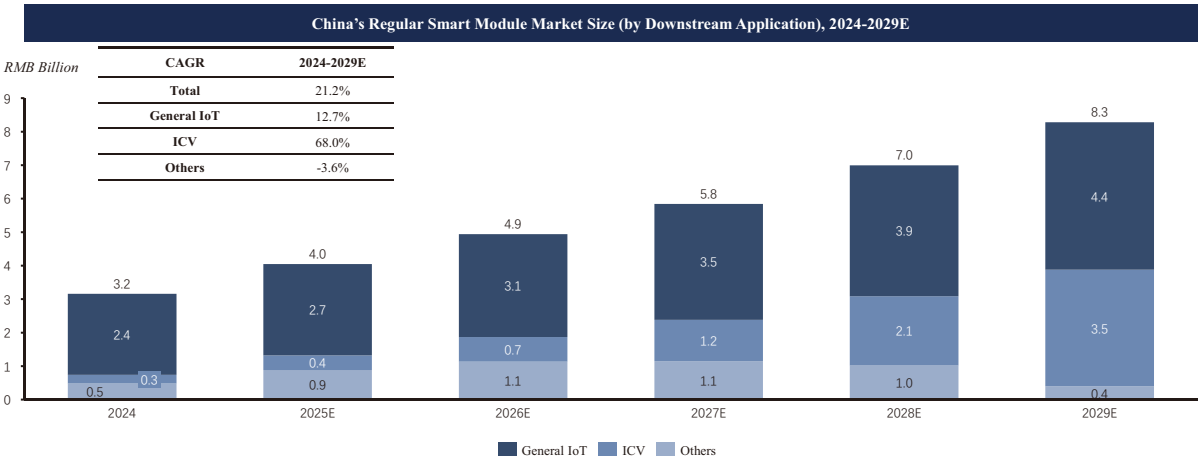
From the perspective of downstream application scenarios, General IoT and ICV are expected to remain the primary drivers of the regular smart module market over the forecast period. The General IoT segment is projected to grow steadily, with market size increasing from RMB3.6 billion in 2024 to RMB4.8 billion in 2029, representing a CAGR of 6.1%, supported by wider adoption of smart gateways, POS terminals and other mid-tier intelligent devices. The ICV is anticipated to expand rapidly, rising from RMB0.4 billion in 2024 to RMB5.4 billion in 2029, representing a CAGR of 67.9% as the penetration of intelligent cockpit, and edge-computing vehicle modules accelerates. Other applications are expected to decline from RMB1.5 billion in 2024 to RMB0.9 billion in 2029, with a negative CAGR of 10.5%, mainly due to the transition of certain application scenarios from regular smart modules to higher-performance module solutions, many applications requiring real-time decision-making, or AI workloads are increasingly adopting high-computing-power smart modules.

Global Regular Smart Module Market Size (by Downstream Application), 2024–2029E



Source: Frost & Sullivan

In line with global trends, General IoT and ICV are also the primary drivers of the regular smart module market in China. The General IoT segment is expected to grow from RMB2.4 billion in 2024 to RMB4.4 billion in 2029, representing a CAGR of 12.7%, supported by the continuous expansion of China's IoT industry and large-scale deployment of diversified application scenarios. The ICV segment is projected to expand from RMB0.3 billion in 2024 to RMB3.5 billion in 2029, representing a CAGR of 68.0%, reflecting the rapid adoption of intelligent cockpit functions and edge-computing modules.



Source: Frost & Sullivan

3.5 Analysis of High-Computing-Power Smart Module Market

Facing complex AI application requirements such as semantic understanding, image structuring, and natural language processing, high-computing-power smart modules, relying on AI computing power exceeding or equal to 8 TOPS, have become key carriers for realizing terminal side intelligence in emerging scenarios like in-vehicle terminals and robots. As technologies such as generative AI and edge large models further drive the sinking of computing power, high-computing-power smart module are driving the smart module market to expand into more cutting-edge fields.

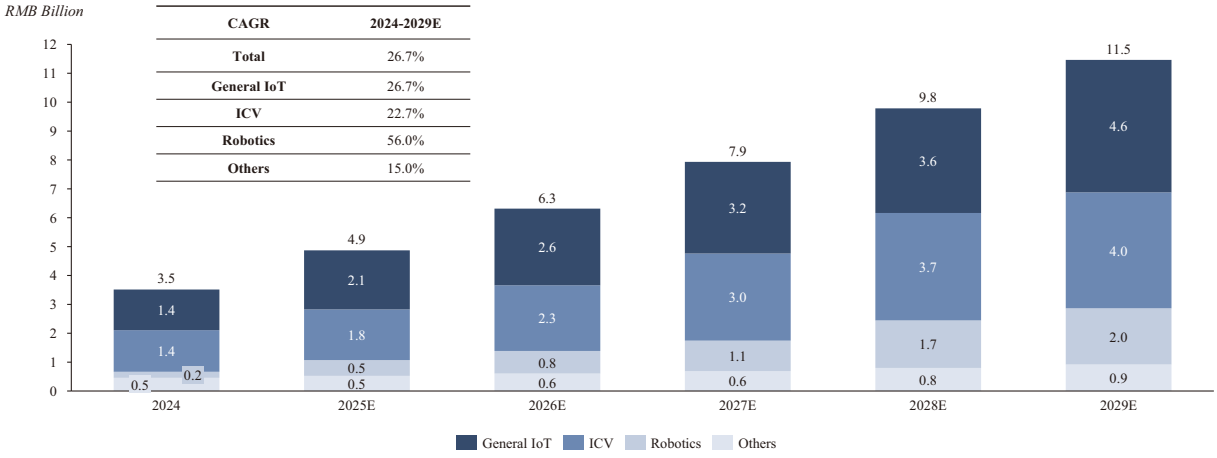
3.6 Global and China's Market Size Analysis of High-Computing-Power Smart Module by Downstream Application, 2024-2029E

From the perspective of the downstream application structure of high-computing-power smart modules, general IoT and intelligent connected vehicles currently serve as the primary application domains and contribute the most to the high-computing-power smart module market. Specifically, benefiting from the accelerated advancement of edge intelligence and terminal device upgrades, the market for high-computing-power smart module applied in the general IoT industry is expected

to grow from RMB1.4 billion in 2024 to RMB4.6 billion in 2029, representing a CAGR of 26.7%. The market size of high-computing-power smart modules for this sector will increase from RMB1.4 billion in 2024 to RMB4.0 billion in 2029, representing a CAGR of 22.7%.

In addition, as emerging application directions with long-term growth potential, robotics are expected to achieve rapid development with the release of demands for smart unmanned systems and multi-modal perception. The market size of high-computing-power smart module for robotics is expected to increase from RMB0.2 billion in 2024 to RMB2.0 billion in 2029, representing a CAGR of 56.0%.

Global High-Computing-Power Smart Module Market Size (by Downstream Application), 2024–2029E



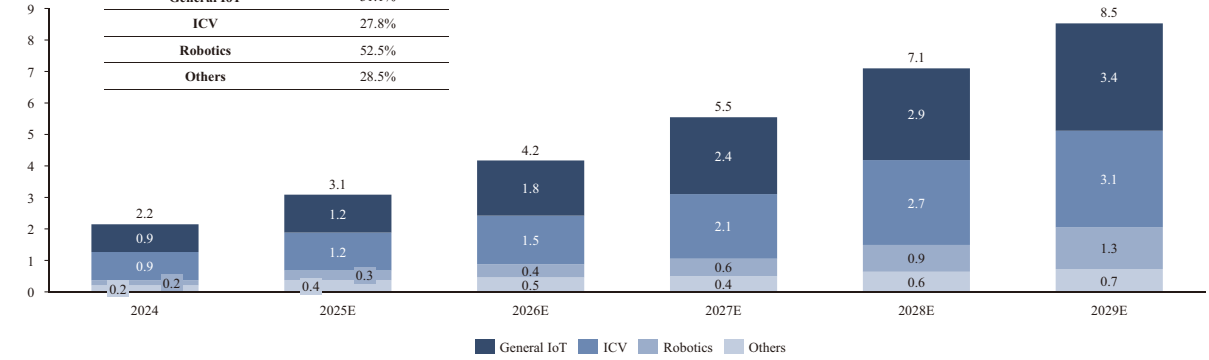
* Driven by the rapid development of embodied intelligence, robotics has become a key application scenario for high-computing-power smart modules

Source: Frost & Sullivan

In line with global trends, General IoT, ICV and robotics are the primary application domains for high-computing-power smart modules in China. The General IoT segment is expected to grow from RMB0.9 billion in 2024 to RMB3.4 billion in 2029, representing a CAGR of 31.1%, driven by the large-scale deployment of IoT devices in China and the increasing demand for computing power arising from the integration of AI into IoT applications. The ICV segment is projected to expand from RMB0.9 billion in 2024 to RMB3.1 billion in 2029, representing a CAGR of 27.8%. The robotics segment is forecasted to grow from RMB0.2 billion in 2024 to RMB1.3 billion in 2029, representing a CAGR of 52.5%, reflecting robust momentum as China accelerates the adoption of unmanned systems and robots.

China's High-Computing-Power Smart Module Market Size (by Downstream Application), 2024–2029E

CAGR	2024-2029E
Total	31.8%
General IoT	31.1%
ICV	27.8%
Robotics	52.5%
Others	28.5%



Source: Frost & Sullivan

3.7 Market Drivers for High-computing-power Smart Modules

- **The "computing-power as a service" concept has been widely accepted:** High-computing-power smart modules not only support the intelligent experience of end products but also create new revenue streams for customers on the business side. With the implementation of the "computing-power as a service" concept, high-computing-power smart modules are gradually becoming a key component for customers to enhance the intelligence premium and operational efficiency of their products. This value realization model has driven customers to shift from a "cost-oriented" to a "capability-oriented" approach in module selection.

- **"Modularization of computing power" has driven the evolution of modules into smart units:** To address the demands for the rapid evolution of AI algorithms and the accelerated iteration of end products, the industry will accelerate the shift towards a "modularization of computing power" architecture centered on smart modules, and provides device with independent and replaceable smart computing units through high-computing-power modules, so as to enhance system flexibility and maintenance efficiency. This model has been rapidly applied in scenarios with high local intelligence requirements, such as robots, driving modules towards standardization and upgradability.

4 MARKET COMPETITION ANALYSIS

4.1 Summary of the Global Wireless Communication Module Competitive Landscape

- The global wireless communication module industry is relatively concentrated in terms of market share. Although leading enterprises dominate in terms of scale and revenue, the diversity of enterprises at various levels ensures continuous technological progress and a vibrant competitive environment. In 2024, the competitive landscape in global wireless communication module market was relatively concentrated, with the five largest manufacturers accounting for 76.8% of the market share in total.

4.2 Ranking in Global Wireless Communication Module Market

- The wireless communication module industry has high requirements for modular design, software-hardware collaborative development, and large-scale manufacturing capabilities, resulting in a high degree of market concentration. In terms of 2024 global revenue of wireless communication module business, our Company ranks fourth, accounting for 6.4% of the global market share. The following table sets forth the 2024 global ranking of wireless communication module providers by revenue from wireless communication module:

Ranking in Global Wireless Module Market, by Revenue from Wireless Communication Module Business, 2024

Ranking	Company	Revenue (RMB Billion)	Market Share (%)
1	Company A	18.6	42.7%
2	Company B	7.0	16.1%
3	Company C	3.0	6.9%
4	The Company	2.8	6.4%
5	Company D	2.1	4.8%
	Others	10.1	23.1%
	Total	43.6	100%

Source: Frost & Sullivan

4.3 Ranking in Global 5G In-vehicle Module Market

- ICV have emerged as one of the representative scenarios driving the accelerated adoption of 5G application. The high-bandwidth, low latency and high-reliability communication capabilities of 5G in-vehicle modules provide critical support for terminal side intelligence processing at the vehicle terminal side widely used in intelligent cockpits and intelligent connectivity, it serves as a critical communication component for smart vehicles to achieve information interconnection and edge intelligence. Due to the high requirements for functional integration, reliability certification, and scenario adaptation capabilities, coupled with the long-term deep cooperation cycles with vehicle OEMs and leading customers, this market segment exhibits high concentration. In terms of 2024 global revenue of 5G in-vehicle modules, our Company ranks first, accounting for 35.9% of the global market share. The following table sets forth the 2024 global ranking of 5G in-vehicle module providers by revenue:

Ranking in Global 5G In-vehicle Module Market, by Revenue, 2024

Ranking	Company	Revenue (RMB100 Million)	Market Share (%)
1	**The Company**	**991.3**	**35.9%**
2	Company A	825.0	29.9%
3	Company B	587.6	21.3%
	Others	357.1	12.9%
	Total	2,761.0	100%

Source: Frost & Sullivan

4.4 Ranking in Global High-computing-power Smart Module Market

■ High-computing-power smart modules, as a key carrier for the deployment of AI at the edge, are emerging as the core bridge connecting computing-power, algorithms, and industrial applications, characterized by both advanced technological sophistication and high commercial value. High-computing-power smart module have stringent requirements for heterogeneous computing architecture design, software-hardware collaborative optimization, and system-level integration capabilities. They also require deep adaptation and algorithm co-debugging for diverse industry scenarios, resulting in high entry barriers and complex product delivery. As a result, this market segment exhibits strong technical barriers and high concentration. In terms of revenue from high-computing-power smart module business, our Company ranks first, accounting for 29.0% of the global market share. The following table sets forth the 2024 global ranking of high-computing-power smart module providers in terms of revenue from high-computing-power smart module business:

Ranking in Global High-computing-power Smart Module, by Revenue from High-computing-power Smart Module Business, 2024

Ranking	Company	Revenue (RMB 100Million)	Market Share (%)
1	The Company	10.2	29.0%
2	Company A	6.2	17.7%
3	Company B	5.6	16.0%
	Others	13.1	37.3%
	Total	35.1	100%

Source: Frost & Sullivan

4.5 Ranking in Global Data Transmission Module Market

In terms of revenue from the data transmission module business, our Company ranks fifth globally, with revenue of RMB960 million, accounting for 2.8% of the global market share. The following table sets forth the 2024 global ranking of data transmission module providers in terms of revenue from the data transmission module business.

Ranking in Global Wireless Module Market, by Revenue from Data Transmission Module Business, 2024			
Ranking	Company	Revenue (RMB100 Million)	Market Share (%)
1	Company A	165.0	47.7%
2	Company B	30.5	8.8%
3	Company C	19.5	5.6%
4	Company D	15.0	4.3%
5	**The Company**	9.6	2.8%
	Others	106.4	30.8%
	Total	346.0	100.0%

4.6 Ranking in Global Regular Smart Module Market

In terms of revenue from the regular smart module business, our Company ranks third globally, with revenue of RMB830 million, accounting for 15.1% of the global market share. The following table sets forth the 2024 global ranking of regular smart module providers in terms of revenue from the regular smart module business.

Ranking in Global Wireless Module Market, by Revenue from Regular Smart Module Business, 2024			
Ranking	Company	Revenue (RMB100 Million)	Market Share (%)
1	Company B	30.9	56.2%
2	Company A	9.8	17.8%
3	**The Company**	8.3	15.1%
	Others	6.0	10.9%
	Total	55.0	100.0%

Notes:

(1) Company A is a listed company, founded in 2010 and headquartered in Shanghai, China. It is a global supplier of cellular and GNSS modules, specializing in providing high-performance, high-quality wireless communication modules for various industries.

(2) Company B is a listed company, founded in 1999 and headquartered in Shenzhen, China. It is a specialized provider of IoT communication solutions and wireless communication modules, delivering modules and solutions across multiple sectors, including connected vehicle intelligent security, smart cities, and smart homes.

(3) Company C is a private company, founded in 2005 and headquartered in Beijing, China. It operates in the telecommunications sector, focusing on the development and provision of communication technologies and solutions.

(4) Company D is a listed company, founded in 1997 and headquartered in Beijing, China. It is one of the world's largest mobile network operator, providing mobile voice and multimedia services through its nationwide mobile telecommunications network across China.

4.5 Market Entry Barriers

- **Customer/Solution Barrier:** High-computing-power smart module are often deeply embedded in the whole machine systems of downstream customers and are highly integrated with operating systems, application layers, peripheral components. In the initial development stage, multiple processes such as communication protocol adaptation, software-hardware joint debugging, and scenario-based deployment is required to be completed. Once a cooperation is established, subsequent updates and iterations are mostly carried out on the original platform. The replacement cost is high, resulting in strong customer stickiness. Therefore, module manufacturers with the ability of software-hardware collaborative development and a rapid customized response mechanism are more likely to provide customized services to downstream customers and establish stable cooperative relationships in different scenarios, thus having a greater advantage in continuously acquiring customers.

- **Technical Barrier:** High-computing-power smart module involves complex technical systems such as SoC platform development, heterogeneous computing scheduling, in-depth customization of Android/Linux, AI engine integration, and power consumption control, which is required to have the ability of hardware structure design, system-level optimization, and AI algorithm adaptation simultaneously. Technical capabilities are not limited to hardware but are reflected in the ability to provide overall solutions across chip platforms, operating systems, and industry requirements.

- **Capital Barrier:** The research and development of smart module, especially high-computing-power products, highly depends on long-term and stable capital investment. It covers multiple high-cost aspects such as chip platform connection, human resource allocation, sample iteration, compatibility testing, and certification adaptation. In particular, the realization of edge AI capabilities requires continuous investment in software toolchains, development platforms, and scenario-based algorithm development, resulting in a significant R&D capital-intensive nature.

APPLICABLE LAWS AND REGULATIONS TO OUR BUSINESS IN THE PRC

Regulations on Telecommunications Equipment Network Access

According to Measures for the Administration of Telecommunications Equipment Access to the Network (《電信設備進網管理辦法》), which was lasted amended by Ministry of Industry and Information Technology (the "**MIIT**") on January 18, 2024, the State applies a network access licensing system to telecommunications terminal equipment, radio communication equipment and telecommunications equipment involving interconnection of public telecommunications networks. The telecommunications equipment subject to the network access license system must obtain the network access license issued by the MIIT. Equipment without access to the network license is prohibited from accessing the public telecommunications network for use and being sold within the country.

Regulations on Radio Transmitting Equipment

According to the Radio Regulations of the PRC (《中華人民共和國無線電管理條例》), which was issued by the State Council and the Central Military Commission on September 11, 1993, revised on November 11, 2016, and came into effect on December 1, 2016. The national radio regulatory authority shall be responsible for radio regulation nationwide, and the production or import of radio transmitting equipment for domestic sale and use shall be in compliance with the laws and regulations on product quality, national standards and the provisions of the state on radio regulations. Except for micro power short-distance radio transmitting equipment, any production or import of other radio transmitting equipment for domestic sale and use requires an application for model confirmation to be filed with the national radio regulatory authority. For anyone who, in violation of the provisions hereof, produces or imports any radio transmitting equipment sold or used within China without obtaining model confirmation, the radio regulatory authority shall order the violator to take corrective action, and impose a fine ranging from RMB50,000 to RMB200,000 on the violator. If the violator refuses to take corrective action, the radio transmitting equipment without model confirmation shall be confiscated, and a fine ranging from RMB200,000 to RMB1 million shall be imposed. For anyone who sells any radio transmitting equipment for which model confirmation should have been obtained in accordance with the provision of Article 44 thereof, the radio regulatory authority shall order the violator to take corrective action, confiscate illegally sold radio transmitting equipment and illegal income, and may impose a fine of not more than 10% of the goods value of illegally sold equipment. If the violator refuses to take corrective action, a fine of not less than 10% but not more than 30% of the value of the illegally sold equipment shall be imposed.

According to the Telecommunications Regulations of the PRC (《中華人民共和國電信條例》) issued by the State Council on September 25, 2000, revised on February 6, 2016, and effective on the same day. The State shall implement a network connection licensing system for telecommunications terminal equipment, radio telecommunications equipment, and interconnection-related equipment. Telecommunications terminal equipment, radio telecommunications equipment, and interconnection-related equipment accessing a public telecommunications network shall comply with the standards stipulated by the State and obtain a network connection permit. Telecommunications equipment manufacturing enterprises shall guarantee the quality and reliability of telecommunications equipment which has obtained a network connection permit and shall not lower product quality or performance. Selling telecommunications terminal equipment which does not carry a network connection permit shall be ordered by the telecommunications administration authorities of the province, autonomous region or centrally administered municipality to make corrections and be imposed a fine ranging from RMB10,000 to RMB100,000. Any offender who violates the provisions of these Regulations in the lowering of product quality or performance after obtaining the telecommunications equipment network connection permit, shall be punished by the product quality supervision authorities pursuant to the provisions of the relevant laws and administrative regulations.

The MIIT and other competent authorities promulgate relevant national and industry standards as recommended guidelines to govern the industry of wireless communication modules and solutions from time to time. For example, on March 29, 2024, the MIIT issued the Technical Requirements for 5G Superior Universal Modules (Phase II)《5G通用模組技術要求(第二階段》) (YD/T 4664-2024), which came into effect on July 1, 2024. This national standard establishes a comprehensive technical framework for 5G universal communication modules, defining their logical structure, multi-mode and multi-band requirements, network access capabilities, communication performance, and classification criteria, and it further details their basic functional requirements, hardware technical requirements, electrical interface technical requirements, software technical requirements, and performance requirements. In addition, on September 30, 2022, the MIIT issued the Technical Requirements and Testing Methods of 5G Superior Universal Module Reliability for Industry Terminals (《面向行業終端的5G通用模組可靠性技術要求及測試方法》) (YD/T 4110-2022), which came into effect on January 1, 2023. This standard represents a specialized industry standard offering guidance on reliability requirements for industrial applications. It specifies rigorous environmental testing methodologies covering temperature and humidity resistance, dust and fog protection, and mechanical and electrical durability. These provisions are designed to validate module performance under extreme operating conditions and prolonged usage, thereby supporting robust deployment of 5G modules across consumer, industrial, and automotive sectors where reliability is paramount.

Regulations on IoV and Intelligent Connected Vehicles Industry

According to the Guidelines for the Construction of National Standards System for Internet of Vehicles Industry (Electronic Products and Services) (《國家車聯網產業標準體系建設指南(電子產品與服務)》) issued by the MIIT and the Standardization Administration of the PRC on June 8, 2018, it mainly aims at standardizing automotive electronic products, in-vehicle information systems, and in-vehicle information services and platforms that underpin the Internet of Vehicles (the "**IoV**") industry chain, and clarifies the development direction of standardization of IoV electronic products and in-vehicle information services.

In order to implement the National Standardization Development Outline (《國家標準化發展綱要》), promote the high-quality development of the intelligent connected vehicle industry, and accelerate the construction of an automobile power, the MIIT has revised and improved the Guidelines for the Construction of National Standards System for Internet of Vehicles Industry (Intelligent Connected Vehicles) (《國家車聯網產業標準體系建設指南(智能網聯汽車)》) based on the development of the intelligent connected vehicle technology industry, further formed the Guidelines for the Construction of National Standards System for Internet of Vehicles Industry (Intelligent Connected Vehicles) (2023 Edition) (《國家車聯網產業標準體系建設指南(智能網聯汽車)(2023年版)》), which provided that the government will establish a standard system for intelligent connected vehicles that adapts to China's national conditions and is in line with international standards in stages based on the current status of intelligent connected vehicle technology, industry needs, and future development trends.

According to the Interim Provisions on Radio Management of Automobile Radar (《汽車雷達無線電管理暫行規定》) promulgated by the MIIT on November 16, 2021 and became effective from March 1, 2022, the automobile radar equipment manufactured or imported for domestic sale or use shall comply with the RF Technical Requirements for Automobile Radar and apply for the radio type approval of the radio transmitting equipment from the national radio administration agency.

The Guidelines for the Construction of National Standards System for Internet of Vehicles Industry (Intelligent and Connected Vehicles) (2023 Edition) (國家車聯網產業標準體系建設指南(智能網聯汽車)(2023年版)) were jointly revised and issued by the MIIT and the Standardization Administration of the PRC. The guideline primarily focuses on the universal norms, core technologies, and key product applications of intelligent and connected vehicles, aiming to establish a comprehensive standard system that encompasses the basics, technologies, products, and testing standards for intelligent and connected vehicles. The guideline will direct the National Automotive Standardization Technical Committee's Intelligent and Connected Vehicle

Subcommittee and relevant organizations to intensify their efforts in developing standards in key areas such as functional safety, cybersecurity, operating systems, and promote the dissemination and implementation of critical standards.

The "On-board Wireless Communication Terminal" (《車載無線通訊終端》) (GB/T43187-2023) is a national recommended standard that stipulates the technical requirements for on-board wireless communication terminals. It also outlines the testing methods and inspection rules for these terminals, providing detailed specifications for various aspects such as communication performance, electromagnetic compatibility (EMC), environmental adaptability, and durability.

Additionally, on August 23, 2024, the state also released national recommended standards such as "Terminology and Definitions for Intelligent and Connected Vehicles" (《智慧網聯汽車術語和定義》) (GB/T 44373-2024) with the aim of defining the terminology and definitions related to the basic fundamentals, key technologies, system components, and functional applications of intelligent and connected vehicles.

Regulations Relating to Corporation and Foreign Investment

The establishment, operation and management of corporate entities in the PRC is governed by the Company Law of the PRC (《中華人民共和國公司法》), which was promulgated by the Standing Committee of the National People's Congress of the PRC (the "**SCNPC**") on December 29, 1993 and came into effect on July 1, 1994, and was last amended on December 29, 2023 and became effect on July 1, 2024. The Company Law of the PRC generally governs two types of companies, namely limited liability companies and joint stock limited companies. Both types of companies have the status of legal persons, and the liability of shareholders of a limited liability company or a joint stock limited company is limited to the amount of registered capital they have contributed. The Company Law of the PRC shall also apply to foreign invested companies in form of limited liability company or joint stock limited company. Where laws on foreign investment have other stipulations, such stipulations shall prevail.

On January 1, 2020, the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the "**FIL**") and the Regulations on the Implementation of the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》) became effective and simultaneously replaced the trio of prior laws regulating foreign investment in China, namely, the Sino-foreign Equity Joint Venture Enterprise Law of the PRC (《中華人民共和國中外合資經營企業法》), the Sino-foreign Cooperative Joint Venture Enterprise Law of the PRC (《中華人民共和國中外合作經營企業法》) and the Wholly Foreign-invested Enterprise Law of the PRC (《中華人民共和國外資企業法》), together with their implementation rules and ancillary regulations. The FIL defines foreign investment and establishes the framework for promotion, protection and administration of foreign

investment activities. On December 30, 2019, the Ministry of Commerce of the PRC (the "**MOFCOM**") and the State Administration for Market Regulation (the "**SAMR**") jointly promulgated the Measures for Reporting of Information on Foreign Investment (《外商投資信息報告辦法》), which came into effect on January 1, 2020 and pursuant to which, foreign investors shall submit an initial or change report through the Enterprise Registration System when establishing foreign-invested enterprises or acquiring equity in non-foreign-invested enterprises and for any subsequent changes.

Pursuant to the FIL, China has adopted a system of national treatment which includes a negative list with respect to foreign investment administration. The negative list will be issued by, amended or released upon approval by the State Council, from time to time. The negative list will set forth industries in which foreign investments are prohibited and industries in which foreign investments are restricted. Foreign investment in prohibited industries is not allowed, while foreign investment in restricted industries must satisfy certain conditions stipulated in the negative list. Foreign investments and domestic investments in industries outside the scope of the prohibited industries and restricted industries stipulated in the negative list will be treated equally. The Special Administrative Measures (Negative List) for the Access of Foreign Investment (2024 Version) (《外商投資准入特別管理措施(負面清單)(2024年版)》)(the "**Negative List**"), which were promulgated by the National Development and Reform Commission (the "**NDRC**") and the MOFCOM on September 6, 2024 and became effective on November 1, 2024 and the Catalog of Industries for Encouraging Foreign Investment (2022 Version) (《鼓勵外商投資產業目錄(2022年版)》) (the "**Encouraging Catalog**"), which was promulgated by the NDRC and the MOFCOM on October 26, 2022 and became effective on January 1, 2023, listed the categories of encouraged, restricted, and prohibited industries. Any industry not included in the Negative List shall be administered under the principle of equal treatment to domestic and foreign investment. As of the Latest Practicable Date, our business operations do not fall within the scope of the Negative List and are therefore not subject to any special administrative measures thereunder.

Regulations Relating to Customs Declaration

The Customs Law of the PRC (《中華人民共和國海關法》) was promulgated by the SCNPC on January 22, 1987 and effective from July 1, 1987, and last amended on April 29, 2021, and stipulates that the customs of the PRC is a governmental organization responsible for supervision and control over all arrivals in and departures from the customs territory. All the transports, goods and articles shall enter into or exit from the territory of the PRC at a place where a customs office is established. The customs declaration and duty payment formalities may be undergone by the consignees or consignors of imported and exported goods, or by the customs clearing enterprises entrusted by such consignees or consignors. The consignees or consignors of imported and exported goods and the customs clearing enterprises shall file records with the customs when undergoing customs declaration formalities, otherwise may be imposed fines by the customs.

According to the Administrative Provisions of the Customs of the PRC on Record-Filing of Customs Declaration Entities (《中華人民共和國海關報關單位備案管理規定》) issued by the General Administration of Customs of the PRC (the "**GACC**") on November 19, 2021 and effective from January 1, 2022, the consignees or consignors of imported and exported goods and the customs clearing enterprise that apply for the filing of records with the customs shall obtain the status of a market entity; where the consignees or consignors of imported and exported goods apply for the filing of records with the customs, the filing of foreign trade dealers shall also be completed.

According to the Announcement on Fully Including the Filing of Customs Declaration Entities in the Reform of "Integrating Multiple Certificates into One" (《關於報關單位備案全面納入"多證合一"改革的公告》) jointly issued by the GACC and the SAMR on December 20, 2021 and effective from January 1, 2022, where an applicant intends to be filed as a customs declaration entity when undergoing the registration formalities as a market entity with the market regulation authorities, it shall tick the box of filing as a customs declaration entity as required and fill in the relevant information for filing. The market regulation authorities will then complete the registration pursuant to procedures of "Integrating Multiple Certificates into One" and share the relevant information with the GACC on the SAMR level. Such applicants are no longer required to submit applications for filing as a customs declaration entity to the customs. In addition, the Decision of the SCNPC on revising the Foreign Trade Law of the PRC (全國人民代表大會常務委員會關於修改《中華人民共和國對外貿易法》的決定) issued by the SCNPC on December 30, 2022 deleted the requirements on the foreign trade dealers engaged in the import and export of goods or technologies to be registered with the competent administrative departments of foreign trade of the State Council or any institutions authorized thereby, namely the filing of foreign trade dealers.

Pursuant to the Regulations on the Administration of Import and Export of Goods of the PRC (《中華人民共和國貨物進出口管理條例》) promulgated by the State Council on December 10, 2001 and last amended on March 10, 2024, which came into effect on May 1, 2024, enterprises engaged in the trade activities of importing goods into the territory of the PRC or exporting goods outside of the PRC must comply with the Regulations on the Administration of Import and Export of Goods. Goods whose import or export is prohibited shall not be imported or exported; goods whose import or export is restricted shall be subject to a licensing or quota system; and goods whose import or export is free shall not be subject to restriction. The consignee of imported goods or the consignor of exported goods shall submit an automatic import and export license, an import and export license or a quota certificate to the customs for customs clearance.

Regulations on Production Safety

Pursuant to the Production Safety Law of the PRC (《中華人民共和國安全生產法》), or the Production Safety Law, promulgated by the SCNPC on June 29, 2002 and implemented on November 1, 2002, and last revised on June 10, 2021, entities engaged in production and business activities in mainland China shall comply with the Production Safety Law and other laws and regulations related to production safety. Entities shall strengthen the management, establish and improve responsibility systems and polices, improve conditions, strengthen the standardized and information technology development of work safety and improve the production level to ensure their production safety. The primary persons in charge of the production and operation entities are fully responsible for the production safety of their entities. Violation of the Production Safety Law may result in imposition of fines and penalties, suspension of operation, an order to cease operation, or even criminal liability in severe cases.

Regulations on Product Quality

Pursuant to the Product Quality Law of the PRC (《中華人民共和國產品質量法》) enacted by the SCNPC on February 22, 1993, and most recently amended and implemented on December 29, 2018, producers shall be responsible for the quality of their products. The product quality shall meet the following requirements: (i) no unreasonable dangers endangering the safety of persons and property; where there are national or industry standards ensuring the health and safety of persons and property, such standards must be complied with; (ii) the product shall possess the properties it is supposed to possess, except where the product's flaws in their properties are explicitly stated; and (iii) the product shall comply with the product standards stated on the product or its packaging, and meet the quality conditions as represented in product descriptions, physical samples, etc.

Regulations on Compulsory Product Certification

According to the Administrative Regulations on Compulsory Product Certification (《強制性產品認證管理規定》) as promulgated by the General Administration of Quality Supervision, Inspection and Quarantine of the PRC (the "**QSIQ**"), which has been merged into the SAMR afterwards, on July 3, 2009 and became effective on September 1, 2009 and was recently amended on September 29, 2022 and became effective on November 1, 2022 and the List of the First Batch of Products Subject to Compulsory Product Certification (《第一批實施強制性產品認證的產品目錄》) as promulgated by the QSIQ in association with the State Certification and Accreditation Administration Committee, on December 3, 2001, the SAMR is responsible for the regulation and quality certification. Telecommunication terminal equipment and information technology

equipment must not be sold, exported or used in operating activities unless they are certified by certification authorities designated by the State Certification and Accreditation Administration Committee as qualified products and granted certification marks.

Regulations on Real Estate

The Civil Code of the PRC (《中華人民共和國民法典》) was promulgated by the National People's Congress on May 28, 2020, and implemented on January 1, 2021. According to the Civil Code, the establishment, modification, assignment and extinguishment of real estate property rights are effective upon registration in accordance with the law; unless the law stipulates otherwise, such establishment, modification, assignment and extinguishment shall be ineffective without registration. Real estate registration shall be handled by the registration authority at the location of the property.

The Interim Regulations on Real Estate Registration (《不動產登記暫行條例》) promulgated by the State Council on November 24, 2014, taking effect on March 1, 2015 and amended on March 24, 2019 and March 10, 2024, and the Implementing Rules of the Interim Regulations on Real Estate Registration (《不動產登記暫行條例實施細則》) promulgated by the Ministry of Land and Resources on January 1, 2016 and amended on July 24, 2019 and May 9, 2024, provide that, among other things, the State implements a uniform real estate registration system and real estate registration shall follow the principles of strict administration, stability, continuity, and convenience for the public.

Regulations on the Management of Lease Housing

Pursuant to (i) the Law on Administration of Urban Real Estate of the PRC (《中華人民共和國城市房地產管理法》), promulgated by the SCNPC on July 5, 1994 and latest amended on August 26, 2019 and took effect on January 1, 2020, and (ii) the Administrative Measures on Leasing of Commodity Housing (《商品房屋租賃管理辦法》), promulgated by the Ministry of Housing and Urban-Rural Development on December 1, 2010 and came into effect on February 1, 2011, when leasing premises, the lessor and lessee are required to enter into a written lease contract, containing such provisions as the leasing term, use of the premises, rental and repair liabilities, and other rights and obligations of both parties. Both the lessor and the lessee shall complete property leasing registration and filing formalities within 30 days from the execution of the property lease contract with the real estate administration department where the leased property is located. Failure to comply with the registration and filing procedures may result in fines for both the lessor and the lessee.

PRC Laws and Regulations on Intellectual Property Rights

Patent

The Patent Law of the PRC (《中華人民共和國專利法》) was enacted by the SCNPC on March 12, 1984, implemented on April 1, 1985, and most recently revised on October 17, 2020, with implementation from June 1, 2021. The Detailed Rules for the Implementation of the Patent Law of the PRC (《中華人民共和國專利法實施細則》) were issued by the State Council on June 15, 2001, implemented on July 1, 2001, and most recently revised on December 11, 2023, with implementation from January 20, 2024. According to these laws, regulations and detailed rules, patents in China are categorized into three types: invention patents, utility model patents and design patents. The term of an invention patent right is 20 years, the term of a utility model patent is 10 years, and the term of a design patent is 15 years, all of which are calculated from the filing date. Any entity or individual that exploits another's patent must conclude a licensing agreement with the patent holder and pay royalties. Exploiting a patent without the permission of the patent holder constitutes an infringement of their patent rights.

Trademark

The Trademark Law of the PRC (《中華人民共和國商標法》) was promulgated by the SCNPC on August 23, 1982, implemented on March 1, 1983, and most recently revised on April 23, 2019, with implementation from November 1, 2019. The Regulations for the Implementation of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》) were issued by the State Council on August 3, 2002, implemented on September 15, 2002, and most recently revised on April 29, 2014, with implementation from May 1, 2014. According to these laws and regulations, the validity period of a registered trademark is 10 years from the date of approval. To continue using a trademark upon the expiry of its validity, renewal procedures must be completed in accordance with the provisions within the 12 months preceding expiration. If renewal procedures are not completed within this period, a six-month extension is allowed. Each renewal extends the validity period for 10 years, starting from the day following the expiration of the last validity period. Trademark registrants may authorize others to use their registered trademarks by signing trademark licensing agreements.

Layout-Designs of Integrated Circuits

The Regulations on the Protection of Layout-Designs of Integrated Circuits (《集成電路佈圖設計保護條例》) were issued by the State Council on April 2, 2001, and implemented on October 1, 2001. According to these regulations, natural persons, legal persons or other organizations in China who create layout-designs have exclusive rights to their designs. Foreign persons whose layout-designs are first commercially exploited within the territory of China are also entitled to

exclusive rights to their designs. The protection term for the exclusive right of a layout-design is 10 years, calculated from the date of the design registration application or the first date of commercial use anywhere in the world, whichever is earlier. However, a layout-design is no longer protected under these regulations 15 years after its creation, regardless of registration or commercial use.

Domain Name

The Administrative Measures for the Internet Domain Name (《互聯網域名管理辦法》) were issued by the MIIT on August 24, 2017, and implemented on November 1, 2017. According to these management measures, the MIIT is the primary regulatory authority for the management of Internet domain names in China. Domain name registration is processed through domain name root servers and their operating institutions, domain name registration management institutions and domain name registration service institutions established in accordance with the relevant regulations.

Computers Software Copyright

The Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》), which was promulgated by the National Copyright Administration on February 20, 2002, and came into effect on the same day, regulates the registration of software copyright, the exclusive licensing contract and assignment contracts of software copyright. The National Copyright Administration is mainly responsible for the registration and management of national software copyright and designates the China Copyright Protection Center as the agency for software registration. The China Copyright Protection Center will grant certificates of registration to computer software copyright applicants.

Regulations on Employment and Social Welfare

Employment

The major PRC laws and regulations that govern employment relationship are the PRC Labor Law (《中華人民共和國勞動法》), the PRC Labor Contract Law (《中華人民共和國勞動合同法》) (the "**Labor Contract Law**") and its implementation, which impose stringent requirements on the employers in relation to entering into fixed-term employment contracts, hiring of part-time employees and dismissal of employees.

The Labor Law of the PRC (《中華人民共和國勞動法》) was promulgated by the SCNPC on July 5, 1994, implemented on January 1, 1995, and most recently revised and implemented on December 29, 2018. The Labor Law of the PRC stipulates matters related to promoting

employment, labor contracts, working hours, rest and leave, wages, labor safety and hygiene, special protection for female and minor workers, vocational training, social insurance and welfare, labor disputes, supervision and inspection, as well as legal liabilities.

The Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) was issued by the SCNPC on June 29, 2007, implemented on January 1, 2008, and most recently revised on December 28, 2012, with the revision taking effect on July 1, 2013. The Implementation Regulation of the Labor Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》) were issued and implemented by the State Council on September 18, 2008. According to the aforementioned law and regulation, a written labor contract shall be established when forming a labor relationship. Employers shall not force employees to work overtime and must pay overtime wages according to national regulations if overtime is arranged. Wages must not be lower than the local minimum wage standard and must be paid to employees promptly.

Social Insurance

The PRC Social Insurance Law (《中華人民共和國社會保險法》) (the "**Social Insurance Law**") issued by the SCNPC in 2010 and latest amended on December 29, 2018, has established social insurance systems of basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance and maternity insurance and has elaborated in detail the legal obligations and liabilities of employers who fail to comply with relevant laws and regulations on social insurance. According to the Social Insurance Law and the Provisional Regulations on Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) promulgated by the State Council on January 22, 1999 and most recently amended on March 24, 2019 and effective from the same date, enterprises shall register social insurance with local social insurance and pay or withhold relevant social insurance for or on behalf of its employees. Any employer that fails to make social insurance contributions may be ordered to rectify the non-compliance and pay the required contributions within a prescribed time limit and be subject to a late fee. If the employer still fails to rectify the failure to make the relevant contributions within the prescribed time, it may be subject to a fine ranging from one to three times the amount overdue.

According to the Interpretation II by the Supreme People's Court of the PRC on Legal Issues in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》), promulgated by the Supreme People's Court on August 1, 2025 and effective from September 1, 2025, any agreement between a PRC employer and an employee or an employee's undertaking to the employer on the non-contribution of social insurance shall be deemed invalid by the people's court. If an employee requests to terminate the employment agreement and seek economic compensation on the grounds that the employer has failed to pay social insurance contributions in accordance with the applicable laws, the people's court shall support such claims.

Housing Provident Fund

Pursuant to the Regulations on Administration of Housing Provident Fund (《住房公積金管理條例》), which was promulgated on April 3, 1999 and last revised on March 24, 2019, employers in mainland China shall provide their employees with housing provident fund. Employers who fail to contribute to the above housing provident funds may be ordered to make full payment within a prescribed time period by the housing provident fund management center. If an employer fails to make the payment towards the housing provident funds within a prescribed time limit, an application may be made to a people's court for enforcement.

Regulations Relating to Overseas Investment

According to the Measures for the Administration of Overseas Investment of Enterprises (《企業境外投資管理辦法》) promulgated by the NDRC on December 26, 2017 and implemented on March 1, 2018, investors engaging in overseas investment are required to complete formalities for the confirmation or recordation, among others, of an overseas investment project, report the relevant information, and cooperate in supervisory inspection.

Pursuant to the Measures for the Administration of Overseas Investment (《境外投資管理辦法》) promulgated by the MOFCOM on March 16, 2009, lastly amended on September 6, 2014 and implemented on October 6, 2014, "overseas investment" means the acts of an enterprise legally formed in China to own a non-financial enterprise or obtain the ownership, control, or right of business management of or any other interest in an existing non-financial enterprise outside of China by formation, acquisition or merger, or other means. The MOFCOM and the provincial counterparts promulgate regulations providing that overseas investment of enterprises to be subject to recordation or confirmation management, depending on the actual circumstances of investment. Overseas investment involving any sensitive country or region or any sensitive industry shall be subject to confirmation management. Overseas investment under other circumstances shall be subject to recordation management. When an overseas enterprise invested by an enterprise conducts overseas reinvestment, the enterprise shall report to the commerce departments after completing the overseas legal procedures.

Pursuant to the Provisions on the Foreign Exchange Administration of the Overseas Direct Investment of Domestic Institutions (《境內機構境外直接投資外匯管理規定》) promulgated by the State Administration of Foreign Exchange (the "**SAFE**") on July 13, 2009 and implemented on August 1, 2009 and the Notice on Further Simplifying and Improving Policies for 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》) promulgated by the SAFE on February 13, 2015, implemented on June 1, 2015 and was

partially repealed on December 30, 2019, stipulates that, upon obtaining the approval for overseas investment, the overseas direct investment of PRC enterprises shall apply for foreign exchange registration to the banks at their places of registration.

Regulations on Foreign Exchange

Pursuant to the Foreign Exchange Administrative Regulations of the PRC (《中華人民共和國外匯管理條例》) promulgated by the State Council on January 29, 1996, effective on April 1, 1996 and last amended on August 5, 2008, and the Administrative Regulations on Foreign Exchange Settlement, Sales and Payment (《結匯、售匯及付匯管理規定》) promulgated by the People's Bank of China on June 20, 1996 and effective on July 1, 1996, Renminbi is freely convertible for payments of current account items such as trade and service-related foreign exchange transactions and dividend payments after the relevant financial institutions have reasonably examined the authenticity of the transactions documents and their consistency with foreign exchange receipts and payments, but are not freely convertible for capital expenditure items such as direct investment, loans or investments in securities outside the PRC unless the approval of the SAFE or its local counterparts is obtained in advance.

According to the Notice of the State Administration of Foreign Exchange on Issues concerning the 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 on December 26, 2014, a domestic company shall, within 15 working days after the completion of its overseas listing, go through the registration of overseas listing with the foreign exchange bureau at its place of registration. A domestic issuer may transfer the capital raised through overseas listing to its local bank account or deposit at its overseas account. The use of capital shall be consistent with the purposes disclosed in this document or other public documents.

According to the Circular of the State Administration of Foreign Exchange on Reforming and Regulating Policies for the Administration over Foreign Exchange Settlement of Capital Accounts (《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》) announced by SAFE and effective on June 9, 2016, and the Notice of the State Administration of Foreign Exchange on Further Deepening Reform to Promote Cross-border Trade and Investment Facilitation (《國家外匯管理局關於進一步深化改革促進跨境貿易投資便利化的通知》) announced and effective on December 4, 2023, the foreign exchange receipts under capital accounts of domestic institutions are subject to discretionary settlement policies. The foreign exchange receipts under capital accounts (including foreign exchange capital, foreign debts, and repatriated funds raised through overseas listing) subject to discretionary settlement as expressly prescribed in the relevant policies may be settled with banks according to the actual need of the domestic institutions for business operation. Domestic institutions may, at their discretion, settle up to 100% of foreign exchange receipts under capital accounts for the time being. SAFE may adjust the above proportion in due

time according to the balance of payments. While eligible for the discretionary settlement of foreign exchange receipts under capital accounts, domestic institutions may also opt to use their foreign exchange receipts according to the payment-based settlement system. A bank shall, in handling each transaction of foreign exchange settlement for a domestic institution according to the principle of payment-based settlement, review the authenticity and compliance of the use of the funds settled in the previous foreign exchange settlement (including discretionary settlement and payment-based settlement) of such domestic institution. Domestic institutions' foreign exchange receipts under the capital account and the Renminbi funds obtained from the settlement thereof shall not, directly or indirectly, be used for expenditure beyond the enterprise's business scope or expenditure prohibited by laws and regulations of the state. Unless otherwise specified, the funds shall not, directly or indirectly, be used for investments in securities or other investments or wealth management other than banks' principal-secured products. The funds shall not be used for the granting of loans to non-affiliated enterprises, except where it is expressly permitted in the business scope. The funds shall not be used for the construction or purchase of real estate for purposes other than self-use (except for real estate enterprises).

According to the Circular on Optimizing Administration of Foreign Exchange to Support the Development of Foreign-related Business by the State Administration of Foreign Exchange (《國家外匯管理局關於優化外匯管理支持涉外業務發展的通知》) issued by SAFE on April 10, 2020, eligible enterprises are allowed to make domestic payments by using receipts under capital accounts, such as their capital funds, foreign credits and the income from overseas listing, with no need to provide the evidentiary materials concerning authenticity on a transaction-by-transaction basis to banks in advance, provided that their capital use shall be authentic and in line with provisions, and conform to the prevailing administrative regulations on the use of receipts under capital accounts. Local foreign exchange authorities shall strengthen monitoring analysis and interim and post regulation.

Regulations on Taxation

Enterprise Income Tax

According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》) (the "**EIT Law**") which was promulgated on March 16, 2007 and amended on February 24, 2017 and December 29, 2018, a unified income tax rate of 25% will be applied towards foreign investment and foreign enterprises which have set up institutions or facilities in the PRC as well as PRC enterprises. Under the EIT Law, enterprises established outside of China whose "de facto management bodies" are located in China are considered "resident enterprises" and will generally be subject to the unified 25% enterprise income tax rate as to their global income.

Enterprises that are recognized as high and new technology enterprises in accordance with the Administrative Measures for the Determination of High and New Tech Enterprises (《高新技術企業認定管理辦法》) issued by the Ministry of Science, the Ministry of Finance (the "**MOF**") and the State Administration of Taxation are entitled to enjoy a preferential enterprise income tax rate of 15%, under which the validity period of the high and new technology enterprise qualification shall be three years from the date of issuance of the certificate. An enterprise can re-apply for such recognition as a high and new technology enterprise before or after the previous certificate expires.

Value-added Tax

Pursuant to the Provisional Regulations on Value-added Tax of the PRC (《中華人民共和國增值税暫行條例》) amended by the State Council and became effective on November 19, 2017 and the Detailed Rules for the Implementation of the Provisional Regulations on Value-added Tax of the PRC (《中華人民共和國增值税暫行條例實施細則》) amended by the MOF on October 28, 2011 and effective on November 1, 2011, all entities and individuals in the PRC engaging in the sale of goods, the provision of processing, repairs and replacement services, and the importation of goods are required to pay value-added tax. For taxpayers selling or importing goods, the general tax rate shall be 17% unless otherwise specified in the aforesaid regulations.

According to the Notice on the Adjustment to Value-added Tax Rates (《財政部、國家税務總局關於調整增值税税率的通知》) (Cai Shui [2018] No. 32), promulgated by the MOF and the State Administration of Taxation on April 4, 2018, and became effective as of May 1, 2018, the value-added tax rates of 17% and 11% applicable to the taxpayers who have value-added tax taxable sales activities or imported goods are adjusted to 16% and 10%, respectively.

According to the Announcement on Relevant Policies for Deepening Value-Added Tax Reform (《關於深化增值税改革有關政策的公告》) (2019 No. 39 of MOF, State Administration of Taxation and General Administration of Customs), promulgated by the MOF, the State Administration of Taxation and the GACC on March 20, 2019 and became effective on April 1, 2019, the value-added tax rates of 16% and 10% applicable to the taxpayers who have value-added tax taxable sales activities or imported goods are adjusted to 13% and 9%, respectively.

On December 25, 2024, the SCNPC promulgated the Value-added Tax Law of the PRC (《中華人民共和國增值税法》), which will come into effective on January 1, 2026, and replace the Provisional Regulations on Value-added Tax of the PRC. The new law reaffirms the provisions of the Provisional Regulations on Value-added Tax of the PRC and make changes in the areas of taxable acts, tax jurisdiction, deemed sales, non-taxable items, simplified taxation, withholding agents, input taxes, non-creditable input taxes, mixed sales, and input credit carry-forward and refund.

Tax on Dividends

For Individual Investors

According to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法》), or the Individual Income Tax Law, amended by the SCNPC on August 31, 2018 and effective on January 1, 2019, and the Implementation Rules of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法實施條例》) amended by the State Council on December 18, 2018 and effective on January 1, 2019, dividends paid by PRC companies to individual investors are ordinarily subject to a withholding income tax levied at a flat rate of 20%. Meanwhile, according to the Notice on Issues Concerning Differentiated Individual Income Tax Policies on Dividends and Bonus of Listed Companies (《關於上市公司股息紅利差別化個人所得税政策有關問題的通知》) issued by the Ministry of Finance, the State Administration of Taxation and the China Securities Regulatory Commission (the "**CSRC**") on September 7, 2015 and effective on September 8, 2015, where an individual holds the shares of a listed company obtained from the public offering for more than one year and transfers the stock of the listed company on the stock market, the dividend and bonus income shall be temporarily exempted from individual income tax. Where an individual acquires shares of a listed company from the public offering and transfers the stock of the listed company on the stock market, if the holding period is within one month (inclusive), the dividend income shall be included in the taxable income in full; if the holding period is more than one month but less than one year (inclusive), the dividend income shall be included in the taxable income at the rate of 50%; the aforesaid income shall be subject to individual income tax at a uniform rate of 20%.

Pursuant to the Arrangement between the Mainland 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税和防止偷漏税的安排》), or the Arrangement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, executed on August 21, 2006, the PRC government may impose tax on dividends paid by a PRC company to a Hong Kong resident (including natural person and legal entity), but such tax shall not exceed 10% of the total amount of dividends payable. If a Hong Kong resident directly holds 25% or more of the equity interests in a PRC company and the Hong Kong resident is the beneficial owner of the dividends and meets other conditions, such tax shall not exceed 5% of the total amount of dividends payable by the PRC company. The Fifth Protocol to the Arrangement between the Mainland 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税和防止偷税漏税的安排》第五議定書), or the Fifth Protocol, issued by The State Administration of Taxation and effective on December 6, 2019 provides that such provisions shall not apply to arrangements or transactions made for one of the primary purposes of obtaining such tax benefits.

For Enterprise Investors

Pursuant to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》), or the EIT Law, amended by the SCNPC and effective on December 29, 2018, and the Implementation Rules of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法實施條例》), or the Implementation Rules of the EIT Law, last amended by the State Council on December 6, 2024 and effective on January 20, 2025, a non-resident enterprise is subject to a reduced rate of 10% enterprise income tax on PRC-sourced income, including dividends paid by a PRC resident enterprise that issues and lists shares in Hong Kong, if such non-resident enterprise does not have an establishment or place of business in the PRC or has an establishment or place of business in the PRC but the PRC-sourced income is not actually connected with such establishment or place of business in the PRC. The aforesaid income tax payable by non-resident enterprises shall be withheld at source, and the payer shall be the withholding agent, and the tax shall be withheld by the withholding agent from the payment or due payment every time it is paid or due. Such tax may be reduced or exempted pursuant to an applicable treaty for the avoidance of double taxation.

Pursuant to the Notice on the Issues Concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H Share Holders Which Are Overseas Non-resident Enterprises (《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税有關問題的通知》) issued by the State Administration of Taxation and effective on November 6, 2008, a PRC resident enterprise is required to withhold enterprise income tax at a rate of 10% on dividends paid to non-PRC resident enterprise holders of H Shares which are derived out of profit generated since 2008. The Reply on the Collection of Enterprise Income Tax on Dividends Received by Non-resident Enterprises from Holding B Shares and Other Shares (《關於非居民企業取得B股等股票股息徵收企業所得税問題的批覆》) promulgated by the State Administration of Taxation and effective July 24, 2009 further provides that PRC-resident enterprises listed on Chinese and overseas stock exchanges by issuing stocks (including 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 treaty or agreement that China has concluded with a relevant jurisdiction, where applicable.

According to the Arrangement between the Mainland 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, the PRC government may impose tax on dividends paid by a PRC company to a Hong Kong resident (including natural person and legal entity), but such tax shall not exceed 10% of the total dividends payable by the PRC company. If a Hong Kong resident directly holds 25% or more of equity interest in a PRC company and the Hong Kong resident is the beneficial owner of the dividends and meets other conditions, such tax shall not exceed 5% of

the total dividends payable by the PRC company. The Fifth Protocol provides that such provisions shall not apply to arrangements or transactions made for one of the primary purposes of obtaining such tax benefits.

Pursuant to applicable regulations, we intend to withhold tax at a rate of 10% from dividends paid to non-PRC resident enterprise holders of our H Shares. Non-PRC resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty will be required to apply to the PRC tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refund will be subject to the PRC tax authorities' verification.

Tax related to equity transfer income

For Individual Investors

Under the Individual Income Tax Law and its implementation rules, individuals are subject to individual income tax at a rate of 20% on gains realized on the sale of equity interests in PRC resident enterprises. Pursuant to the Circular on Continuing the Temporary Exemption of Individual Income Tax on Gains from Share Transfers by Individuals (《關於個人轉讓股票所得繼續暫免徵收個人所得税的通知》), which was promulgated by the MOF and The State Administration of Taxation and became effective on March 30, 1998, from January 1, 1997, income of individuals from the transfer of shares in listed companies continues to be temporarily exempted from individual income tax. The State Administration of Taxation does not specify whether to continue to exempt individuals from personal income tax on the income from the transfer of shares in listed company in the newly revised Individual Income Tax Law and Implementation Rules of the Individual Income Tax Law.

For Enterprise Investors

Under the EIT Law and its implementation rules, a non-PRC resident enterprise is subject to enterprise income tax at the rate of 10% with respect to PRC-sourced income, including gains derived from the disposal of shares in a PRC resident enterprise, if it does not have an establishment or premises in the PRC or has an establishment or premises in the PRC but the PRC-sourced income is not actually connected with such establishment or premises in the PRC. The aforementioned income tax payable by non- PRC resident enterprises is subject to source withholding, and the payer is the withholding agent. The tax shall be withheld by the withholding agent from the payment or due payment every time it is paid or due. Such tax may be reduced or exempted under applicable tax treaties or arrangements.

Stamp Duty

According to the Stamp Duty Law of the PRC (《中華人民共和國印花稅法》), which was promulgated on June 10, 2021 and came into effect on July 1, 2022, all entities and individuals who make taxable documents and conduct securities transactions within the territory of the PRC are the taxpayers of stamp duty and shall pay stamp duty. All entities and individuals who make taxable documents outside the territory of the PRC to be used within the territory of the PRC shall pay stamp duty. The disposal of H Shares by non-mainland China investors outside of the mainland China is not subject to the requirements of the Stamp Duty Law of the PRC.

Regulations on Data Security and Personal Information Protection

On June 10, 2021, the SCNPC promulgated the Data Security Law of the PRC (《中華人民共和國數據安全法》) (the "**Data Security Law**") which became effective on September 1, 2021. The Data Security Law mainly sets forth specific provisions regarding establishing basic systems for data security management, including data classification and hierarchical protection system, risk assessment system, monitoring and early warning system and emergency disposal system. In addition, it clarifies the data security protection obligations of organizations and individuals carrying out data activities and implementing data security protection responsibility. The Data Security Law stipulates measures to support and promote data security and development, to establish and optimize the national data security management system and to clarify organizations' and individuals' responsibilities in data security.

On December 28, 2021, the Cyberspace Administration of China (the "**CAC**"), jointly with 12 other administrative authorities, promulgated the revised Measures for Cybersecurity Review (《網絡安全審查辦法》), which became effective on February 15, 2022. According to the Measures for Cybersecurity Review, (i) that the purchase of cyber products and services by the Critical Information Infrastructure Operator (the "**CIIO**"), and the data processing activities carries out online platform operators which affects or may affect national security, shall be subject to the cybersecurity review by the Cybersecurity Review Office, the department which is responsible for the implementation of cybersecurity review under the CAC; (ii) network platform operators with personal information of more than one million users that seek for listing in a foreign country are obliged to apply for a cybersecurity review by the Cybersecurity Review Office; and (iii) the relevant regulatory authorities may initiate cybersecurity review if such regulatory authorities determine that the issuer's network products or services, or data processing activities affect or may affect national security.

On September 30, 2024, the State Council published the Administration Regulations on Network Data Security (《網絡數據安全管理條例》) ("**Data Security Regulations**"), which became effective on January 1, 2025. The Data Security Regulations provides that network data

processors conduct network data processing activities that affects or may possibly affect national security must conduct national security review in accordance with relevant laws and regulations. It also imposes specific requirements for network data processors that process important data. The Data Security Regulations define "important data" as "data in specific fields, specific groups, specific regions or reaching certain accuracy and scale, which if tampered with, destroyed, leaked or illegally obtained or used may directly endanger national security, economic operation, social stability, public health and safety." The Data Security Regulations calls for the national data security coordination mechanism to coordinate with relevant authorities to issue catalogues of "important data" in relevant regions and sectors. Network data processors must identify and report the "important data" processed by them to relevant authorities, who are required to notify the network data processors or publish the results to the public in a timely manner. The Data Security Regulations imposes several compliance obligations on network data processors that process important data, including but not limited to, (i) appoint a network data security officer and establish an internal data security management organization; (ii) conduct a risk assessment before sharing, entrusting vendors for processing or jointly processing of important data, unless the above processing activities are necessary for fulfilling legal duties or obligations; (iii) report the important data disposition plan (including the name and contact information of the recipient of the important data to competent authorities at the provincial level before a merger, division, dissolution, or bankruptcy that could materially affect the security of important data; and (iv) conduct an annual risk assessment of network data processing activities and submit a risk assessment report to the relevant authorities at the provincial level which will then share the report with the provincial branch of the CAC and the public security authority.

As of the Latest Practicable Date, (i) we have not been notified by any PRC government authorities that we are classified as a CIIO which may be subject to cybersecurity review in circumstances that may affect national security in accordance with the Measures for Cybersecurity Review; (ii) the data we collect and generate within mainland China is stored within its territory, and our daily operations and the **[REDACTED]** do not involve the cross-border transfer of identified core data, important data or a significant volume of personal information; (iii) we have not received any inquiries, notices, warnings from PRC government authorities, nor have we been subject to any investigations, sanctions or penalties made by any PRC government authorities related to national security risks caused by our business operations or the proposed **[REDACTED]**; and (iv) we have not been involved in any services, products or data processing activities that might pose national security risks as set forth in Article 10 of the Measures for Cybersecurity Review, and we have not been inquired about, investigated, warned or penalized by any PRC government authorities in this respect. Based on foregoing, our PRC Legal Advisor is of the view that, as of the Latest Practicable Date, the likelihood that our business operations and/or the **[REDACTED]** give rise to national security risks which subject us to cybersecurity review under the Measures for Cybersecurity Review is relatively low.

According to the Civil Code, personal information of an individual shall be protected by the law. Any organization or individual that needs to obtain personal information of others shall obtain such information legally and ensure the safety of such information, and shall not illegally collect, use, process or transmit personal information of others, or illegally purchase or sell, provide or publish personal information of others. In addition, the processing of personal information shall follow the principles of lawfulness, appropriateness and necessity.

The Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》) (the "**Personal Information Protection Law**"), which was promulgated by the SCNPC on August 20, 2021 and became effective on November 1, 2021 requires that the processing of personal information should have a clear and reasonable purpose and should be limited to the minimum scope necessary to achieve the processing purpose, adopt a method that has the least impact on personal rights and interests, and shall not process personal information that is not related to the processing purpose.

As advised by our PRC Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material fines, administrative penalties, or other sanctions from relevant regulatory authorities for violations of data privacy and security laws and regulations.

Regulations Relating to Overseas Offering and Listing

On February 17, 2023, the CSRC promulgated the Trial Administrative Measures of the 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》) and relevant five guidelines (the "**Overseas Listing Trial Measures**"), which came into effect on March 31, 2023. According to the Overseas Listing Trial Measures, PRC domestic enterprises that seek to offer and list securities in overseas markets, either in direct or indirect means (the "**Overseas Offering and Listing**"), are required to fulfill the filing procedure with the CSRC and submit filing reports, legal opinions, and other relevant documents. Subject to specific circumstances, the Overseas Listing Trial Measures require that, among other things, (i) initial public offerings or listings on overseas markets shall be filed with the CSRC within three working days after the relevant application is submitted overseas, (ii) subsequent securities offerings of an issuer on the same overseas market where it has previously offered and listed securities shall be filed with the CSRC within three working days after the offering is completed, and (iii) subsequent securities offerings or listings of an issuer on other overseas markets other than where it has offered and listed securities shall be filed with the CSRC within three working days after the relevant application is submitted overseas. If a PRC company fails to complete the filing procedure or the filing documents submitted by a PRC company contain misrepresentation,

misleading statement or material omission, such PRC company may be subject to order to rectify, warnings and fines, and its controlling shareholders, actual controllers, the person directly in charge and other directly responsible persons may also be subject to fines.

The Overseas Listing Trial Measures also set forth the issuer's reporting obligations in the event of occurrence of material events (the "**Material Events**") after the Overseas Offering and Listing. Upon the occurrence of any of the Material Events specified below after the Overseas Offering and Listing, the issuer shall make a detailed report to the CSRC within 3 working days after the occurrence and public announcement of the relevant event: (i) change in controlling rights; (ii) being subject to investigation, punishment or other measures by overseas securities regulatory authorities or the relevant authorities; (iii) changing listing status or changing the listing board; or (iv) voluntary or compulsory termination of listing. Besides, if any material change in the principal business and operation of the issuer after its Overseas Offering and Listing makes the issuer no longer within the scope of record-filing, the issuer shall submit a special report and a legal opinion issued by a PRC domestic law firm to the CSRC within 3 working days after the occurrence of the relevant change to provide an explanation of the relevant situation. According to the Overseas Listing Trial Measures, the PRC domestic enterprises engaging in Overseas Offering and Listing activities shall strictly comply with the PRC laws, administrative regulations, and relevant provisions on foreign investment, state-owned assets, industry regulation, overseas investment, etc., shall not disrupt domestic market order, and shall not harm national interests, public interests and the legitimate rights and interests of domestic investors. The PRC domestic enterprise that conducts Overseas Offering and Listing shall (i) formulate its articles of association, improve its internal control system and standardize its corporate governance, financial affairs and accounting activities in accordance with the PRC Company Law, the PRC Accounting Law and other PRC laws, administrative regulations and applicable provisions; (ii) abide by the legal system of the PRC on confidentiality and take necessary measures to implement the confidentiality responsibility, shall not divulge any state secret or the work secrets of state authorities, and shall also comply with laws, administrative regulations and the relevant provisions of the PRC where involved in the overseas provisions of personal information and important data.

In addition, the Overseas Listing Trial Measures also provides the circumstances where the Overseas Offering and Listing is explicitly prohibited, including: (i) such securities offering and listing is explicitly prohibited by provisions in laws, administrative regulations and relevant state rules; (ii) the Overseas Offering and Listing may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with law; (iii) the PRC domestic enterprise, or its controlling shareholder(s) and the actual controller, have committed relevant crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years; (iv) the PRC domestic enterprise is currently under investigations for suspicion of criminal offenses or major

violations of laws and regulations, and no conclusion has yet been made thereof; or (v) there are material ownership disputes over equity held by the controlling shareholder(s) or by other shareholder(s) that are controlled by the controlling shareholder(s) and/or actual controller.

On February 24, 2023, the CSRC together with Ministry of Finance of the PRC and National Administration of State Secrets Protection and National Archives Administration of China have promulgated the Provisions on Strengthening the Confidentiality and Archives Administration Concerning the 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》), according to which, during the overseas offering and listing activities of domestic enterprises, domestic enterprises, securities companies and securities service providers providing corresponding services shall strictly abide by the relevant PRC laws and regulation as well as the requirements of the provisions, enhance legal awareness of guarding state secrets and strengthening the management of archives, establish and complete systems for confidentiality and archives work, employ necessary measures to implement the responsibility for confidentiality and archives management, and shall not divulge state secrets and work secrets of state organs, and shall not harm the interests of state and the public. If domestic enterprises provide or publicly disclose to relevant securities companies, securities service institutions, overseas regulatory agencies and other parties, or provide or publicly disclose documents and materials involving state secrets or state organ work secrets through the issuer, they shall report the matters to the competent authorities for examination and approval, and file them with the department for the administration and management of state secrets at the same level for the record.

Pursuant to the Notice on Issues Concerning the Administration of Funds for Overseas Listings of Domestic Enterprises (Draft for Comments) (《關於境內企業境外上市資金管理有關問題的通知(徵求意見稿)》) issued by the People's Bank of China and the SAFE on May 23, 2025 for public comments, domestic joint-stock limited companies that have completed the relevant filings with the CSRC and have directly issued shares overseas or issued overseas depository receipts (overseas listings) shall be subject to the provisions of this Notice. In addition to other requirements, such domestic joint-stock limited companies shall, within 30 working days after the completion of the overseas listing issuance or the over-allotment option exercise, submit relevant documents to the local bank to apply for the registration for overseas listing. In the event of any changes (such as changes in corporate information or adjustments to the equity structure), the company shall apply for the registration for changes accordingly. In addition, the funds raised by such domestic joint-stock limited companies through overseas listings shall, in principle, be repatriated to the domestic jurisdiction in a timely manner. If such funds are to be retained overseas for the purpose of engaging in overseas direct investment, overseas securities investment, overseas lending or other similar activities, the relevant business authorities' approval or filing documents shall be obtained prior to the completion of the overseas listing issuance or the over-allotment option exercise, and such activities shall comply with the relevant cross-border

capital management regulations. As of the Latest Practicable Date, such Notice is released for public comments only and has not yet been finalized or implemented, and we cannot predict when or in what form it may ultimately be adopted.

FINAL RULE BY THE U.S. DEPARTMENT OF THE TREASURY

On October 28, 2024, the U.S. Department of the Treasury (the "**Department of Treasury**") issued the "Provisions Pertaining to U.S. Investments in Certain National Security Technologies and Products in Countries of Concern" (the "**Final Rule**") to implement an outbound investment program that restricts investments by U.S. persons and U.S.-controlled entities. The Final Rule became effective on January 2, 2025.

The Final Rule applies to investments by U.S. person as to "covered transactions" involving "covered foreign person" associated with a "country of concern" in "covered activities" in three sectors pertaining to national security technologies and products: (1) semiconductors and microelectronics, (2) quantum information technologies and (3) artificial intelligence. Covered transactions under the Final Rule include a range of investment activities, such as equity acquisitions, debt financing, and joint ventures, with some transactions outright prohibited and others subject to notification requirements. Exceptions are available for specific categories of transactions, including investments in publicly traded securities under certain conditions.

We are a "person of a country of concern" as defined in the Final Rule since we are registered in China. However, After consultation with our legal advisor as to U.S. sanctions, our Directors understand that the impact of the Final Rule is generally limited and manageable because our business activities do not constitute "covered activities" in the Final Rule, as we are primarily engaged in the production of wireless communication modules, which are not covered under the specified sectors under the Final Rule.

OVERVIEW

Our history can be traced back to April 2007, when our predecessor, Shenzhen Forge Electronics Co. Ltd. (深圳市方格電子有限公司), was established in the PRC. From 2007 to 2011, our Company was in its early stage of development, focusing on, among others, our research and development of precision components, expanding our sales network and enhancing our market recognition. In January 2011, we changed our name to Shenzhen Forge Precision Components Co., Ltd. (深圳市方格精密器件有限公司). In May 2015, we were converted from a limited liability company into a joint stock limited company and renamed as Shenzhen MeiG Smart Technology Co., Ltd. (深圳市美格智能技術股份有限公司). In June 2017, our A Shares were listed on the Shenzhen Stock Exchange under the stock code 002881 and our name was changed into MeiG Smart Technology Co., Ltd. (美格智能技術股份有限公司) in December 2017.

Over years, we have evolved into a globally leading provider of wireless communication modules and solutions, with a focus on smart modules, particularly high-computing-power smart modules. Mr. WANG Ping is our chairman of the Board, executive Director and our Controlling Shareholder. For details of his background and industry experience, please refer to "Directors and Senior Management" in this document.

BUSINESS MILESTONES

The following is a summary of our key business development milestones.

Year	Event
2007	We were established in Shenzhen, focusing on the research and development, production, and sales of precision components for terminal products, primarily for smartphones.
2012	We established our research and development center in Shanghai and commenced our product design and development in the field of 4G wireless communications.
2013	Our 4G wireless data terminals became one of the first to achieve mass production.
2014	We increased our investment in the research and development for 4G technology, and subsequently established R&D centers in Xi'an and Wuhan.
	We launched our first-generation smart module product.

Year	Event
2015	We were converted into a joint stock limited company.
2017	Our A Shares were listed on Shenzhen Stock Exchange (stock code: 002881).
2019	We placed greater emphasis on our wireless communication and IoT operations and launched our 5G data transmission modules, heralding the transition from 4G to 5G technology.
2020	We launched our 5G smart module products and began the research and designing of these products for the smart cockpit sector.
2021	Our 5G smart module products have achieved mass production and became deployed in new energy vehicles for leading industry clients.
2023	We completed a private placement in the A-share market. We launched high-computing-power smart modules with AI computing power reaching 48 TOPS and began our research on deploying large models on high-computing-power smart modules.
2024	We established a research and development center in Nantong to further strengthen our R&D resource allocation.
2025	The application of our high-computing-power smart module products expanded into emerging fields such as robotics.

OUR MAJOR SUBSIDIARIES

The following sets out the principal business activities, place of establishment, date of establishment and commencement of business of our subsidiaries that made a material contribution to our results of operations during the Track Record Period.

Name of subsidiary	Place of establishment	Date of establishment	Equity interest attributable to our Group	Principal business activities
MeiG Zhilian	PRC	October 15, 2018	100%	R&D and design
ZhongGe Shanghai	PRC	March 23, 2018	100%	R&D and design
Xi'an ZhaoGe	PRC	October 23, 2014	100%	R&D and design
MeiG Investment	PRC	December 31, 2019	100%	Investment
Forge International	Hong Kong	December 16, 2014	100%	Sales and supply chain

As of the date of this document, our Company had nine subsidiaries, all of which were wholly owned by us. For further details of these subsidiaries, please see "Corporate Structure" in this section. For changes in the registered capital of our subsidiaries, please see "Statutory and General Information — A. Further Information about Our Group — 3. Changes in the Share Capital of Our Subsidiaries" in Appendix VI to this document.

MAJOR SHAREHOLDING CHANGES OF OUR COMPANY

Early Development and Conversion into a Joint Stock Company

Our Company was established on April 5, 2007, under the laws of the PRC as a limited liability company with an initial registered capital of RMB1 million, which was contributed as to 99% by Mr. WANG Guojun (王国軍), the father of Mr. WANG Ping and Mr. WANG Cheng (王成) and an financial investor in the precision components industry, and 1% by Ms. CHEN Jianqi (陳建琦), a former employee. Since its inception, through years of experience in the precision components industry, the Company marched into wireless communications sector from precision components industry.

In November 2008, Ms. CHEN Jianqi transferred all of his equity interests in the Company at nominal value to Mr. ZHAO Haifeng (趙海峰), a former employee. In January 2011, the equity interests of our Company were all transferred to Mr. WANG Ping and Mr. WANG Cheng from Mr. WANG Guojun and Mr. ZHAO Haifeng, respectively. Upon the completion of the share transfer, Mr. WANG Ping and Mr. WANG Cheng held interests in our Company as to 99% and 1%, respectively.

Between May 2011 and July 2014, our Company underwent several rounds of capital increases and transfers contributed by Mr. WANG Ping and Mr. WANG Cheng either themselves directly or through ZhaoGe Investment. Upon completion, our registered capital increased to RMB70,000,000.

On August 19, 2014, our Company entered into a capital increase agreement with Fenghuangshan Investment, pursuant to which Fenghuangshan Investment agreed to subscribe for RMB7,348,000 of the registered capital at a consideration of RMB19 million. Fenghuangshan Investment decided to invest in our Company as it recognized our corporate value and business prospects. The consideration was determined after arm's length negotiations with reference to our net profits and net assets as of December 31, 2013. Upon completion of the capital subscription, our registered capital increased to RMB77,348,000.

On May 14, 2015, our Company was converted into a joint stock limited company. Upon completion of the conversion, our Company had a total share capital of RMB80,000,000, divided into 80,000,000 Shares. The shareholding structure of our Company immediately following our conversion into a joint stock limited company was as follows:

Shareholder	Number of Shares	Percentage shareholding
Mr. WANG Ping	46,336,000	57.92%
ZhaoGe Investment	14,480,000	18.10%
Mr. WANG Cheng	11,584,000	14.48%
Shenzhen Fenghuangshan Cultural Tourism Investment Co., Ltd. (深圳市鳳凰山文化旅遊投資有限公司) ("**Fenghuangshan Investment**")[1]	7,600,000	9.50%
Total	80,000,000	100.00%

Note:

(1) As of the Latest Practicable Date, Fenghuangshan Investment was wholly owned by Shenzhen Fenghuang Joint-Stock Cooperative Company (深圳市鳳凰股份合作公司), a joint-stock enterprise jointly funded and operated by rural collective economic organizations or their members. To the best knowledge of the Company, each of Fenghuangshan Investment and its ultimate beneficial owners was an Independent Third Party.

Listing on the Shenzhen Stock Exchange

On June 22, 2017, our A Shares were listed on the Shenzhen Stock Exchange under the stock code 002881. In connection with the A Share listing, we issued an aggregate of 26,670,000 A Shares, accounting for approximately 25.0% of our then enlarged share capital, raising net proceeds of approximately RMB208.76 million. The shareholding structure of our Company immediately following our A Share listing was as follows:

Shareholder	Number of Shares	Percentage shareholding
Mr. WANG Ping	46,336,000	43.44%
ZhaoGe Investment	14,480,000	13.57%
Mr. WANG Cheng	11,584,000	10.86%
Fenghuangshan Investment	7,600,000	7.12%
Other A Shareholders	26,670,000	25.00%
Total	106,670,000	100.00%

Subsequent to the completion of the A Share Listing, there had been several instances of share capital changes of our Company as a result of capitalization issue and issuance of A Shares for employee incentive purpose under our 2020 Equity Incentive Plans. As of September 2022, the total share capital of our Company reached RMB239,429,451, divided into 239,429,451 A Shares.

Private Placing of A Shares in 2023

In March 2023, we completed a private placing of 21,208,503 A Shares to 21 subscribers at a price of RMB28.46 per Share, which was determined with reference to the average price of our A Shares for 20 trading days prior to the pricing day. The 21 subscribers comprised China Asset Management Co., Ltd. (華夏基金管理有限公司), Nord Fund Management Co., Ltd. (諾德基金管理有限公司), Invesco Great Wall Fund Management Co., Ltd. (景順長城基金管理有限公司), Taikang Asset Management Co., Ltd. (泰康資產管理有限責任公司), China Huadian Corporation Capital Holdings Co., Ltd. (中國華電集團資本控股有限公司), UBS AG, China Securities Co., Ltd. (中信建投證券股份有限公司), Huatai Asset Management Co., Ltd. (華泰資產管理有限公司), Dalian Hairong Hi-tech Venture Capital Management Co., Ltd. (大連海融高新創業投資管理有限

公司), Hubei Gaotou Hanjiang Equity Investment Partnership (Limited Partnership) (湖北高投漢江股權投資合夥企業(有限合夥)), Shengang Securities Co., Ltd. (申港證券股份有限公司), Shanghai Chunda Asset Management Co., Ltd. (上海純達資產管理有限公司), Xingzheng Global Fund Management Co., Ltd. (興證全球基金管理有限公司), Guangxi Yuwan Business Consulting Co., Ltd. (廣西禦萬商務諮詢有限公司), Caitong Fund Management Co., Ltd. (財通基金管理有限公司), all of which are fund and asset managers, together with funds and/or asset management products under their management. Each of them was an Independent Third Party to the best knowledge of our Directors. Except for Huatai Asset Management Co., Ltd. (華泰資產管理有限公司) and its asset management products, which collectively subscribed for approximately 1.98% of our then-enlarged total share capital, none of the other subscribers held more than 1% of our then-enlarged total share capital. We raised net proceeds of approximately RMB592.93 million from the placing, which were used for development of our 5G and AIoT communication modules, R&D center construction project, and for our general working capital. As a result of the placing, our total share capital increased to RMB260,637,954 comprising 260,637,954 A Shares. As of June 30, 2025, 45.1% of the proceeds received have been utilized.

Subsequent Shareholding Changes

Subsequent to the completion of the private placing of A Shares in 2023, there had been several instances of share capital changes of our Company as a result of repurchase and issuance of A Shares under our 2020 Equity Incentive Plans. Pursuant to the exercise of stock options and the repurchase and cancellation of Shares under our equity incentive plans and repurchase mandates, the total share capital of our Company reached RMB261,755,700, divided into 261,755,700 A Shares in December 2025. For details of changes in share capital of our Company within the two years immediately preceding the date of this document, see "Statutory and General Information — A. Further Information about Our Group — 2. Changes in the Share Capital of Our Company" in Appendix VI to this document.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

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

OUR A SHARE LISTING AND REASONS FOR THE H SHARE [REDACTED]

Since June 2017, our A Shares have been listed on the Main Board of the Shenzhen Stock Exchange. Our Directors confirmed that, and our PRC Legal Advisor is of the view that, having made all reasonable inquiries, throughout the last two full financial years (i.e., for the two years ended December 31, 2023 and 2024) and up to the Latest Practicable Date, there had been no instances of our material non-compliance with the applicable rules of the Shenzhen Stock

Exchange and other applicable PRC securities laws and regulations. To the best knowledge of our Directors having made all reasonable enquiries, there are no material matters in relation to our compliance record on the Shenzhen Stock Exchange that should be brought to the attention of the Stock Exchange or **[REDACTED]** of the **[REDACTED]**. Based on the independent due diligence conducted by the Sole Sponsor, nothing has come to the Sole Sponsor's attention that would cause it to disagree with our Directors' confirmation with regard to the compliance records of the Company on the Shenzhen Stock Exchange.

We seek to **[REDACTED]** our H Shares on the Stock Exchange to raise additional capital for business growth and expansion, diversify our fundraising channels, reinforce our industry standing, enhance global brand awareness and competitiveness, and optimize our capital structure and shareholder composition to support sustainable development and governance. Please see "Business — Our Strategies" and "Future Plans and Use of **[REDACTED]**" in this document for more details.

EQUITY INCENTIVE PLANS

In order to incentivize our employees, we adopted the Equity Incentive Plans in June 2020 and May 2024, respectively. The 2020 Equity Incentive Plans expired in June 2024. Our 2024 Equity Incentive Plans were approved by our Shareholders on June 17, 2024, with a term of five years. For further details of our 2024 Equity Incentive Plans, please see "Statutory and General Information — D. 2024 Equity Incentive Plans" in Appendix VI to this document.

PUBLIC FLOAT

For the purpose of Rule 19A.13A of the Listing Rules, the minimum prescribed public float percentage applicable to the Company is 15%. Immediately following the completion of the **[REDACTED]** (assuming that (i) the **[REDACTED]** is not exercised; and (ii) no additional Shares are issued pursuant to our Equity Incentive Plans), all **[REDACTED]** H Shares to be issued pursuant to the **[REDACTED]**, approximately **[REDACTED]**% of our total issued Shares, will be counted towards the public float for the purpose of Rule 19A.13A of the Listing Rules. Therefore, the Company believes that it will comply with the public float requirement under Rule 19A.13A of the Listing Rules.

FREE FLOAT

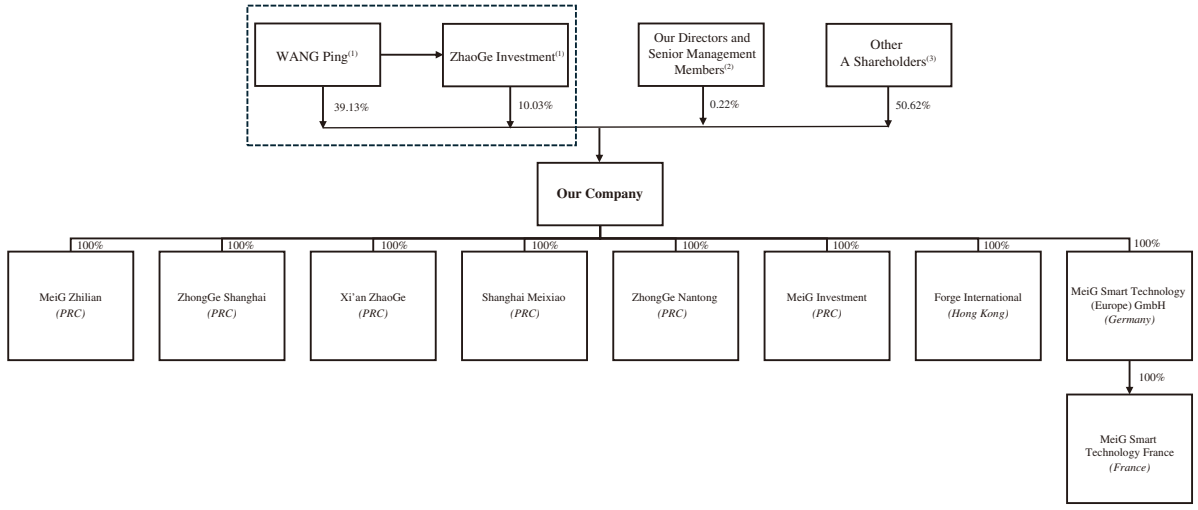
[Immediately following the completion of the **[REDACTED]** (assuming that (i) the **[REDACTED]** is not exercised; and (ii) no additional Shares are issued pursuant to our Equity Incentive Plans), based on the **[REDACTED]** of HK$**[REDACTED]** per Share, at least 5% of the total number of issued shares with an expected market value at the time of **[REDACTED]** of not less than HK$50,000,000 are not subject to any disposal restrictions. Therefore, the Company

believes that there will be a free and open market for its Shares immediately upon the completion of the **[REDACTED]** in compliance with the free float requirements under Rule 8.08A and Rule 19A.13C of the Listing Rules.]

CORPORATE STRUCTURE

Corporate Structure Immediately Before the [REDACTED]

The following chart sets forth the simplified shareholding and corporate structure of our Group immediately before the **[REDACTED]**.



Notes:

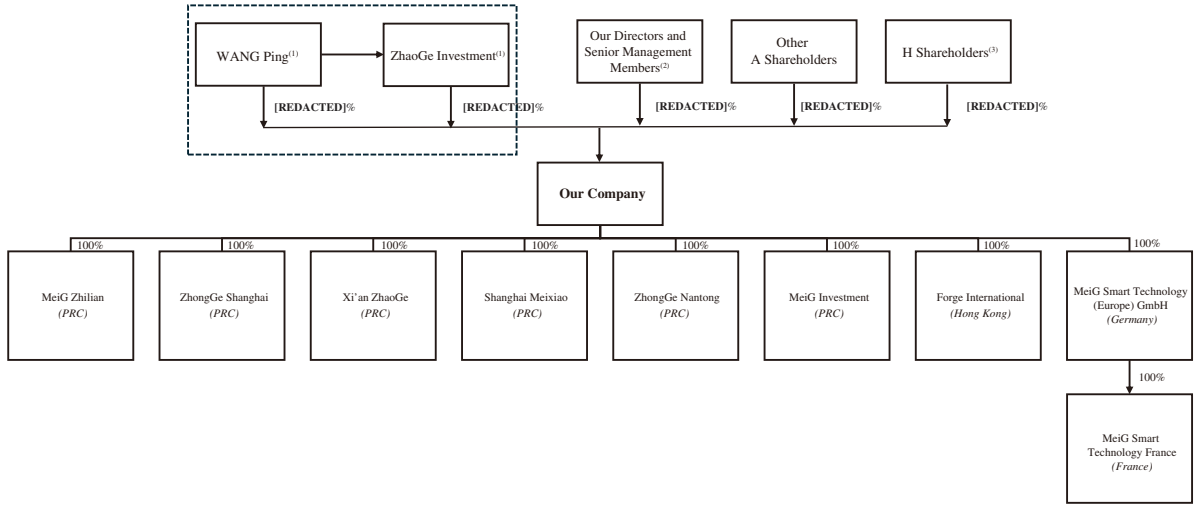
(1) As of the Latest Practicable Date, Mr. WANG Ping directly held 102,417,560 A Shares, of which 12,850,000 A shares have been pledged as security for Mr. Wang's financing needs of his other personal investments. ZhaoGe Investment was controlled by Mr. WANG Ping, our Controlling Shareholder, as its general partner and holding 29.31% of the partnership interests. The remaining partnership interests in ZhaoGe Investment were held by 12 limited partners including our Directors and current or former employees of our Company pursuant to our Equity Incentive Plans: (i) 24.1% was held by Mr. DU Guobin, our executive Director and vice chairman of the Board, (ii) 11.45% was held by Mr. WANG Cheng, the brother of Mr. WANG Ping, (iii) 9.18% was held by Ningbo Zhige Enterprise Management Co., Ltd. (寧波智格企業管理有限公司) ("**Ningbo Zhige**") (which is owned by Mr. WANG Cheng as to 42.93%, Mr. DU Guobin as to 23.63%), Mr. ZHANG Chengzan (張成贊) as to 3.81%, a former director of our subsidiary, and five former employees as to 6.92%, each of whom holding less than 5% interests therein, (iv) 6.09% was held by LI Peng (李鵬), our mid-level management; (v) 5.97% by FAN Dian (范典), our mid-level management; (vi) 3.73% was held by Mr. XIA Youqing, our executive Director, chief financial officer and vice general manager, and (vii) 10.16% was held by our former employees, each holding less than 5%. Except for Mr. WANG Ping, Mr. DU Guobin, Mr. WANG Cheng, Mr. XIA Youqing and Ningbo Zhige, each of the shareholders of ZhaoGe Investment is an Independent Third Party. Pursuant to the partnership agreement of ZhaoGe Investment, the general partner is responsible for day-to-day management of the partnership and can exercise the voting rights held by ZhaoGe Investment in our Company. None of the limited partners of ZhaoGe Investment had any voting arrangement or concert-party arrangement with our Controlling Shareholders.

(2) Included 390,000 A Shares held by Mr. DU Guobin, 104,000 A Shares held by Mr. XIA Youqing, and 78,000 A Shares held by Mr. HUANG Min.

(3) As of the Latest Practicable Date, to the best knowledge of the Company, (i) HU Peize (胡培澤), an Independent Third Party, held approximately 3.72% of the total share capital of our Company; (ii) Fenghuangshan Investment, a wholly-owned subsidiary of Shenzhen Fenghuang Joint-Stock Cooperative Company (深圳市鳳凰股份合作公司) which is a joint-stock enterprise jointly funded and operated by rural collective economic organizations or their members, held approximately 2.98% of the total share capital of our Company and was an Independent Third Party; and (iii) HKSCC, an Independent Third Party, held approximately 0.35% of the total share capital of our Company. Save for the aforementioned, the equity interests held by our remaining A Shareholders are less than 1%.

Corporate Structure Immediately After the [REDACTED]

The following chart sets forth the simplified shareholding and corporate structure of our Group immediately after the completion the **[REDACTED]**.



Notes:

(1)–(3) Please see "Corporate Structure — Corporate Structure Immediately Before the **[REDACTED]**" in this section.

OVERVIEW

About Us

We are a globally leading provider of wireless communication modules and solutions, with a focus on smart modules, particularly high-computing-power smart modules. Our products facilitate the growing adoption of smart applications, on-device AI and 5G communication. According to Frost & Sullivan, we ranked fourth in the global wireless communication module industry in terms of revenue from wireless communication module business in 2024, accounting for 6.4% of the global market share.

Wireless communication modules are products typically equipped with communication functions designed to enable the transmission and processing of large volumes of data over long distances. Our portfolio of wireless communication modules includes:

- **Smart modules**, which are equipped with SoC processors and smart operating systems, and can be further categorized into:
  - **High-computing-power smart modules**, primarily designed to run complex algorithms and to support on-device AI applications; and
  - **Regular smart modules**, primarily designed for smart applications such as custom software and multi-media functions.
- **Data transmission modules**, primarily designed for data communication, security and high-throughput data exchange.

Leveraging our wireless communication module technologies, we develop customized solutions tailored to the specific requirements of various application sectors, addressing the diverse needs of our customers. Our wireless communication modules and solutions are widely applied across general IoT, ICV and wireless broadband sectors, and we are actively expanding into emerging on-device AI applications such as robots.

Our Industry Leadership

We are driving and leading key industry trends in the wireless communication module industry. As the industry evolves with advancements in new technologies, we have consistently demonstrated our ability to anticipate and respond to these developments, particularly in the following aspects:

- *Transition to Smart Modules*: The industry is seeing a shift from traditional data transmission modules to smart modules amid the trend towards smart applications in various downstream sectors. We have played a leading role in driving this transition. According to Frost & Sullivan, we were the first company globally to (i) launch smart module products, when we launched our smart module products back in 2014; and (ii) achieve large-scale deployment of 5G smart modules in new energy vehicles as our 5G smart modules were first deployed on the new energy vehicles of a leading manufacturer in China in 2021.

- *Transition to On-Device AI Application*: As AI computation gradually extends from cloud to edge and local device levels, we are at the industry forefront to offer high-computing-power smart modules, which serve as critical infrastructure to provide robust hardware and software support for various on-device AI applications. According to Frost & Sullivan, (i) we were the largest provider of high-computing-power smart modules in terms of revenue from high-computing-power smart module business in 2024, accounting for 29.0% of the global market share; (ii) we were the first company globally to develop a 48 TOPS high-computing-power smart module and to become one of designated suppliers of such modules for leading automobile manufacturers; and (iii) in 2023, we successfully ran a text-to-image generative AI model on our high-computing-power smart modules, making us the first company globally to successfully run this kind of AI model on high-computing-power smart modules. As of the Latest Practicable Date, we had a portfolio of high-computing-power smart modules with computing power ranging from 8 TOPS to 64 TOPS. Our high-computing-power smart modules can support the deployment and operation of on-device versions of various prevailing AI models.

- *Transition to 5G Communication*: We are one of the early movers in driving the transition from 4G to 5G in the wireless communication module industry, supporting faster and more reliable connectivity of modules. According to Frost & Sullivan, (i) we were among the first globally to launch 5G data transmission module products; (ii) we were among the first globally to launch 5G-A and 5G RedCap module products; and (iii) in 2024, we ranked first in the industry in terms of shipment volume of 5G in-vehicle modules, accounting for 35.1% of the global market share.

Our Market Opportunities

We believe the market development in (i) smart applications, (ii) on-device AI, and (iii) 5G communication present significant growth opportunities for us. According to Frost & Sullivan:

Increasing Demand for Smart Applications Across Core Industries

The general IoT industry is transitioning its focus from traditional "connectivity" functions to smart applications, requiring higher levels of edge processing capabilities and hardware-software integration in modules. For example, in scenarios such as smart industrial systems, smart retail and smart cities, smart modules are gradually replacing traditional data transmission modules to become the core hardware supporting edge computing, data analysis and real-time decision-making.

In the ICV sector, demand for high-speed cellular connectivity and AI computing power continues to grow. Automobile manufacturers increasingly require in-vehicle modules that balance high-speed data rates, low latency and local AI inference capabilities. Regular smart modules and high-computing-power smart modules with cellular connectivity are becoming critical components used in the vehicles, enabling multi-camera setups, multi-media applications and driver monitoring systems. This further creates opportunities for the wireless communication module industry.

Emerging application sectors, such as robots and edge servers, are seeing increasing demand for wireless communication modules. These sectors require modules with high computing power, stable cellular connectivity and the ability to support complex AI models, driving new technological innovations and industry opportunities.

On-Device AI Driving the Growth of High-Computing-Power Smart Modules

The wireless communication module market is transitioning from data transmission modules to modules that emphasize intelligence and high computing power, particularly those designed to support on-device AI applications.

As large AI models become more lightweight, generative AI is increasingly transitioning from the cloud to edge and local device levels, driving higher demands for module computing power and intelligence. High-computing-power smart modules, typically offering single-chip AI computing power of 8 TOPS or more, support mainstream AI frameworks and lightweight generative AI operations, making them well-suited as hardware infrastructure for on-device AI applications.

Continued Penetration and Evolution of 5G Technology Driving Demand

The global penetration rate of 5G technology continues to rise, driving the development of the wireless communication module market. The adoption rate of 5G in core industries such as automotive, industrial and healthcare is expected to increase, creating long-term growth opportunities for 5G-enabled module products.

The continued evolution of 5G technology, including advancements such as 5G-A and 5G RedCap, brings benefits such as lower latency and higher connection density. These advancements are driving demand in industries requiring highly reliable and low-latency communications. For example, the ICV sector is currently one of the fastest-growing and best-performing application sectors for 5G communication modules.

Our Customer-Centric Approach

We are committed to a customer-centric approach. We focus on identifying industry trends and potential customer needs. Besides addressing existing customer demands, we proactively engage with customers to identify emerging market opportunities and explore how our products can help them achieve their goals. We have consistently strengthened our capabilities in providing tailored solutions across various application sectors. By delivering customized products and delivering responsive support, we help our customers shorten the development and time-to-market cycles of their end products.

Our Technology-Driven Culture

We are dedicated to building a technology-driven enterprise underpinned by research and development. As a company primarily composed of engineers, we emphasize a people-oriented, R&D-first and detail-focused corporate culture. This fosters collaboration and innovation within our engineering teams, allowing us to develop robust technologies and products that create value for our customers and earn their trust. As of December 31, 2022, 2023, 2024 and June 30, 2025, over 80% of our total workforce consisted of R&D and technology personnel. Such ratio significantly exceeds that of other leading companies in the industry, according to Frost & Sullivan.

Our Business and Financial Performance

During the Track Record Period, our business and financial performance continued to improve:

- ***Increasing contribution from high-computing-power smart modules***: Revenue from high-computing-power smart modules and solutions as a percentage of our total revenue increased from 1.5% in 2022 to 14.9% in 2023, to 34.6% in 2024, and further to 41.6% in the six months ended June 30, 2025.

- ***Rising contribution from 5G-related products and solutions***: Revenue from 5G-related products and solutions as a percentage of our total revenue increased from 32.7% in 2022 to 37.3% in 2023, to 43.9% in 2024, and further to 53.5% in the six months ended June 30, 2025.

- ***Growth in overseas revenue***: Our overseas revenue increased by 21.9% from RMB545.6 million in 2022 to RMB665.0 million in 2023, by 20.7% to RMB802.9 million in 2024, and increased by 19.7% from RMB444.6 million in the six months ended June 30, 2024 to RMB532.2 million in the six months ended June 30, 2025.

- ***Growth in ICV-related revenue***: Revenue from the ICV sector increased by 73.5% from RMB342.2 million in 2022 to RMB593.6 million in 2023, by 105.7% to RMB1,220.9 million in 2024, and increased by 102.4% from RMB403.2 million in the six months ended June 30, 2024 to RMB815.9 million in the six months ended June 30, 2025.

OUR STRENGTHS

Globally Leading Wireless Communication Module and Solution Provider

We are a globally leading provider of wireless communication modules and solutions. Building on our technical expertise in the wireless communication module industry, we focus on developing smart modules (including regular smart modules and high-computing-power smart modules) and data transmission modules, with a strategic emphasis on three core application sectors: general IoT, ICV and wireless broadband. By offering high-computing-power smart modules and customized solutions, we have established differentiated competitive advantages and continue to drive technological advancements in the industry.

According to Frost & Sullivan:

- We ranked fourth in the global wireless communication module industry in terms of revenue from wireless communication module business in 2024, accounting for 6.4% of the global market share;

- Revenue from smart modules and solutions accounted for 41.5%, 56.7%, 62.9%, 61.0% and 71.7% of our total revenue in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively, and revenue from high-computing-power smart modules and solutions accounted for 1.5%, 14.9%, 34.6%, 23.7% and 41.6% during the same periods. In 2024, the revenue contribution from our high-computing-power smart modules and solutions was significantly higher than that of other leading companies in the industry;

- Revenue from 5G-related module products and solutions accounted for 32.7%, 37.3%, 43.9%, 32.4% and 53.5% of our total revenue in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively. In 2024, the revenue contribution of our 5G-related modules and solutions was higher than that of other leading companies in the industry.

We have established competitive advantages in smart modules, especially high-computing-power smart modules. As the industry increasingly demands greater intelligence and computing power, we were among the first to identify high-computing-power smart modules as a core strategic direction. Through continuous technological innovation and product upgrades, we remain at the forefront of industry development. According to Frost & Sullivan:

In terms of smart modules:

- We were the first company globally to launch smart module products in 2014. Similar products were not launched by competitors in the market until after 2015;

- We were the first company globally to achieve large-scale deployment of 5G smart modules in new energy vehicles in 2021, driven by substantial demand from a leading domestic new energy vehicle manufacturer for high-performance modules supporting ICV.

In terms of high-computing-power smart modules:

- We were the first company globally to develop a 48 TOPS high-computing-power smart module and the first to become one of the designated suppliers for leading automobile manufacturers for such modules at a time when other smart module providers had not yet commercially launched 48 TOPS-level product in the broader market;

- In 2023, we successfully ran a text-to-image generative AI model on our high-computing-power smart modules, making us the first company to successfully run this kind of AI model on high-computing-power smart modules, demonstrating the feasibility of generative AI tasks on edge hardware with 48 TOPS performance, according to Frost & Sullivan;

- and (iii) we ranked first in the global wireless communication module industry in terms of revenue from high-computing-power smart module business in 2024, accounting for 29.0% of the global market share;

- We were among the first globally to launch high-computing-power smart modules based on a mobile SoC platform developed by a leading technology company, with computing power of up to 64 TOPS; and

- We were among the first globally to deploy high-computing-power smart modules in prototype humanoid robots developed by a leading technology company. Our high-computing-power smart modules were used for their robots' main control units.

Our Early Entrant Advantages

We first introduced smart modules to the market, and have achieved large-scale deployment of our smart modules across various industries, including POS machines and automotive vision systems. Through these deployments, we have accumulated experience in product design and engineering for diverse use cases, such as ensuring transmission stability and data security in financial payment scenarios and achieving reliable interaction between smart modules and external cameras in automotive applications.

Building on our experience in smart modules, we were also among the first in the industry to launch 5G smart modules. We customized 5G smart modules for intelligent cockpit applications for leading new energy vehicle manufacturers. In 2024, shipments of our 5G smart modules for these applications reached approximately 800 thousand units.

Our ability to achieve large-scale production of 5G smart modules has provided us valuable operational experience and maintained our relationships with key customers. For example, our extensive experience with 5G smart modules has supported the development and deployment of our 48 TOPS high-computing-power smart module.

Our products and solutions are widely applied across three core sectors: general IoT, ICV and wireless broadband, supporting the deployment of smart applications, on-device AI and 5G communication in various scenarios. According to Frost & Sullivan, in 2024, we ranked first in the industry in terms of shipment volume of 5G in-vehicle modules, accounting for 35.1% of the global market share.

Technical Expertise and Continuous Innovation Driving Differentiated Technological Advantages

We have developed expertise in regular smart modules and high-computing-power smart modules, accumulating advantages across areas such as Android system development, multi-media functionality, high-computing-power applications and on-device AI. Leveraging our long-term and in-depth understanding of the chip platforms used in our modules, we are able to develop module products quickly and efficiently. At the same time, we remain aligned with industry trends and continue to invest in R&D to launch innovative products that meet evolving market demands. In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, our R&D expenses amounted to RMB185.9 million, RMB213.9 million, RMB208.1 million, RMB95.2 million and RMB95.9 million, respectively, representing 8.1%, 10.0%, 7.1%, 7.3% and 5.1% of our total revenue for the respective periods, respectively. The proportion of aggregate R&D expenses in aggregate revenue for the three years ended December 31, 2024 was higher than the average in the global wireless communication module industry, according to Frost & Sullivan.

Our Technology Capabilities and Advancements

Regular Smart Modules and Related Technologies

We have built significant technical advantages in areas such as Android system driver development, performance optimization, power consumption control and application integration. These capabilities allow us to efficiently and reliably meet diverse customer needs. For example:

- *System Driver Development*: Our smart modules support multi-camera access, multi-channel audio routing and multi-screen splitting functionality. For instance, system drivers developed by us enable access to up to five cameras and split-screen operations for three screens, addressing the needs of high-concurrency and multitasking scenarios.

Additionally, we have enhanced GPU computing power by optimizing its acceleration engine, improving graphics processing efficiency and enhancing system rendering capabilities;

- *Performance Optimization*: We possess competitive advantages in optimizing system boot, memory allocation and multi-threaded load balancing. For example, our system optimization can significantly reduce boot times across multiple platforms. Through memory trimming and resource optimization, we can free up system memory and improve device efficiency;

- *Power Consumption Control*: Our power optimization technology reduces device energy consumption while maintaining performance. For portable devices such as video recorders, we have controlled power consumption at low levels while ensuring normal recording functionality. For specialized applications (for instance, specific adaptors or low-temperature startup), we can optimize boot currents to meet the requirements of different operating environments;

- *Application Integration*: We have accumulated experience in application integration for specific industry scenarios. For example, in the industrial handheld devices (such as PDA), we have integrated features such as barcode scanning and walkie-talkie functionality, meeting the demands for portability and efficiency in industrial environment. For automotive applications, our products and solutions support navigation, intelligent driving and network management, providing technological support for smart driving.

High-Computing-Power Smart Modules and On-Device AI Technologies

Building on our expertise in regular smart modules, we have advanced to high-computing-power smart modules to address applications with intensive CPU, GPU and NPU requirements, developing technical capabilities in terms of both hardware and software:

- *Hardware Technologies*: Our high-computing-power smart modules deliver computing power of 8 TOPS or more and support multiple communication protocols, including 5G, WiFi and Gigabit Ethernet. According to Frost & Sullivan, 8 TOPS is considered as an industry norm as the threshold for high-computing-power smart modules, enabling stable deployment and effective commercialization in mainstream scenarios such as AI model deployment in intelligent cockpit, and on-device generative image models for extended reality devices. With continued improvements in module hardware, we have quickly adapted to the requirements of lightweight general-purpose models and industry-specific

small-parameter models, further expanding the boundaries of high-computing-power smart modules and providing the hardware foundation for the transition of generative AI to on-device applications.

- *Software Technologies*: We recognize that software adaptation is critical for the successful deployment of AI, as it bridges compatibility between hardware and application scenarios. We have a dedicated team specializing in software development for AI-related applications. Through software innovation, we have achieved:

  - *On-Device Deployment of AI Models*: We support the deployment of various prevailing on-device AI models, supporting their deployment and functionality at the local device level. In 2023, we successfully ran a text-to-image generative AI model on our high-computing-power smart modules, making us the first company to successfully run this AI model on high-computing-power smart modules, according to Frost & Sullivan;

  - *Development of AI Tools and Ecosystems*: We have developed one-click conversion and deployment toolkits to help our customers quickly deploy the AI models they require.

This ability to achieve synergistic hardware and software development allows us to drive the large-scale application of generative AI on device-level modules, which further enhances the competitiveness of our products.

5G Communication Technologies

- We have accumulated mature products and technical capabilities in innovative 5G technologies such as 5G-A and 5G RedCap, empowering the performance and power consumption of 5G communication, respectively, to meet diverse needs of customers;

- We have developed advanced solutions to optimize the 5G connectivity experience through antenna design. By implementing high-gain directional antennas, we can enhance product reception range and cellular network coverage. Our smart antenna selection algorithms further enable optimal 5G antenna usage, improving overall product performance. Additionally, our multi-antenna design supports a wider range of 5G dual connectivity combinations, and the 360-degree antenna distribution ensures comprehensive signal coverage;

- We continuously optimize the power efficiency of our 5G products while enhancing network security. By combining low-power mode controls with adaptive low-power modes, we achieve a balance between reduced power consumption and product performance. To enhance the security of 5G network access, we have implemented measures such as secure boot protocols and data encryption technologies;

- We also advance 5G network slicing and edge computing technologies to improve efficiency and reliability. Our learning-based network slicing optimization platform dynamically allocates radio and core network resources based on service types, enabling end-to-end low latency. Combined with the real-time processing capabilities of edge computing nodes, our solutions support localized data analysis and intelligent task scheduling, improving 5G network utilization and service reliability.

Balanced Development Across Three Core Sectors, Driving Diversified Market Coverage

We have established a balanced and diversified market presence across three core application sectors: general IoT, ICV and wireless broadband. The broad industry coverage not only enhances our market influence but also mitigates the risks associated with business cycle fluctuations, providing a solid foundation and support for our sustained growth in the wireless communication module market.

General IoT: Meeting Complex and Diverse Application Demands

To address the complex and diverse demands of the general IoT sector, we have designed a range of products and solutions tailored to specific application scenarios. Notable examples include:

- *New Retail*: We provide modular and customized PCBAs and end products for various applications such as POS systems, cash registers, facial payment tablets, palm payment devices and vending machines, offering a smart hardware infrastructure for new retail applications;

- *Industrial Applications*: Our solutions include barcode scanning devices, rugged tablets, smart walkie-talkies, intelligent video recorders and industrial AI boxes, which are widely used in logistics, warehousing, transportation and manufacturing; and

- *Healthcare*: We assist customers in integrating AI technologies into new products, including mobile nursing, telemedicine and emergency response solutions, helping them expand into emerging markets and AI application scenarios. For example, we have developed customized scanning and testing solutions for mobile nursing.

ICV: Driving Connectivity and Smart Applications in Vehicles

- In the ICV sector, we have emerged as one of the industry leaders through technological innovation and strategic focus. According to Frost & Sullivan, we were the first company globally to achieve large-scale deployment of 5G smart modules in automobiles. Traditional in-vehicle chips often lack advanced performance capabilities, whereas our smart modules, equipped with intelligent SoC chips, can support both 5G communication function and the computing power needed for intelligent cockpit on a single-module level, providing high-performance solutions that significantly enhance the in-vehicle experience.

- Leveraging our core R&D capabilities in 5G communication, Android system customization, high-performance low-power computing and AI applications, we have developed a variety of regular smart modules and high-computing-power smart modules tailored for the ICV sector. These products provide intelligent cockpit solutions for various vehicle models and automobile industry customers, and support a wide range of functions, including high-speed 5G networks, Android system customization, multi-screen functionality, driver monitoring systems, 360-degree surround view, precise audio zone localization, continuous voice recognition and the deployment of large AI models in vehicles.

- We have established a solid position in the ICV sector through our innovative intelligent cockpit solutions, which are built upon our proprietary smart module technology. Unlike traditional cockpit domain controllers, which require separate T-BOX for vehicle connectivity, our smart module-based domain controllers provide both communication and computing capabilities in a single integrated solution. By incorporating 4G/5G connectivity alongside CPU, GPU and NPU computing components, our smart modules eliminate the need for standalone T-BOX devices, simplifying system architecture and reducing costs for automakers.

- We were one of the earliest companies to apply smart module technology to the automotive sector, with design and mass production experience dating back to 2019. Over the years, we have developed mature technical solutions tailored to requirements such as vibration resistance, high-temperature performance and operational stability.

- During the Track Record Period, we shipped over one million units of 5G smart modules for intelligent cockpit applications, demonstrating our ability to meet the stringent quality and reliability standards demanded by automotive customers. For example, we have extensive experience in achieving low parts per million defect rates required by automakers, supported by robust supply chain management and quality control systems.

- We have consistently advanced our product offerings to meet the evolving needs of the ICV market. We have developed five generations of 5G smart modules for intelligent cockpit applications between 2020 to 2025. During the Track Record Period, we designed, manufactured and launched three of these products, with computing power reaching up to nearly 30 TOPS. Our fourth-generation product, with computing power of 48 TOPS, has already been awarded projects by leading automakers. Additionally, we are designing and planning our fifth-generation product, which is expected to offer even higher computing performance to address future market demands.

- We have established long-term partnerships with leading global automobile manufacturers, including certain top Chinese new energy vehicle manufacturers, to commercialize products and solutions in the ICV sector, accelerating the development of connected and intelligent vehicles.

- In 2024, we ranked first in the industry in terms of shipment volume of 5G in-vehicle modules, accounting for 35.1% of the global market share.

Wireless Broadband: Comprehensive Product Lines and Global Market Expansion

In the wireless broadband sector, we have established a comprehensive product line covering MBB and FWA. Leveraging our comprehensive product portfolio, we continue to meet the growing demand in the global wireless broadband market.

Our products support 5G NR Sub-6 and millimeter-wave technologies that offer faster data speeds and lower latency, cover major global frequency bands and offer mature 5G+Wi-Fi 7 system solutions. We were among the first to launch innovative module products based on 5G-A and 5G RedCap technologies. These products support various millimeter-wave band options, catering to the needs of end markets such as North America, Japan and Europe for mmWave band options, which supports our expansion in overseas markets.

With the technical performance, our wireless broadband products have gained broad recognition, including from leading global telecommunications operators in regions such as North America, Japan and Europe, further consolidating our competitive position in the wireless broadband sector.

Expanding into Emerging Fields Through Technological Synergies

Building on our technological and product expertise in the general IoT, ICV and wireless broadband sectors, as well as leveraging the technological synergies across these sectors, we are actively exploring emerging fields. This has allowed us to further extend the application

boundaries of our products and capture additional growth opportunities. As of the Latest Practicable Date, our high-computing-power smart modules had been used in applications such as robots, cloud gaming servers and AR/VR glasses.

Long-Term Partnerships with Leading Global Customers, Enhancing Market Competitiveness

Driving Technological and Service Excellence with Industry-Leading Customers

We have established long-term and stable partnerships with leading customers across various industries. As market leaders in their respective fields, these customers impose stringent requirements on product performance, technical capabilities and service quality. Meeting their high standards has continuously driven improvements in our technological capabilities and elevated our service standards across the industry.

In working with these customers, we not only meet their demanding technical requirements but also deliver customized solutions that address complex and diverse application scenarios. Through these collaborations, we have accumulated technical expertise and project management experience, which helps us to enhance our efficiency and capabilities in serving other top-tier customers while significantly strengthening customer loyalty. For example, we assisted a leading domestic mapping company in developing a high-end dashcam product. The project progressed from initiation to mass production in under five months. During the project, we engaged in frequent communication with the customer to ensure efficient communication, actively adjusted development plans to respond promptly to changing requirements and conducted comprehensive risk assessments before project commencement to identify and address potential issues at early stage.

We are driven by customer needs and business opportunities and focus on identifying innovation opportunities from business models and application scenarios. We provide end-to-end development of products and solutions tailored to customer requirements. For instance, we assisted a leading domestic new energy vehicle manufacturer in enabling multi-camera support using a specific SoC chip model. Although the chip model was not originally designed to support the multi-camera functionality, we conducted an in-depth analysis of the chip's capabilities and software debugging feasibility and worked closely with the chip provider and concluded that the chip model could support multi-camera functionality and successfully developed a solution that enabled this feature. Our technical support and innovation capability not only met the customer's customized needs but also significantly enhanced our customer retention and market competitiveness.

Dedicated Teams Supporting Collaboration with Key Customers and Building Long-Term Trust

We place significant emphasis on team collaboration to ensure we meet the high standards of technical and service requirements demanded by key customers. Our R&D, sales and customer service teams possess understanding of customer needs, which allows them to respond quickly to customized requirements and ensure high-quality delivery of products and services.

Additionally, our ability to manage complex projects has continuously improved, allowing us to efficiently coordinate and execute projects with tight delivery timelines or complex technical demands from key customers. This team collaboration capability has not only fostered trust from our key customers but also provided robust support for our long-term competitiveness and market position in the industry.

Pragmatic and Solid Corporate Culture, Visionary Management Team and Diverse Talent Pool Supporting Sustainable Development

Pragmatic and Solid Corporate Culture Driving Technological and Product Innovation

We uphold a pragmatic and solid corporate culture that is led by engineers and driven by technology. This culture underpins every stage of our development and drives the continuous innovation of our technologies and products to meet evolving customer needs.

Our business philosophy prioritizes product quality and long-term accumulation of technological capabilities, ensuring that each product and technology meaningfully addresses customer challenges and delivers high-value market applications.

Visionary and Experienced Management Team

Our management team is comprised of individuals with diverse industry backgrounds and practical experience. They possess insight into the development trends of the wireless communication module industry and demonstrate insightful strategic vision.

The majority of our management team members have R&D or technical backgrounds, with most having over 10 years of experience in the wireless communication industry, with some having nearly 20 years of experience. Several core management and R&D personnel have held positions at prominent global communication companies. Their profound understanding of R&D and technology helps us efficiently accomplish intended R&D outcomes and ensures the timely commercialization of products. In addition, the management team has strategically guided us to achieve continuous product upgrade and downstream application expansion. Their strategic vision has allowed us to maintain a solid position in an evolving industry.

Diverse Talent Pool Supporting Long-Term and Stable Development

Our workforce is predominantly composed of R&D personnel, with the core team possessing experience in data transmission modules, regular smart modules and high-computing-power smart modules. This talent structure provides a firm foundation for technological innovation and product development.

We focus on attracting top talent from the industry and ensure long-term retention through incentive mechanisms and a culture of innovation. Additionally, we have established a comprehensive talent development system, which includes on-the-job training, project-based learning and technical knowledge sharing. This system not only enhances employee technical capability and industry perspective but also supports our long-term and stable development and enhances our talent pool.

OUR STRATEGIES

Continue Investing in R&D to Drive Product Iteration and Industry Expansion

Enhance and Diversify the Product Portfolio in Existing Markets

- We plan to further advance the technological capabilities of our 5G data transmission modules and smart modules to better meet the demand for new technologies and products from key customers, such as those in the ICV and overseas telecommunications operators. To achieve this, we are actively advancing the development of cost-efficient 5G-RedCap modules to meet the growing demand for 5G transmission products with competitive pricing. Additionally, we are developing modules and mobile broadband products that support millimeter wave technology to address specific markets, such as Australia, Thailand, India and Finland, which widely adopt millimeter wave technology.

- In overseas markets, the demand for regular smart modules and high-computing-power smart modules remains underdeveloped. We intend to address this gap by offering a more comprehensive portfolio of smart module products to better meet the needs of overseas customers for smart applications. For example, we plan to introduce smart module products with a wide range of computing powers covering mid-to-high-end markets. We also aim to provide flexible operating system options, including support for various Android versions and dual-system solutions (such as Android and Windows) to enhance product adaptability. Furthermore, we plan to launch customized modules and solutions for specific industries, such as POS machines and PDA devices, to address sector-specific requirements in the overseas markets. We also aim to enhance our capabilities in AI deployment by offering

customers with AI toolkits that simplify the software environment setup process, thus reducing development costs and providing customers with deployment and adaptation services for on-device AI models for diverse scenarios and external devices.

- We plan to build a more robust and flexible sales network by attracting more quality customers in ICV, general IoT and moible broadband and other sectors to further diversify our customer base and provide our wireless communication module products to them.

Strengthen R&D Efforts in On-Device AI to Capture Emerging Industry Growth Opportunities

We aim to enhance the software of our high-computing-power smart modules to support various AI algorithms, on-device models and other on-device AI technologies. By integrating on-device AI capabilities, we seek to unlock the value of our high-computing-power smart modules in emerging industries such as embodied intelligent robots, AI servers and on-device AI hardware.

Pursue Foundational and Innovative Technology Research

We strive to maintain a competitive edge in the development of industry technologies through sustained investment in foundational and innovative research. This approach is intended to secure our long-term technological leadership and lay the groundwork for future innovation and commercialization. Key areas of research include preliminary research into 6G communication technology and product design, interconnectivity and networking between computing chips with complex architecture, integrated storage and computing technologies and on-device AI agent applications.

Build and Strengthen Global Sales and Supply Chain Networks to Accelerate International Expansion

- ***Global Sales Network Expansion***: We plan to enhance our global sales network by recruiting additional personnel for our sales, marketing and customer service teams and expanding our coverage of overseas markets. Through increased sales efforts and product exports and development of customized products with our global customers, we strive to grow our market share in international markets; In particular, we plan to strengthen our overseas sales team by recruiting additional foreign sales personnel, expanding the number of overseas distributors and, through consultation with industry consultants, to identify and engage potential customers in key international markets. We have formed a joint venture in Japan named MeiLink Co., Ltd. (株式會社MeiLink), and an associate in the U.S. named Sigbeat Inc. to accelerate local market penetration, and may continue to do so in new overseas markets as appropriate.

- ***Global Supply Chain System Strengthening to Support International Customers***: We aim to consolidate relationships with our existing supply chain partners and also actively expand our global network of raw material suppliers, EMS providers and logistics service providers. Through these efforts, we intend to optimize the stability and resilience of our supply chain, ensuring robust support for our global business growth. Our supply chain management team actively manage our raw material suppliers, logistics providers and EMS partners in order to build a resilient and stable supply chain to support our operations. Additionally, we are actively identifying EMS partners in certain countries, such as Vietnam, Thailand, Malaysia and Japan, to diversify our supply chain and enhance regional capabilities for raw material supply and product distribution.

Expand Along the Industry Value Chain and Pursue Strategic Mergers and Acquisitions to Create New Growth Opportunities

We intend to prudently pursue vertical expansion along the industry value chain and undertake strategic investments or acquisitions in areas such as 5G wireless communication, on-device AI, automotive technology and robotics. Through these efforts, we aim to enhance our comprehensive in-house R&D capabilities, increase the value of our products within the industry value chain, and diversify our product offerings and customer base.

OUR PRODUCTS AND SOLUTIONS

Overview

We have a diverse and comprehensive portfolio of wireless communication modules and solutions to satisfy the needs under various application sectors. During the Track Record Period, we primarily generated revenue from the sales of wireless communication modules and solutions, including (i) smart modules and solutions, which include (a) regular smart modules and solutions and (b) high-computing-power smart modules and solutions and (ii) data transmission modules and solutions.

The following table sets forth a summarized comparison of our modules.

Product	Key features and functions	Key components
(i) Smart module:		
(a) Regular smart module	• Equipped with smart operating systems such as Android; • Supports features such as multi-media, multi-camera and multi-display; and • Computing capability at lower than 8 TOPS[(1)]	• SoC; • Memory chip[(3)]; • Radio frequency chip[(4)]; • PCB[(5)]; and • Power management chip[(6)]
(b) High-computing-power smart module	• Equipped with smart operating systems such as Android; • More suitable for deployment of advanced AI models (especially on local devices) that require high computing power and large memory ; and • Computing capability at equal to or higher than 8 TOPS	• SoC with stronger NPU and AI acceleration performance; • Memory chip; • Radio frequency chip; • PCB; and • Power management chip
(ii) Data transmission module:	• Cellular wireless connection from 2G to 5G[(2)]; • Not equipped with smart operating systems like Android; and • No high computing power capability, and typically not selected for their computing power capability	• Baseband chip[(7)]; • Memory chip; • Radio frequency chip; • PCB; and • Power management chip

Notes:

(1) According to Frost & Sullivan, 8 TOPS is considered as an industry norm as the threshold for high-computing-power smart modules, enabling stable deployment and effective commercialization in mainstream scenarios such as AI model deployment in intelligent cockpit, and on-device generative image models for extended reality devices.

(2) Data transmission modules have cellular wireless communication capability, while smart modules may or may not have cellular wireless communication capability.

(3) Memory chip stores data and software program instructions required for module operations.

(4) Radio frequency chip converts digital signals to radio frequency signals and vice versa for wireless communication.

(5) PCB serves as the physical platform with electrical connections for integrating and supporting electronic components in a module or device in electronic devices.

(6) Power management chip regulates and distributes power efficiently to ensure stable and optimal operation of the module's components.

(7) Baseband chip processes and manages digital signals for communication protocols and data transmission.

We also provide our customers with solutions built based on our module products and/or module technologies. Our solutions are typically provided in the forms of (i) PCBAs, which are fully assembled circuit boards that typically integrate (a) firmware or embedded software for specific functions and (b) electronic components such as chips and modules; (ii) end products, which are ready-to-use products embedding PCBAs, such as handheld devices and (iii) services, which primarily include research and development services catered to the needs of our customers.

Our products are designed with a high degree of customization to ensure seamless integration with end-product components and systems. Our customization efforts include, for instance:

- *Hardware Customization*: Tailoring interfaces and circuit designs to ensure the realization of specific requirements of customers and applications.

- *Software Development*: Adapting operating systems, developing drivers and implementing application-specific logic to ensure compatibility with customer systems and platforms.

- *Production*: Making sure the manufacturing processes satisfy industry-specific requirements, such as automotive-grade standards.

These customization capabilities allow us to deliver integrated, high-performance solutions tailored to diverse customer needs.

The following table sets forth a breakdown of our revenue by module and solution type during the Track Record Period.

	For the year ended December 31,						For thr six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*(%)*	*RMB'000*	*(%)*
							(unaudited)			
Modules and Solutions	**2,227,999**	**96.6**	**2,048,987**	**95.4**	**2,808,563**	**95.5**	**1,235,604**	**94.6**	**1,838,575**	**97.5**
(i) Smart modules and solutions	957,351	41.5	1,218,424	56.7	1,850,696	62.9	796,369	61.0	1,352,722	71.7
(a) Regular smart modules and solutions	922,296	40.0	898,167	41.8	832,578	28.3	486,353	37.3	567,902	30.1
(b) High-computing-power smart modules and solutions	35,055	1.5	320,257	14.9	1,018,118	34.6	310,016	23.7	784,820	41.6
(ii) Data transmission modules and solutions	1,270,648	55.1	830,563	38.7	957,867	32.6	439,235	33.6	485,853	25.8
Others[(1)]	**77,933**	**3.4**	**98,349**	**4.6**	**132,811**	**4.5**	**69,947**	**5.4**	**47,900**	**2.5**
Total	**2,305,932**	**100.0**	**2,147,336**	**100.0**	**2,941,374**	**100.0**	**1,305,551**	**100.0**	**1,886,475**	**100.0**

Note:

(1) Primarily including sales of electronic components.

Smart Modules and Solutions

Smart modules are modules with data transmission capabilities, processing units including CPU and GPU, memory units, integrated DDR and integrated Wi-Fi and Bluetooth units. Unlike data transmission modules, our smart modules can be equipped with smart operating systems, run applications locally, process data on the edge and connect with sensors, cameras and displays. These capabilities make smart modules ideal for intelligent connected devices such as ICV.

We provide two types of smart modules and solutions: (i) regular smart modules and solutions and (ii) high-computing-power smart modules and solutions.

Regular Smart Modules and Solutions

Our regular smart modules support (i) smart operating systems including Android, which enables complex controls and allows customization or modification by end customers in accordance with their needs; (ii) a wide range of interfaces, which further enable multimedia features such as multi-camera and multi-display input, as well as high-definition audio and video recording and playback; (iii) high-capacity storage and (iv) various connectivity standards, which may include cellular wireless connection, Wi-Fi and Bluetooth. Our regular smart modules are primarily valued for their smart operating system integration and ability to support various interfaces to support multimedia, and they are not typically selected for their computing power because their computing power is less than 8 TOPS. The following picture illustrates one of our regular smart module products:

Our regular smart modules have the following key features:

- *Customization*: Our regular smart modules are embedded with operating systems that support the execution of customized software applications on local devices.

- *Multimedia Capabilities*: Our regular smart modules support multimedia features such as high-resolution streaming, 3D rendering, multi-camera, multi-display and interactive display. Built on SoCs, our regular smart modules deliver powerful multimedia processing with optimize latency and power consumption.

- *Connectivity*: Our smart modules support a wide range of high-speed connectivity standards, which may include 4G and 5G, facilitating robust and adaptable network performance across diverse deployment scenarios.

We also provide solutions based on our regular smart modules. The below case study illustrates one of these solutions we launched during the Track Record Period.

Case Study: Our 5G + Wi-Fi 7 Smart Handheld Device Solution

Application sector: General IoT

Application scenarios: Production facilities, warehousing, retail and hospital, among others

Features:

- 5G cellular wireless communication and Wi-Fi 7 transmission technology;
- High-frequency radio-frequency identification technology;
- Equipped with a scanning engine for scanning of QR codes or barcodes to quickly retrieve, upload, and process information;
- Accurate and real-time data transmission that enhances inventory efficiency and management;
- Enhanced water and dust resistance; and
- 6 TOPS on-device computing power

The following picture illustrates our 5G + Wi-Fi 7 smart handheld device solution:

High-Computing-Power Smart Modules and Solutions

Our high-computing-power smart modules feature (i) SoC with stronger AI accelerators such as NPU than regular smart modules and (ii) high-speed memory, which enable data-intensive, low-latency and real-time processing at the edge in applications with specific performance needs. The CPU and NPU on our high-computing-power smart modules enhance the processing

capabilities, such as optimized parallel computation and multimedia rendering. AI accelerators like NPUs increases the efficiency of algorithms required for AI and machine learning. High-speed memory improves real-time processing and data throughput.

We design our high-computing-power smart modules to provide computing power equal to or higher than 8 TOPS. These modules can enable the deployment and operation of generative AI applications on local devices. It may also support multiple communication standards including 5G, Wi-Fi or gigabit ethernet. Our high-computing-power smart modules can be broadly applied in robotics, servers, AI retail, cloud gaming, AR/VR and industrial visual inspection. The following picture illustrates one of our high-computing-power smart module products:

Our high-computing-power smart modules have the following key features:

- *High Computing Power*: Our high-computing-power smart modules utilize the computing power of CPU, GPU and NPU units in advanced SoC to run data-intensive tasks such as facial recognition, real-time video analytics and natural language processing on local devices. These capabilities make our high-computing-power smart modules ideal for applications that require on-device accelerated data-processing without reliance on cloud access. As of the Latest Practicable Date, we had launched high-computing-power smart modules that had computing capability of up to 48 TOPS.

- *Support of Generative AI Models*: Our high-computing-power smart modules are able to support the deployment and operation of on-device versions of various prevailing AI models. Our high-computing-power smart modules feature (i) multiple smart operating systems such as Android, (ii) built-in tools such as platforms that facilitate programming, packaging and deploying applications and (iii) compatibility with common open-source machine learning and deep learning AI frameworks that help developers and researchers build, train and run AI models. This versatility affords our customers with flexibility to build custom smart applications using our high-computing-power smart modules to reduce time and development cost.

We also provide solutions based on our high-computing-power smart modules. The below case study illustrates one of these solutions we launched during the Track Record Period.

Case Study: AIMO Pro — A Personalized Portable Computing Platform with up to 48 TOPS Computing Power

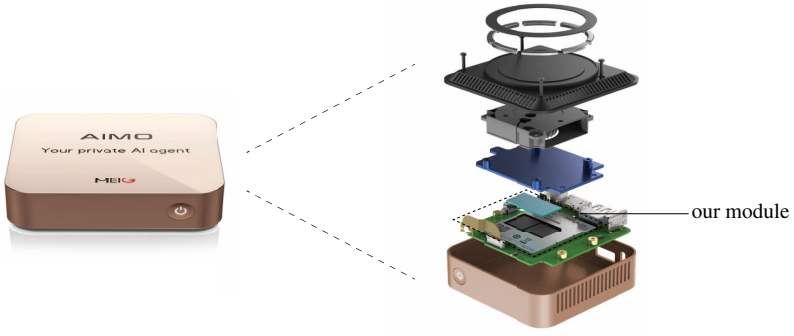
Application sector: General IoT

Application scenarios: Office, home, school and new retail, among others

Features:

- A personalized computing platform;
- 48 TOPS computing power;
- Can support the deployment and operation of on-device versions of prevailing AI models;
- Local data processing to offer data protection and privacy during data transmission;
- High-frequency radio-frequency identification technology; and
- Compact size for easy deployment

The following picture illustrates our AIMO Pro:



As of the Latest Practicable Date, our AIMO Pro product was in the market promotion phase and had not entered into mass production phase.

Data transmission modules are integrated hardware that transfer data between devices and systems by sending and receiving information over various types of networks. By providing secure and efficient data exchange across networks, data transmission modules enable (i) real-time data transmission, and (ii) secure data transfer. The following picture illustrates one of our data transmission module products:

Our data transmission modules have the following key features:

- *High performance*: Our data transmission modules support high-speed download and upload, and high-bandwidth applications that require rapid transfer of large volumes of data with low latency and high reliability. For instance, our data transmission module provide the bandwidth that are compatible with the networks of multiple carriers to improve network capacity and user experience.

- *Power efficiency*: Based on our independently developed power efficiency control technology and adaptive low-power-mode design, our data transmission modules can transfer large volumes of data with low power consumption. This power efficiency feature enhances the performance, capacity and compatibility of IoT devices in the general IoT sector where our data transmission modules are applied.

- *Broad compatibility*: Telecom companies may use different frequency bands, communication standards and testing protocols of their 4G and 5G networks. These differences pose challenges for module product compatibility in different markets. We designed our data transmission modules such that they support a broad range of frequency bands, communication standards and testing protocols to ensure stable and reliable performance across diverse networks and effectively overcome frequency limitations.

We also provide solutions based on our data transmission modules. The below case study illustrates one of these solutions we launched during the Track Record Period.

Case Study: Our 5G-A mmWave Mobile Wi-Fi Solution

Application sector: Wireless broadband

Application scenarios: Office meetings, outdoor streaming and emergency communication, among others

Features:

- Accelerates 5G-A terminal adoption across diverse network scenarios;
- Peak download speeds at 10Gbps with Sub-6 and mmWave frequency; and
- Advanced thermal management, optimized antenna design and intelligent power-saving mechanisms

The following picture illustrates one of our 5G-A mmWave Mobile Wi-Fi solutions:

Others

During the Track Record Period, besides sales of wireless communication modules and solutions and to a much lesser extent, we generated revenue from other activities such as sales of electronic components, examples of which included baseband chips and radio frequency chips, to electronic component distributors.

INDUSTRY STANDARDS FOR WIRELESS COMMUNICATION MODULES

Performances of our wireless communication modules are assessed from multiple factors and metrics, depending on their specific functions and intended uses. According to Frost & Sullivan, The performance of our wireless communication modules is evaluated based on a set of technical indicators, which vary depending on the specific functionalities and intended application scenarios of each product. These indicators are largely derived from specifications issued by globally

recognized standard-setting organizations such as 3GPP. It is an industry-wide practice for module manufacturers to develop and disclose product performance in accordance. During the Track Record Period, we complied with these industry standards in the design and development of our products in all material respects.

- **Data Transmission Modules:** the main indicators include network standard compatibility, power consumption, transmission speed and reception sensitivity.

- **Regular Smart modules:** the main indicators include CPU architecture, memory configuration, video encoding/decoding capabilities and operating system support.

- **High-computing-power smart modules:** the main indicators include computing power (number of TOPS) and power efficiency.

APPLICATION OF OUR PRODUCTS AND SOLUTIONS

Our products and solutions are widely used across various applications sectors, including (i) general IoT, (ii) ICV and (iii) wireless broadband, as illustrated in the table below.

Application Sector	Key Application Scenario
General IoT	• Smart retail devices[(1)] • Logistics[(2)] • Sharing economy[(3)] • Consumer IoT[(4)] • Industrial IoT[(5)] • Other emerging application scenarios[(6)]
ICV	• T-Box • Intelligent cockpit
Wireless broadband	• 4G and 5G FWA[(7)] • MBB[(8)]

Notes:

(1) Including products such as POS machines and checkout machines.

(2) Including products such as 5G code-scanner smart PDA and cold chain logistics smart handheld PDA.

(3) Including products such as shared bikes and shared scooters.

(4) Including products such as video conference tablets, dashcams, DMS, smart medical monitors and 5G streaming devices.

(5) Including products such as industrial routers, industrial AI box and 5G video monitors.

(6) Including products such as AR/VR glasses and array AI servers.

(7) Including products such as CPE.

(8) Including products such as Mi-Fi and wireless network adapters.

The following table sets forth a breakdown of our revenue generated in terms of application sector during the Track Record Period.

	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
General IoT	1,004,868	43.6	970,963	45.2	1,050,531	35.7	608,152	46.6	704,251	37.3
ICV	342,173	14.8	593,629	27.6	1,220,869	41.5	403,196	30.9	815,880	43.3
Wireless broadband	880,957	38.2	484,395	22.6	537,164	18.3	224,256	17.2	318,444	16.9
Others[(1)]	77,933	3.4	98,349	4.6	132,811	4.5	69,947	5.3	47,900	2.5
Total	**2,305,932**	**100.0**	**2,147,336**	**100.0**	**2,941,374**	**100.0**	**1,305,551**	**100.0**	**1,886,475**	**100.0**

Note:

(1) Primarily including sales of electronic components.

We experienced significant growth in revenue in the ICV sector during the Track Record Period, primarily attributable to an increase in the sales volume of our smart modules and solutions used in ICV as a result of increase in demand for these modules and solutions from downstream customers. However, there is no assurance that the growth in demand for our ICV products and solutions, or our revenue from this sector, will continue at a similar rate or at all in the future. The ICV market is subject to rapid technological changes, evolving industry standards and intense competition. Factors such as a slowdown in the adoption of NEVs, changes in government subsidies or regulations, shifts in consumer preferences, or increased competition among automakers could lead to a slowdown or decline in demand for our products. Please see "Risk Factors — Risks related to our industry and business — We experienced significant growth in revenue in the ICV sector during the Track Record Period. We may not be able to achieve the same level of growth in the ICV sector, and any adverse developments in the ICV sector could materially and adversely affect our business, financial condition, and results of operations" for details.

The table below illustrates certain key applications of our products and solutions and their features in the respective applications:

Application Sector	Application Scenario	Features of our Products and Solutions	Examples of End Products that uses our Products and Solutions
General IoT.	Smart retail devices	We tailor our facial recognition payment solution for the application in POS machines in the smart retail sector. For instance, our smart POS machines feature an Android-based facial payment terminal and integrates multiple payment methods — including QR code scanning, facial recognition and card-based payments — to enable real-time settlements in mobile payment scenarios. We also offer customization services tailored to the encryption needs of our customers to ensure secure and efficient payment solutions.	POS machines
	Logistics	We offer customized products and solutions used in logistics. For instance, our 5G code-scanner smart PDA solutions feature global 4G and 5G connectivity and support Bluetooth, GPS, Wi-Fi and NFC. The 5G code-scanner smart PDA solutions integrate barcode scanning engines from industry-leading code-scanning engine providers with industrial-grade standards, including water resistance and 1.5-meter drop resistance.	5G code-scanner smart PDA solutions for logistics and warehouses

Application Sector	Application Scenario	Features of our Products and Solutions	Examples of End Products that uses our Products and Solutions
	Industrial IoT	We offer products and solutions that meet the demand under industrial-grade applications. For instance, our industrial AI box solution supports quality checks at production facilities. Our industrial AI box solution has up to 48 TOPS of computing power, automotive-grade technology and a variety of hardware interfaces to provide long-distance, low-latency and high-precision video transmission to support quality checks and oversight at production facilities.	Industrial AI box for quality checks and production facility oversight
ICV.	Intelligent cockpit	Leveraging advanced wireless communication technologies, high computing power and multi-screen connectivity capabilities, our products and solutions support features such as real-time navigation, in-cabin entertainment and safety monitoring, which allows personalized user experiences through natural language processing, multi-camera systems, and AI-enhanced services. Our products and solutions help automotive manufacturers and Tier-1 suppliers accelerate the development of intelligent cockpits.	Intelligent cockpit with various functions such as real-time navigation, in-cabin entertainment and safety monitoring

Application Sector	Application Scenario	Features of our Products and Solutions	Examples of End Products that uses our Products and Solutions
	T-Box	Our products and solutions are widely used in automotive T-Boxes to enable smart monitoring of vehicle status and driving environments by collecting real-time data from the vehicle's internal systems, sensors and cameras. This allows for early fault detection, driver behavior analysis and safety warnings. Additionally, our solutions support centralized remote management, enabling efficient updates, diagnostics and maintenance to improve operational reliability. Our products and solutions for T-Boxes solutions are designed with secure system startup features to ensure only authorized software is executed. Advanced encryption and secure data storage technologies protect sensitive information and ensure compliance with automotive safety regulations.	T-Box for vehicle fault detection, driver behavior analysis and safety warnings
Wireless broadband .	4G and 5G FWA	We offer products and solutions that support high-speed broadband connectivity by delivering wireless internet access over cellular networks, a flexible alternative to traditional wired infrastructure. For instance, our CPE devices serve as fixed network hubs that converts signals into Wi-Fi 6 or Wi-Fi 7 through built-in router modules to provide full internet coverage for smart home devices. Equipped with antennas that operate at multiple frequency bands compatible with domestic and industrial uses and traffic management technologies, our CPE devices provide high-speed, low-latency and stable internet connection.	Mobile WiFi terminals

In addition, we invest in research and development to expand the application sectors of our modules and solutions. We have developed modules and solutions in various scenarios such as:

- a module that incorporated the SoC by a leading technology company. The module could be used for the control, sensing, decision-making and speech interaction of robots; and

- modules used for the provision of computing power for the AR glasses of a renowned AR glass provider.

The following sets forth selected examples of how our modules function in certain applications scenarios and interact with other components in an end-product or system:

Case Study 1: POS Machine (General IoT)

Our smart modules serve as the core processing and communication component in POS machines by integrating multiple functions critical to their operation:

- ***Functions Provided by Our Module***:

  — *Network Connectivity*: The module integrates 4G/5G baseband chips, enabling the POS machine to connect to cellular networks for secure real-time transaction processing and transaction data transmission.

  — *System Support*: The module provides the underlying smart operating system environment, allowing the POS machine to run payment applications and other business software on the system.

  — *Multimedia Processing*: The module controls key peripherals of the POS machine, such as touchscreens, cameras and barcode scanners, enabling functionalities like screen display, interactive touch operations and QR code scanning.

  — *Secure Payment Processing*: The module acts as a gateway for encrypted transmission of transaction data to payment systems, ensuring compliance with security standards.

- ***Functions of Other Components***: In the POS machine, besides our module, there are also other components such as security chips or peripheral controllers. For example:

  — *Security Chips*: These are specialized components designed for storing encryption keys and executing cryptographic algorithms but lack general processing capabilities. The smart module works with these chips by transmitting encrypted transaction data securely.

  — *Peripheral Controllers (such as MCU)*: These components handle specific tasks like connecting with the cash drawer or printer but are limited to low-power, real-time operations and do not have strong computing power.

  — *Specialized Interface Chips (such as Card Reader Chips):* These chips are designed to handle specific physical layer protocols and signal processing tasks, such as NFC, magnetic stripe or IC card interactions. They typically include limited logic or a basic MCU to process low-level interface protocols. Our smart module retrieves the processed card data from these chips through standard interfaces and coordinates subsequent operations.

- ***Integration of Our Module with Other Components***: Our smart module integrates with other components of the POS machine via industry-standard interfaces to enable seamless communication and data exchange. For example, it interacts with security chips for data encryption, controls the touchscreen via a standard interface and processes data from barcode scanners via standard protocols.

Case Study 2: Intelligent Cockpit (ICV)

Our high-computing-power smart modules are the core processing units in intelligent cockpits, handling complex data processing and enabling advanced interactive features.

- ***Functions Provided by Our Module***:

  — *High-Performance Computing*: The module integrates a high-performance SoC with CPU, GPU, and NPU/AI engines to support real-time, resource-intensive tasks such as 3D rendering, driver monitoring and natural language processing.

  — *Integrated Connectivity*: It includes 4G/5G and Wi-Fi capabilities to ensure communication between the vehicle and external networks.

— *AI and Multimedia Processing*: The module processes data from multiple sensors (for example, cameras and microphones) and provides AI-driven functionalities, such as:

  • Multi-Screen Display: The module is capable of driving multiple high-definition screens in the cockpit. It supports smooth rendering of navigation systems, 3D vehicle models and video streaming.

  • Sensor Data Processing: It processes data from multiple inputs, such as driver-monitoring cameras, gesture recognition systems, surround-view cameras, microphones and radar signals, to provide comprehensive situational awareness and intent detection.

  • Natural Language Assistant: The computing power of the module supports advanced voice assistants capable of understanding complex commands and maintaining context-aware conversations.

  • Smart Services: Through the support of the module, the intelligent cockpit generates actionable suggestions based on user habits and real-time contexts, such as adjusting navigation routes.

  • AI-Powered Image Processing: The module enhances the visual experience by rendering real-time road conditions, creating virtual assistant avatars or optimizing low-light images for better clarity.

• ***Functions of Other Components***: Examples of other components in an intelligent cockpit include:

— *Video Serializer/Deserializer Chips*: These chips handle raw video signal transmission from cameras but lack the computational power to process or analyze the data. The smart module processes camera data instead.

— *Audio Chips*: While audio coding/decding chips process raw sound signals, the smart module integrates these outputs with AI-driven voice recognition and enhancement features.

• ***Integration with Other Components***: Our module connects with cameras, displays and sensors through industry-standard interfaces. It also connects with in-vehicle networks through commonly used protocols to ensure data exchange with other vehicle systems.

Case Study 3: Mobile WiFi Terminals (Mobile Broadband)

Mobile WiFi terminals are a type of wireless broadband product designed to provide high-speed internet access by converting 4G/5G network signals into WiFi signals. These devices are commonly used in scenarios such as international travel, where users use mobile WiFi terminals to connect their smartphones, PCs or other devices to the internet via WiFi.

- ***Functions Provided by Our Module:***

  — *Communication*: our data transmission module acts as the central component of the mobile WiFi terminal, enabling connectivity to 4G/5G networks provided by telecommunication operators.

  — *Signal Conversion and Management*: our module facilitates the reception of 4G/5G signals from the telecom network and ensures stable transmission to the device's WiFi chip for further processing.

  — *Power Optimization*: our module's integrated power management system ensures efficient energy use, extending battery life while maintaining stable connectivity.

- ***Functions of Other Components***: other components in the mobile WiFi terminal include:

  — *WiFi Chip*: the WiFi chip converts the 4G/5G signals received by the communication module into WiFi signals, enabling other devices, such as smartphones and PCs, to connect to the internet.

  — *Antenna*: the antenna is responsible for transmitting and receiving wireless signals. It ensures reliable signal reception and transmission while enhancing the strength and quality of the communication signals.

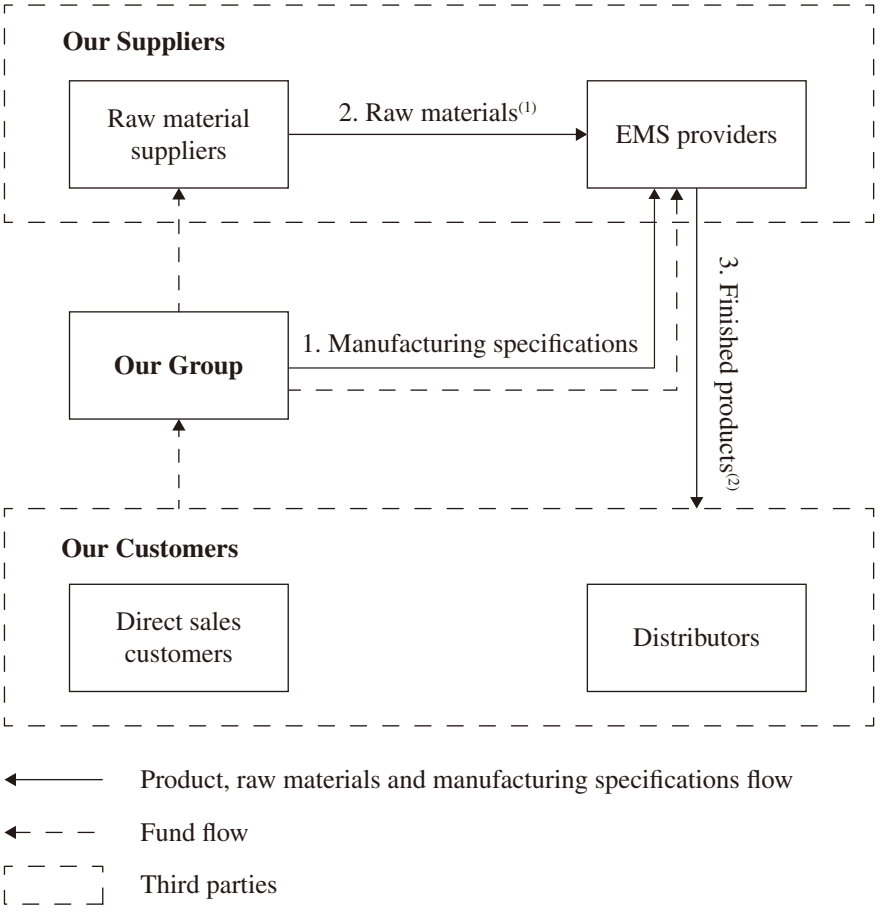
  — *SIM Card*: the SIM card provides authentication for accessing telecommunication operators' networks.

- ***Integration of Our Module with Other Components***: Our data transmission module integrates with the other components of the Mobile WiFi terminal through industry-standard interfaces and protocols, enabling seamless data transmission and device functionality. This integration allows the Mobile WiFi terminal to deliver high-speed, low-latency and stable internet access.

BUSINESS MODEL

Under our business model, we focus on the R&D and design of our modules and solutions and we outsource the manufacturing to third-party EMS providers. According to Frost & Sullivan, it is in line with the industry practices in the wireless communication module industry in China to outsource manufacturing to EMS providers.

The following diagram illustrates our business model:



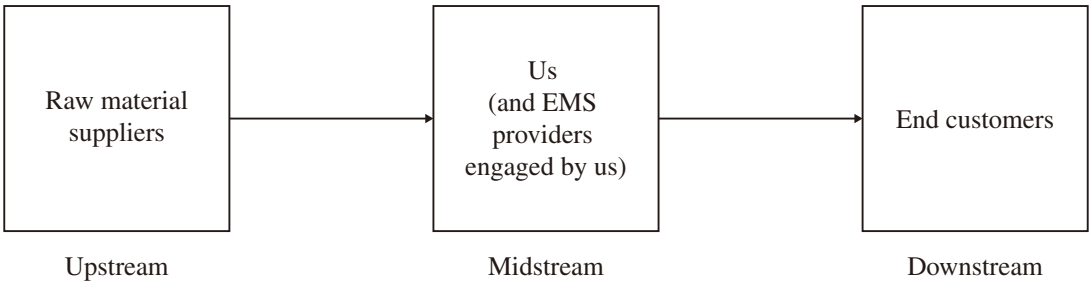
Notes:

(1) During the Track Record Period, our raw material suppliers directly provided raw materials to our EMS providers. Our raw material suppliers may arrange the shipments of the raw materials.

(2) During the Track Record Period, our finished products were generally delivered directly from EMS providers to locations designated by our customers.

Overview of the Industry Value Chain

The following diagram illustrates the industry value chain in which we operate:



Upstream: Raw Material Suppliers

Upstream suppliers primarily provide key components and raw materials essential for the design and manufacture of wireless communication modules. These suppliers include:

- *Chip Providers*: Provide chips such as (i) baseband chips, (ii) radio frequency chips (iii) memory chips, (iv) SoCs, which serve as the core communication and processing units of our wireless communication modules.

- *PCB and Other Component Providers*: Supply PCBs and structural components based on our detailed product specifications.

Upstream raw material suppliers also provide technical support for the materials they supply, allowing us to integrate these into our module designs effectively.

Midstream: Us (and EMS Providers Engaged by Us)

We play a crucial role in the midstream segment by designing, developing and manufacturing wireless communication modules. Through the combination of hardware support and software configuration, our modules provide network connectivity, smart functions and/or high-computing power for end customers. These functionalities reduce the R&D burden for downstream end customers, allowing them to focus on designing and manufacturing their own end products without having to develop foundational technologies such as wireless communication, hardware computing power and software configuration. Our primary contribution within the value chain includes:

- *Module Design and Development*: We design and develop various wireless communication modules to meet the demand and requirement of end customers. The design and development process involves:

- Designing hardware architecture to integrate chips, PCBs and other components into fully functional modules, ensuring compatibility and performance.

- Developing and testing firmware and software to enable core module functionalities. Throughout this process, we work closely with end customers to provide tailored module solutions that meet specific technical and operational requirements, catering to diverse applications across industries.

- Optimizing the modules for performance, reliability, and compatibility with downstream applications.

• *Enabling the Core Functionalities of Our Modules*: The primary functions of our modules include:

- Enabling devices to connect to cellular networks, Wi-Fi or other connection methods.

- Supporting connections to external devices such as cameras, displays and scanners through module-level interfaces. During our design process, we deploy and configure the interfaces in a tailored manner so that end customers can easily connect their external devices without the tedious configuration processes.

- Providing operating environments including smart operating systems (such as Android) and the software and hardware support for high-computing power applications such as AI models. Although we do not self-develop the algorithms to be run for applications such as AI models, our products allow end customers to conveniently deploy and run their own algorithms directly on the modules.

• *Manufacturing and Testing*: We outsource the manufacturing of our modules to EMS providers. EMS providers produce and test the modules in accordance with our detailed manufacturing specifications and quality requirements. We oversee rigorous testing and validation processes, ensuring that the modules meet customer specifications and industry standards.

Downstream: End Customers

Downstream end customers include a range of manufacturers that integrate our wireless communication modules into their end products for various end-use applications. These end customers are primarily in the sectors of general IoT, ICV and wireless broadband. For instance:

- Device manufacturers in the general IoT sector use our modules in devices they make, such as POS terminals. These manufacturers integrate the modules with other components (such as displays and outer casings) and develop application-specific software (such as payment systems) to create their end products.

- Manufacturers in the ICV sector use our modules as critical components in T-Boxes and intelligent cockpits. For example, our modules are integrated into intelligent cockpit controllers by Tier-1 automotive suppliers. Our modules' connectivity, external device support and embedded software environments enable features such as in-vehicle networking, display integration and the operation of various automotive applications. The Tier-1 suppliers deliver the completed cockpit controllers to vehicle manufacturers for installation into vehicles during assembly.

We independently design, develop, and oversee the production of our wireless communication modules. Nevertheless, we collaborate with certain stakeholders during the design, development and production process to ensure product quality, technical feasibility and efficient manufacturing. For instance, we may work with chip providers to offer technical support and consultation related to their products if needed, such as resolving certain chip-level issues for us during our design and development process. PCB and other component providers may also provide technical support and quality management services to ensure compatibility with our modules. We also work with EMS providers to manufacture and test our modules according to our production requirements, ensuring quality and yield.

OUR CORE TECHNOLOGICAL CAPABILITIES

Our core technological capabilities enable us to develop, integrate and customize modules and solutions that cater to diverse industries. Through years of R&D efforts, we have built our proprietary technologies upon three fundamental pillars: (i) smart module design and development; (ii) customization capabilities; and (iii) accumulation of knowhow in core sectors.

Smart Module Design and Development

Advanced Wireless Data Transmission Capabilities

We have established technical expertise in 4G and 5G wireless communication. Our data transmission modules support both Sub-6 and mmWave 5G NR technologies and a wide range of global frequency bands. Our mature 5G + Wi-Fi 7 system solutions ensure compatibility and performance across various networks. We are also actively developing innovative technologies in fields such as 5G-A and 5G RedCap, working closely with industry partners to advance the 5G FWA development.

Smart operating system development and optimization

We have accumulated experience in optimizing the Android system performance. We assist customers in obtaining Google Mobile Services ("**GMS**") certifications for their projects. GMS certification is a critical process that ensures Android devices meet Google's compatibility and performance standards, enabling seamless integration of Google applications and services. Our experience spans Android versions from Android 8 to the latest Android 15, and we have supported certification processes for a wide range of devices, including handheld POS machines, payment tablets, dual-screen desktop devices and handheld barcode scanners.

For system performance optimization, we have developed capabilities in areas such as system boot time reduction, memory usage efficiency, resource optimization and power consumption management. These advancements enhance the stability, battery life, and resource efficiency of our customers' products.

In terms of multi-media development, our expertise encompasses peripheral multi-media integration, system architecture design and functionality optimization. We have developed capabilities to support advanced features such as simultaneous operation of multiple cameras and customization of camera frameworks. Additionally, we have enabled multi-screen functionality, including both mirrored and independent displays, and seamless multi-screen sharing. In terms of audio development, we support multiple bus architectures for external audio coder-decoder, and we have developed customized architectures for multi-channel audio routing and forwarding.

AI model deployment and optimization

We integrate AI algorithms into smart hardware platforms and optimize their performance. Our expertise includes designing customized interfaces for algorithm pre- and post-processing, while optimizing critical system parameters such as CPU/GPU/NPU workloads, memory usage, data latency and synchronization. These efforts ensure efficient AI model performance on local devices, despite the computational power constraint.

We also have experience in deploying and optimizing large-scale AI models on local devices. We address challenges such as adapting model structures and formats to the SoCs used in our modules and we provide customers with technical support for performance optimization. For instance, we offer guidance on techniques such as model quantization and pruning, which reduce model size and computational requirements without compromising accuracy. These capabilities are particularly valuable in enabling the deployment of both smaller specialized models and large language models on local devices.

To address local device computing constraints, we offer hybrid AI solutions that combine local device and cloud capabilities. For example, local devices handle tasks such as data pre-processing (for examples, speech or image recognition), while more complex inference tasks, such as large language model processing, are performed in the cloud. This approach enables high-performance AI deployment while optimizing resource allocation.

Customization Capabilities

Beyond standalone module development, we have developed a comprehensive set of technologies to integrate our modules into complex scenarios in response to our customers' needs. These capabilities allow us to address the specific functional, environmental and performance requirements of different application sectors, ensuring high adaptability and reliability across use cases. Example features of our customization capabilities include:

Pluggable Hardware Architecture

Our pluggable hardware architecture enables flexible configuration and upgrades to meet the varying needs of different applications. Under the pluggable hardware architecture, functional parts, such as 4G/5G communication, Bluetooth and NFC, can be integrated or replaced based on customer requirements. This approach not only enhances scalability but also facilitates maintenance and technological upgrades. For example, this capability is particularly valuable in applications requiring global network compatibility, where devices need to support multiple frequency bands and adapt to the requirements of different regions and network operators.

High-Bandwidth and Low-Latency Technologies

Our expertise in high-bandwidth and low-latency technologies allows us to deliver high-speed data transmission solutions. For example, we design modules that operate in millimeter-wave frequency bands, supporting ultra-wide bandwidth and high throughput. These technologies are optimized with intelligent algorithms, such as beamforming, which dynamically adjust antenna paths to improve signal strength and transmission range. These capabilities are particularly well-suited for FWA scenarios, where high-speed and long-range data transmission is critical for rural or remote deployments.

Integration of Smart Algorithms for Specialized Applications

We integrate industry-specific algorithms into our module designs to enhance functionality and user experience. For example, algorithms for gaming acceleration prioritize real-time data traffic, reducing latency and improving responsiveness. Similarly, voice optimization algorithms enhance audio clarity through echo cancellation and noise filtering, making them ideal for applications such as cloud-based communications.

Accumulation of Knowhow in Core Sectors

Our technical team has the ability to identify potential demands from the application scenarios of our customers' and transform these insights into innovative products and solutions. This integration of technical expertise with market understanding allows us to respond quickly to market changes, achieving higher R&D efficiency and shorter time-to-market for new products to satisfy the . This virtuous cycle of technology and market alignment further strengthens our leadership in technology and provides robust support for our ongoing growth in emerging fields.

For instance, in the ICV sector, our modules and solutions support simultaneous voice and data transmission, enabling real-time video and high-precision location sharing for more efficient multimedia communication. They support the delivery of rich sensor data and real-time camera feeds. Additionally, leveraging 5G high-speed communications as the foundation for the integration of AI computing in the cloud and on device, they provide ample scope for deploying high-computing-power AI models onboard and supporting personalized growth; Wi-Fi 7 connectivity and rich application interfaces further elevate vehicle intelligence, powering in-vehicle AI agents, expanding the boundaries of smart cockpit, and accelerating the ICV evolution in the automotive industry.

RESEARCH AND DEVELOPMENT

Our R&D and Technology Team

We believe our research and development capabilities are our core competitive strength. We have built a highly skilled and experienced R&D and technology team that plays a crucial role in maintaining our leadership position in the industry. As of June 30, 2025, our R&D and technology team consisted of 769 employees, representing 83.1% of our total employees. Our R&D and technology team members possess expertise in technology development and product innovation, and industry experience across various downstream industries. In addition, the majority of our management team members have R&D or technical backgrounds, with most having over 10 years of experience in the wireless communication industry, and some having nearly 20 years of experience. Several core management and R&D and technology personnel have held positions at prominent global communication companies.

R&D Investment

We actively engage in the research and development of ongoing projects to resolve technical and engineering challenges in customizing our module products and solutions to our customers. In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, our R&D expenses amounted to RMB185.9 million, RMB213.9 million, RMB208.1 million, RMB95.2 million and RMB95.9 million, respectively, representing 8.1%, 10.0%, 7.1%, 7.3% and 5.1% of our total revenue for the respective periods, respectively. The proportion of aggregate R&D expenses in aggregate revenue for the three years ended December 31, 2024 was higher than the average in the global wireless communication module industry, according to Frost & Sullivan. Our R&D expense was generally in line with our operating results and increased investment in research and development projects on high-computing-power smart modules, multi-platform and multi-standard data transmission modules. For further details, please see "Financial Information — Results of Operations — Research and Development Expenses." As of June 30, 2025, we had four R&D centers in China. These R&D centers were located in Shenzhen, Shanghai, Xi'an and Nantong respectively, to support our R&D activities.

R&D Process

We have established a comprehensive process to ensure strict control and oversight of our R&D activities. This process encompasses the following stages:

- *Evaluation.* During the evaluation stage, we gather market and customer requirements to identify the key features, technical specifications and objectives of the R&D product. A comprehensive technical feasibility analysis is conducted to determine the overall hardware and software solutions, evaluate potential risks and develop corresponding mitigation measures. This ensures that the product concept meets customer expectations and is technically viable.

- *Project Initiation*. Once the evaluation is complete, we finalize the product specifications and assemble a dedicated project team. A detailed project plan is created, covering timelines, cost controls and quality assurance measures. We establish clear objectives, deliverables, quality standards and financial considerations to guide the project execution.

- *Design*. Following project initiation, the product specifications are translated into internal requirements and distributed across various departments. After internal reviews, the design process begins, covering hardware, software and structural design. Various departments collaborate to ensure that product development aligns with project plans and quality requirements.

- *Pilot Production and Validation*. Product enters pilot production, with all customer requirements integrated, functionality fully realized and internal testing completed. Comprehensive validation is then conducted to ensure compliance with industry standards and to verify functionality, performance, compatibility, safety and reliability. Through this process, we resolve any issues identified during pilot runs. Products must meet predefined hardware and software quality standards before advancing to the next stage.

- *Small-Scale Production.* After pilot production and validation, the product enters small-scale production. At this stage, the product's structural components and manufacturing processes are refined to meet the requirements for mass production.

- *Mass Production and Maintenance*. Once the product reaches the mass production stage, we work to ensure its long-term reliability and performance. We thoroughly analyze early production issues and identify causes and implement corrective measures to reduce the failure rate throughout the product lifecycle.

Key R&D Focus

During the Track Record Period and up to the Latest Practicable Date, we had been actively engaged in multiple R&D projects centered on advancing our technological capabilities and expanding product and solution portfolio. Certain key R&D projects during the Track Record Period and up to the Latest Practicable Date include:

Project Name and Summary	Target Outcome	Project Progress
High Computing Power Module Project: This project aims to establish and enhance a product line for high-computing-power modules	Develop a competitive product line in high-computing-power modules, targeting applications in edge computing, distributed computing and cloud gaming, with the aim to strengthen our position in emerging markets such as robotics and expand AI-related applications of our products	Products with computing power of 48 TOPS have entered mass production since 2024, and products with computing power nearing 80 TOPS are under development
Multi-Platform, Multi-Standard General-Purpose Data Transmission Module Project: This project aims to increase the market share and shipment volume for general-purpose data transmission modules across multiple platforms and standards .	Expand our product portfolio to include modules for various communication standards, meeting the diverse needs of IoT markets and enhancing our customer base and application coverage	Some products have been developed and entered mass production since 2022, while others are under development
5G Intelligent Cockpit Controller Solution Project: This project aims to leverage our 5G, Android and AI technological capabilities to create a comprehensive intelligent cockpit controller solution for ICVs	Promote large-scale application of 5G smart modules in intelligent cockpit controllers as vehicles increasingly adopt 5G networks and intelligent cockpits	Multiple generations of products have entered mass production since 2021, with higher-performance next-generation products under development and marketing
4G/5G FWA Solution Project: This project seeks to establish a comprehensive product line for FWA solutions.	Strengthen our R&D and supply chain for FWA products, expanding shipments and supporting overseas market expansion through tailored FWA solutions	Some products have been developed and entered mass production since 2022, while others are under development

Project Name and Summary	Target Outcome	Project Progress
5G+Cellular Vehicle-to-Everything ("C-V2X") Automotive-Grade Modules and Solutions Project: This project is focused on developing next-generation 5G R16 automotive-grade communication modules for the intelligent T-Box market, based on certain 5G automotive chip models	Build a comprehensive 5G automotive-grade module product line and facilitate adoption by vehicle manufacturers and Tier-1 suppliers and support our growth in the ICV market, particularly in overseas markets	Some products were developed and sampled in 2025, while others remain under development
5G-A Modules and Solutions Project: This project aims to launch a series of 5G-A modules and end products to meet demand for high-end 5G solutions in overseas markets	Enhance our presence in the high-end 5G market by introducing advanced 5G-A products, supporting increased shipments and market share in overseas markets	Some products were developed and sampled in 2024, while others remain under development
5G RedCap Modules and Solutions Project: This project focuses on developing cost-effective 5G RedCap modules and solutions for applications such as FWA, industrial IoT, video and wearables	Establish a comprehensive 5G RedCap product line to meet market demand for low-cost 5G solutions, supporting growth in our 5G product shipments and market share	Some products were developed and sampled in 2024, while others remain under development

INTELLECTUAL PROPERTY

Our patents, copyrights, trademarks, domain names, know-how, proprietary technologies, trade secrets and other intellectual property rights are critical to our business operations. As of June 30, 2025, we had 293 granted patents in China, including nine invention related patents. As of the same date, we had 94 copyrights and 10 registered trademarks.

We acquire patents through independent development. As of the Latest Practicable Date, we owned all of our patents as well as patent applications and had no co-own or co-share arrangements of our patents, copyrights, trademarks and patent applications with third parties. For further details our portfolio of material intellectual property rights as of the Latest Practicable

Date, please see "Appendix VI — Statutory and General Information — B. Further Information about our Business — 2. Our Intellectual Property Rights" for details of our material intellectual property rights.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any threatened or pending disputes relating to infringement of intellectual property rights which would have a material adverse effect on our business. Please see "Risk Factors — Risks Relating to Our Business and Industry — If third parties claim that we infringe upon their intellectual property rights, we may incur liabilities and penalties and may have to redesign or suspend the sales of products or solutions involved" for further details.

SALES, MARKETING AND DISTRIBUTION

Our Sales Network

We have established comprehensive sales networks in domestic and international markets.

The table below sets forth the breakdown of our revenue by geographic region (in terms of the place of registration of our customers) for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
China	1,760,368	76.3	1,482,375	69.0	2,138,448	72.7	860,944	65.9	1,354,226	71.8
East Asia[(1)]	272,068	11.8	305,953	14.2	285,931	9.7	227,330	17.4	305,097	16.2
United States	106,344	4.6	72,428	3.4	222,264	7.6	47,135	3.6	122,159	6.5
Europe	96,037	4.2	164,417	7.7	107,625	3.7	59,859	4.6	53,110	2.8
Others[(2)]	71,115	3.1	122,163	5.7	187,106	6.4	110,283	8.5	51,883	2.7
Total	**2,305,932**	**100.0**	**2,147,336**	**100.0**	**2,941,374**	**100.0**	**1,305,551**	**100.0**	**1,886,475**	**100.0**

Notes:

(1) Excluding China.

(2) Primarily including Samoa and Dominican Republic.

Our Sales Channel

The table below sets forth a breakdown of revenue contribution by sales channels for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Directs sales	2,055,550	89.1	1,957,271	91.1	2,785,062	94.7	1,218,467	93.3	1,801,496	95.5
Distributorship	250,382	10.9	190,065	8.9	156,312	5.3	87,084	6.7	84,979	4.5
Total	**2,305,932**	**100.0**	**2,147,336**	**100.0**	**2,941,374**	**100.0**	**1,305,551**	**100.0**	**1,886,475**	**100.0**

Our Direct Sales

Overview

In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, revenue generated from our direct sales customers amounted to RMB2,055.6 million, RMB1,957.3 million, RMB2,785.1 million, RMB1,218.5 million and RMB1,801.5 million, respectively, accounting for approximately 89.1%, 91.1%, 94.7%, 93.3% and 95.5%, respectively, of our total revenue in the same periods. Our direct sales customers were mainly from general IoT, ICV and wireless broadband sectors.

We adopt a direct sales model for the majority of our products to maintain control over key customer relationships and respond promptly to customer needs and feedback. In addition, many of our module products and solutions are highly customized to meet the specific requirements of our customers, which makes it more suitable to adopt a direct sales model. By directly managing customer interactions, we foster long-term, stable partnerships and enhance customer satisfaction through our customized product and solutions. We reach our direct sales customers through targeted marketing efforts, including industry exhibitions, technology forums and seminars, which allow us to showcase our expertise and engage with potential clients effectively.

Principal Contractual Terms with Direct Sales Customers

We typically enter into framework direct sales agreements with our direct sales customers.

Salient terms of our framework direct sales agreements with direct sales customers are set out below:

- *Term and Termination*: The duration of the direct sales agreements with our direct sales customers is typically one to three years.

- *Payment and Credit Term*: We generally grant a credit period to our direct sales customers of approximately 30 days to 90 days from the date of delivery.

- *Shipment and delivery*: We are responsible for delivering our products to locations designated by our direct sales customers.

- *Product Return Arrangements*: We typically do not allow our direct sales customers to return products to us except for product quality issues after they accept the delivery.

- *Product Warranty and Assurance*: We typically provide a product warranty period of three years for customers in the automotive industry and one year for other customers.

Our Distributorship

Overview

During the Track Record Period, we also collaborated with distributors to a lesser extent to sell our products and solutions. Due to our products and solutions' wide range of applications and the various industries in which our customer operates, the distributorship model allows us to streamline our administration and logistics, efficiently managing the large number of end customers across various industries. This approach also facilitates our penetration into new markets and establishment and expansion of our sales network in domestic and international markets. We believe our distributorship model help us implement our sales and marketing strategies specifically tailored to each geographical market. According to Frost & Sullivan, it is an industry norm for wireless communication module and solution providers to engage distributors for the sales of products and solutions.

In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, the revenue generated from distributorship amounted to RMB250.4 million, RMB190.1 million, RMB156.3 million, RMB87.1 million and RMB85.0 million, respectively, accounting for approximately 10.9%, 8.9%, 5.3%, 6.7% and 4.5%, respectively, of our total revenue in the same periods. During the Track Record Period, our sales to distributors declined primarily because we sold more products through

direct sales after some of our end customers decided to establish direct business relationship with us in place of through distributors and became our direct customers. The following table sets forth the movement in the number of our distributors during the Track Record Period.

	Year ended December 31,			Six months ended June 30,
	2022	2023	2024	2025
Distributors at the beginning of year/period	39	43	42	42
New distributors for the year/period	4	8	5	17
Terminated distributors for the year/period	0	9	5	3
Distributors at the end of year/period	**43**	**42**	**42**	**56**

Substantially all of our distributors were in China during the Track Record Period. The following table sets forth the number of our distributors by geographic region as of the dates indicated.

	As of December 31,			As of June 30,
	2022	2023	2024	2025
China	42	41	40	50
East Asia[(1)]	1	1	2	3
United States	—	—	—	—
Europe	—	—	1	1
Others[(2)]	—	—	2	2
Total	**43**	**42**	**42**	**56**

Notes:

(1) Excluding China.

(2) Primarily including Samoa and Dominican Republic.

During the Track Record Period, our number of distributors remained relatively stable. During the Track Record Period, we did not initiate any terminations of business relationship with our distributors.

Distributor Management

An effective distribution network is essential for enhancing our sales performance and ensuring consumer satisfaction. As such, we maintain rigorous management of our distributors in the following aspects. We and our distributors maintain a seller and buyer relationship. Our distributors buy our products from us and then resell the products to end customers.

We maintain proactive approach to distributor management to ensure market order, compliance and business alignment. Our distributors are selected based on their sales network, financial condition, sales strategy and logistics and warehousing, among other criteria. We establish clear operational guidelines for our distributors and implement reporting mechanisms where our distributors are required to report new end customers to us to safeguard distributor business interests and prevent cannibalization. In particular, as part of our distributor management policy, we require our distributors to report to us before establishing business relationships with new end customers. If a distributor submits a request to cover an end customer already covered by the other distributor, we will not grant approval to such overlapping coverage. This allows us to track the sales activities of our distributors, thereby mitigating risks associated with cannibalization. Additionally, we investigate any incidents of cannibalization and are entitled to terminate our business relationship with those distributors that engage in cannibalization. By maintaining clear visibility over the sales activities of our distribution network, we believe that these measures effectively mitigated the risk for cannibalization and maintained efficiency of our distribution channels. We also generally do not allow our distributors to sell our products in multiple regions. We were not aware of any overlapping end customer coverage among our distributors during the Track Record Period and up to the Latest Practicable Date. To ensure an orderly distribution network, we require our distributors to adhere to our recommended retail price guideline. Distributors are not allowed to sell our products below the recommended retail price absent specific application to, and approval from, us. We require distributors to immediately rectify if we identify any violations of this price guideline by them. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any incidents of cannibalization among our distributors, nor any violations of our recommended retail price guideline.

We regularly review distributor performance based on their sales volume, customer engagement, including the number of new customers and marketing strategies of our major products and operational compliance and assess contract renewals accordingly. As part of our distributor management policy, we communicate with our distributors to evaluate their sales progress and minimize inventory risks. Our distributors typically place orders with us after they have received purchase orders, which inherently reduces their inventory risks and accelerates their inventory turnover. We do not impose minimum purchase requirement on our distributors. Considering that we do not impose minimum purchase requirement on distributors, and that our

distributors are generally not allowed to return any unsold products to us, our Directors are of the view that we do not have any material channel stuffing issue. In event of any inventory overstocking, we work collaboratively with the distributor to optimize stocking plans.

To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, all of our distributors were Independent Third Parties. As of the Latest Practicable Date, we were not aware of any potential abuses or improper use of our name by our distributors which could adversely affect our reputation, business operation or financial condition. To the best of our knowledge, we do not have any sub-distributor during the Track Record Period. During the Track Record Period and up to the Latest Practicable Date, we had no material unresolved disputes or lawsuits with our distributors.

Principal Contractual Terms with Distributors

During the Track Record Period, we generally entered into framework distribution agreements with each of our distributors The key terms of our distribution agreements included the following:

- *Term*: The term of the distribution agreement is typically one year, subject to renewal based on our evaluation of our distributors.

- *Pricing policy*: A fixed price is provided in each purchase order under the framework distribution agreement.

- *Payment and Credit Term*: We generally require our distributors to make prepayments before our shipment. We may grant a credit period of 30 days to some of our long-term distributors.

- *Shipment and delivery*: We are responsible for delivering our products to locations designated by our distributors or end customers.

- *Product Return Arrangements*: We typically do not allow our distributors to return products to us except for product quality issues after they accept the delivery.

- *Product Warranty and Assurance*: We typically provide a product warranty period of one year.

Pricing

We price our products considering a variety of factors, including (i) the cost of relevant products and solutions, including raw material costs, research and development expenses and outsourced production costs. In particular, more complex or advanced products may require higher level of R&D investments and result in higher prices, (ii) customer demand and (iii) market condition, including industry pricing trends and the cost sensitivity of our customers. In addition to these pricing factors, we adopt volume-based pricing strategies to incentivize customers to place larger orders, driving higher sales volumes and optimizing cost efficiencies. We adjust the final pricing based on the specific customer on a case-by-case basis.

Marketing

Our marketing efforts focus on customer engagement, promotion of our new and existing products and solutions and reinforcement of our leadership and reputation in the wireless communication module industry. We strive to strengthen our relationships with existing key customers and acquire new customers, including distributors and direct sales customers. We expand our customer base through technical consultations with suppliers, industry partnerships and proactive market outreach through means such as industry exhibitions and introductions by consultancies.

In particular, as we advance our business strategy, we are actively targeting AI-powered smart devices, robotics and other emerging market segments to further broaden our customer network and establish long-term growth opportunities. Our ability to acquire and retain customers is underpinned by our brand reputation, industry experience and proven track record of collaboration with leading enterprises across multiple sectors.

OUR CUSTOMERS

During the Track Record Period, our customers primarily consisted of (i) direct sales customers and (ii) distributors. Our direct sales customers during the Track Record Period included (i) automotive manufacturers and Tier-1 suppliers, (ii) IoT device manufacturers, (iii) electronics and smart hardware manufacturers, and (iv) mobile device and communication product manufacturers. We do not provide financial compensations to our customers. During the Track Record Period and up to the Latest Practicable Date, we did not have any material disputes, breach of terms of framework agreements or early termination of our contractual relationships with our customers.

In 2022, 2023, 2024 and the six months ended June 30, 2025, revenue generated from our five largest customers in each period was RMB701.2 million, RMB847.2 million, RMB1,388.8 million and RMB1,026.0 million, respectively, accounting for 30.4%, 39.5%, 47.2% and 54.3% of our total revenue in the same periods, respectively. Revenue from our largest customer in each period accounted for 8.3%, 24.3%, 32.5% and 36.8% of our total revenue in 2022, 2023, 2024 and the six months ended June 30, 2025, respectively. All of our five largest customers were Independent Third Parties during the Track Record Period.

To the best of our knowledge and as of the Latest Practicable Date, we were not aware of any information or arrangement that would lead to the termination of our relationships with any of our major customers. None of our Directors and their respective associates, or Shareholders who own 5% or more of the total issued Shares had any interest in any of our five largest customers during the Track Record Period.

The following table sets forth the details of our five largest customers in each period during the Track Record Period.

Rank	Customer	Sales amount	Percentage of total revenue	Type of product purchased	Credit terms	Year of commencement of business relationship
		(RMB'000)	*(%)*			
For year ended December 31, 2022						
1	Customer A[(1)]	192,440	8.3	5G smart modules	100% prepayment	2021
2	Customer B[(2)]	157,134	6.8	4G/5G data transmission modules and solutions	100% prepayment	2019
3	Customer C[(3)]	119,178	5.2	5G data transmission modules	30 to 60 days	2021
4	Customer D[(4)]	118,948	5.2	4G data transmission modules and smart modules and solutions	30 days	2019
5	Customer E[(5)]	113,514	4.9	5G data transmission modules	100% prepayment	2022

Notes:

(1) Customer A is a public company established in Mainland China, listed on Shenzhen Stock Exchange and engaged in the distribution of electronic components, as well as the provision of integrated supply chain services and solutions.

(2) Customer B is a public company established in Mainland China, listed on Shenzhen Stock Exchange and engaged in the development and supply of electronic products, intelligent solutions and technology services.

(3) Customer C is a public company established in Mainland China, listed on Shenzhen Stock Exchange and engaged in the design, development, and manufacturing of electronic products and smart hardware solutions.

(4) Customer D is a private company established in Taiwan, China, engaged in the distribution of electronic components and the provision of supply chain and procurement services.

(5) Customer E is a public company established in Mainland China, listed on Shenzhen Stock Exchange and engaged in the distribution of mobile devices, communication products and the provision of integrated supply chain and value-added services.

Rank	Customer	Sales amount	Percentage of total revenue	Type of product purchased	Credit terms	Year of commencement of business relationship
		(RMB'000)	*(%)*			
For year ended December 31, 2023						
1	Customer F[6]	521,769	24.3	4G/5G data transmission modules and smart modules and solutions	30 to 120 days	2018
2	Customer E	95,870	4.5	5G data transmission solutions	100% prepayment	2022
3	Customer G[7]	86,962	4.0	4G data transmission modules and smart modules and solutions	30 days	2023
4	Customer B	79,232	3.7	4G/5G data transmission modules and solutions	100% prepayment	2019
5	Customer H[8]	63,346	2.9	4G/5G data transmission modules	30 to 90 days	2020

Notes:

(6) Customer F includes (i) a public company, headquartered in Shenzhen, China, listed on Hong Kong Stock Exchange and Shenzhen Stock Exchange and engaged in the production of automobiles, electronic parts and production and assembly of electric vehicle and (ii) a public company, headquartered in Shenzhen, China, listed on Hong Kong Stock Exchange and primarily engaged in the design, manufacture and assembly of handset components, mobile intelligent terminal modules and other electronic products.

(7) Customer G is a private company established in Samoa, engaged in the provision of logistics support, supply chain solutions, and value-added business services across various industries.

(8) Customer H is a private company established in Mainland China, engaged in the provision of IoT connectivity, platform services and integrated industry solutions.

Rank	Customer	Sales amount	Percentage of total revenue	Type of product purchased	Credit terms	Year of commencement of business relationship
		(RMB'000)	*(%)*			
For year ended December 31, 2024						
1	Customer F	955,098	32.5	4G/5G data transmission modules and smart modules and solutions	30 to 120 days	2018
2	Customer I[8]	166,524	5.7	4G/5G data transmission and smart modules	100% prepayment	2020
3	Customer G	131,477	4.5	4G data transmission modules and smart modules and solutions	30 days	2023
4	Customer J[9]	70,336	2.4	4G/5G data transmission modules	30 to 60 days	2021
5	Customer K[10]	65,381	2.2	4G/5G data transmission solutions	72 days	2020

Notes:

(8) Customer I is a public company established in Mainland China, listed on Shenzhen Stock Exchange and engaged in the distribution of electronic components and the provision of integrated supply chain solutions and technical support services.

(9) Customer J is a private company established in Lithuania, engaged in the development and manufacturing of IoT devices and solutions.

(10) Customer K is a private company established in the U.S., engaged in the design, development and supply of mobile devices and IoT solutions for mobile operators and enterprise customers

Rank	Customer	Sales amount	Percentage of total revenue	Type of product purchased	Credit terms	Year of commencement of business relationship
		(RMB'000)	*(%)*			
For the six months ended June 30, 2025						
1	Customer F	694,887	36.8	4G/5G data transmission modules and smart modules	60 to 120 days	2018
2	Customer L[(11)]	113,448	6.0	5G data transmission modules	Up to 90 days	2024
3	Customer M[(12)]	78,133	4.1	4G/5G smart modules and solutions	60 to 90 days	2022
4	Customer I	72,536	3.8	4G/5G data transmission modules and smart modules	100% prepayment	2020
5	Customer N[(13)]	67,033	3.6	4G/5G smart modules and solutions	Up to 60 days	2022

Notes:

(11) Customer L is a private company established in Tokyo, Japan, engaged in the development and sales of wireless data transmission devices.

(12) Customer M is a private company headquartered in the U.S., engaged in the development and sales of touchscreen devices and solutions.

(13) Customer N is a private company established in South Korea, engaged in the development and production of handheld devices.

During the Track Record Period, we generated a significant share of our revenue from our top five customers. We experienced fluctuations of revenue contribution by our top customer and our top five customers primarily because (i) we actively developed major customers in key downstream application sectors such as ICV to further our customer and industry reach; (ii) we actively expanded our overseas market and developed new overseas major customers (for example, Customer J and Customer K, two of the five largest customers in 2024, were overseas customers who were not among the five largest customers in 2022 or 2023) and (iii) some of our top five customers adjusted their procurement strategies with us from time to time. Such adjustments to procurement strategies are influenced by a range of commercial and operational factors. For instance, our customers' procurement decisions, including the volume and timing of their orders, are directly linked to their own business performance and market conditions. For instance, in the ICV sector, our customers face intense competition and pricing pressure, which can impact their sales volumes, product mix, and inventory management strategies. Please see below for details of the market competition in the ICV sector. As a result, their demand for our modules may fluctuate based on their own production schedules and sales forecasts, which can be subject to significant and rapid changes. Additionally, as part of their ordinary course of business, large and sophisticated customers, including some of our top customers, may periodically review their supply chain management to enhance cost efficiency and supply security. To achieve these objectives, they may adopt strategies to diversify their supply of critical components to gain greater control over their supply chain and cost structure.

As a result, our top customer and top five customers list may experience changes in different years/periods. We expect to continue to generate a significant portion of revenue from our major customers. We have maintained long-term and stable collaboration relationships with our five largest customers. During the Track Record Period and up to the Latest Practicable Date, we did not have any material disputes with any of our five largest customers and there was no indication or sign that they would alter the existing relationship with us in any aspect in the near future.

Revenue contributed by our five largest customers in each period of the Track Record Period was relatively significant. In particular, in 2023, 2024 and the six months ended June 30, 2025, revenue generated from our largest customer, Customer F, accounted for 24.3%, 32.5% and 36.8% of our total revenue, respectively. Major customers typically require large-scale, high-quality and reliable wireless communication modules and solutions, which aligns with our capabilities in product design and customization. For example, Customer F's leading position in the ICV market and its robust business growth have driven substantial demand for our modules, particularly for applications in T-Boxes and intelligent cockpits. While major customers may possess strong bargaining power, which may affect our pricing and profitability, we believe the benefits outweigh the associated risks. We strategically partnered with and established a mutually beneficial business

relationship with these major customers to accelerate our revenue growth, enhance our brand image in the industry, facilitate the technological improvement of our existing products and research and development of our new products, and improve our economies of scale.

China's automobile industry, especially the NEV industry, has recently faced certain challenges, such as intensified pricing pressure within the industry and certain leading market players undertook price reductions. In addition, evolving regulatory developments may continue to impact the market condition and the competitive landscope. According to Frost & Sullivan, the NEV industry in China experienced a pricing competition in 2025 as a transitional phenomenon during a period of rapid expansion and certain major NEV market participants in China have significantly reduced prices on certain entry-level models to intensify competition, and also led major NEV market participants to exert pressure on their supply chain to reduce costs and manage their own working capital. At the policy level, regulators and industry associations in China have repeatedly emphasized the need to avoid disorderly price wars and to guide the market back towards value-driven development. In September 2025, the China Association of Automobile Makers issued the Code of Conduct for Payment to Suppliers by Vehicle Manufacturers, which requires settlement to suppliers within 60 calendar days from the date of delivery and acceptance, and encourages the use of cash transfers or bank acceptance drafts in lieu of commercial bills. This measure aims to improve supplier cash flow and investment visibility, thereby stabilizing upstream and downstream relationships. However, uncertainties remain regarding the implementation and enforcement of such rules. The above factors may continue to exert margin pressure on the automobile industry in China. In addition, our ICV customers may explore alternative technological solutions for its vehicles, which could reduce its reliance on our wireless communication modules. Please see "Risk Factors — Risks Relating to Our Business and Industry — Our products and solutions are used by end customers of multiple industries and sectors. Factors that adversely affect these industries and sectors may adversely impact our business, financial condition and results of operations."

Our collaboration with customers in the ICV sector is typically structured around a "design-win" model. This is a standard and rigorous process in the automotive industry where we are selected as the designated supplier for a specific wireless communication module for a particular vehicle model. This typically occurs early in the customer's vehicle development cycle. Once we secure the design-win, we work closely with the customer to design and customize our module to meet the specific technical and performance requirements of their new vehicle model. Upon successful development and testing, our module becomes an integral and essential component of that vehicle's electronic architecture.

In line with common industry practice for such arrangements, we typically do not receive upfront development fees from our ICV customers. However, because our module is custom-developed and deeply integrated into the vehicle's design, it is generally less feasible for the customer to switch to an alternative supplier for that specific vehicle model post-development.

While our contracts generally do not contain firm minimum purchase commitments, customers provide us with long-term, non-binding demand forecasts for the product's expected lifecycle. Our actual sales volume is subsequently driven by the purchase orders placed by the customer, which are correlated with the market success and manufacturing volume of their vehicle.

Measures to Mitigate Customer Concentration Risk

Diversification within the ICV Sector

To mitigate the risks associated with customer concentration, we plan to continue to expand our customer base by exploring business opportunities. As of the Latest Practicable Date, we had a diverse customer base in the ICV sector and secured orders or development projects from customers. Our product portfolio for the ICV sector is comprehensive and extends well beyond the 5G smart modules currently procured by Customer F. We have developed and offer a full suite of products, including 4G smart modules and 4G and 5G data transmission modules, among which some products are specifically tailored for intelligent cockpits. These products can be used for various applications such as unmanned logistics vehicles and robotaxis. This product diversification allows us to target a broader segment of the ICV market. For instance, we have experienced increase in shipments of 4G modules to certain ICV customers during the Track Record Period. As of the Latest Practicable Date, we were having ongoing and upcoming business relationship with various ICV customers other than Customer F, including design wins, products in the R&D phase, products in the testing phase and products in mass production phase.

In addition, new market opportunities for our 5G modules are expected to emerge. These opportunities are expected to be further supported by the trend led by leading market players such as Customer F. Other ICV customers are expected to follow leading market players and transition to adopt more 5G module products, thus creating additional opportunities for our products. Broader adoption by other customers will reduce our reliance on any single customer.

Diversification of Product Offering and Supply Chain

In addition to continued diversification of customer base, we also plan to (i) diversify our product portfolio by investing in the research and development of products with higher gross profit margin and (ii) optimize our supply chain by engaging and keeping a diverse pool of EMS

providers and raw material suppliers to enhance our cost efficiency. We believe this will allow us to sustain a balanced and resilient business while capitalizing on the opportunities with leading customers.

Diversification across Application Sectors

To mitigate the risks associated with customer concentration and our reliance on the ICV sector, we are also actively implementing a long-term strategy to foster a more balanced business structure across our key application sectors: ICV, general IoT and wireless broadband. Our goal is to achieve a more balanced revenue contribution from these sectors over time. In furtherance of this strategy, we have dedicated resources to developing markets outside of the ICV sector, particularly in overseas markets. For instance, for the six months ended June 30, 2025, we have recorded considerable revenue contribution from newly developed overseas customers, such as a Japanese customer for 5G data transmission modules for the wireless broadband market, a U.S.-headquartered customer for smart modules and solutions used in retail devices, and a South Korean customer for smart modules and solutions used in logistics. The successful development of these new customer relationships demonstrates the progress of our strategy to diversify our business and reduce our dependence on any single industry sector.

Third-Party Payment Arrangements

During the Track Record Period, certain of our customers (including certain direct customers and distributors individually or collectively, the "**Relevant Customer(s)**") settled their outstanding payments with us through accounts of third-party payors designated by them (such arrangements, the "**Third-Party Payment Arrangements**"). For the periods ended December 31, 2022, 2023, 2024 and the six months ended June 30, 2025, seven, six, seven and two Relevant Customers used Third-Party Payment Arrangements, respectively, and the aggregate amount of payment we received under the Third-Party Payment Arrangements amounted to RMB3.4 million, RMB18.1 million, RMB9.5 million and RMB0.2 million, respectively, accounting for approximately 0.1%, 0.8%, 0.3% and 0.0% of total revenue, respectively. During the Track Record Period, no individual Relevant Customer made a material contribution to our revenue. To the best of our knowledge, none of the third-party payors designated by the Relevant Customer is our connected person, and all designated third-party payors are independent from each of our Directors, senior management, and Controlling Shareholders.

To the best of our knowledge, the Relevant Customers used Third-Party Payment Arrangements primarily because certain Relevant Customers used the accounts of their affiliated entities for convenience of payment because they preferred to avoid the inconvenience of using

corporate accounts, or it was more convenient for or in line with the internal financial management practice of some Relevant Customers to use the accounts of certain affiliated parties, which, according to Frost & Sullivan, is a common commercial practice in China.

Our Directors confirm that, during the Track Record Period, (i) we did not proactively initiate any Third-Party Payment Arrangement; (ii) we did not provide any discount, commission, rebate or other benefits to any of the Relevant Customers to facilitate or encourage the Third-Party Payment Arrangements; and (iii) the pricing and payment terms of the agreements we entered into with the Relevant Customers were in line with other customers who did not use the Third-party Payments.

During the Track Record Period, we implemented measures to monitor and manage Third-Party Payment Arrangements:

- ***Verification of genuine transactions***: We required Relevant Customers to provide supporting information, including payor account details, payment information and payment agreements to confirm the genuineness of the transactions;

- ***Fraud and money laundering prevention***: We conducted know-your-customer procedures, held regular business meetings to understand customer operations, and maintained active communication with customers.

To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date: (i) all settlements under Third-Party Payment Arrangements were based on genuine transactions and valid contracts; (ii) settlement amounts under Third-Party Payment Arrangements matched the relevant transaction amounts; (iii) we are not aware of any commercial bribery, money laundering or tax evasion related to such Third-Party Payment Arrangements; (iv) no Relevant Customer claimed any interest in payments made or received through Third-Party Payment Arrangements; and (v) we did not encounter refund requests, disputes or material claims related to Third-Party Payment Arrangements.

As advised by our PRC Legal Advisor, based on the foregoing, the Third-Party Payment Arrangements do not violate any mandatory provisions of applicable laws or regulations in China.

Termination of Third-Party Payment Arrangements

In line with our commitment to strengthen internal control, in June 2025, we had terminated Third-party Payment Arrangements. We do not plan to engage in any Third-party Payment Arrangement again in the future. We believe that this termination has not had, and will not have, a material adverse effect on our business or financial performance, given that (i) payment received from Third-party Payment Arrangements represented an insignificant percentage of our total

revenue during the Track Record Period, (ii) the termination of Third-Party Payment Arrangements did not affect the payment settlement arrangement from our Relevant Customers to us and (iii) we have not experienced any customers altering their relationship with us as a result of the cessation of Third-party Payment Arrangement. For risks related to the Third-party Payment Arrangement, please see "Risk Factors — Risks Relating to Our Business and Industry — We are subject to risks relating to Third-Party Payment Arrangements."

Enhanced Internal Control

To mitigate risks associated with Third-Party Payment Arrangements, we have implemented and strengthened various internal control measures, including:

- Initiating rectification measures and informing employees of the enhanced internal control policies;

- Requiring employees to avoid proactively initiating Third-party Payment Arrangements, informing customers that Third-party Payment Arrangements are no longer accepted, and adhering to policies for terminating such practices;

- Mandating employees to collect customers' bank account details, including account names, during contract signing and ensuring all payments are made using the contracting party's account; and

- Tasking the finance department with regular reviews of internal operations, including sample contract checks to verify that payers match the contracting parties, among other measures.

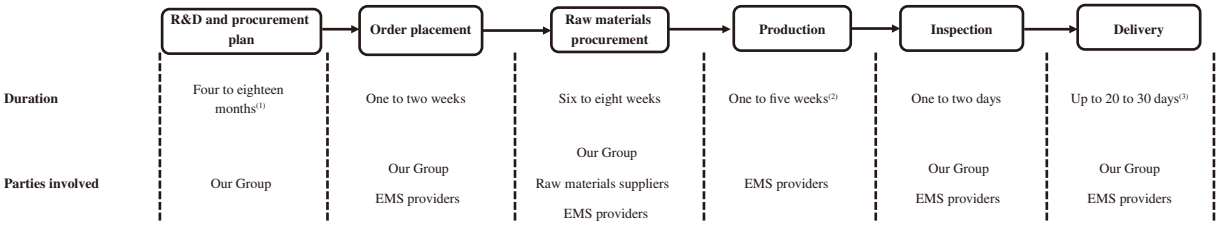
Based on the review of the implementation of the abovementioned measures, our Directors are of the view that such measures are effective and adequate in preventing risks associated with Third-Party Payment Arrangements in the future.

RAW MATERIALS AND PROCUREMENT

We outsource the production of our products and solutions to EMS providers. We procure a range of raw materials, primarily including (i) baseband chips, (ii) radio frequency chips (iii) memory chips, (iv) SoCs and (v) other electronic components for the production of our modules and solutions. We source our raw materials and services from suppliers with reputable operations and credible and stable track record in the industry, as we believe the quality of raw materials and services affects the quality of our products and in turn, our business and reputation.

As of December 31, 2022, 2023, 2024 and June 30, 2025, we had 11, 13, 16 and 11 EMS providers, respectively. In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, outsourced production costs amounted to RMB111.4 million, RMB98.1 million, RMB137.2 million, RMB60.1 million and RMB76.9 million, respectively.

Our procurement process includes three phases: procurement planning, outsourced manufacturing and delivery and inspection. The following diagram illustrates the key steps in these phases, the respective duration and the parties involved.



Notes:

(1) For modules and solutions that are less complex, such as the ones used in consumer electronics sector, our R&D period is typically four to six moths. For more complex products and solutions, such as the products and solutions used in automotives, our R&D period is typically twelve to eighteen months.

(2) For less complex modules and PCBAs, the production period is usually one to three weeks. For more complex modules and solutions, such as handheld devices, the production period is usually two to five weeks.

(3) Delivery time of our modules and solutions vary depending on the destination and delivsery method. For example, delivery to Mainland China by air may take one to two days, while delivery to international destinations by cargo may take up to 20 to 30 days.

- *Procurement plan*: Our procurement team develops procurement plans based on historical demand, sales forecasts, inventory levels and market expansion strategies. We also take into account various factors including the manufacturing lead time and production schedules of our EMS providers.

- *Outsourced manufacture*: Once procurement plans are finalized, we issue purchase orders to our raw material suppliers and production orders to our EMS providers pursuant to procurement plans. Raw material suppliers deliver raw materials to our designated EMS providers and our EMS providers manufacture modules and solutions according to specifications. Upon completion, our EMS providers test, inspect and warehouse our products and solutions. Our on-site quality control team stationed at the EMS provider's manufacturing facility, also closely manages and monitor the process to ensure the manufactured modules and solutions conform to our standards.

- *Inspection and delivery*: After our EMS provider warehouse the manufactured modules and solutions, our quality control team conducts independent inspections and testing to ensure compliance with our quality standards and specifications. Once the products and solutions are approved, we generally arrange the shipping and delivery from our EMS providers' warehouses to locations designated by our customers.

We generally do not enter into long-term supply agreements with fixed price arrangements. To mitigate supply chain risks and price volatility, we maintain regular communication with our suppliers and closely monitor raw material costs through market trend analysis and periodic price assessments. We procure raw materials and adjust inventory levels based on price forecast to control our raw material costs and avoid disruption in our supply chain. During the Track Record Period and up to the Latest Practicable Date, we had not faced any material increase in raw material or production costs. For further details of our inventory management, please see "Logistics and Inventory Management" in this section. Moreover, we test and ensure the compatibility of alternative raw materials with our modules and solutions at R&D stage and evaluate potential new raw materials suppliers to maintain the flexibility to switch to alternative materials or suppliers in the event of severe shortages or price volatility of certain raw materials.

During the Track Record Period and up to the Latest Practicable Date, we did not experience quality issues or shortages during our procurement that materially affected our operations. During the Track Record Period and up to the Latest Practicable Date, we had not adopted any hedging policies to mitigate the effect of fluctuations in the prices of raw materials.

Impact of Global Chip Supply and Raw Material Price Volatility

Our business and financial performance are dependent on the stable and cost-effective supply of raw materials, primarily semiconductors such as baseband chips, SoCs and memory chips. The global semiconductor industry has, in recent years, experienced volatility, including supply shortages and cyclical price fluctuations, which can impact our operations.

Supply of Certain Key Raw Materials

Supply of Baseband Chips and SoCs

The global semiconductor industry experienced a significant supply shortage from late 2021 through 2022, driven by pandemic-related manufacturing disruptions, logistics challenges, and a surge in downstream demand from the 5G, electric vehicle and remote work sectors.

Despite this challenging industry-wide environment, we have not experienced material disruptions to our operations or financial performance resulting from a shortage of our baseband chips and SoCs during the Track Record Period. We believe the global supply for these specific components has been largely sufficient for our needs. This is primarily attributable to our proactive supply chain management and the strong, long-term relationships we maintain with our principal chip suppliers. Pricing for these core components has also remained relatively stable, and in some cases, we have been able to achieve gradual cost reductions through increased procurement scale.

Impact of Memory Chip Price Volatility

Price volatility in memory chips (such as DRAM and NAND), which are a key component in most of our modules, remained volatile and cyclical. According to Frost & Sullivan, the market for memory chips is known for its cyclical and often sharp price fluctuations. For example, price of memory chips experienced a period of price declines in 2022 and 2023 due to market overcapacity and weak consumer demand, and began to rebound in 2024 and 2025, driven by factors including surging demand for AI servers and production cuts by major manufacturers.

This price volatility directly affects our material costs. To illustrate the proactive measures we take, our supply chain team identified the beginning of a price increase cycle in early 2025 and strategically built up inventory. As a result, our inventory of memory chips approximately doubled from December 31, 2024 to June 30, 2025. By procuring a sufficient volume of chips before the full effect of the price increases, we were able to secure supply for future product deliveries and partially mitigate the impact of rising costs on our gross profit margin.

Our Mitigating Measures

We have implemented a comprehensive strategy to manage the risks associated with semiconductor supply and price volatility:

- **Supplier Base Diversification:** We are committed to continuously diversifying our supplier resources to enhance supply chain resilience. For our baseband chips and SoCs, in addition to our long-standing collaboration with certain providers such as Supplier A and Supplier B, we are also expanding our cooperation with certain other domestic suppliers. For memory chips, while we source from major international manufacturers, we are also increasing our use of qualified domestic suppliers.

- **Strategic Inventory and Supply Chain Management:** We employ a proactive inventory management strategy to buffer against price fluctuations and potential supply tightness. We work closely with our customers to obtain rolling order forecasts, which allows us to plan our raw material procurement in advance. Based on these forecasts and

our analysis of market trends, we maintain a reasonable level of safety stock for critical components like baseband chips, SoCs and memory chips. This strategic inventory management is a key tool we use to reduce the impact of price volatility on our production costs.

- **Customer Communication:** We maintain close and transparent communication with our customers regarding significant shifts in the cost of key components. Where commercially feasible and upon reaching an understanding with our customers, we seek to appropriately adjust the selling prices of our products to partially transfer the increased material costs.

OUR SUPPLIERS

Supplier Selection and Management

During the Track Record Period, our suppliers primarily consisted of (i) raw material suppliers and (ii) EMS providers. We typically engage reputable suppliers with proven track records to ensure the quality of our products. We consider a comprehensive set of factors when selecting suppliers, including their technological expertise, product quality, responsiveness and cost competitiveness. New suppliers must undergo rigorous qualification processes, including registration, capability assessment, material certification, on-site inspections (as necessary) and contractual agreements before being included in our approved supplier list. Qualified suppliers are regularly evaluated on their periodical performance based on metrics including product quality, corporate social responsibility and compliance. As of December 31, 2022, 2023, 2024 and June 30, 2025, we had 497, 520, 578 and 631 qualified suppliers included on our approved supplier list, respectively. Additionally, we require our suppliers to comply with our internal supply management policies. Upon receiving raw materials from our raw material suppliers, we retain the right to reject or return based on our inspection and examination results. and suppliers are generally liable to us and our customers for any product quality issues of our products caused by them. We communicate with EMS suppliers regarding quality standards and thoroughly inspect the finished products to ensure that they meet all the technical requirements set forth in our product designs. Non-compliance or significant quality issues will trigger immediate reassessment, which may result in warnings, procurement restrictions or removal from the qualified supplier list.

Raw Material Suppliers

As of December 31, 2022, 2023, 2024 and June 30, 2025, we had 481, 500, 553 and 535 raw material suppliers, respectively. We procure (i) chips, primarily including baseband chips, SoCs, radio frequency chips and memory chips, (ii) electronic components such as PCB and (iii) end product materials, primarily including monitors, cameras and batteries from raw material suppliers. We generally enter into framework agreements with raw material suppliers, which set forth the general terms and conditions of purchase. Salient terms of the framework supply agreements with our raw material suppliers typically include:

- *Term and termination*: The framework agreement normally has an undetermined period, which are subject to automatic renewal unless terminated by written notice. We are entitled to terminate the framework agreement upon 30-day written notice.

- *Scope of supply*: Our raw material suppliers primarily provide chips, electronic components and end product materials.

- *Product specifications*: We specify the product specification, price, quantity, delivery timeline and other detailed items in each purchase order we send to our suppliers.

- *Logistics and risks transfer*: The suppliers are typically responsible for the delivery of raw materials to our designated location specified in each purchase order. The risk transfers to us after we complete inspection and confirm receipt of the products.

- *Payment and credit terms*: We are generally granted by our suppliers a credit term of one to three months following the issuance of a letter of acceptance.

- *Quality assurance*: Suppliers generally grant a warranty period of one year. In the event of a quality issue arising during the warranty period, the supplier is obliged to promptly respond and resolve the issue.

- *Product return*: We have the right to reject, replace or return products which are non-conforming with product quality standard, product specifications or quantity with the order placed.

EMS Providers

During the Track Record Period, we engaged a group of EMS providers to manufacture our products and solutions. During the Track Record Period, only one of our EMS providers was located overseas, and the rest were all domestic companies. EMS providers are companies that typically offer manufacturing and assembly services for electronic components and products on behalf of customers. They specialize in production process, such as processing of raw materials, assembly of PCBs and integration of components into final products. By outsourcing the resource-intensive manufacturing process to EMS providers, customers like us can focus on activities such as production design and R&D. During the Track Record Period, we had an abundant number of EMS providers that closely collaborated with us, and as a result, we did not rely on any particular EMS provider(s). Salient terms of the supply agreements with our EMS providers typically include:

- *Scope of supply*: EMS providers primarily manufacture the hardware in our products and solutions and provide related manufacturing services to us.

- *Term and termination*: We typically enter into framework agreement with a term of two years, which may be automatically renewed unless otherwise terminated by mutual agreement. The framework agreements set out the general terms and conditions of cooperation. Individual purchase orders are then executed on an as needed basis.

- *Capacity planning and line reservation*: We provide EMS providers with estimated annual production capacity needs based on our business plan annually and release monthly rolling forecasts to adjust production planning. We also require some of our EMS providers to reserve manufacturing capacity for a defined period which we may adjust periodically, primarily to meet the customer's demand for urgent or additional orders. We allocate production orders based on EMS provider's production capacity, geographic location (to ensure timely delivery to customers), service offer price and manufacturing and technical capability.

- *Pricing and payment terms*: Prices are determined based on production complexity, volume and market conditions, with payments structured through pre-agreed terms. Our suppliers generally grant us a credit period of 30 to 90 days.

- *Logistics*: EMS providers are responsible for timely delivery of our products.

- *Quality assurance and warranty*: EMS providers must meet our specified quality requirements and are responsible for liabilities resulting from product defects. EMS providers typically offer us a warranty period of 18 months from delivery date.

We have implemented a series of measures to prevent infringement on our intellectual property rights and potential competition during the course of our engagement with EMS providers. For instance, we only provide our EMS providers with the information needed for the production of our modules and solutions. Our EMS providers are contractually bound not to infringe on our intellectual property rights and misuse other proprietary information, and are only entitled to use underlying intellectual properties for the purpose of the production of our modules and solutions. During the Track Record Period, we did not experience any material infringement of our intellectual property rights.

Major Suppliers

In 2022, 2023, 2024 and the six months ended June 30, 2025, purchases from our five largest suppliers in each period were RMB1,159.9 million, RMB962.3 million, RMB1,720.7 million and RMB1,147.5 million, respectively, representing 57.8%, 53.3%, 63.8% and 62.6% of our total purchase, respectively. In addition, purchases from our largest supplier in each period accounted for 37.6%, 26.5%, 34.1% and 35.0% of our total purchases in 2022, 2023, 2024 and the six months ended June 30, 2025, respectively. All of our five largest suppliers were Independent Third Parties during the Track Record Period.

None of our Directors and their respective associates or our Shareholders who hold more than 5% of our total issued Shares had any interest in our five largest suppliers during the Track Record Period. Additionally, we did not experience any material disputes with our suppliers during the Track Record Period.

The following table sets forth the details of our five largest suppliers in each period during the Track Record Period.

Rank	Supplier	Purchase Amount	Percentage of total purchase	Type of product/services provided	Credit terms	Year of commencement of business relationship
		(RMB'000)	*(%)*			
For year ended December 31, 2022						
1	Supplier A[(1)].	754,186	37.6	Baseband chip and SoC	100% prepayment	2012
2	Supplier B[(2)].	246,641	12.3	Baseband chip and memory chip	60 days	2019
3	Supplier C[(3)].	67,872	3.4	Memory chip	30 days	2019
4	Supplier D[(4)].	45,976	2.3	Memory chip	60 days	2020
5	Supplier E[(5)].	45,199	2.3	Manufacturing services	30 to 90 days	2018

Notes:

(1) Supplier A is one of the subsidiaries of a leading public semiconductor company in U.S., established in Singapore and engaged in providing wireless technology and services.

(2) Supplier B is a private technology company established in Mainland China and Hong Kong, specializing in the provision of modules and value-added technology services.

(3) Supplier C is a private company established in Hong Kong, engaged in the sales of electronic components, customized module solutions and technical support services.

(4) Supplier D is a private company established in Hong Kong, engaged in the development and supply of electronic components, module solutions and technology services.

(5) Supplier E is a private company established in Mainland China, engaged in the manufacturing and distribution of electronic components and customized technology solutions.

Rank	Supplier	Purchase Amount	Percentage of total purchase	Type of product/services provided	Credit terms	Year of commencement of business relationship
		(RMB'000)	*(%)*			
For year ended December 31, 2023						
1	Supplier A	478,342	26.5	Baseband chip and SoC	100% prepayment	2012
2	Supplier B	339,305	18.8	Baseband chip and memory chip	60 days	2019
3	Supplier F[(6)]	56,812	3.1	Memory chip	30 days	2022
4	Supplier G[(7)]	45,605	2.5	Wave filter and other chips	60 days	2022
5	Supplier E	42,277	2.3	Manufacturing services	30 to 90 days	2018

Notes:

(6) Supplier F is a private company established in Hong Kong, engaged in the provision of computational storage solutions, memory products and data infrastructure technologies for enterprise and data center applications.

(7) Supplier G is a private company established in Hong Kong engaged in the research, development and supply of electronic components, intelligent hardware solutions and technology services.

Rank	Supplier	Purchase Amount	Percentage of total purchase	Type of product/services provided	Credit terms	Year of commencement of business relationship
		(RMB'000)	*(%)*			
For the year ended December 31, 2024						
1	Supplier A	920,445	34.1	Baseband chip and SoC	100% prepayment	2012
2	Supplier B	559,415	20.7	Baseband chip and memory chip	60 days	2019
3	Supplier F	123,909	4.6	Memory chip	30 days	2022
4	Supplier G	62,175	2.3	Wave filter and other chips	60 days	2022
5	Supplier E	54,719	2.0	Manufacturing services	30 to 90 days	2018

Rank	Supplier	Purchase Amount	Percentage of total purchase	Type of product/services provided	Credit terms	Year of commencement of business relationship
		(RMB'000)	*(%)*			
For the six months ended June 30, 2025						
1	Supplier A	642,256	35.0	Baseband chip	100% advance payment	2012
2	Supplier B	352,136	19.2	Baseband chip and memory chip	60 days	2019
3	Supplier F	92,814	5.1	Memory chip	30 days	2022
4	Supplier G	33,145	1.8	Wave filter and other chips	60 days	2022
5	ShuoGe Intelligent Technology Co., Ltd. (碩格智能技術有限公司)[8] . . .	27,183	1.5	Processing services	30 days	2020

Note:

(8) ShuoGe Intelligent Technology Co., Ltd. is our affiliated company. We owned 36.0% of the ownership interest of ShuoGe Intelligent Technology Co., Ltd. as of June 30, 2025. Please see Note 17 to the Accountants' Report in Appendix I to this document for details.

IMPACTS OF RECENT REGULATIONS IN RELATION TO TRADE RESTRICTIONS

In early 2025, the U.S. government initiated a series of escalating tariffs and trade policies primarily targeting China, leading to retaliatory measures from China. For example, in April 2025, the U.S. government announced substantial new tariffs affecting a wide range of products and jurisdictions and has indicated an intention to continue developing new trade policies. In response, certain other governments announced or implemented retaliatory tariffs and other protectionist measures. In May 2025, China and the U.S. made announcement on a joint statement to substantially move down the tariff levels. On June 11, 2025, U.S. President Donald Trump announced that a trade deal was reached between the U.S. and China. On August 11, the U.S. government and China further agreed to extend the suspension of the 24% reciprocal tariff, originally set to expire on August 12, for an additional 90 days until November 10, 2025. On

November 1, 2025, the U.S. government announced that it would maintain the suspension of heightened reciprocal tariffs on Chinese imports until November 10, 2026, while the currently 10% reciprocal tariff will remain in effect during this suspension period.

Exports

The recent tariffs implemented by the U.S. on imports from China do not have any material and adverse impact on our direct and indirect sales to the U.S. for the following reasons:

- ***We sold few of our products to the U.S.*** In 2022, 2023, 2024 and the six months ended June 30, 2025, revenue from the sales of our products to the U.S. accounted for 4.6%, 3.4%, 7.6% and 6.5% of our total revenue, respectively. Pursuant to our direct sales agreements and distribution agreements, during the Track Record Period, we were not responsible for the tariffs imposed by the U.S. on our modules and solutions sold directly to the U.S.

  Additionally, an increasing proportion of our products sold into the U.S. were produced and exported by our EMS provider in Vietnam. In 2022, 2023, 2024 and the six months ended June 30, 2025, sales of our products produced and exported by our EMS provider in Vietnam into the U.S. were nil, nil, RMB40.2 million and RMB59.1 million, accounting for nil, nil, 18.1% and 48.4% of our sales into the U.S., respectively. We did not incur any tariff expenses on the import of our products from our EMS provider in Vietnam into the U.S. We had also identified potential EMS providers in Malaysia, Thailand, Cambodia, Japan and Brazil to further mitigate tariff risks.

  Given that the revenue contribution from the sales of our products to the U.S. was limited and most of our products were sold to the U.S. from outside China, the recent and further increase of tariffs implemented by the U.S. on imports from China will have limited impact on our business and results of operations as a whole.

- ***The impact of U.S. tariffs on demand from our customers is limited***. During the Track Record Period and up to the Latest Practicable date, we had not experienced any material adverse changes in the order volume, price, payment or logistic arrangements related to the sales of our modules and solutions to the U.S. as a result of U.S. tariffs.

The Sponsor is of the view that the U.S. tariffs are not reasonably expected to have a material adverse impact on the Group's operations or financial performance. This assessment is based on (i) the Group's limited revenue exposure to the U.S. market; and (ii) the Company's explanation on

contractual allocations under the Group's direct sales and distribution agreements pursuant to which, during the Track Record Period, the Group was not responsible for U.S. tariffs on modules and solutions sold directly into the U.S.

During the Track Record and up to the Latest Practicable Date, our modules and solutions were generally not subject to tariffs imposed by other countries to which our modules and solutions were exported.

Imports

The tariffs imposed by China on imports of U.S. origin do not have a material adverse impact on our business and results of operations for the following reasons:

- ***Our reliance on U.S. suppliers and raw materials of U.S. origin was limited.*** We structured our supply chain to minimize our reliance on U.S. suppliers and raw materials of U.S. origin. Most of our five largest suppliers in each period during the Track Record Period are distributors or manufacturers in the electronics industry and are based outside U.S. Most of the raw materials we procured were not of U.S. origin. Subject to the interpretation of the "U.S. origin" of these raw materials under the new tariff regime, we may incur additional costs in these purchases going forward. However, competitive alternatives to the raw materials of U.S. origin are readily available with competitive pricing supplied by domestic suppliers and we have established close business relationship with these suppliers during the Track Record Period. We also plan to further diversify our supplier base to reduce exposure to any regional or geopolitical risks and collaborate with high-quality global suppliers to ensure the resilience and efficiency of our supply chain. Accordingly, we do not expect tariffs and other export restrictions between China and the U.S. to pose a material adverse impact on our procurement and business operations.

- ***We sourced few raw materials of U.S. origin***. In 2022, 2023, 2024 and the six months ended June 30, 2025, our purchase of raw materials of U.S. origin was RMB9.5 million, RMB9.3 million, RMB8.8 million and RMB3.3 million, accounting for 0.5%, 0.5%, 0.4% and 0.2% of our cost of sales, respectively. Additionally, during the Track Record Period and up to the Latest Practicable Date, the raw materials we procured of U.S. origin, primarily including microcontroller units and power amplifiers, were exempt from tariffs imposed by China on imports of U.S. origin. We did not procure any raw materials that were restricted from exports from the U.S. into China.

The semiconductor raw materials we procured of U.S. origin may be subject to tariffs due to changes in the China tariff regime. Due to the globalized nature of semiconductor production, a semiconductor can be manufactured and assembled in different countries and regions. According to the General Administration of Customs regulations, the country of origin for integrated circuits is determined based on the four-digit tariff code change principle. On April 11, 2025, the China Semiconductor Industry Association (CSIA) issued Notice on Rules for Determining Country of Origin for Semiconductor Products, suggesting that for integrated circuits customers declarations, the country of origin should be determined based on the location of the wafer fabrication plant.

As a result, subject to the interpretation of the "U.S. origin" of these raw materials under the new tariff regime, we may incur additional costs in these purchases going forward.

While the ultimate determination of "U.S. origin" and future policy adjustments could affect tariff applicability and costs, the Group's diversified sourcing strategy and supplier optionality provide substantive mitigation. On this basis, the Sponsor is of the view that Chinese tariffs on U.S.-origin imports are not reasonably expected to have a material adverse impact on the Group's operations or financial performance.

Mitigating Measures

In response to the potential impact of the tariff policies and other trade restrictions, we have implemented a series of mitigating measures.

- ***Diversify the source of raw materials***. We had used and plan to increase the use of domestically sourced raw materials as alternatives to the raw materials of U.S. origin we procure and use in our modules and solutions, thereby minimizing the risk of increased tariffs and other adverse trade restrictions on our supply chain and facilitating a stable and resilient production schedule of our modules and solutions.

- ***Diversify our collaboration with EMS providers***. To mitigate the impact of tariff policies and other trade restrictions, we had collaborated with EMS providers and maintained a pool of potential EMS providers located in jurisdictions not subject to significant tariff or other trade restrictions risks. Additionally, we plan to engage EMS providers with factories located in comprehensive bonded zone in China to mitigate any potential trade restrictions on the import of raw materials and export of finished products.

LOGISTICS AND INVENTORY MANAGEMENT

Based on the distance between our EMS providers and the locations specified by our customers and the expected delivery time required by our customers, we generally arrange logistics through qualified third-party logistics service providers to deliver our products and solutions from the manufacturing facilities of our EMS providers to the locations specified by our customers. We conduct regular evaluations of these third-party logistics providers to ensure efficient delivery of our products and solutions and compliance with our quality standards. To the best of our knowledge, during the Track Record Period, all of our third-party logistics service providers were Independent Third Parties.

We place high importance on our inventory and turnover health. We maintain a safety stock level to prepare for unexpected increase in demand or delay, shortage in supply and assign dedicated personnels in our supply chain team to monitor inventory and provide reports to our management team for review. We conduct comprehensive inventory checks every three months and perform spot checks periodically to ensure efficient warehouse operations. We also carry out annual on-site inventory audits and inspections, during which inventory inspection reports are prepared. These reports guide the timely management of obsolete and slow-moving inventories. We also proactively track market condition change and pre-order and stockpile in advance strategic raw materials, primarily including baseband chips, SoC chips, memory chips and PCBs, in anticipation of potential supply shortage. Our Directors are of the opinion that our inventory control systems and policies have been effective, with no significant supply shortages or inventory overstock issues experienced during the Track Record Period and up to the Latest Practicable Date.

QUALITY CONTROL

Quality control and assurance is critical to our operation. We are committed to maintaining high quality across our products and solutions. Our comprehensive quality management system encompasses full lifecycle quality control, covering research and development, production, testing, delivery and after-sales service to ensure compliance with both relevant regulatory requirements and our interna quality standards.

We have established a structured quality governance framework, with our general manager acting as the chief decision-maker overseeing the quality management strategy, to ensure that the management system is established, implemented and maintained in accordance with the quality control standards. Provide the necessary resources and approve quality objectives. The management team is responsible for the establishment, implementation and effective maintenance of the quality control system. We have also established a quality control team that works closely with all departments to enforce quality control measures, conduct performance evaluations and ensure compliance.

Certifications

We adhere to globally recognized quality and environmental management standards, ensuring that our products and operations comply with the highest industry benchmarks. We have obtained ISO 9001, IATF16949, ISO 14001 and ISO 45001 certifications, covering R&D, supply chain management and customer service, which systematically enhance our operational quality and risk management capabilities.

R&D Activities

Our R&D quality control framework follows a structured and systematic approach, integrating comprehensive risk assessment and validation measures throughout the entire product lifecycle. We adopt an integrated project delivery framework, ensuring that quality is embedded from product ideation to market release.

We integrate quality control into every stage of R&D to ensure that our products and solutions are designed, tested and validated to meet performance and reliability standards. During the project initiation phase, we conduct market research, regulatory research, customer outreach and feasibility studies to align new products with customer demands. In the specification and design stage, we define product specifications, technical architectures and manufacturing feasibility to ensure smooth downstream execution. The validation phase focuses on hardware and software integration and prototype testing, reducing potential defects before mass production. Even after commercialization, we maintain lifecycle quality tracking, analyzing customer feedback and performance data to drive cost optimization and continuous improvements.

Supply Chain Quality Control

To ensure that externally provided processes, products, and services meet requirements, we have established a robust supplier management and control procedure. All suppliers are required to comply with the ISO 9001 quality management system, and suppliers providing automotive products and services are expected to meet or aim to achieve compliance with the IATF 16949 quality management system. We conduct supplier reviews and evaluate potential suppliers based on product conformity, technical and manufacturing capabilities, quality and delivery performance, and compliance status. Only materials from suppliers who pass our rigorous qualification process are approved for use.

During the Track Record Period and up to the Latest Practicable Date, (i) we had not received any material complaints relating to product quality; and (ii) we had not experienced any product recalls or accidents due to product defects.

Product Testing

Our finished products undergo comprehensive quality inspections prior to shipment to ensure their functionality, performance, durability and compliance with international standards and specific customer requirements. Our hardware testing verifies circuit integrity, system stability and structural durability and our software testing assesses feature completeness, software reliability and user experience. Reliability testing simulates real-world operating conditions to evaluate long-term product performance.

We also ensure that all products meet applicable international certification standards, including environmental substance testing and regulatory approvals for target markets, to facilitate smooth entry into global markets. Through a systematic approach to product testing, we ensure that our products and solutions consistently meet our stringent quality benchmarks before delivery to customers.

Customer Services

To respond promptly to customer requirements, we ensure that all service personnel are equipped to deliver the designated services and are supported by effective tools and measuring equipment that meet the relevant service demands. This includes on-site support, repair services and other services based on our service standards.

INFORMATION SECURITY AND DATA PRIVACY

We believe the confidentiality, integrity and availability of data is vital to our business operations. In recent years, data security and privacy protection has become a global regulatory priority, with cybersecurity, data security and personal information protection laws in the PRC undergoing rapid development. Given that we only enter into transactions with enterprises, we do not collect or process personal information or data from individual consumers. However, in the course of our business, we collect, store and process business data and transaction data, which are subject to evolving regulatory requirements and administrative oversight. Our operations do not involve any cross-border data transfer and we do not store any data overseas. As advised by our PRC Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material fines, administrative penalties, or other sanctions from relevant regulatory authorities for violations of data privacy and security laws and regulations. We do not deploy public, private or state-owned cloud on our modules and solutions. For further details on potential regulatory risks associated with data security and privacy, please see "Risk Factors — Risk Relating to Our Business and Industry — Our information technology networks and systems may encounter malfunction, unexpected system failure, interruption, insufficiency or security breaches."

To ensure data integrity, confidentiality and security and mitigate data security risks, we have developed a comprehensive information security management system that includes stringent data encryption, secure data storage protocols and strict transmission policies to ensure the confidentiality and integrity of sensitive information.

Our internal data protection framework is designed to manage and control access to confidential information effectively. We have established clear and detailed protocols that govern the use, storage and sharing of corporate data, ensuring that only employees with the appropriate authorization can access sensitive information on a need-to-know basis. Employees are granted access to data strictly according to their roles and are required to use this data solely for the performance of their job duties.

Our employees are required to sign confidentiality agreements as part of their employment, which strictly prohibit the unauthorized disclosure of any company-related confidential information. This policy ensures that our employees understand the critical nature of safeguarding company data and are held accountable for maintaining confidentiality.

To safeguard against data loss, we have implemented a backup system that stores key data in multiple locations. We ensure that backup copies are stored both locally and remotely and regularly test our data restoration processes to ensure the reliability of our backup system. In addition, we have established a remote disaster recovery protocol to protect against potential system failures or catastrophic events. Multiple backup copies of data are stored across different locations, ensuring that data can be quickly restored in the event of any technical issues, natural disasters, or unforeseen circumstances.

During the Track Record Period, we did not experience any breach of confidential information of users or any other user information related incidents which could cause a material adverse effect on our business, financial condition or results of operations. We remain committed to enhancing data security, strengthening compliance with evolving regulations and investing in cybersecurity technologies to mitigate potential risks and maintain the highest standards of data protection.

As advised by our PRC Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material fines, administrative penalties, or other sanctions from relevant regulatory authorities for violations of data privacy and security laws and regulations.

INFORMATION TECHNOLOGY SYSTEM

Our information technology systems are integral to our operational efficiency, data security and business continuity. We have developed a comprehensive information technology infrastructure aligned with our organizational structure, business scope and technological capabilities. To ensure reliability, security and efficiency, we continuously refine information technology management policies, standardize software and server management and enforce strict access control measures. We conduct regular system updates, data backups and cybersecurity checks to enhance system stability and prevent potential disruptions. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material information technology system failure or downtime that had a material adverse effect on our business operations. Please see "Risk Factors — Risks Relating to Our Industry and Business — Our information technology networks and systems may encounter malfunction, unexpected system failure, interruption, insufficiency or security breaches."

COMPETITION

The global wireless communication module industry in which we operate is highly competitive and characterized by rapid technological evolvement, fast changes in customer demands and preferences, frequent introduction of new products and solutions and constant emergence of new industry standards and practices. In addition, the global wireless communication module industry is marked by a high level of concentration. We compete with other players in the industry whose businesses include sales of modules and solutions. Please see "Industry Overview."

Leveraging our strength in the technology and innovation of our product portfolio, long-term stable customer base and growth in downstream application sectors, we believe we are well-prepared to further penetrate the market, captivate on the growth potential of wireless communication module industry and remain at the forefront. Nevertheless, we operate in a highly competitive industry. Failure to compete effectively could negatively and adversely affect our business operations, market share and profitability. For further details, please see "Risk Factors — Risks Relating to Our Business and Industry — The industry in which we operate is highly competitive. If we fail to compete against other market players, our business, results of operations and financial condition may be materially and adversely affected."

EMPLOYEES

Substantially all of our employees are based in the PRC during the Track Record Period. The table sets forth a breakdown of our employees by function as of June 30, 2025.

Function	Number	Percentage of Total
		%
R&D and technology	769	83.1%
Sales and marketing	93	10.0%
Finance	16	1.7%
Administrative	48	5.2%
Total	**926**	**100.0%**

Recruitment and Human Resource Management

We highly value the potential of our employees and have invested substantial efforts and resources in recruiting and training our employees. Our success hinges on our ability to attract, retain and motivate qualified talents and we believe that our high-quality and diverse talent pool is one of our core strengths. We recruit employees through various methods including campus hiring, online recruitment and external recruitment channels to meet our talent demands across different functions. In addition to regular recruitment program through specialized recruiting firms and other third parties, we have also implemented internal referrals policy to attract potential talents to join us.

We offer competitive compensation and benefits to attract and retain top talents. In addition to base salaries, we provide performance-based bonuses and long-term incentive plans for eligible employees. We also conduct regular performance evaluations and offer merit-based promotions and salary adjustments to reward outstanding employees.

We value the long-term benefits of talent cultivation and provide internal training programs to our employees periodically to enhance their technical know-how and solidate their knowledge and expertise for the industry.

Employee Training and Development

We are committed to enhancing employee capabilities through a structured training and development system. We develop training plans based on business development and organizational strategic needs, focusing on the knowledge and skills required for each position. Training is provided through internal or external programs to meet job requirements. External training may involve hiring experienced external instructors for specialized topics such as tax law, logistics and customs clearance.

Employment Contract and Employee Benefits

We enter into standard employment agreements and confidentiality agreements with all full-time employees and sign noncompetition agreements with key management personnel and professionals. These agreements typically include confidentiality obligations effective during and after employment and noncompetition provisions effective during and up to two years after termination of employment.

As required by laws and regulations in China, we participate in various government statutory employee benefit plans, including social insurance plans, namely pension, medical, unemployment, work-related injury and maternity insurance plans and housing provident funds. As of the Latest Practicable Date, we had not been subject to any fines or administrative penalties imposed by any regulatory authorities due to non-compliance regarding social insurance and housing provident funds.

None of our employees are currently represented by labor unions. We believe that we maintain good working relationships with our employees and we have not experienced any material labor disputes, strikes, protests or any difficulty in recruiting staff for our operations during the Track Record Period and up to the Latest Practicable Date.

Failure to Make Full Contributions to Social Insurance and Housing Provident Funds

We are also required to participate in the employee social welfare plan administered by local governments. Such plan consists of pension insurance, medical insurance, work-related injury insurance, maternity insurance, unemployment insurance and housing provident fund. The amount we are required to contribute for each of our employees under such plan should be calculated between the minimum and maximum level as from time to time prescribed by national laws and regulations and local authorities. During the Track Record Period, we and certain of our PRC subsidiaries did not make full contributions to social insurance and housing provident fund for all employees in accordance with the Regulations on Administration of Housing Provident Fund (《住房公積金管理條例》) and the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), because certain employees were not willing to pay the social insurance and housing provident funds in full as it requires additional contributions from these employees.

As advised by our PRC Legal Advisor, pursuant to relevant PRC laws and regulations, if we fail to make social insurance contributions in compliance with the relevant PRC laws and regulations in the future, we may be required to pay all outstanding social insurance contributions within a prescribed period, with late fees at a daily rate of 0.05% of the outstanding amount, accruing from the date when the outstanding social insurance contributions are due. If this payment is not made within the stipulated period, the competent authority may further impose a

fine of one to three times of the overdue amount on us. In 2022, 2023 and 2024 and the six months ended June 30, 2025, the amount of shortfall in social insurance was RMB31.7 million, RMB31.7 million and RMB31.9 million and RMB16.0 million, respectively. In addition, pursuant to relevant PRC laws and regulations, in case of a failure to pay housing provident fund in full, the relevant housing provident fund management center may require us to pay 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. In 2022, 2023 and 2024 and the six months ended June 30, 2025, the amount of shortfall in housing provident fund contributions was RMB7.2 million, RMB7.8 million and RMB7.6 million and RMB3.0 million, respectively.

On September 21, 2018, the Ministry of Human Resources and Social Security of the PRC issued the Urgent Notice on Enforcing the Requirement of the General Meeting of the State Council and Stabilization 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》). This notice promotes the reduction of social insurance contributions by companies to avoid overburdening enterprises and prohibits local authorities from requiring enterprises to make up for historically underpaid or unpaid social insurance contributions in one go.

If the relevant authorities order us to fully contribute the social insurance and/or housing provident funds, we would make full contributions and take rectification measures as soon as possible within the specified period. As of the Latest Practicable Date, no penalty had been imposed by the relevant regulatory authorities with respect to our social insurance and housing provident fund contributions. As advised by our PRC Legal Advisor, based on the above, the likelihood that the relevant social insurance and housing provident fund authorities would take initiative to recover the historically unpaid social insurance and housing provident fund from us or impose material administrative penalties on us due to our failure to provide full social insurance and housing provident fund contributions for our employees is remote.

According to the Interpretation II by the Supreme People's Court of the PRC on Legal Issues 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 "**Interpretation**") as promulgated by the Supreme People's Court on July 31, 2025 and became effective on September 1, 2025, if the employer and its employee agree or the employee undertakes that social insurance contributions need not be paid, the People's Court shall deem such agreement or undertaking invalid. Furthermore, where the employer fails to pay social insurance contributions in accordance with the applicable laws, and the employee seeks to terminate the labor contract and claims economic compensation from the employer pursuant to the Labor Contract Law of the PRC, the People's Court shall support such claims.

Our Directors are of the view that the Interpretation would not have a material adverse effect on our business operations and financial position, based on the following considerations: (i) as further advised by the PRC Legal Advisor, the Interpretation does not expand penalty exposure or repeal existing laws, and upon its implementation, the likelihood that the relevant competent authorities would collectively seek to recover the historically unpaid social insurance and housing provident funds from us and/or impose administrative penalties on us still remains remote; and (ii) any shortfall in social insurance and housing provident fund contributions, regardless of the reason (including cases resulting from employees' voluntary waiver of such contributions), has been included in our shortfall calculation.

We have enhanced our internal control measures with respect to social insurance and housing provident fund requirements, including (i) designating our human resources department to review and monitor the reporting and contributions of social insurance and housing provident fund on a regular basis; (ii) monitoring closely any updates of the laws, regulations and policies from time to time so as to ensure that we can respond to any changes with respect to social insurance and housing provident fund requirements; and (iii) consulting our PRC Legal Advisor for advice on relevant PRC laws and regulations to keep us abreast of relevant regulatory developments. In addition, we have obtained confirmations from relevant local authorities that, in respect of the relevant periods stated therein, no administrative penalties had been imposed due to non-compliance regarding social insurance and housing provident funds. We undertake to make timely payments for the deficient amount and overdue charges, as soon as requested by the competent governmental authorities.

INSURANCE

Pursuant to PRC social insurance regulations, we provide social insurance including pension insurance, unemployment insurance, work-related injury insurance, maternity insurance and medical insurance for our employees based in China.

We also maintain insurance policies to cover various aspects of our business, including property loss and damage, to safeguard our business continuity. In line with general market practice, we do not maintain any business interruption insurance, insurance policies covering damages to our network or information technology systems, or key man life insurance. We regularly review our insurance policies to ensure compliance with statutory requirements. We believe that our existing insurance coverage is adequate for our operations and aligns with industry standards.

During the Track Record Period, we were not subject to any material claim of insurance. However, we may still be exposed to potential claims and liabilities exceeding our insurance coverage. For further details, please see "Risk Factors — Risks Relating to Our Business and Industry — Our insurance coverage may not be sufficient to cover all losses or potential claims by our customers, which would affect our business, financial condition and results of operations."

PROPERTIES

As of the Latest Practicable Date, we owned 12 properties with an aggregate GFA of approximately 1,008.19 sq.m.in China and leased seven properties with an aggregate GFA of approximately 8,399.11 sq. m in China.

Owned Properties

As of Latest Practicable Date, we owned 12 units across China, with an aggregate GFA of approximately 1,008.19 sq. m., which were mainly used as employee dormitories and not related to our ordinary course business operations. These units were acquired pursuant to arrangements with the Housing Bureau of Bao'an District, Shenzhen (namely, the Shenzhen Bao'an District Enterprise Talent Public Rental Housing Sale and Purchase Contract《深圳市寶安區企業人才公共租賃住房買賣合同》), and are subject to policy-based restrictions on transfer, lease and mortgage. Consequently, as of the Latest Practicable Date, we have not obtained the property ownership certificates in respect of these units. Our Directors are of the view that the absence of full ownership and property ownership certificates aligns with the relevant government policies and is not expected to have any material adverse effect on our business operations. As of the Latest Practicable Date, as advised by our PRC Legal Advisor, we have not been subject to any administrative penalty as a result of such absence.

Lease Properties

As of Latest Practicable Date, we leased seven properties in China, with an aggregate GFA of approximately 8,399.11 sq. m., which were mainly as our office space. As of the Latest Practicable Date we had not received real estate ownership certificates or proof of authorizations from lessors of three of our leased properties proving their right to lease those properties to us. Our leases generally have a term ranging from three to six years. We are generally allowed to terminate lease agreements with a prior notice, which provides us with operational flexibility, albeit usually at the cost of forfeiting deposits and/or paying a termination fee. We believe that there is sufficient supply of properties in mainland China and we do not rely on the existing leases for our business operations. We believe that our current facilities are adequate to meet our current needs.

Pursuant to the applicable PRC laws and regulations, property lease agreements shall be registered with the relevant local branches of the PRC Ministry of Housing and Urban-Rural Development. As of the Latest Practicable Date, we had not completed lease registration for seven of the properties we leased in China.

Property Valuation

As of the Latest Practicable Date, no single property interest forming part of our Group's property activities had a carrying amount of 1% or more of our total assets and we had no single property with a carrying amount of 15% or more of our total assets and on this basis, we are not required by Rule 5.01A of the Listing Rules to include in this document any valuation report. Pursuant to section 6(2) of the Companies (Exemption of Companies and prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), this document is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, which requires a valuation report with respect to all of our interests in land or buildings.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Overview

We are committed to social responsibility and recognize the fundamental importance of Environmental, Social and Governance ("**ESG**") factors in our path towards sustainable development. Our primary goal is to generate and amplify a positive impact on our employees, customers, and business partners. Simultaneously, we are dedicated to enhancing our environmental accountability and our role in the public sphere.

To ensure compliance with applicable laws and regulations, from time to time, our Board of Directors periodically reviews our policies and, if needed, makes adjustments to accommodate substantial modifications in labor and workplace safety regulations. The board also ensures policy implementation aligns with our mission. Each department reports to senior management, ensuring ESG considerations are prioritized across all levels, reflecting industry best practices.

During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material administrative penalty in relation to health, work safety, social and environmental protection.

ESG Governance

We are committed to integrating ESG principles into our corporate strategy and daily operations. To enhance decision-making effectiveness and governance efficiency, we have established a structured ESG governance framework that aligns with our long-term development strategy. Our ESG governance structure consists of three levels, strategic, policy, and execution, covering our ESG working group, each with distinct roles and responsibilities, ensuring effective implementation of ESG initiatives.

- ***Strategy Level***: ESG working group, comprised of a number of staff under our integrated management center, is responsible for formulating overarching ESG objectives, reviewing and approving major ESG-related decisions, and ensuring ESG considerations are integrated into our business strategy. The Company has appointed senior management personnel in charge of leading the ESG working group, providing unified leadership and ensuring that ESG initiatives are aligned with the Company's priorities. In practice, the Company's ESG-related affairs are overseen by integrated management center, which coordinates cross-functional ESG matters and supports the ESG working group in executing its ESG responsibilities. This structure ensures that our sustainability governance has clear leadership, centralized oversight, and organizational continuity.

- ***Policy Level***: The ESG working group is responsible for formulating ESG-related policies and monitoring performance across environmental, social, and governance dimensions. Its key functions include conducting thematic studies on material ESG issues, proposing ESG development goals, identifying governance challenges. On the environmental side, we have established a policy framework covering emissions management, waste handling, resource utilization, and environmental risk control. Core policy documents include:

  - green gas emissions control procedure (溫室氣體排放控制程序), addressing greenhouse gas management through administrative measures (for instance, lights-off, paperless office, low-carbon commuting);

  - water management procedure (廢棄物管理程序), standardizing hazardous and non-hazardous waste classification, minimization targets, and treatment protocols;

  - resources and energy management procedure (資源能源管理程序), focusing on energy and water efficiency across office operations and project sites;

- environmental operations management procedure (環境運行管理程序) hazard identification and risk assessment control procedure (危險源識別與評價控制程序), providing a structured evaluation of environmental and climate-related risks, including impact assessments and mitigation actions.

Our manufacturing is outsourced and do not involve direct emissions or material greenhouse gas discharge; thus, its environmental footprint is minimal. Nevertheless, we have adopted precautionary controls and regulatory-compliant practices.

- ***Execution Level***: The ESG working group is responsible for executing ESG-related tasks and ensuring the implementation of ESG policies at the operational level. The working group organizes ESG coordinates company-wide ESG initiatives to ensure compliance with corporate sustainability goals. Through internal policies and operating procedures, the working group ensures that we meet our sustainability commitments while maintaining compliance with national environmental laws. Its functions also include stakeholder communication, ESG data collection, and report drafting, thereby providing critical execution support for the our ESG strategy.

We are dedicated to improving ESG awareness within our organization. Through targeted training programs, we ensure that all employees, including senior management and directors, understand ESG-related responsibilities and best practices. We conduct ESG training sessions to enhance corporate-wide capabilities in sustainability governance, risk management, and compliance with ESG standards. We ensure that all business units fully understand and implement ESG strategies through targeted training and internal coordination. We will continue to refine our ESG governance mechanisms to improve decision-making quality and enhance governance effectiveness.

ESG-related Risk Identification and Assessment

We place a high priority on developing our risk management system and have established a structured ESG risk identification, assessment, and management framework to enhance our ability to anticipate, evaluate, and mitigate environmental, social, and governance-related risks. Given the nature of our business, where all product manufacturing is outsourced, we do not generate material emissions or hazardous waste, and our direct environmental impact remains minimal. Nonetheless, we monitor environmental and climate-related risks that may impact our business, strategy, and financial performance as our key agenda.

Technology Risks & Opportunities: We face technology upgrade risks associated with rapidly evolving cellular and AI module standards such as 5G-A and AI edge computing. To mitigate such risks and capture opportunities, we actively invest in R&D for high-performance smart modules, and cooperates closely with SoC and operating system platform providers to ensure early access to next-generation technologies.

Reputational Risks: Reputational risks may arise from data security breaches in certain applications such as ICVs and industrial IoT. We have established internal data handling protocols and ISO 27001-compliant information security practices to reduce such risks.

Environmental and Climate-related Risks: Although our operations are not carbon-intensive, climate-related transition risks may arise from client expectations, regulatory changes and green supply chain requirements.

Risk Identification and Management Framework: We identify and manage risks through a three-tier governance framework, led by the Board and assisted by senior management. Risks are reviewed quarterly based on their likelihood and impact across short-, medium- and long-term horizons.

Impact on Business, Strategy and Financial Performance: Failure to address key ESG and technical risks may impact our customer retention and product competitiveness. Proactive ESG and climate governance supports our access to global markets and enhances customer trust, particularly in the automotive and industrial sectors.

Under the supervision of the Board and with strategic coordination by the integrated management center, we have established a structured ESG risk management mechanism. This includes internal assessments led by the ESG working group, as well as external stakeholder consultations to ensure a comprehensive understanding of potential risk exposures.

Our risk identification and assessment process integrate multiple dimensions:

- *Regulatory compliance*: We conduct regular reviews of national and local environmental regulations, ESG disclosure requirements, and industry best practices. Internal audits and cross-departmental evaluations help ensure our operations remain compliant with evolving standards. Despite our low direct environmental impact, we implement precautionary controls related to waste disposal, energy conservation, and emissions management;

- *Strategic and operational risk mapping*: We assess risks arising from climate volatility, data privacy, labor standards, and supply chain stability. Our business continuity planning integrates ESG scenarios such as policy tightening or reputational risks linked to environmental negligence. Operationally, we promote energy-saving behavior and proper waste handling to reduce underlying exposure;

- *Stakeholder engagement*: We regularly engage employees, suppliers, customers, investors, and regulatory authorities to gather feedback on ESG-related concerns. Internal training programs and external questionnaires are used to assess awareness gaps and risk perception. This feedback helps align our ESG priorities with stakeholder expectations;

- *Integration into corporate governance*: ESG risks are incorporated into our enterprise-wide risk management and strategy-setting processes. Identified risks are reviewed by senior management and addressed through clear delegation and performance accountability. This ensures that ESG factors support operational resilience and long-term business value creation.

Strategies Addressing ESG-Related Risks

We have implemented various internal policies to manage and mitigate ESG-related risks, ensuring compliance with regulatory requirements and alignment with industry best practices. Our ESG risk management framework is designed to proactively identify, assess, and address potential risks, integrating environmental, social, and governance considerations into our overall business strategy.

- *Regulatory Compliance and ESG Monitoring*: We regularly review and assess ESG reports from comparable industry peers to ensure the timely identification of emerging ESG-related risks. We continuously monitor regulatory developments and update internal policies and management processes to maintain compliance with evolving environmental and governance requirements.

- *Environmental Risk Management*: As a company that does not have its own manufacturing facility, our direct environmental impact is limited. Nevertheless, we have established formal controls through our *Waste Management Procedure* and *Greenhouse Gas Emissions Control Procedure* to manage environmental and climate-related risks arising from office operations and upstream production partners. Although our greenhouse gas emissions remain low, we continue to monitor environmental trends and apply our *Hazard Identification and Evaluation Control*

Procedure to identify potential climate-related risks. Based on identified risk levels, targeted mitigation measures are implemented and integrated into operational planning and staff training programs.

- *Supply Chain and Third-Party Environmental Responsibility*: We implement strict ESG standards across our supplier base to manage environmental and social risks in our value chain. In accordance with the *Supplier Management Procedure*, we conduct ESG due diligence before onboarding new suppliers, requiring signed commitments to corporate social responsibility, hazardous substance control, and environmental compliance. In 2023, all new suppliers signed the required agreements, and we conducted ESG audit to suppliers. We also perform regular documentation reviews and, where appropriate, conduct independent third-party testing to validate supplier compliance. These measures ensure our upstream partners operate in accordance with environmental requirements and reduce the risk of supply chain-related ESG incidents.

Goals, Measures, and Targets

Our ESG working group has established a quantitative target KPI at the beginning of each financial year and implemented structured measures to manage and mitigate the environmental, social, and climate-related risks identified through our ESG risk assessment process. Our approach aims to balance business growth with sustainability, ensuring compliance with regulatory requirements while enhancing resource efficiency and minimizing environmental impact. Our quantitative targets for 2025 include achieving zero major safety incidents as defined by regulations, and zero environmental incidents.

Environmental and Energy Management Goals

We are committed to reducing energy consumption, optimizing resource utilization, and minimizing carbon emissions. Our energy management strategy focuses on enhancing energy efficiency in office operations, promoting low-carbon initiatives, and implementing advanced energy-saving technologies. We continuously monitor and analyze energy consumption trends to improve operational efficiency and reduce environmental impact. To achieve our goal, we have in place the following measures:

- Implement energy conservation training and awareness programs to encourage employees to adopt sustainable practices.

- Reduce overall electricity consumption intensity (mWh per million revenue) by optimizing energy use in office operations.

- Enforce strict air-conditioning and lighting control policies, conduct regular inspections to prevent energy waste, and implement peak-hour electricity reduction strategies.

Water Resource and Waste Management

We place great importance on the conservation of water resources and the proper management of waste. We strictly comply with national environmental regulations and actively promote initiatives that improve water use efficiency and waste disposal practices, including:

- Source all water supply from municipal sources, with no significant direct or indirect impact from water extraction, consumption, drainage, or storage changes.

- Actively promote employee awareness campaigns on water conservation, conduct facility inspections to prevent leaks, and optimize water usage efficiency in office operations.

As we do not engage in manufacturing activities, our operations do not generate hazardous or non-hazardous waste in the ordinary course of business. We continue to follow general principles of source reduction, reuse and responsible disposal for office-related waste to minimize our environmental footprint.

Monitoring Indicators

The following table sets forth certain of our environmental and climate indicators arising from our business operations during the Track Record Period.

	For the year ended December 31,			For the six months ended June 30,
	2022	2023	2024	2025
GHG emission				
Scope 1 emissions (tons of CO_2e)[(1)]	32.4	30.7	27.5	14.8
Scope 2 emissions (tons of CO_2e)[(2)]	682.2	677.5	645.8	300.5
Scope 3 emissions (tons of CO_2e)[(3)]	248.5	396.7	417.5	206.4
Total GHG emission (tons of CO_2e)	963.1	1,104.9	1,090.8	521.7
Electricity consumption				
Total electricity consumption (MWh)	1,271.3	1,091.8	1,132.9	559.9
Water consumption				
Total water consumption (tons)	5,748.0	4,830.0	4,968.0	2,021.0

Notes:

(1) Scope 1 emissions refer to direct GHG emissions primarily from the consumption of direct energy in our operations, namely the fuel consumed by our vehicles.

(2) Scope 2 emissions refer to indirect GHG emissions primarily from the consumption of electricity at our office spaces.

(3) Scope 3 emissions refer to indirect GHG emissions primarily from activities associated with products and services across the value chain.

During the Track Record Period, our total GHG emission and our total electricity consumption decreased, primarily because of our continued efforts in optimizing energy use efficiency.

Our total water consumption decreased from 5,748.0 tons in 2022 to 4,830.0 tons in 2023, remained stable at 4,968.0 tons in 2024. Our total water consumption amounted to 2,021.0 tons in the six months ended June 30, 2025.

Moving forward, we aim to further optimize energy use, reduce GHG emissions and improve water efficiency. We aim to lower our GHG emissions intensity by 12% by 2028 compared to the 2024, primarily through optimizing energy usage, increasing efficiency in operations and gradually transiting towards clean electricity sources.

Also, business travel is essential to our operations and client service. We aim to reduce emission intensity by promoting a combination of virtual and in-person travel, optimizing itineraries, and prioritizing low-carbon transport. We will also explore carbon offsetting to enhance travel sustainability.

Corporate Social Responsibility

Employment and Care

We recognize that talent is the cornerstone of sustainable corporate development and we are committed to fostering an inclusive, fair, and supportive workplace. We ensure that all employees' legal rights are protected and strive to create a positive working environment that promotes professional growth and personal well-being.

As of June 30, 2025, we employed 911 people across our operations in mainland China, including 658 male and 253 female employees. In terms of age distribution, the workforce was primarily composed of employees aged 21 to 40, providing a stable talent structure to meet our business development and operational needs. Recruitment follows an equal opportunity policy that prohibits discrimination on the grounds of gender, ethnicity, age, religion or disability, fostering a diverse and inclusive working environment.

We enter into employment contracts with our employees in accordance with the applicable PRC laws and regulations such as the PRC labor law and the PRC labor contract law and formulated the employee handbook (員工手冊) and other internal policies.

We attach great emphasis to talent acquisition and development. We have established a comprehensive talent selection system that combines internal promotion and external recruitment to attract outstanding professionals who align with our corporate values. For key positions, we uphold the principles of openness, fairness and impartiality, ensuring a structured and transparent hiring process. We continually invest in employee development by offering diverse training programs, refining career advancement pathways, and providing competitive compensation and performance-based incentives. Through these initiatives, we strive to empower our employees, enhance job satisfaction, and foster a work environment that supports both professional and personal growth.

Employee Benefits and Welfare

We are committed to enhancing employees' quality of work and life by offering comprehensive benefits and support programs. Our goal is to foster a workplace environment that promotes employee satisfaction, well-being and long-term engagement. We strive to offer competitive salaries to attract and retain employees and we provide attractive benefits and care to employees, including wedding and birth benefits, festival care, and community activities.

We will also focus on embracing diversity within our organization and equal and respectful treatment of all of our employees in their hiring, training, wellness, and professional and personal development. While maximizing equal career opportunities for everyone, we will also continue to promote work-life balance and create a pleasant workplace for all of our employees.

Occupational Health and Safety

We have adopted and maintained internal policies and procedures to safeguard a healthy and safe working environment in accordance with applicable occupational safety laws. Although we do not engage in manufacturing activities and are not exposed to material occupational safety risks, we have adopted a series of proactive measures to ensure employee well-being and compliance with relevant health and safety regulations. These measures include regular assessments of workplace health and safety risks, periodic training on emergency response and chemical safety, and annual fire drills to strengthen awareness and preparedness. We also offer routine health check-ups to our employees to monitor and promote physical well-being. In response to evolving regulatory requirements, we adjust our internal human resources policies as necessary, following consultations with legal advisors, to ensure ongoing compliance with applicable labor and safety standards.

Development and Training

To further support professional development, staff training management is divided into on-the-job training and onboarding training. The onboarding training for employees includes explaining professional knowledge and company culture and values. At the beginning of the year, our human resources department collects the training requirements of all departments and conducts on-the-job training according to common needs or pain points. At the same time, we also provide relevant leadership training for managers at different levels to help managers improve their team management skills and continue to move towards better management positions.

To further support employee development, our training system is structured around onboarding and on-the-job training. New employees receive induction programs covering corporate culture, values, and role-specific knowledge. At the beginning of each year, the human resources department consolidates training needs across departments and implements targeted programs addressing shared challenges and capability gaps.

Anti-Corruption and Anti-Bribery

We have established a comprehensive anti-corruption governance system encompassing internal policies, employee conduct standards, control mechanisms, and training programs, to ensure compliance with anti-bribery and anti-corruption laws in all jurisdictions of operation. Key policies include the Anti-Fraud Management Policy, the Anti-Commercial Bribery Agreement, and the Code of Conduct as outlined in the Employee Handbook, which clearly prohibit bribery, kickbacks, improper gifts, money laundering, and any form of unlawful payment intended to obtain business advantage. All employees are required to sign a Commitment to Integrity upon joining the company and must adhere to ethical conduct standards throughout procurement, bidding, and contract negotiation processes, with a formal declaration and mechanism for conflicts of interest. To mitigate compliance risks, the Group has implemented a multi-layered governance structure, under which the Finance and Internal Audit Departments conduct tiered reviews of significant payments, reimbursements, and contracts, supported by data analytics to identify anomalies. Regular internal audits are conducted across sales, procurement, and R&D functions to assess contract compliance, expense legitimacy, and adherence to ethical requirements. The Group also organizes annual anti-corruption training for all employees, with tailored sessions for key positions. The training covers real-life case studies, interpretation of laws and regulations (such as the *Criminal Law and Anti-Unfair Competition Law*), and in-depth guidance on internal policies to strengthen employees' legal awareness and ethical standards.

Supply Chain Management

We have established a comprehensive ESG governance framework within its supply chain management system to ensure that all suppliers and EMS providers meet applicable environmental and social standards. Prior to onboarding, suppliers are required to complete self-assessments on corporate social responsibility and environmental compliance, followed by internal risk evaluations and on-site audits.

As part of the qualification process, suppliers must sign a series of ESG-related undertakings, including the Integrity and Anti-bribery Agreement, Social Responsibility Notification, Restriction of Hazardous Substances Commitment, and Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) Declaration.

Furthermore, we promotes environmentally preferable sourcing by requiring the Restriction of Hazardous Substances (RoHS) and Material Safety Data Sheet (MSDS) documentation during sample approval. To the best of our knowledge, no major supplier or EMS provider was found to have material non-compliance with our ESG requirements during the reporting period, based on available disclosures and internal reviews.

LEGAL PROCEEDINGS AND COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any actual or pending legal, arbitration or administrative proceedings (including any bankruptcy or receivership proceedings) that we believe would have a material adverse effect on our business, results of operations, financial condition or reputation and compliance. Please see "Risk Factors — Risks Relating to Our Business and Industry — We may be involved in legal proceedings and commercial or contractual disputes, which could materially and adversely affect our reputation, business, financial condition and results of operations."

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any material non-compliance incidents that have led to fines, enforcement actions, or other penalties that could, individually or in the aggregate, have a material adverse effect on our business, results of operations and financial conditions.

INTERNAL CONTROL AND RISK MANAGEMENT

We have established a comprehensive risk management and internal control system to ensure compliance, operational efficiency and financial integrity. Our risk management policies cover various critical aspects of our operations, including financial reporting, information system and data security, compliance, intellectual property, capital utilization, audit mechanisms and human resources management. Our Board of Directors is responsible for overseeing risk management and internal controls, ensuring that they are adequate, effective and aligned with our strategic goals. Our senior management team oversees the daily implementation of these internal control procedures, ensuring compliance across all subsidiaries and functional departments. We also conduct periodic reviews of our policies and procedures to mitigate risks and align with regulatory requirements and business objectives.

Internal Control and Board Oversight

We have implemented strict segregation of duties to prevent conflicts of interest and unauthorized transactions. We have established approval hierarchies for procurement, financial transactions and contract execution to enhance control mechanisms. We have integrated automated control systems with SAP and other enterprise management tools to ensure compliance and efficiency in business operations.

We conduct periodic audits and risk evaluations and findings are reported to Board of Directors. We continuously monitor and improve our internal control processes to enhance corporate governance and risk mitigation.

Human Resources Risk Management

We recognize that human capital is fundamental to our success and have implemented a structured human resource management framework to support talent acquisition, employee development, performance evaluation, training work ethics, and compliance with labor laws.

We established an integrated HR management system to streamline recruitment, payroll, and performance assessment, improving efficiency and accuracy in human resources management. We have developed and implemented a structured hiring and evaluation processes to ensure talent alignment with corporate objectives. Regular performance reviews are conducted, with compensation tied to performance outcomes. We also provide regular employee trainings on ethics, compliance, cybersecurity, and technical skills to enhance workforce competency. Our legal team also closely monitor the implementation of internal risk management policies to address potential noncompliance with our code of conduct, work ethics, or internal policies.

Compliance Risk Management

We have implemented strict internal auditing procedures to ensure that our operations comply with relevant laws and regulations. Our legal team is responsible for monitoring changes in regulatory frameworks and implementing necessary adjustments to our policies and procedures. We conduct comprehensive due diligence before entering into contracts with customers, suppliers, and third parties. Our compliance risk management framework includes regular training programs, internal audits, and monitoring mechanisms to ensure adherence to relevant laws and corporate policies.

We conduct regular compliance training programs to enhance employees' awareness of regulatory obligations and ethical standards. We have also established an internal reporting mechanism that allows employees to report potential compliance violations anonymously. The

compliance team evaluates reported cases and takes corrective actions as necessary to prevent compliance breaches. There have been no material compliance issues or violations during the Track Record Period and as of the Latest Practicable Date.

We conduct periodic audits across different departments and continuously monitor and improve our internal control processes to enhance corporate governance and business security.

Capital Management and Investment Risk Management

We have implemented strict policies for managing corporate funds to enhance liquidity, optimize capital allocation and mitigate financial risks. Our capital management framework is designed to ensure efficient use of funds while maintaining financial stability.

We have established a centralized cash management system to optimize cash flow and ensure efficient capital deployment. We have implemented strict approval processes for capital expenditures, investments and financial transactions to strengthen financial oversight and ensure that financial transactions comply with internal policies and regulatory requirements. We conduct regular audits and reconciliations to safeguard corporate funds and prevent financial irregularities. We also actively manage foreign exchange risks by employing hedging strategies to minimize exposure to currency fluctuations.

Financial Reporting Risk Management

We maintain strict controls over financial reporting to ensure accuracy, completeness and compliance with applicable accounting standards and regulatory requirements. To manage financial reporting risks effectively, we have adopted comprehensive accounting policies covering financial management, budget management and financial statement preparation. Our financial reporting process is structured to prevent material misstatements and ensure timely disclosure. We implement a multi-layer review system for financial statements, incorporating segregation of duties, approval hierarchies and automated accounting systems to enhance financial data integrity.

To safeguard against fraudulent reporting, our finance department conduct regular internal audits and independent external audits to assess financial reporting risks. Our finance department evaluates financial controls, monitors compliance with accounting policies and ensures transparency in financial disclosures. Additionally, we employ advanced data security measures to protect financial data from unauthorized access and cyber threats.

Information System and Internal Communication Risk Management

The maintenance, storage, and protection of our data and related information are vital to our success. To safeguard against data leakage and loss, we have implemented a structured information transfer framework to manage internal communication, data privacy, and system reliability. Our ERP systems, email chains and periodic conferences are integrated to ensure seamless data flow and operational efficiency.

Our data protection policies are designed to prevent unauthorized access and ensure the security of our sensitive information.

We enforce strict access control measures, including role-based permissions and regular audits of system usage. To mitigate cybersecurity risks, we conduct periodic security assessments, implement multi-factor authentication, and ensure timely updates to software and security protocols. Data encryption and regular backup procedures are in place to prevent data breaches and ensure business continuity in case of system failures or cyber incidents.

During the Track Record Period and up to the Latest Practicable Date, we have not experienced any material data breaches, loss of information, or security threats such as cyberattacks, viruses, or ransomware. For further details, please see "Information Security and Data Privacy" in this section.

Intellectual Property Risk Management

As a technology-intensive company, we have been and may continue to be subject to claims from companies holding patents or other intellectual property rights, alleging infringement of such rights or otherwise asserting their rights and urging us to obtain licenses in the course of our operations. Please see "Risk Factors — Risks Relating to Our Industry and Business — If third parties claim that we infringe upon their intellectual property rights, we may incur liabilities and penalties and may have to redesign or suspend the sales of products or solutions involved."

We have established a robust intellectual property management system and implemented various internal policies to safeguard proprietary technologies, patents, and trade secrets. We have developed and implemented structured policies for patent applications and maintenance to secure and protect our innovations. We conduct regular intellectual property research to assess potential risks of infringement and ensure compliance with intellectual property laws. We require employees handling sensitive information to sign confidentiality agreements and non-compete clauses to protect our proprietary technologies.

We have established a dedicated legal team responsible for monitoring potential intellectual property disputes and taking necessary legal action to enforce our rights. We continuously review and improve our intellectual property policies to enhance the protection of our technological assets and maintain our competitive edge.

IMPACT OF THE COIVD-19 PANDEMIC

The outbreak of the COVID-19 pandemic introduced significant global challenges, impacting economies worldwide since 2020. These challenges included travel restrictions, quarantine measures, and shifts in working arrangements.

While these restrictions temporarily disrupted sectors of the global economy, our business operations continued with minimal disruption. Throughout this period, we adhered to government guidelines and regulations, such as remote working policies, and prioritized the safety and well-being of our employees.

On the supply side, we proactively communicated with our raw material suppliers and EMS providers, strategically procured key raw materials, to ensure the normal production of our modules and solutions. Although some of our raw materials experienced a price increase or temporary shortage and some of our EMS providers experienced minor delays in their production, we did not experience any material disruptions in our supply chain.

- Although we observed relatively slight price fluctuations in certain raw materials due to global supply chain constraints during the pandemic, with respect to our SoC chip raw materials used in our main product models, price remained relatively stable from 2020 through the third quarter of 2021, with some models even experiencing price decreases due to our increased procurement volumes. However, from the fourth quarter of 2021 into early 2022, global chip capacity shortages led to price increases of varying degrees for certain memory chips. Please see "— Impact of Global Chip Supply and Raw Material Price Volatility" in this section for details. for details of the analysis of the global chip capacity shortages. We addressed these cost pressures through a combination of strategies, including negotiating price adjustments with certain customers for new orders. While this exerted a degree of cost pressure and compressed gross margins on the affected products, it did not have a material adverse impact on our overall profitability.

- Although some of our EMS providers faced minor delays in their production schedules, we did not experience any material or prolonged production stoppages. Our strategic procurement and close coordination with EMS provider partners enabled us to secure sufficient supply to maintain our production schedules without significant interruption.

On the sales side, we actively engaged with our customers to alert them to potential logistics changes and force majeure events. Our research and development projects, product commercialization, product delivery and customer engagement did not experience significant delays. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material disruption to our regular operations due to the COVID-19 pandemic.

Despite the global pandemic challenges, our overall business performance remained resilient and continued to grow throughout the period. From 2020 to 2022, our revenue, gross profit and net profit all demonstrated consistent growth trend.

In light of the above, our Directors are of the view that the COVID-19 pandemic did not have any material adverse impact on our business operations and financial condition.

LICENSES, APPROVALS AND PERMITS

The following table sets out details of the material licenses held by us for our operations as of the Latest Practicable Date:

License/Permit	Holder	Grant Date	Expiry Date
Certificate of Registration of Customs Declaration Unit of the People's Republic of China (中華人民共和國海關報關單位註冊登記證書)	Our Company	February 14, 2012	Long-term
Foreign Trade Business Operator Filing Registration Form (對外貿易經營者備案登記表)	Our Company	July 6, 2020	Long-term[(1)]
Entry-Exit Inspection and Quarantine Registration Form for Enterprises (出入境檢驗檢疫報檢企業備案表)	Our Company	January 3, 2018	Long-term

Note:

(1) On December 30, 2022, the SCNPC adopted the Decision on Amending the Foreign Trade Law of the PRC, which repealed the filing requirement for foreign trade operators. Pursuant to this decision, as of December 30, 2022, all competent commerce authorities throughout the PRC ceased accepting and processing foreign trade business operator filing registrations. Therefore, the Foreign Trade Business Operator Filing Registration Form was no longer required to be renewed.

As of the Latest Practicable Date, we had obtained all requisite licenses, approvals and permits from relevant government authorities that are material to our business operations in China. We are required to renew such certificates, permits and licenses from time-to-time and we are continuingly overseeing the compliance with the relevant laws and regulations.

AWARDS AND RECOGNITIONS

The following table sets forth major awards and recognitions we received as of the Latest Practicable Date.

Award/Recognition	Award Year	Awarding Institution/Authority
Top 100 IoT Enterprises of 2023	2024	China IoT Industry Application Alliance and Shenzhen IoT Industry Association
IoT Industry Innovative Product of 2023	2024	
IoT Industry Benchmark Case of 2023	2024	
Top 100 IoT Enterprises in China of 2022	2023	China IoT Industry Application Alliance and Shenzhen IoT Industry Association
Top 100 Scale Suppliers of Intelligent Network Industry Chain, 2022-2023	2023	Gaogong Intelligent Vehicle Research Institute
2022 Shenzhen Specialized and Innovative Enterprises	2023	Industry and Information Technology Bureau of Shenzhen Municipality
National Specialized and Innovative "Little Giant" Enterprise	2023	PRC Ministry of Industry and Information Technology

The following discussion and analysis should be read in conjunction with our consolidated financial statements included in the Accountants' Report in Appendix I, together with the accompanying notes. Our consolidated financial statements have been prepared in accordance with 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 globally leading provider of wireless communication modules and solutions. Our wireless communication modules and solutions consist of (i) smart modules and solutions, which include (a) regular smart modules and solutions and (b) high-computing-power smart modules and solutions; and (ii) data transmission modules and solutions. Our wireless communication modules and solutions are widely applied across general IoT, ICV and wireless broadband sectors, and we are actively expanding into emerging on-device AI applications such as robots.

In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, our total revenue amounted to RMB2,305.9 million, RMB2,147.3 million, RMB2,941.4 million, RMB1,305.6 million and RMB1,886.5 million, respectively, and our net profit was RMB126.6 million, RMB62.6 million and RMB134.4 million, RMB32.8 million and RMB84.2 million, respectively.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Industry and Downstream Demand for Wireless Communication Modules and Solutions

We are a wireless communication modules and solutions provider and our business performance is affected by the market size and customer demand for wireless communication modules and solutions. Driven by proliferation of AI and IoT, upgrades in connected vehicles and consumer electronics, and expansion of data centers, the global wireless communication module market size has grown in recent years. According to Frost & Sullivan, the global wireless communication module market size grew from RMB32.3 billion in 2020 to RMB43.6 billion in

2024, with a CAGR of 7.7%, and is expected to further grow from RMB48.6 billion in 2025 to RMB72.6 billion in 2029, with a CAGR of 10.6%. The China wireless communication module market size grew from RMB17.4 billion in 2020 to RMB24.7 billion in 2024, with a CAGR of 9.1%, and is expected to further grow from RMB28.2 billion in 2025 to RMB45.5 billion in 2029, with a CAGR of 12.7%. The growth of China and global wireless communication module market represents an opportunity to further develop and increase the sales of our modules and solutions. Our revenue from sales overseas increased by 21.9% from RMB545.6 million in 2022 to RMB665.0 million in 2023, and further increased by 20.7% to RMB802.9 million in 2024.

In addition, we operate in an industry that is susceptible to the downstream demand for wireless communication modules. The demand for our products and solutions is largely driven by the demand for products and systems that embed our products and solutions in a wide range of downstream application sectors including ICV, general IoT and wireless broadband. As a result, our revenue is affected by the demand from downstream application sectors. For example, according to Frost & Sullivan, the market size of ICV application sector grew from RMB2.3 billion in 2020 to RMB5.0 billion in 2024, with a CAGR of 21.3%, and is expected to further grow from RMB6.7 billion in 2025 to RMB15.9 billion in 2029, with a CAGR of 24.0%. We observed an increase in our revenue from the ICV application sector, which increased by 73.5% from RMB342.2 million in 2022 to RMB593.6 million in 2023, and further increased by 105.7% to RMB1,220.9 million in 2024. We anticipate that in the coming years, the development of technologies in and the growth of market size of our downstream application sectors such as ICV will provide new revenue growth opportunities.

Our future growth will depend on our abilities to identify and capitalize on major market opportunities, including the proliferation of AI and IoT, upgrades in connected vehicles and consumer electronics, and expansion of data centers. Our financial performance relies on our ability to innovate and develop products that align with the latest technological trends and customer preferences. We believe that our diverse product offering and our ability to constantly innovate and adapt to evolving technological advancements, combined with our R&D capabilities well-position us to capture the market opportunities in global and China's growing wireless communication module industry and its application sectors.

Technical Innovation and Investment in Research and Development

Our operating results depend significantly on our ability to adapt to and effectively utilize the latest technological advancements. Staying at the forefront of innovation is critical to maintaining our competitiveness and meeting evolving market demands. Our ability to continue our R&D activities, develop new technologies, design new products and enhance existing products is crucial to our market success. Therefore, we continue to invest in technology development and innovation to reinforce our competitive strengths against our peers.

The progress of our technology and product development depends largely on our R&D talents and our investment towards R&D. As of June 30, 2025, our R&D and technology team consisted of 769 members, representing 83.1% of total employees. Employee compensation for our R&D and technology staff was 63.1%, 62.7%, 61.9%, 63.7% and 62.5% of our research and development expenses in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively. In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, we recorded R&D expenses of RMB185.9 million, RMB213.9 million, RMB208.1 million, RMB95.2 million and RMB95.9 million, representing 8.1%, 10.0%, 7.1%, 7.3% and 5.1% of our total revenue, respectively.

Ability to Attract and Maintain Key Customers and Broaden Customer Base

At the core of our growth strategy is our commitment to maintain robust relationships with existing large-scale global customers while continuously broadening our customer base. We have established long-standing business relationships with numerous top-tier enterprises across various industries. We aim to develop new relationships with leading enterprises across various industries for our modules and solutions and enhance our recognition in our downstream application sectors. Our business scale, results of operations and financial conditions will depend on our ability to maintain business relationships with existing customers that make repeat and large orders and attract new customers.

We leverage our strengths in technology, quality and service to meet varied needs for customers across different industries. We monitor changes in market demand and leverage our end-to-end technical capabilities to achieve technical customization in order to meet higher requirements for the performance, stability and customization of modules and solutions. This breadth in capabilities provides numerous opportunities for fostering customer loyalty and increasing revenue. Our strategic partnerships with major customers further establish ourselves as a trusted wireless communication modules and solutions provider in the market, while our reputation for reliability and innovation attracts new customers across regions and verticals. We believe that this approach will continue to enable us to capture market share in the rapidly expanding market and enhance our competitive position globally.

Fluctuation in Prices of Raw Materials and Supply Chain Management

The prices of raw materials and the efficiency of supply chain management directly affect our cost of sales and gross profit and have historically experienced fluctuations. In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, raw materials costs accounted for 91.3%, 92.3%, 92.8%, 92.9% and 92.9% of our cost of sales, respectively. As most of our modules consist of baseband chip, SoC and memory chip and the cost of memory chip represent a majority of the average raw material cost in a module, changes in the availability and prices of raw materials, particularly memory chip, could have a significant impact on our results of operations.

The table below sets forth a sensitivity analysis of changes in our profit before tax in response to fluctuations in cost of raw materials during the periods indicated.

	Change in profit before tax			
	2022	2023	2024	Six months ended June 30, 2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Change in cost of raw materials[(1)]. . . .				
+/-5%	-/+86,717	-/+80,806	-/+114,003	-/+76,301
+/-10%	-/+173,434	-/+161,612	-/+228,007	-/+152,601

Note:

(1) The sensitivity analysis was based on the assumption that, save for the hypothetical fluctuations in cost of raw materials, all other factors were assumed to be unchanged. This sensitivity analysis was intended for reference only, and actual results may differ from the amounts indicated.

In 2022, 2023, 2024 and the six months ended June 30, 2025, purchase from our five largest suppliers, including baseband chip, SoC and memory chip suppliers, accounted for 57.8%, 53.3%, 63.8% and 62.6% of our total procurement cost, respectively. Please see "Risk Factors — Risk Factors Related to Our Business and Our Industry — We may be exposed to risks relating to fluctuations of raw material costs" for more information.

We have established long-standing and stable business relationships with major domestic and international suppliers of memory chip to secure a reliable and quality supply of key raw materials for production. In addition, we have been enhancing our in-house capabilities in areas, particularly in high-end products, to reduce our reliance on external parties. Going forward, we intend to further enhance the resilience of both our international and domestic supply chains by strengthening our cooperation with both domestic and international top-tier suppliers.

Scale of Our Product Offerings and Diversification of Our Product Mix

We offer a comprehensive range of modules and solutions, including regular smart modules and solutions, high-computing-power smart modules and solutions and data transmission modules and solutions catering to the needs of both enterprises and end customers. The scale of our business and the growth of our revenue are largely driven by the expansion, breadth and diversification of our product offerings. Within each product line, we strive to continuously expand and upgrade our offerings to provide comprehensive and high-quality solutions to our customers. Additionally, our cost of sales and pricing strategy vary across modules and solutions, resulting in differences in our gross profit margin by module and solution type. By leveraging our diversified

product offerings and our vertically integrated business model, we are able to offer customers a variety of products, which will create potential business growth opportunities. We anticipate that our results of operations and profitability will continue to be influenced by the growth and mix of our product offerings.

BASIS OF PRESENTATION

The historical financial information has been prepared in accordance with International Accounting Standards and International Financial Reporting Standards ("**IFRSs**"), together the IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board. All IFRSs effective for the accounting period commencing from January 1, 2024, together with the relevant transitional provisions, have been early adopted by our Group 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 certain financial instruments which have been measured at fair value.

The preparation of the historical financial information in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires the management to make judgements, estimates and assumptions in the process of applying our Group's accounting policies. Judgements made by the management in the application of IFRSs that have significant effect on the historical financial information and major sources of estimation uncertainty are discussed in Note 3 to the Accountants' Report included in Appendix I to this document.

MATERIAL ACCOUNTING POLICIES AND ESTIMATES

We have identified certain accounting policies that are material to the preparation of our consolidated financial statements. Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments related to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and operational results. Our management evaluates such estimates, assumptions and judgments based on past experience and other factors, including industry practices and expectations of future events that are deemed to be reasonable under the circumstances. There has not been any material deviation from our management's estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes in these estimates and assumptions in the foreseeable future. Details of our material accounting policies, estimates, assumptions and judgments, which are important for understanding our financial condition and results of operations, are set forth in Notes 2 and 3 to the Accountants' Report in Appendix I to this document.

PRINCIPAL COMPONENTS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

Revenue

During the Track Record Period, we generated revenue primarily from the sale of wireless communication modules and solutions, including (i) smart modules and solutions, which include (a) regular smart modules and solutions and (b) high-computing-power smart modules and solutions; and (ii) data transmission modules and solutions.

Cost of sales

Our cost of sales consists of (i) raw material costs, (ii) outsourced production costs, (iii) direct labor costs and (iv) others.

Gross Profit and Gross Profit Margin

Our gross profit represents our revenue less our cost of sales, and our gross profit margin represents our gross profit divided by our revenue, expressed as a percentage.

Other Income and Gains

Our other income primarily consists of (i) interest income and (ii) government grants. Our other gains primarily consist of (i) gains on equity investments at fair value through profit or loss ("**FVTPL**") and (ii) gain on deemed disposal of a subsidiary, which is an entity established by three entities, including us, an entity controlled by Mr. Wang and a third-party entity. The entity's principal business was promoting the sales of mobile broadband and FWA products in China. Under such entity, we were primarily responsible for providing technology and products, and the third-party partner was primarily responsible for branding, sales channels building and sales. The deemed disposal occurred in 2024 due to the increase in shareholding from 34.5% to 51.8% by the third-party partner, as a result of which our shareholding of the subsidiary was reduced from 51% to 37.5% and thus we no longer held control over the subsidiary after both parties' negotiation and mutual agreement. As a result, this was considered as a deemed disposal.

Selling and Marketing Expenses

Our selling and marketing expenses primarily consist of (i) employee compensation, (ii) consultation expenses, (iii) office expenses, (iv) market expansion expenses and (v) travel expenses.

Administrative Expenses

Our administrative expenses primarily consist of (i) employee compensation, (ii) taxes and surcharges, (iii) share-based payments, (iv) travel expenses, (v) entertainment expenses, (vi) professional service expenses and (vii) depreciation and amortization.

Research and Development Expenses

Our research and development expenses primarily consist of (i) employee compensation, (ii) depreciation and amortization, (iii) material fees, (iv) technical service fees, (v) testing and verification fees and (vi) share-based payments.

Impairment Losses and Gains on Financial Assets

Our impairment losses and gains on financial assets represent impairment losses and gains on (i) trade and bills receivables and (ii) other receivables.

Other Expenses

Our other expenses primarily consist of net foreign exchange loss.

Finance Costs

Our finance costs consist of interest on (i) bank loans and (ii) lease liabilities.

Share of Profits and Losses of Joint Ventures

Our share of profits and losses of joint ventures consist of profits and losses from our investment in joint ventures including MeiLink Co., Ltd. (株式會社MeiLink) and Guangzhou Liandong Gezhi Technology Co., Ltd. (廣州聯懂格智技術有限公司).

Share of Profits and Losses of Associates

Our share of profits and losses of associates consist of profits and losses from our investment in ShuoGe Intelligent Technology Co., Ltd. (碩格智能技術有限公司) and Shenzhen Pinsu Zhilian Information Technology Co., Ltd. (深圳市品速智聯信息技術有限公司).

Income Tax Expense/Benefit

We are subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which we operate or are domiciled.

For details on applicable taxes and tax rates, please see Note 10 to the Accountants' Report in Appendix I to this document.

NON-IFRS MEASURE

We also use adjusted net profit (non-IFRS measure) in evaluating our operating results, which is not required by or presented in accordance with IFRS as an additional financial measure to supplement our consolidated financial statements, which are presented in accordance with IFRS. We define adjusted net profits (non-IFRS measure) as profit for the year adjusted for (i) share-based payment expenses, which are non-cash in nature and (ii) **[REDACTED]**, which relate to the **[REDACTED]**. We believe that the non-IFRS measure provides useful information to **[REDACTED]** and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of adjusted net profit (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of such non-IFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for an analysis of, our results of operations or financial condition as reported under IFRS.

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

	For the year ended December 31,			For the six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Profit for the year/period	**126,615**	**62,609**	**134,375**	**32,821**	**84,167**
Add:					
Share-based payment expenses	8,455	2,777	11,118	—	11,761
[REDACTED]	—	—	—	—	[REDACTED]
Adjusted net profit (non-IFRS measure)	**135,070**	**65,386**	**145,493**	**32,821**	**96,201**

RESULTS OF OPERATIONS

The following table sets forth a summary of our consolidated statements of profit or loss and other comprehensive income for the year or period indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Revenue	**2,305,932**	**100.0**	**2,147,336**	**100.0**	**2,941,374**	**100.0**	**1,305,551**	**100.0**	**1,886,475**	**100.0**
Cost of sales	(1,900,557)	(82.4)	(1,751,198)	(81.6)	(2,456,712)	(83.5)	(1,096,575)	(84.0)	(1,643,192)	(87.1)
Gross profit	**405,375**	**17.6**	**396,138**	**18.4**	**484,662**	**16.5**	**208,976**	**16.0**	**243,283**	**12.9**
Other income and gains	69,733	3.0	47,138	2.2	20,015	0.7	8,340	0.6	20,344	1.1
Selling and marketing expenses	(46,359)	(2.0)	(63,800)	(3.0)	(59,190)	(2.0)	(28,066)	(2.1)	(28,837)	(1.5)
Administrative expenses	(59,167)	(2.6)	(66,752)	(3.1)	(70,676)	(2.4)	(32,677)	(2.5)	(35,952)	(1.9)
Research and development expenses	(185,909)	(8.1)	(213,877)	(10.0)	(208,136)	(7.1)	(95,203)	(7.3)	(95,867)	(5.1)
Impairment (losses)/gains on financial assets	(7,318)	(0.3)	(14,231)	(0.7)	6,556	0.2	744	0.1	1,480	0.1
Other expenses	(6,987)	(0.3)	(6,764)	(0.3)	(29,947)	(1.0)	(12,453)	(1.0)	(1,174)	(0.1)
Finance costs	(13,886)	(0.6)	(8,644)	(0.4)	(6,297)	(0.2)	(3,775)	(0.3)	(5,259)	(0.3)
Share of profits and losses of joint ventures	(618)	(0.0)	(511)	(0.0)	(860)	(0.0)	(268)	(0.0)	(842)	(0.0)
Share of profits and losses of associates	(5,279)	(0.2)	(5,570)	(0.3)	(11,986)	(0.4)	(5,012)	(0.4)	(4,286)	(0.2)
Profit before tax	**149,585**	**6.5**	**63,127**	**2.9**	**124,141**	**4.2**	**40,606**	**3.1**	**92,890**	**4.9**
Income tax (expense)/benefit	(22,970)	(1.0)	(518)	(0.0)	10,234	0.3	(7,785)	(0.6)	(8,723)	(0.5)
Profit for the year/period	**126,615**	**5.5**	**62,609**	**2.9**	**134,375**	**4.6**	**32,821**	**2.5**	**84,167**	**4.5**

Revenue

Revenue by Module and Solution

The following table sets forth a breakdown of our revenue by module and solution type in absolute amounts and as percentages of the total revenue, for the periods indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Modules and solutions	**2,227,999**	**96.6**	**2,048,987**	**95.4**	**2,808,563**	**95.5**	**1,235,604**	**94.6**	**1,838,575**	**97.5**
(i) Smart modules and solutions	957,351	41.5	1,218,424	56.7	1,850,696	62.9	796,369	61.0	1,352,722	71.7
(a) Regular smart modules and solutions	922,296	40.0	898,167	41.8	832,578	28.3	486,353	37.3	567,902	30.1
(b) High-computing-power smart modules and solutions	35,055	1.5	320,257	14.9	1,018,118	34.6	310,016	23.7	784,820	41.6
(ii) Data transmission modules and solutions	1,270,648	55.1	830,563	38.7	957,867	32.6	439,235	33.6	485,853	25.8
Others[(1)]	**77,933**	**3.4**	**98,349**	**4.6**	**132,811**	**4.5**	**69,947**	**5.4**	**47,900**	**2.5**
Total	**2,305,932**	**100.0**	**2,147,336**	**100.0**	**2,941,374**	**100.0**	**1,305,551**	**100.0**	**1,886,475**	**100.0**

Note:

(1) Primarily including sales of electronic components.

The following table sets forth the sales volume of our main modules and solutions for the periods indicated.

	For the year ended December 31,			For the six months ended June 30,	
	2022	2023	2024	2024	2025
	'000	*'000*	*'000*	*'000*	*'000*
(i) Smart modules and solutions	**2,889**	**2,766**	**3,520**	**1,507**	**2,075**
(a) Regular smart modules and solutions	2,860	2,492	2,520	1,233	1,383
(b) High-computing-power smart modules and solutions	29	274	1,001	274	692
(ii) Data transmission modules and solutions	**8,986**	**9,104**	**8,648**	**4,972**	**4,574**

The following table sets forth the average selling price of our main modules and solutions for the periods indicated.

	For the year ended December 31,			For the six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
(i) Smart modules and solutions	**331.4**	**440.6**	**525.7**	**528.4**	**651.9**
(a) Regular smart modules and solutions	322.5	360.4	330.4	394.3	410.6
(b) High-computing-power smart modules and solutions	1,200.8	1,169.8	1,017.5	1,132.5	1,134.4
(ii) Data transmission modules and solutions	**141.4**	**91.2**	**110.8**	**88.3**	**106.2**

The following table sets forth the sales volume of our main modules and solutions by application sectors for the periods indicated.

	For the year ended December 31,			For the six months ended June 30,	
	2022	2023	2024	2024	2025
	'000	*'000*	*'000*	*'000*	*'000*
General IoT	8,489	9,143	7,709	4,600	4,261
ICV	684	1,092	2,420	998	1,215
Wireless Broadband	2,702	1,634	2,039	882	1,174

The following table sets forth the average selling price of our main modules and solutions by application sectors for the periods indicated.

	For the year ended December 31,			For the six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
General IoT	118.4	106.2	136.3	132.2	165.3
ICV	500.4	543.5	504.5	404.1	671.4
Wireless Broadband	326.1	296.5	263.4	254.3	271.4

Please see "Results of Operations — Revenue — Revenue by Module and Solution — Comparison between 2024 and 2023" and "Results of Operations — Revenue — Revenue by Module and Solution — Comparison between 2023 and 2022" for details on fluctuations in average selling price of data transmission modules and solutions.

During the Track Record Period, our revenue was primarily derived from sales of: (i) smart modules and solutions, including (a) regular smart modules and solutions and (b) high-computing-power smart modules and solutions; and (ii) data transmission modules and solutions.

Comparison between the six months ended June 30, 2025 and the six months ended June 30, 2024: Our revenue increased by 44.5% from RMB1,305.6 million in the six months ended June 30, 2024 to RMB1,886.5 million in the six months ended June 30, 2025. Specifically:

- *Smart modules and solutions:* Revenue generated from sales of our smart modules and solutions increased by 69.9% from RMB796.4 million in the six months ended June 30, 2024 to RMB1,352.7 million in the six months ended June 30, 2025. Specifically:

  (i) Regular smart modules and solutions: Revenue generated from sales of our regular smart modules and solutions increased by 16.8% from RMB486.4 million in the six months ended June 30, 2024 to RMB567.9 million in the six months ended June 30, 2025, primarily attributable to

  (a) an increase in the sales volume of our regular smart modules and solutions used in ICV as a result of increase in demand for these modules and solutions from downstream customers; and

(b) an increase in the average selling price of our regular smart modules used in general IoT. The average selling price increased as a result of an increase in demand for smart products and on-device applications that use our regular smart modules.

(ii) High-computing-power smart modules and solutions: Revenue generated from sales of our high-computing-power smart modules and solutions increased by 153.2% from RMB310.0 million in the six months ended June 30, 2024 to RMB784.8 million in the six months ended June 30, 2025, primarily attributable to an increase in downstream demand in the ICV application sector, especially in the intelligent cockpit application scenario.

- *Data transmission modules and solutions:* Revenue generated from sales of our data transmission modules and solutions increased by 10.6% from RMB439.2 million in the six months ended June 30, 2024 to RMB485.9 million in the six months ended June 30, 2025, primarily attributable to a 20.3% increase in the average selling price from RMB88.3 per unit in the six months ended June 30, 2024 to RMB106.2 per unit in the six months ended June 30, 2025. The increase in the average selling price of data transmission module was primarily attributable to an increase in the sales of our 5G data transmission modules and solutions as a result of our expanded customer base. These 5G data transmission modules and solutions generally had higher selling price because they had more advanced functions to enable 5G connection, and as a result they were more expensive than other models of data transmission modules.

- *Others:* Revenue generated from sales of other products decreased by 31.5% from RMB69.9 million in six months ended June 30, 2024 to RMB47.9 million in six months ended June 30, 2025, primarily due to a decrease in the sales of electronic components.

Comparison between 2024 and 2023: Our revenue increased by 37.0% from RMB2,147.3 million in 2023 to RMB2,941.4 million in 2024. Specifically:

- *Smart modules and solutions*: Revenue generated from sales of our smart modules and solutions increased by 51.9% from RMB1,218.4 million in 2023 to RMB1,850.7 million in 2024. Specifically:

(i) Regular smart modules and solutions: Revenue generated from sales of our regular smart modules and solutions remained relatively stable at RMB898.2 million in 2023 and RMB832.6 million in 2024.

(ii) High-computing-power smart modules and solutions: Revenue generated from sales of our high-computing-power smart modules and solutions increased by 217.9% from RMB320.3 million in 2023 to RMB1,018.1 million in 2024, primarily attributable to an increase in downstream demand in the ICV application sector, especially in the intelligent cockpit application scenario.

- *Data transmission modules and solutions*: Revenue generated from sales of our data transmission modules and solutions increased by 15.3% from RMB830.6 million in 2023 to RMB957.9 million in 2024, primarily attributable to a 21.5% increase in the average selling price of our data transmission modules from RMB91.2 per unit in 2023 to RMB110.8 per unit in 2024. The increase in the average selling price of our data transmission modules was primarily attributable to (i) an increase in the sales proportion of 4G data transmission modules with higher selling price sold to certain customers and (ii) an increase in the sales of our 5G data transmission modules and solutions as a result of our expanded customer base. These 5G data transmission modules and solutions generally had higher selling price because they had more advanced functions to enable 5G connection, and as a result they were more expensive than other models of data transmission modules.

- *Others*: Revenue generated from sales of other products increased by 35.1% from RMB98.3 million in 2023 to RMB132.8 million in 2024, primarily attributable to an increase in the sales of electronic components.

Comparison between 2023 and 2022: Our revenue decreased by 6.9% from RMB2,305.9 million in 2022 to RMB2,147.3 million in 2023. Specifically:

- *Smart modules and solutions*: Revenue generated from sales of our smart modules and solutions increased by 27.3% from RMB957.4 million in 2022 to RMB1,218.4 million in 2023. Specifically:

  (i) Regular smart modules and solutions: Revenue generated from sales of our regular smart modules and solutions remained relatively stable at RMB922.3 million in 2022 and RMB898.2 million in 2023.

  (ii) High-computing-power smart modules and solutions: Revenue generated from sales of our high-computing-power smart modules and solutions increased by 813.6% from RMB35.1 million in 2022 to RMB320.3 million in 2023, primarily attributable to an increase in downstream demand in the ICV application sector, especially in the intelligent cockpit application scenario.

- *Data transmission modules and solutions*: Revenue generated from sales of our data transmission modules and solutions decreased by 34.6% from RMB1,270.6 million in 2022 to RMB830.6 million in 2023, primarily due to a 35.5% decrease in the average selling price of our data transmission modules and solutions from RMB141.4 per unit to RMB91.2 per unit, despite a 1.3% increase in sales volume of our data transmission modules and solutions from 2022 to 2023. The decrease in the average selling price of our data transmission modules was primarily due to a decrease in the sales proportion of our data transmission modules and solutions used in wireless broadband products of overseas carriers which generally had higher selling price. Such decrease was primarily because we fulfilled a majority of the orders for these data transmission modules and solutions in 2022. As a result of the above, the overall selling price decreased from 2022 to 2023.

- *Others*: Revenue generated from sales of other products increased by 26.2% from RMB77.9 million in 2022 to RMB98.3 million in 2023, primarily attributable to an increase in the sales of electronic components.

Revenue by Application Sectors

The following table sets forth a breakdown of our revenue in terms of application sectors during the Track Record Period.

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
General IoT	1,004,868	43.6	970,963	45.2	1,050,531	35.7	608,152	46.6	704,251	37.3
ICV	342,173	14.8	593,629	27.6	1,220,869	41.5	403,196	30.9	815,880	43.3
Wireless broadband	880,957	38.2	484,395	22.6	537,164	18.3	224,256	17.2	318,444	16.9
Others[(1)]	77,933	3.4	98,349	4.6	132,811	4.5	69,947	5.3	47,900	2.5
Total	**2,305,932**	**100.0**	**2,147,336**	**100.0**	**2,941,374**	**100.0**	**1,305,551**	**100.0**	**1,886,475**	**100.0**

Note:

(1) Primarily including sales of electronic components.

- *General IoT*: Our revenue from sales of our products and solutions used in general IoT remained relatively stable at RMB1,004.9 million in 2022 and RMB971.0 million in 2023. Our revenue from sales of these products and solutions increased by 8.2% from RMB971.0 million in 2023 to RMB1,050.5 million in 2024, primarily attributable to an increase in demands from our overseas customers for smart modules and solutions, which was in line with industry trend, according to Frost & Sullivan.

Our revenue generated from sales of our products and solutions used in general IoT increased by 15.8% from RMB608.2 million for the six months ended June 30, 2024 to RMB704.3 million for the six months ended June 30, 2025, primarily attributable to an increase in the average selling price of our modules and solutions used in general IoT, as a result of an increase in sales of our products and solutions used in consumer electronic sectors with higher average selling price.

- *ICV*: Our revenue from sales of our products and solutions used in ICV increased by 73.5% from RMB342.2 million in 2022 to RMB593.6 million in 2023, and further increased by 105.7% to RMB1,220.9 million in 2024, primarily attributable to an increase in the sales volume of our smart modules and solutions used in ICV as a result of increase in demand for these modules and solutions from downstream customers. Our revenue generated from sales of our products and solutions used in ICV increased by 102.4% from RMB403.2 million for the six months ended June 30, 2024 to RMB815.9 million for the six months ended June 30, 2025, primarily attributable to an increase in the sales volume of our smart modules and solutions used in ICV as a result of increase in demand for these modules and solutions from downstream customers.

- *Wireless Broadband*: Our revenue from sales of our products and solutions used in wireless broadband decreased by 45.0% from RMB881.0 million in 2022 to RMB484.4 million in 2023, primarily because of a decrease in the sales proportion of our data transmission modules and solutions used in wireless broadband products of overseas carriers. Such decrease was primarily because we fulfilled a majority of these data transmission modules and solutions in 2022, which resulted in lower volume of orders fulfilled in 2023. Our revenue for the same products and solutions increased by 10.9% from RMB484.4 million in 2023 to RMB537.2 million in 2024, primarily due to an increase in the demand for data transmission modules and solutions applied in wireless broadband as we expanded our customer base. Our revenue generated from sales of our products and solutions used in wireless broadband increased by 42.0% from RMB224.3 million for the six months ended June 30, 2024 to RMB318.4 million for the six months ended June 30, 2025, primarily attributable to our market expansion in Japan.

Cost of Sales

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

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Raw material costs	1,734,338	91.3	1,616,120	92.3	2,280,067	92.8	1,018,623	92.9	1,526,010	92.9
Outsourced production costs	111,389	5.9	98,112	5.6	137,165	5.6	60,135	5.5	76,893	4.7
Direct labor costs	25,203	1.3	15,576	0.9	10,460	0.4	4,792	0.4	18,434	1.1
Others	29,626	1.5	21,391	1.2	29,019	1.2	13,025	1.2	21,855	1.3
Total	**1,900,557**	**100.0**	**1,751,198**	**100.0**	**2,456,712**	**100.0**	**1,096,575**	**100.0**	**1,643,192**	**100.0**

Our cost of sales decreased by 7.9% from RMB1,900.6 million in 2022 to RMB1,751.2 million in 2023, and increased by 40.3% from RMB1,751.2 million in 2023 to RMB2,456.7 million in 2024, which was generally in line with our sales and revenue trend. Our cost of sales increased by 49.8% from RMB1,096.6 million for the six months ended June 30, 2024 to RMB1,643.2 million for the six months ended June 30, 2025, which was generally in line with our sales and revenue trend.

Gross Profit and Gross Profit Margin

As a result of the foregoing, we recorded gross profit of RMB405.4 million, RMB396.1 million, RMB484.7 million, RMB209.0 million and RMB243.3 million in 2022, 2023, 2024, the six months ended June 30, 2024 and 2025, respectively, representing gross profit margin of 17.6%, 18.4%, 16.5%, 16.0% and 12.9%, respectively, during the same periods.

Gross Profit and Gross Profit Margin by Module and Solution

The following table sets forth a breakdown of our gross profit and gross profit margin by module and solution for the periods indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Modules and solutions	**394,177**	**17.7**	**393,657**	**19.2**	**469,886**	**16.7**	**200,353**	**16.2**	**238,682**	**13.0**
(i) Smart modules and solutions	177,730	18.6	263,107	21.6	346,307	18.7	143,336	18.0	198,655	14.7
(a) Regular smart modules and solutions	172,647	18.7	196,456	21.9	152,312	18.3	76,363	15.7	96,005	16.9
(b) High-computing-power smart modules and solutions	5,083	14.5	66,651	20.8	193,995	19.1	66,973	21.6	102,650	13.1
(ii) Data transmission modules and solutions	216,447	17.0	130,550	15.7	123,579	12.9	57,017	13.0	40,027	8.2
Others[(1)]	**11,198**	**14.4**	**2,481**	**2.5**	**14,776**	**11.1**	**8,623**	**12.3**	**4,601**	**9.6**
Total	**405,375**	**17.6**	**396,137**	**18.4**	**484,662**	**16.5**	**208,976**	**16.0**	**243,283**	**12.9**

Note:

(1) Primarily including gross profit from sales of electronic component.

Comparison between the six months ended June 30, 2025 and the six months ended June 30, 2024: Our gross profit increased by 16.4% from RMB209.0 million in the six months ended June 30, 2024 to RMB243.3 million in the six months ended June 30, 2025, and our gross profit margin decreased from 16.0% to 12.9% in the same periods, primarily due to a decrease in the gross profit margin of modules and solutions and other products. Specifically:

- *Smart modules and solutions:* The gross profit margin of our smart modules and solutions decreased from 18.0% in the six months ended June 30, 2024 to 14.7% in the six months ended June 30, 2025, primarily due to a decrease in the gross profit margin of high-computing-power smart modules and solutions. Specifically:

(i) *Regular smart modules and solutions:* The gross profit margin of our regular smart modules and solutions increased from 15.7% in the six months ended June 30, 2024 to 16.9% in the six months ended June 30, 2025, primarily due to a proportional increase in sales for certain projects and customers in the IoT sector which generally had higher gross profit margin.

(ii) *High-computing-power smart modules and solutions:* The gross profit margin of our high-computing-power smart modules and solutions decreased from 21.6% in the six months ended June 30, 2024 to 13.1% in the six months ended June 30, 2025, primarily due to an increase in the unit cost of sales of our high-computing-power smart modules and solutions as a result of an increase in the purchase price of memory chips, a key component of high-computing-power smart modules and solutions. Specifically, the average purchase price of one of our primary memory chips used for our products increased from approximately US$40.7 in 2024 to US$49.5 in the first six months of 2025.

To mitigate the impact of rising component costs, we have strengthened our supply chain management. Our supply chain team closely monitors industry information and market intelligence to forecast price trends, particularly for memory chips. By proactively managing our inventory levels based on these forecasts, we have been able to partially offset the impact of cost increases. In addition, where commercially practicable, we seek to pass through a portion of significant and sustained cost increases to our downstream customers through pricing adjustments in our commercial negotiations. Please see "Business — Raw Materials and Procurement — Impact of Global Chip Supply and Raw Material Price Volatility" for details. We believe that these combined efforts help reduce the effect of price volatility on our costs and protect our gross profit margin.

- *Data transmission modules and solutions:* The gross profit margin of our data transmission modules and solutions decreased from 13.0% in the six months ended June 30, 2024 to 8.2% in the six months ended June 30, 2025, primarily due to an increase in the sales proportion of our data transmission modules and solutions sold in overseas carriers in Japan with lower gross profit margin. During the period, we fulfilled a greater proportion of large orders for customers, particularly for sales into the Japanese market. While we adopt a competitive pricing strategy for such large-volume orders to secure market share and achieve economies of scale, these projects inherently carry lower margins, which in turn reduced the overall gross profit margin for this product category.

The market for data transmission modules, particularly for mature products, is characterized by intense competition which exerts continuous pressure on pricing. Our strategy of securing large-volume orders, even at lower initial margins, is crucial for maintaining our market share, strengthening customer relationships, and achieving economies of scale in production and procurement. While this may negatively impact our gross profit margin in the short term, we believe it enhances our long-term competitive position. To balance our overall profitability going forward, we will continue to focus on (i) developing and promoting newer products with higher value-add, such as our 5G and 5G-A modules, and (ii) expanding our base of high-quality overseas customers in diverse end-markets, which we believe will help stabilize and improve the gross profit margin of this segment over time. These data transmission modules and solutions had lower gross profit margin because we adopted competitive pricing to increase our market share.

Comparison between 2024 and 2023: Our gross profit increased by 22.3% from RMB396.1 million in 2023 to RMB484.7 million in 2024, and our gross profit margin decreased from 18.4% to 16.5% in the same periods, primarily due to the decrease in the gross profit margin of our modules and solutions from 19.2% in 2023 to 16.7% in 2024. Specifically:

- *Smart modules and solutions*: The gross profit margin of our smart modules and solutions decreased from 21.6% in 2023 to 18.7% in 2024. Specifically:

  (i) Regular smart modules and solutions: The gross profit margin of our regular smart modules and solutions decreased from 21.9% in 2023 to 18.3% in 2024, primarily due to a decrease in the sales proportion of our regular smart modules and solutions applied in ICV. These regular smart modules and solutions generally had higher gross profit margin. Specifically, one of our major ICV customers began to transition its procurement from our regular smart modules to our high-computing-power smart modules for its newer vehicle platforms. This strategic shift by our customer led to a decrease in sales volume of our regular smart modules supplied for its projects. In contrast, the gross profit margin of our regular smart modules sold to the non-ICV sectors, remained relatively stable.

  (ii) High-computing-power smart modules and solutions: The gross profit margin of our high-computing-power smart modules and solutions remained relatively stable at 20.8% in 2023 and 19.1% in 2024.

- *Data transmission modules and solutions*: The gross profit margin of our data transmission modules and solutions decreased from 15.7% in 2023 to 12.9% in 2024, primarily due to

(i) a decrease in the gross profit margin of our 4G data transmission modules applied in ICV as a result of a large amount of sales of a 4G data transmission module model with relatively lower gross profit margin. The lower gross margin for 4G data transmission modules was primarily because (a) we adopted a strategic pricing approach to enhance our market share and customer base in the automotive sector through competitive pricing; and (b) as a mature product with wide spread market adoption, 4G data transmission modules generally have lower margins compared to newer and more advanced modules; and

(ii) an increase in the sales proportion of our data transmission modules and solutions applied in wireless broadband to some overseas customers with lower gross profit margin as an effort to secure more overseas customers and overseas market share using competitive pricing strategies.

Comparison between 2023 and 2022: Our gross profit remained relatively stable at RMB405.4 million in 2022 and RMB396.1 million in 2023, and our gross profit margin increased from 17.6% to 18.4% in the same periods, primarily due to the increase in the gross profit margin of our modules and solutions from 17.7% in 2022 to 19.2% in 2023. Specifically:

- *Smart modules and solutions*: The gross profit margin of our smart modules and solutions increased from 18.6% in 2022 to 21.6% in 2023. Specifically:

  (i) Regular smart modules and solutions: The gross profit margin of our regular smart modules and solutions increased from 18.7% in 2022 to 21.9% in 2023, primarily due to (i) the increase in the average selling price of our regular smart modules and solutions applied in ICV sold through direct sales. In particular, we switched from distributorship to direct sales to one of our major ICV end customers in 2023. Compared with sales through distributorship, products sold through direct sales generally had higher average selling price and gross profit margin because they were typically customized and could be charged at higher prices; and (ii) the reduction in raw material costs as a result of enhanced bargaining power with our suppliers driven by the expansion of sales in our regular smart modules and solutions applied in ICV.

  (ii) High-computing-power smart modules and solutions: The gross profit margin of our high-computing-power smart modules and solutions increased from 14.5% in 2022 to 20.8% in 2023, primarily attributable to an increase in the sales of our high-computing-power smart modules and solutions applied in ICV, which generally had higher gross profit margin.

- *Data transmission modules and solutions*: The gross profit margin of our data transmission modules and solutions decreased from 17.0% in 2022 to 15.7% in 2023, primarily because we fulfilled a majority of the orders for certain overseas customers with higher gross profit margins in 2022.

Other Income and Gains

The following table sets forth a breakdown of our other income and gains in absolute amounts and as percentages of our total other income and gains for the periods indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Other Income										
Interest income	1,076	1.5	4,276	9.1	2,497	12.5	1,546	18.5	1,392	6.8
Government grants[(1)]	24,782	35.5	17,477	37.1	10,696	53.4	6,694	80.3	6,561	32.3
including:										
non-recurring	13,117	18.8	9,709	20.6	2,034	10.2	1,569	18.8	1,074	5.3
recurring	11,665	16.7	7,768	16.5	8,662	43.2	5,126	61.5	5,487	27.0
Gains										
Gain on early termination of a lease	—	—	—	—	78	0.4	78	0.9	—	—
Gain on sublease of right-of-use assets	—	—	—	—	—	—	—	—	989	4.9
Gains on equity investments at FVTPL	43,875	62.9	25,371	53.8	1,725	8.6	—	—	—	—
Gain on deemed disposal of a subsidiary	—	—	—	—	4,906	24.5	—	—	—	—
Foregin exchange gains, net	—	—	—	—	—	—	—	—	11,402	56.0
Others	—	—	14	0.0	113	0.6	22	0.3	—	—
Total	**69,733**	**100.0**	**47,138**	**100.0**	**20,015**	**100.0**	**8,340**	**100.0**	**20,344**	**100.0**

Note:

(1) Governments grants primarily include stabilization subsidies, relief and development subsidies, R&D subsidies, employment subsidies and social insurance subsidies.

Comparison between the six months ended June 30, 2025 and June 30, 2024: Our other income and gains increased by 143.9% from RMB8.3 million for the six months ended June 30, 2024 to RMB20.3 million for the six months ended June 30, 2025, primarily attributable to an increase in net foreign exchange gains as a result of net foreign exchange gains from our trade receivables.

Comparison between 2024 and 2023: Our other income and gains decreased by 57.5% from RMB47.1 million in 2023 to RMB20.0 million in 2024, primarily due to (i) a decrease in gains on equity investments at FVTPL due to fluctuations in the fair value of our equity investments and (ii) a decrease in government grants as the non-recurring government grants we received decreased from RMB9.7 million in 2023 to RMB2.0 million in 2024.

Comparison between 2023 and 2022: Our other income and gains decreased by 32.4% from RMB69.7 million in 2022 to RMB47.1 million in 2023, primarily due to (i) a decrease in gains on equity investments at FVTPL due to fluctuations in the fair value of our equity investments and (ii) a decrease in government grants as the non-recurring government grants we received decreased from RMB13.1 million in 2022 to RMB9.7 million in 2023.

Selling and Marketing Expenses

The following table sets forth a breakdown of our selling and marketing expenses in absolute terms and as percentages of our total selling and marketing expenses for the periods indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Employee compensation	29,033	62.6	29,449	46.2	28,084	47.4	13,913	49.6	12,987	45.0
Consultation expenses[(1)]	3,604	7.8	15,268	23.9	8,846	14.9	4,751	16.9	4,226	14.7
Office expenses	4,163	9.0	5,510	8.6	7,859	13.3	1,307	4.7	1,502	5.2
Market expansion expenses	2,326	5.0	4,834	7.6	5,362	9.1	2,143	7.6	1,325	4.6
Travel expenses	3,500	7.5	4,996	7.8	3,791	6.4	3,540	12.6	5,007	17.4
Others[(2)]	3,733	8.1	3,743	5.9	5,248	8.9	2,412	8.6	3,790	13.1
Total	**46,359**	**100.0**	**63,800**	**100.0**	**59,190**	**100.0**	**28,066**	**100.0**	**28,837**	**100.0**

Notes:

(1) Consultation expenses mainly include commissions, monthly fixed consultancy fees, and bid winning service fees paid to our business development consultant partners. These consultants assist us in developing new customer relationships, facilitating business opportunities and supporting bid-winning efforts. The consultants are typically entities with industry expertise, market networks or local knowledge relevant to our wireless communication module business.

(2) Others include hospitality expenses, share-based payments and depreciation and amortization.

Comparison between the six months ended June 30, 2025 and June 30, 2024: Our selling and marketing expenses remained relatively stable at RMB28.1 million for the six months ended June 30, 2024 and RMB28.8 million for the six months ended June 30, 2025.

Comparison between 2024 and 2023: Our selling and marketing expenses decreased by 7.2% from RMB63.8 million in 2023 to RMB59.2 million in 2024, primarily attributable to a decrease in consultation expenses as we actively expanded our customer base and established customer relationship overseas, thereby reducing the the service fees paid to business development consultant partners.

Comparison between 2023 and 2022: Our selling and marketing expenses increased by 37.6% from RMB46.4 million in 2022 to RMB63.8 million in 2023, primarily due to an increase in consultation expenses due to an increase in the service fees we paid to business consultant partners who assisted us with (i) securing orders from certain customer engaged in POS machines business, as well as (ii) increasing sales of our products in overseas markets. As a result, we paid more service fees to the business consultant partners.

Administrative Expenses

The following table sets forth a breakdown of our administrative expenses in absolute amounts and as percentages of our total administrative expenses for the periods indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Employee compensation	35,101	59.3	45,994	68.9	46,663	66.0	22,677	69.4	20,434	56.8
Taxes and surcharges	4,544	7.7	5,368	8.0	7,369	10.4	2,931	9.0	4,586	12.8
Share-based payments	3,637	6.1	1,077	1.6	3,117	4.4	—	—	3,245	9.0
Travel expenses	1,861	3.1	2,731	4.1	2,634	3.7	1,062	3.2	1,454	4.0
Entertainment expenses	3,577	6.0	3,870	5.8	2,607	3.7	1,281	3.9	1,434	4.0
Professional service expenses	4,073	6.9	1,795	2.7	2,342	3.3	2,119	6.5	1,680	4,7
Depreciation and amortization	2,226	3.8	2,340	3.5	1,964	2.8	1,075	3.3	1,211	3.4
Others[(1)]	4,148	7.0	3,577	5.4	3,980	5.6	1,532	4.7	1,908	5.3
Total	**59,167**	**100.0**	**66,752**	**100.0**	**70,676**	**100.0**	**32,677**	**100.0**	**35,952**	**100.0**

Note:

(1) Others primarily include expenses for short-term leases and utilities, office expenses and repair fees.

Comparison between the six months ended June 30, 2025 and June 30, 2024: Our administrative expenses increased by 10.1% from RMB32.7 million for the six months ended June 30, 2024 to RMB36.0 million for the six months ended June 30, 2025, primarily due to an increase in share-based payments in relation to our employee share incentive plans.

Comparison between 2024 and 2023: Our administrative expenses increased by 5.9% from RMB66.8 million in 2023 to RMB70.7 million in 2024, primarily due to (i) an increase in taxes and surcharges as the revenue of some of our subsidiaries increased and (ii) an increase in share-based payments in relation to our employee share incentive plans.

Comparison between 2023 and 2022: Our administrative expenses increased by 12.8% from RMB59.2 million in 2022 to RMB66.8 million in 2023, primarily due to (i) an increase in employee compensation primarily attributable to an increase in the average salaries paid to our administrative team and (ii) an increase in travel expenses as we increased our business development activities.

Research and Development Expenses

The following table sets forth a breakdown of our research and development expenses in absolute amounts and as percentages of our total research and development expenses for the periods indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Employee compensation	117,286	63.1	134,136	62.7	128,770	61.9	60,625	63.7	59,920	62.5
Depreciation and amortization	18,000	9.7	27,842	13.0	28,156	13.5	14,355	15.1	12,223	12.7
Material fees	20,111	10.8	20,274	9.5	18,975	9.1	7,753	8.1	6,918	7.2
Technical service fees	7,235	3.9	11,565	5.4	8,979	4.3	3,749	3.9	2,319	2.4
Testing and verification fees	9,103	4.9	7,039	3.3	6,627	3.2	2,752	2.9	2,180	2.3
Share-based payments	3,369	1.8	1,200	0.6	6,162	3.0	—	—	6,588	6.9
Others[(1)]	10,805	5.8	11,821	5.5	10,467	5.0	5,969	6.3	5,719	6.0
Total	**185,909**	**100.0**	**213,877**	**100.0**	**208,136**	**100.0**	**95,203**	**100.0**	**95,867**	**100.0**

Note:

(1) Others primarily include expenses for short-term leases and utilities, travel expenses and office expenses.

Comparison between the six months ended June 30, 2025 and June 30, 2024: Our research and development expenses remained relatively stable at RMB95.2 million for the six months ended June 30, 2024 and RMB95.9 million for the six months ended June 30, 2025.

Comparison between 2024 and 2023: Our research and development expenses remained relatively stable at RMB213.9 million in 2023 and RMB208.1 million in 2024.

Comparison between 2023 and 2022: Our research and development expenses increased by 15.0% from RMB185.9 million in 2022 to RMB213.9 million in 2023, primarily due to (i) an increase in employee compensation due to an increase in the average salaries paid to our R&D and technology team, primarily due to the increased R&D headcount of ZhongGe Shanghai, our subsidiary in Shanghai, where the average salary level was relatively higher compared to other regions in China; and (ii) an increase in depreciation and amortization as we purchased more software and licenses, which resulted in higher amortization of intangible assets recognized under research and development expenses.

Impairment Gains/(Losses) on Financial Assets

We recorded impairment losses on financial assets at RMB7.3 million and RMB14.2 million in 2022 and 2023, respectively. We recorded impairment gains on financial assets at RMB6.6 million in 2024. We recorded impairment gains on financial assets at RMB0.7 million and RMB1.5 million in the six months ended June 30, 2024 and June 30, 2025, respectively.

Comparison between the six months ended June 30, 2025 and June 30, 2024: Our impairment gains on financial assets increased by 98.9% from RMB0.7 million for the six months ended June 30, 2024 to RMB1.5 million for the six months ended June 30, 2025, primarily because we recorded impairment gains on other receivables in 2025 due to a decrease in our trade receivables.

Comparison between 2024 and 2023: We recorded impairment losses on financial assets of RMB14.2 million in 2023 and impairment gains on financial assets of RMB6.6 million in 2024, respectively, primarily because we recorded impairment gains on trade receivables of RMB7.8 million in 2024 due to enhancement of our customers' credit profiles.

Comparison between 2023 and 2022: Our impairment losses on financial assets increased by 94.5% from RMB7.3 million in 2022 to RMB14.2 million in 2023, primarily due to an increase in impairment losses on trade receivables.

Other Expenses

Comparison between the six months ended June 30, 2025 and June 30, 2024: Our other expenses decreased by 90.6% from RMB12.5 million for the six months ended June 30, 2024 to RMB1.2 million for the six months ended June 30, 2025, primarily because we incurred net foreign exchange losses in 2024 and net foreign exchange gains in the six months ended June 30, 2025.

Comparison between 2024 and 2023: Our other expenses increased by 342.7% from RMB6.8 million in 2023 to RMB29.9 million in 2024, primarily due to an increase in net foreign exchange losses from our overseas procurement as a result of fluctuations in foreign exchange rates.

Comparison between 2023 and 2022: Our other expenses remained relatively stable at RMB7.0 million in 2022 and RMB6.8 million in 2023.

Finance Costs

The following table sets forth a breakdown of our finance costs for the periods indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Interest on interest-bearing bank borrowings	12,128	87.3	6,968	80.6	5,456	86.6	3,259	86.3	5,004	95.2
Interest on lease liabilities	1,758	12.7	1,676	19.4	841	13.4	516	13.7	255	4.8
Total	**13,886**	**100.0**	**8,644**	**100.0**	**6,297**	**100.0**	**3,775**	**100.0**	**5,259**	**100.0**

Comparison between the six months ended June 30, 2025 and June 30, 2024: Our finance costs increased by 39.3% from RMB3.8 million for the six months ended June 30, 2024 to RMB5.3 million for the six months ended June 30, 2025, primarily due to an increase in discount interest as a result of an increase in discounted bank notes.

Comparison between 2024 and 2023: Our finance costs decreased by 27.2% from RMB8.6 million in 2023 to RMB6.3 million in 2024, primarily attributable to (i) a decrease in interest on bank loans due to a decrease in the interest rates related to our loans and (ii) a decrease in interest on lease liabilities primarily due to a decrease in our lease liabilities as a result of lease payments.

Comparison between 2023 and 2022: Our finance costs decreased by 37.8% from RMB13.9 million in 2022 to RMB8.6 million in 2023, primarily attributable to a decrease in interest on bank loans due to a decrease in bank borrowings.

Share of Profits and Losses of Joint Ventures

Our share of losses of joint ventures decreased by 17.3% from RMB0.6 million in 2022 to RMB0.5 million in 2023, and increased by 68.3% from RMB0.5 million in 2023 to RMB0.9 million in 2024, primarily due to a decrease in the value of our shares as a result of losses recorded by the joint ventures that are accounted for using the equity method. Our share of losses of joint ventures increased from RMB0.3 million for the six months ended June 30, 2024 to RMB0.8 million for the six months ended June 30, 2025, primarily due to a decrease in the value of our shares as a result of losses recorded by the joint ventures that are accounted for using the equity method.

Share of Profits and Losses of Associates

Our share of losses of associates remained relatively stable at RMB5.3 million in 2022 and RMB5.6 million in 2023. Our share of losses of associates increased by 115.2% from RMB5.6 million in 2023 to RMB12.0 million in 2024, primarily due to a decrease in the value of our shares as a result of losses recorded by the associates that are accounted for using the equity method. Our share of losses of associates decreased by 14.5% from RMB5.0 million for the six months ended June 30, 2024 to RMB4.3 million for the six months ended June 30, 2025, primarily due to a decrease in the losses recorded by the associates.

Income Tax Expense/(Benefit)

The following table sets forth a breakdown of our income tax expense or benefit for the periods indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Current income tax	6,142	26.7	12,657	2,443.4	26,678	260.7	8,182	105.1	4,726	54.2
Deferred income tax	16,828	73.3	(12,139)	(2,343.4)	(36,912)	(360.7)	(397)	(5.1)	3,997	45.8
Total	**22,970**	**100.0**	**518**	**100.0**	**(10,234)**	**100.0**	**7,785**	**100.0**	**8,723**	**100.0**

Our effective tax rate during the Track Record Period, calculated as income tax expense divided by profit before tax, was lower than the 25% statutory rate, primarily because we and some of our subsidiaries enjoyed preferential tax treatments. Please see Note 10 to the Accountants' Report in Appendix I to this document. As of the Latest Practicable Date, we had fulfilled all our tax obligations and did not have any unresolved tax disputes.

Comparison between the six months ended June 30, 2025 and June 30, 2024: Our income tax expense increased by 12.0% from RMB7.8 million in the six months ended June 30, 2024 to RMB8.7 million in the six months ended June 30, 2025, primarily due to an increase in profit before tax.

Comparison between 2024 and 2023: We recorded income tax expense of RMB0.5 million in 2023 and income tax benefit of RMB10.2 million in 2024, primarily due to an increase in deferred income tax credit, as a result of credit impairment losses and deductible losses from some of our subsidiaries.

Comparison between 2023 and 2022: Our income tax expense decreased by 97.7% from RMB23.0 million in 2022 to RMB0.5 million in 2023, primarily because we recorded deferred income tax credit in 2023. We recorded deferred income tax credit in 2023 primarily because of an increase in our credit impairment losses and an increase in deductible losses from some of our subsidiaries.

Profit for the Year/Period

As a result of the foregoing, our profit for the year decreased by 50.6% from RMB126.6 million in 2022 to RMB62.6 million in 2023, and increased by 114.6% from RMB62.6 million in 2023 to RMB134.4 million in 2024. Our profit for the period increased by 156.4% from RMB32.8 million in the six months ended June 30, 2024 to RMB84.2 million in the six months ended June 30, 2025.

LIQUIDITY AND CAPITAL RESOURCES

Overview

We have historically funded our cash requirements mainly from cash generated from our business operations and our fundraising activities. After the **[REDACTED]**, we intend to finance our future capital requirements through cash generated from our business operations, the **[REDACTED]** from the **[REDACTED]** and other future equity or debt financings. We currently do not anticipate any changes to the availability of financing to fund our operations in the near future.

Working Capital Sufficiency

Taking into account the **[REDACTED]** from the **[REDACTED]** and the financial resources available to us, including cash and cash equivalents and cash flows from operating activities, our Directors are of the view that we have sufficient working capital to meet our present needs and for the next 12 months from the date of this document. Our Directors confirm that we had no material defaults on trade and non-trade payables and borrowings, nor did we breach any covenants during the Track Record Period and up to the date of this document.

Cash Flows Analysis

The following table sets forth selected cash flow statement information for the periods indicated.

	For the year ended December 31,			For the six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Net cash flows from/(used in) operating activities	31,824	(31,313)	(129,890)	(50,318)	(83,979)
Net cash flows (used in)/from investing activities	(153,412)	(98,393)	16,758	(6,909)	(17,731)
Net cash flows from financing activities	16,809	191,327	306,473	208,496	99,346
Net (decrease)/increase in cash and cash equivalents	**(104,779)**	**61,621**	**193,341**	**151,269**	**(2,364)**
Cash and cash equivalents at beginning of the year/period	173,092	72,287	138,926	138,926	341,879
Effect of foreign exchange rate changes, net	3,974	5,018	9,612	7,568	9,195
Cash and cash equivalents at end of the year/period	**72,287**	**138,926**	**341,879**	**297,763**	**348,710**

Operating Activities

Our cash flows from or used in operating activities reflect our profit before tax adjusted for: (i) non-cash or non-operating items such as finance costs, impairment or reversal of impairment of trade receivables and amortization of intangible assets; (ii) the effects of movement in working capital such as inventories, trade receivables and bills payables; and (iii) other cash items such as income tax paid.

In the six months ended June 30, 2025, we had net cash flows used in operating activities of RMB84.0 million, which primarily consisted of profit before tax of RMB92.9 million, adjusted for (i) non-cash and non-operating items such as amortization of other intangible assets of RMB18.6 million, write-down of inventories to net realizable value of RMB8.8 million and finance costs of RMB5.3 million; (ii) the effects of movement in working capital such as increase in inventories of RMB160.4 million and increase in prepayments, other receivables and other assets of RMB119.4 million; and (iii) income tax paid of RMB9.6 million.

In 2024, we had net cash flows used in operating activities of RMB129.9 million, which primarily consisted of profit before tax of RMB124.1 million, adjusted for (i) non-cash and non-operating items such as amortization of other intangible assets of RMB38.3 million, write-down of inventories to net realizable value of RMB16.3 million and depreciation of right-of-use assets of RMB14.6 million; (ii) the effects of movement in working capital such as increase in trade and bills receivables of RMB358.8 million and increase in inventories of RMB145.8 million and increase in trade and bills payables of RMB114.9 million; and (iii) income tax paid of RMB22.7 million.

In 2023, we had net cash flows used in operating activities of RMB31.3 million, which primarily consisted of profit before tax of RMB63.1 million, adjusted for (i) non-cash and non-operating items such as amortization of other intangible assets of RMB30.7 million and depreciation of right-of-use assets of RMB16.9 million and fair value gains on equity investments measured at FVTPL of RMB25.4 million; (ii) the effects of movement in working capital such as increase in trade and bills receivables of RMB259.6 million, increase in trade and bills payables of RMB159.5 million and increase in inventories of RMB51.1 million; and (iii) income tax paid of RMB10.4 million.

In 2022, we had net cash flows from operating activities of RMB31.8 million, which primarily consisted of profit before tax of RMB149.6 million, adjusted for (i) non-cash and non-operating items such as fair value gains on equity investments at FVTPL at RMB43.9 million, depreciation of right-of-use assets of RMB19.0 million and amortization of other intangible assets of RMB15.7 million; (ii) the effects of movement in working capital such as increase in inventories of RMB100.9 million, increase in trade and bills receivables of RMB97.9 million and increase in trade and bills payables of RMB62.6 million; and (iii) income tax paid of RMB3.3 million.

The net cash outflows from operating activities in 2023 and 2024 were primarily due to the increase in operating receivables and inventories. Our improvement measures include: (i) strengthening the management of trade and bills receivable, acquiring high-quality customers, and reducing the risk of trade and bills receivables, and (ii) continuing to strengthen the supply chain management, reinforcing the effect of scale, and maintaining strong control in the strategic provisioning of our major raw materials.

Investing Activities

In the six months ended June 30, 2025, our net cash flows used in investing activities were RMB17.7 million, which primarily consisted of purchase of a shareholding in joint ventures of RMB1.4 million, purchase of a shareholding in associates of RMB14.3 million and proceeds from disposals of equity investments at fair value through profit or loss of RMB12.7 million.

In 2024, our net cash flows from investing activities were RMB16.8 million, which consisted primarily of investment income from equity investments at FVTPL of RMB34.0 million and purchases of items of property, plants and equipment, other intangible assets and other assets of RMB14.0 million.

In 2023, our net cash flows used in investing activities were RMB98.4 million, which consisted primarily of purchases of items of property, plant and equipment, other intangible assets and other assets of RMB80.9 million and purchases of equity investments at FVTPL of RMB10.0 million.

In 2022, our net cash flows used in investing activities were RMB153.4 million, which consisted primarily of purchases of property, plant and equipment, other intangible assets and other assets of RMB56.1 million, purchases of equity investments at FVTPL of RMB55.0 million and purchase of a shareholding in an associate of RMB36.0 million.

Financing Activities

In the six months ended June 30, 2025, our net cash flows from financing activities were RMB99.3 million, which primarily consisted of new bank borrowings of RMB700.0 million, partially offset by repayment of bank borrowings of RMB550.0 million.

In 2024, our net cash flows from financing activities were RMB306.5 million, which consisted primarily of new bank borrowings of RMB729.5 million, partially offset by repayment of bank borrowings of RMB382.0 million.

In 2023, our net cash flows from financing activities were RMB191.3 million, which consisted primarily of proceeds from issuance of ordinary shares of RMB607.3 million, partially offset by repayment of bank borrowings of RMB439.9 million.

In 2022, our net cash flows from financing activities were RMB16.8 million, which consisted primarily of new bank borrowings of RMB513.3 million, partially offset by repayment of bank borrowings of RMB437.1 million.

SELECTED BALANCE SHEET ITEMS

Current Assets/Liabilities

The following table sets out our current assets and liabilities as of the dates indicated.

	As of December 31,			As of June 30,	As of October 31,
	2022	2023	2024	2025	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)
Current assets					
Inventories	490,386	526,319	650,552	802,124	956,933
Trade and bills receivables	420,301	659,426	1,016,069	988,305	748,399
Prepayments, other receivables and other assets	268,613	232,598	254,122	386,408	348,053
Debt investments at fair value through other comprehensive income ("**FVOCI**")	5,122	38,427	9,992	9,696	30,087
Restricted cash	12,828	9,584	7,998	53	4
Cash and cash equivalents	72,287	138,926	341,879	348,710	259,931
Total current assets	**1,269,537**	**1,605,280**	**2,280,612**	**2,535,296**	**2,343,407**
Current liabilities					
Trade and bills payables	331,384	485,880	579,916	633,494	557,983
Other payables and accruals	68,204	60,037	109,140	91,204	84,983
Interest-bearing bank borrowings	310,720	5,016	352,606	503,119	348,403
Lease liabilities	16,808	16,470	8,592	5,977	5,547
Contract liabilities	67,451	52,328	109,344	121,659	143,422
Tax payable	2,888	4,714	8,311	3,839	4
Total current liabilities	**797,455**	**624,445**	**1,167,909**	**1,359,292**	**1,140,342**
Net current assets	**472,082**	**980,835**	**1,112,703**	**1,176,004**	**1,203,065**

Comparison between June 30, 2025 and October 31, 2025: Our net current assets increased by 2.3% from RMB1,176.0 million as of June 30, 2025 to RMB1,203.1 million as of October 31, 2025, primarily due to (i) an increase in inventories of RMB154.8 million, and (ii) an increase in debt investments at FVOCI of RMB20.4 million, partially offset by an increase in contract liabilities of RMB21.8 million.

Comparison between December 31, 2024 and June 30, 2025: Our net current assets increased by 5.7% from RMB1,112.7 million as of December 31, 2024 to RMB1,176.0 million as of June 30, 2025, primarily due to (i) an increase in inventories of RMB151.6 million, and (ii) an increase in prepayments, other receivables and other assets of RMB132.3 million, partially offset by an increase in interest-bearing bank borrowings of RMB150.5 million.

Comparison between December 31, 2023 and December 31, 2024: Our net current assets increased by 13.4% from RMB980.8 million as of December 31, 2023 to RMB1,112.7 million as of December 31, 2024, primarily due to (i) an increase in trade and bills receivables of RMB356.6 million, (ii) an increase in cash and cash equivalents of RMB203.0 million, partially offset by an increase in interest-bearing bank borrowings of RMB347.6 million.

Comparison between December 31, 2022 and December 31, 2023: Our net current assets increased by 107.8% from RMB472.1 million as of December 31, 2022 to RMB980.8 million as of December 31, 2023, primarily due to (i) an increase in trade and bills receivables of RMB239.1 million, (ii) a decrease in interest-bearing bank borrowings of RMB305.7 million, partially offset by an increase in trade and bills payables of RMB154.5 million.

Inventories

The following table sets forth our inventories as of the dates indicated.

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	371,317	399,105	405,351	566,756
Finished goods	53,477	57,435	78,810	84,406
Goods in transit	30,976	44,301	120,417	108,977
Work in process	24,595	22,432	29,772	31,280
Contract performance cost	26,240	29,312	50,009	46,524
Less: impairment allowances on inventories	16,219	26,266	33,807	35,819
Total	**490,386**	**526,319**	**650,552**	**802,124**

Our inventories increased by 7.3% from RMB490.4 million as of December 31, 2022 to RMB526.3 million as of December 31, 2023, primarily due to an increase in raw materials as we increased the inventory of memory chips. Our inventories increased by 23.6% from RMB526.3 million as of December 31, 2023 to RMB650.6 million as of December 31, 2024, primarily due to

our business expansion and increase in customer orders, which resulted in inventory increase, particularly an increase in goods in transit as a result of the shipment of data transmission modules ordered by our customers. Our inventories increased by 23.3% from RMB650.6 million as of December 31, 2024 to RMB802.1 million as of June 30, 2025, primarily due to an increase in raw materials as we increased the inventory of memory chips.

We believe that by maintaining optimal inventory levels, we can meet our consumer demand and ensure their satisfaction without compromising our liquidity. To this end, we have put in place a set of policies and procedures to manage our inventories. For details, please see "Business — Logistics and Inventory Management."

The following table sets forth the aging analysis of our inventories:

	For the year ended December 31,			For the six months ended June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Under one year	440,142	439,573	581,595	713,726
One to two years	46,655	69,148	41,307	67,891
Two to three years	1,910	17,406	24,289	12,634
Over three years	1,679	192	3,361	7,873
Total	**490,386**	**526,319**	**650,552**	**802,124**

The following table sets forth our inventory turnover days for the periods indicated.

	For the year ended December 31,			For the six months ended June 30,
	2022	2023	2024	2025
Inventory turnover days[(1)]	85.1	106.0	87.4	80.9

Note:

(1) Inventory turnover days were calculated based on the average of the beginning and ending balances of inventories of a given year or period divided by cost of sales for that corresponding year or period and multiplied by 365 days for the year or 183 days for the period.

Our inventory turnover days increased from 85.1 days in 2022 to 106.0 days in 2023, primarily due to an increase in the inventory of memory chips in 2023. Our inventory turnover days decreased from 106.0 days in 2023 to 87.4 days in 2024, and further decreased to 80.9 days in the six months ended June 30, 2025, primarily attributable to our strengthened inventory management.

As of October 31, 2025, RMB606.2 million, or 72.3%, of our inventories as of June 30, 2025 had been sold or utilized.

Trade and Bills Receivables

Our trade and bills receivables represent receivables from customers for sales of our products. Trade and bills receivables were generally settled within 90 days. Please see "Business — Our Customers" for details. The following table sets forth a breakdown of our trade and bills receivables as of the dates indicated.

	As of December 31,			As of June 30,
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bills receivables	3,483	3,446	8,116	7,500
Less: impairment of bills receivables	(2)	—	(117)	—
Bills receivables, net	3,481	3,446	7,999	7,500
Trade receivables	514,671	767,427	1,111,762	1,084,210
Less: impairment of trade receivables	(97,851)	(111,447)	(103,692)	(103,405)
Trade receivables, net	416,820	655,980	1,008,070	980,805
Total	**420,301**	**659,426**	**1,016,069**	**988,305**

Our trade and bills receivables increased by 56.9% from RMB420.3 million as of December 31, 2022 to RMB659.4 million as of December 31, 2023, and further increased by 54.1% to RMB1,016.1 million as of December 31, 2024, primarily due to an increase in trade receivables as a result of an increase in revenue generated from some of our customers to whom we generally granted longer credit terms. These customers were typically our major or long-term partners which exhibited strong creditworthiness, and we believe that the granting of longer credit terms to them aligns with our strategic goal for revenue and business growth.

Our trade and bills receivables remained relatively stable at RMB1,016.1 million as of December 31, 2024 and RMB988.3 million as of June 30, 2025.

The following table sets forth the aging analysis of the trade and bills receivables based on the invoice date and net of loss allowance as of the dates indicated.

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within six months	370,182	599,801	964,576	908,716
Seven months to one year	4,896	12,200	6,662	32,526
One year to two years	943	2,482	2,465	5,730
Two years to three years	1,440	742	1,375	441
Three years to four years	42,840	1,361	538	538
Four years to five years	—	42,840	1,249	1,248
Over five years	—	—	39,204	39,106
Total	**420,301**	**659,426**	**1,016,069**	**988,305**

The table below sets forth our cash conversion cycle during the periods indicated.

	For the year ended December 31,			For the six months ended June 30,
	2022	2023	2024	2025
Cash conversion cycle[(1)]	85.8	112.6	112.2	110.5

Note:

(1) The cash conversion cycle was calculated by adding inventory turnover days and trade and bills receivables turnover days, then subtracting trade and bills payables turnover days.

The trade and bills receivables aged over five years in 2024 were primarily incurred from the transactions with some of our customers. With respect to three of these customers the trade and bills receivables over five years from which accounted for a substantial portion of the trade and bills receivables aged over five years in 2024, we have initiated legal proceedings to recover the overdue amounts and our claim for the principal, interest, and associated proceeding costs has received substantial support from the court. The preservation amounts we applied for would cover the full outstanding balance, accrued interest and other expenses, which would substantially mitigate any material recoverability issue. On basis of the above, we do not expect there would be any recoverability issue for such trade receivables.

The following table sets forth our trade and bills receivables turnover days during the periods indicated.

	For the year ended December 31,			For the six months ended June 30,
	2022	2023	2024	2025
Trade and bills receivables turnover days[(1)]	58.7	91.8	104.0	97.2

Note:

(1) Trade and bills receivables turnover days were calculated based on the average of opening and closing balance of trade and bills receivables less allowance for impairment for the relevant year or period, divided by the revenue for the same year or period and multiplied by 365 days for the year or 183 days for the period.

Our trade receivables turnover days increased from 58.7 days in 2022 to 91.8 days in 2023, and further increased to 104.0 days in 2024, primarily due to an increased proportion of revenue generated from some of our customers to whom we generally granted longer credit terms. Our trade receivables turnover days decreased from 104.0 days in 2024 to 97.2 days in the six months ended June 30, 2025, primarily attributable to our active collection of trade receivables.

We have implemented a comprehensive credit risk management policy to monitor and manage trade receivables effectively, which are overseen by our general manager. Detailed measures include that: (i) the finance department maintains detailed receivables ledgers, prepares monthly aging analysis reports and categorizes overdue amounts by duration to track and address overdue receivables promptly; (ii) the finance and business departments regularly reconcile sales, delivery and receivables data. Annual account statements are sent to customers for confirmation, with any discrepancies promptly investigated and resolved; (iii) the sales team monitors and follows up on payments daily. For overdue accounts, the sales department is responsible for daily follow-ups on payments as per contractual terms and reports any irregularities to the finance department. If standard collection efforts do not succeed, the legal department is engaged to pursue collection through legal means; and (iv) a communication platform is established between various departments to ensure efficient coordination, with regular updates on receivables and overdue amounts.

The internal control consultant engaged by us has conducted review on our credit risk management policy and did not identify any material deficiencies that would cause them to question the adequacy or effectiveness of the policy.

Our Directors are of the view that the trade and bills receivables recoverability and turnover days increase have not had, and will not have, any material impact on our operations and financial performance, on the basis that (i) the increase in trade and bills receivables during the Track Record Period was primarily due to the granting of longer credit terms granted to major customers that have demonstrated strong creditworthiness and maintained long-term, stable cooperation with us and it is in line with our strategic goal for revenue and business growth; and (ii) we have implemented internal credit risk management policies and procedures to ensure that the risks associated with trade receivables are effectively managed.

During the Track Record Period, we did not experience any significant losses associated with our trade receivables, and the fluctuation in our trade receivables did not have any material adverse impact on our liquidity or cash flows.

As of October 31, 2025, RMB820.5 million, or 75.2%, of our trade receivables as of June 30, 2025, had been settled.

Prepayments, Other Receivables and Other Assets — Current

The following table sets forth a breakdown of our current prepayments, other receivables and other assets as of the dates indicated.

	As of December 31,			As of June 30,
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Value-added tax recoverable	21,923	58,732	75,170	95,965
Prepaid income tax	1,211	1,712	1	384
Rebate receivable from Supplier A	175,239	147,068	154,232	225,244
Other assets	1,456	—	—	76
Deferred **[REDACTED]**	—	—	—	**[REDACTED]**
Deferred mold cost	1,202	186	—	—
Prepayments	52,371	15,909	16,780	37,732
Other receivables	15,211	8,991	7,939	11,220
Current portion of sublease of right-of-use assets	—	—	—	3,269
Total	**268,613**	**232,598**	**254,122**	**386,408**

Our current prepayments, other receivables and other assets decreased by 13.4% from RMB268.6 million as of December 31, 2022 to RMB232.6 million as of December 31, 2023, primarily due to (i) an increase in our prepayments for procurement of memory chips and (ii) a decrease in rebate receivable from Supplier A because we reduced our procurement from Supplier A, which resulted in a decrease in procurement rebates we received. Our rebate rate increased from 20.6% in 2022 to 20.8% in 2023. During the Track Record Period, as part of the supplier's pricing strategy, it offered procurement rebates to us based on market condition and supply arrangement in accordance with our rebate agreements. According to Frost & Sullivan, such rebate arrangement is in line with industry practice in the wireless communication module industry.

Our current prepayments, other receivables and other assets increased by 9.3% from RMB232.6 million as of December 31, 2023 to RMB254.1 million as of December 31, 2024, primarily due to (i) an increase in value-added tax recoverable as a result of an increased procurement of raw materials and (ii) an increase in rebate receivable from Supplier A because we increase our procurement from Supplier A, which resulted in an increase in procurement rebates we received. Our rebate rate decreased from 20.8% in 2023 to 16.5% in 2024.

Our current prepayments, other receivables and other assets increased by 52.1% from RMB254.1 million as of December 31, 2024 to RMB386.4 million as of June 30, 2025, primarily due to (i) an increase in rebate receivable from Supplier A as we increased our procurement from Supplier A and (ii) an increase in our prepayments for the procurement of memory chips from Supplier A.

As of October 31, 2025, the settlement of rebate receivable from Supplier A was RMB220.1 million, accounting for 86.2% of rebate receivable as of June 30, 2025.

Debt Investments at FVOCI

Our debt investments at FVOCI were RMB5.1 million, RMB38.4 million, RMB10.0 million and RMB9.7 million as of December 31, 2022, 2023, 2024 and June 30, 2025, respectively. Our debt investments at FVOCI are bank acceptance bills provided by our customers to settle their payment obligations to us.

Our debt investments at FVOCI increased significantly from RMB5.1 million as of December 31, 2022 to RMB38.4 million as of December 31, 2023 and decreased to RMB10.0 million as of December 31, 2024, primarily because on December 31, 2023, we had a larger amount of such bank acceptance bills which were outstanding compared to December 31, 2022 or 2024, as applicable. The larger amount was primarily due to the timing of the endorsement and transfer of bank acceptance bills. As of December 31, 2023, the bank acceptance bills were not endorsed by us before year-end, resulting in a higher balance compared to December 31, 2022 and December

31, 2024. Our debt investments at FVOCI decreased from RMB10.0 million as of December 31, 2024 to RMB9.7 million as of June 30, 2025 primarily because we transferred some of our bank acceptance bills to our suppliers through endorsement to settle payments to these suppliers. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any recoverability issue with these bank acceptance bills.

Trade and Bills Payables

The following table sets forth a breakdown of our trade and bills payables as of the dates indicated.

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bills payables	42,207	36,631	—	—
Trade payables	289,177	449,249	579,916	633,494
Total	**331,384**	**485,880**	**579,916**	**633,494**

Our trade and bills payables increased by 46.6% from RMB331.4 million as of December 31, 2022 to RMB485.9 million as of December 31, 2023, and further increased by 19.4% to RMB579.9 million as of December 31, 2024, primarily because of an increase in our procurement from our suppliers, which was in line with our business and revenue growth. Our trade and bills payables increased by 9.2% from RMB579.9 million as of December 31, 2024 to RMB633.5 million as of June 30, 2025 primarily because of an increase in our procurement from our suppliers.

Our Directors are of the view that the growing balance of trade and bills payables have not had, and will not have, any material impact on our operations and financial performance, on the basis that (i) the increase in trade and bills payables reflects our operational growth and optimized use of supplier credit terms to manage working capital efficiently; (ii) we maintained stable and cooperative relationships with our major suppliers and have not experienced any material payment delays or disputes with them; and (ii) we have sufficient working capital resources to meet our financial obligations. As of October 31, 2025, we had RMB259.9 million in cash and cash equivalents, RMB1,203.1 million in net current assets, and RMB165.6 million of unutilized banking facilities.

The following table sets forth the aging analysis of our trade payables as of the dates indicated.

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	328,133	482,003	554,495	622,608
Over one year	3,251	3,877	25,421	10,886
Total	**331,384**	**485,880**	**579,916**	**633,494**

The following table sets forth our trade and bills payables turnover days during the periods indicated.

	For the year ended December 31,			For the six months ended June 30,
	2022	2023	2024	2025
Trade and bills payables turnover days[(1)]	58.0	85.2	79.2	67.6

Note:

(1) Trade and bills payables turnover days were calculated based on the average of opening and closing balance of trade and bills payables for the relevant year or period, divided by the cost of sales for the same year or period and multiplied by 365 days for the year or 183 days for the period.

Our trade and bills payables turnover days increased from 58.0 days 2022 to 85.2 days in 2023, primarily because we secured more favorable payment terms with our suppliers. Our trade and bills payables turnover days decreased from 85.2 days in 2023 to 79.2 days in 2024, and further decreased to 67.6 days, primarily due to our efforts in settling outstanding balance with relevant suppliers.

As of October 31, 2025, RMB553.9 million, or 87.4%, of our trade payables as of June 30, 2025 had been subsequently settled.

Other Payables and Accruals

The following table sets forth our other payables and accruals as of the dates indicated.

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Payroll payable	17,363	16,721	16,193	15,818
Other tax payables	2,293	2,838	3,559	3,353
Value-added tax payable	28,109	31,064	27,213	17,341
Other payables	5,327	6,072	22,903	14,326
Due to related parties (1)	—	—	11	—
Accruals	507	3,342	2,230	2,010
Restricted shares repurchase obligation	14,605	—	37,031	38,356
	68,204	60,037	109,140	91,204

Note:

(1) Our other payables and accruals due to related parties are payables occurred from the purchase of catering service from a related partys, which is trade in nature, and the amounts have been settled in January 2025.

Our other payables and accruals decreased by 12.0% from RMB68.2 million as of December 31, 2022 to RMB60.0 million as of December 31, 2023, primarily because the restricted shares issued under our equity incentive plan vested during 2023, resulting in a reduction of our repurchase obligations associated with these shares and, as a result, the payables related thereto. Our other payables and accruals increased by 81.8% to RMB109.1 million as of December 31, 2024, primarily because of an increase in other payables as a result from share repurchase and repayment of amounts recovered by a credit insurer on behalf of us. Under the credit insurance policy, the insurer had previously compensated us for certain customer defaults. When these customers subsequently settled their outstanding debts with us, the recovered amounts were required to be refunded to the insurer in accordance with the terms of the policy, resulting in increase of payables. Our other payables and accruals decreased by 16.4% to RMB91.2 million as of June 30, 2025, primarily because of a decrease in value-added tax payable. Value-added tax payable decreased due to an increase in value-added tax related to our increased procurement of raw materials as we increased our procurement of raw materials.

Interest-Bearing Bank Borrowings — Current

The table below sets forth our current interest-bearing bank borrowings as of the dates indicated.

	As of December 31,			As of June 30,
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank loans — unsecured	240,720	—	122,606	303,119
Discounted bill receivables	—	—	230,000	200,000
Bank loans — secured	70,000	5,016	—	—
Total	**310,720**	**5,016**	**352,606**	**503,119**

Our current interest-bearing bank borrowings decreased by 98.4% from RMB310.7 million as of December 31, 2022 to RMB5.0 million as of December 31, 2023, primarily attributable to our repayment of some of our bank loans. Our current interest-bearing bank borrowings increased significantly from RMB5.0 million as of December 31, 2023 to RMB352.6 million as of December 31, 2024, primarily attributable to an increase in bank loans for business expansion. Our current interest-bearing bank borrowings increased by 42.7% from RMB352.6 million as of December 31, 2024 to RMB503.1 million as of June 30, 2025, primarily attributable to an increase in our financing activities to support our operations and R&D investment.

Lease Liabilities — Current

Our current lease liabilities remained relatively stable at RMB16.8 million as of December 31, 2022 and RMB16.5 million as of December 31, 2023. Our current lease liabilities decreased by 47.8% from RMB16.5 million as of December 31, 2023 to RMB8.6 million as of December 31, 2024, primarily because of lease payments. Our current lease liabilities decreased by 30.4% from RMB8.6 million as of December 31, 2024 to RMB6.0 million as of June 30, 2025, primarily because of a decrease in lease payments as a result of the expiration of certain lease agreements.

Contract Liabilities

Our contract liabilities decreased by 22.4% from RMB67.5 million as of December 31, 2022 to RMB52.3 million as of December 31, 2023, primarily because we fulfilled some of our orders in 2023. Our contract liabilities increased by 109.0% from RMB52.3 million as of December 31, 2023 to RMB109.3 million as of December 31, 2024, primarily due to an increase in customer prepayments for our research and development services that we provided under our modules and solutions business in 2024. Our contract liabilities increased by 11.3% from RMB109.3 million as

of December 31, 2024 to RMB121.7 million as of June 30, 2025, primarily due to increase in customer prepayments for our research and development services that we provided under our modules and solutions business.

As of October 31, 2025, RMB83.6 million, or 68.7% of our contract liabilities as of June 30, 2025 were subsequently recognized as revenue.

Non-Current Assets and Liabilities

The following table sets out our non-current assets and liabilities as of the dates indicated.

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets				
Property, plant and equipment	25,105	21,682	17,885	16,857
Other intangible assets	75,446	118,667	109,078	102,950
Right-of-use assets	40,900	24,037	9,405	5,233
Investments in joint ventures	2,399	1,888	1,479	1,987
Investments in associates	63,663	58,168	46,181	56,251
Equity investments at FVTPL	198,875	234,246	189,971	176,137
Prepayments, other receivables and other assets	9,693	21,190	16,536	24,994
Deferred tax asset	41,085	59,564	88,410	85,127
Total non-current assets	**457,166**	**539,442**	**478,945**	**469,536**
Non-current liabilities				
Interest-bearing bank borrowings	60,000	—	—	—
Deferred income	950	3,875	3,875	3,875
Lease liabilities	27,078	9,300	1,417	2,557
Deferred tax liabilities	20,969	27,309	19,243	18,284
Total non-current liabilities	**108,997**	**40,484**	**24,535**	**24,716**

Property, Plant and Equipment

The following table sets forth our property, plant and equipment as of the dates indicated.

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Buildings	2,944	2,741	2,538	2,436
Machinery and equipment	1,795	1,332	1,239	1,125
Motor vehicles	1,319	1,194	1,757	1,658
Electronic equipment and others	18,407	16,002	12,087	11,497
Leasehold improvements	640	413	264	141
Total	**25,105**	**21,682**	**17,885**	**16,857**

The carrying amount of our property, plant and equipment decreased by 13.6% from RMB25.1 million as of December 31, 2022 to RMB21.7 million as of December 31, 2023, primarily due to depreciation provided during the year.

The carrying amount of our property, plant and equipment decreased by 17.5% from RMB21.7 million as of December 31, 2023 to RMB17.9 million as of December 31, 2024, primarily due to depreciation provided during the year.

The carrying amount of our property, plant and equipment decreased by 5.7% from RMB17.9 million as of December 31, 2024 to RMB16.9 million as of June 30, 2025, primarily due to depreciation provided during the period.

Other Intangible Assets

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Software	31,404	43,696	48,560	44,700
License rights	44,042	74,971	60,518	58,250
Total	**75,446**	**118,667**	**109,078**	**102,950**

Our other intangible assets increased by 57.4% from RMB75.4 million as of December 31, 2022 to RMB118.7 million as of December 31, 2023, primarily because we purchased additional software and license rights, including the platform licensing fees of one of the platforms developed by one of our major suppliers, a leading technology company, for the research and development of our smart modules. Our other intangible assets decreased by 8.1% from RMB118.7 million as of December 31, 2023 to RMB109.1 million as of December 31, 2024, primarily due to amortization. Our other intangible assets decreased by 5.6% from RMB109.1 million as of December 31, 2024 to RMB103.0 million as of June 30, 2025, primarily due to amortization.

Right-of-Use Assets

As of December 31, 2022, 2023, 2024 and June 30, 2025, our right-of-use assets were RMB40.9 million, RMB24.0 million, RMB9.4 million and RMB5.2 million, respectively.

Our right-of-use assets decreased by 41.3% from RMB40.9 million as of December 31, 2022 to RMB24.0 million as of December 31, 2023, and further decreased by 60.8% to RMB9.4 million as of December 31, 2024, primarily due to depreciation provided during the lease term of these right-of-use assets. Our right-of-use assets decreased by 44.4% from RMB9.4 million as of December 31, 2024 to RMB5.2 million as of June 30, 2025, primarily due to depreciation provided during the lease term of these right-of-use assets, as well as sublease of certain right-of-use assets.

Equity Investments at FVTPL

Our equity investments at FVTPL arise from our investments in equity securities. As of December 31, 2022, 2023, 2024 and June 30, 2025, our equity investments at FVTPL were RMB198.9 million, RMB234.2 million, RMB190.0 million and RMB176.1 million, respectively.

Our equity investments at FVTPL increased by 17.8% from RMB198.9 million as of December 31, 2022 to RMB234.2 million as of December 31, 2023, primarily due to (i) an increase in the fair value of our equity investments and (ii) additional equity investments we made in 2023. Our equity investments at FVTPL decreased by 18.9% from RMB234.2 million as of December 31, 2023 to RMB190.0 million as of December 31, 2024, primarily because we disposed some of our equity investments in 2024. Our equity investments at FVTPL decreased by 7.3% from RMB190.0 million as of December 31, 2024 to RMB176.1 million as of June 30, 2025, primarily because of a decrease in the fair value of our equity investments.

Prepayments, Other Receivables and Other Assets–Non-Current

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments for property, plant and equipment	450	—	—	—
Prepayments for other intangible assets	—	1,002	849	1,228
Prepayments for other non-current assets	—	2,092	2,025	2,025
Non-current portion of receivables from sublease of right-of-use assets	—	—	—	1,590
Development expenditure	5,386	12,922	7,705	9,849
Deferred expenses	899	3,354	4,598	8,873
Deferred mold cost	2,958	1,820	1,359	1,429
Total	**9,693**	**21,190**	**16,536**	**24,994**

Our non-current prepayments, other receivables and other assets increased by 118.6% from RMB9.7 million as of December 31, 2022 to RMB21.2 million as of December 31, 2023, primarily because we made prepayments for intangible assets and other non-current assets and incurred additional development expenditure for the research and development projects initiated in 2023. Our non-current prepayments, other receivables and other assets decreased by 22.0% from RMB21.2 million as of December 31, 2023 to RMB16.5 million as of December 31, 2024, primarily due to a decrease in development expenditure as the non-recurring expenditure ended with our research and development projects from 2023. Our non-current prepayments, other receivables and other assets increased by 51.1% from RMB16.5 million as of December 31, 2024 to RMB25.0 million as of June 30, 2025, primarily due to an increase in deferred expenses as a result of increased testing and verification fees in relation to our research and development services.

Interest-Bearing Bank Borrowings — Non-Current

Our non-current interest-bearing bank borrowings decreased from RMB60.0 million as of December 31, 2022 to nil as of December 31, 2023, primarily because we repaid our long-term bank borrowings. Our non-current interest-bearing bank borrowings was nil as of December 31, 2024 and June 30, 2025.

Lease Liabilities — Non-Current

As of December 31, 2022, 2023, 2024 and June 30, 2025, our non-current lease liabilities were RMB27.1 million, RMB9.3 million, RMB1.4 million and RMB2.6 million, respectively.

Our non-current lease liabilities decreased by 65.7% from RMB27.1 million as of December 31, 2022 to RMB9.3 million as of December 31, 2023, and further decreased by 84.9% to RMB1.4 million as of December 31, 2024, primarily because of lease payments. Our non-current lease liabilities increased by 80.5% from RMB1.4 million as of December 31, 2024 to RMB2.6 million as of June 30, 2025, primarily because we entered into new lease agreements.

INDEBTEDNESS

The table below sets out the details of our indebtedness as of the dates indicated:

	As of December 31,			As of June 30,	As of October 31,
	2022	2023	2024	2025	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)
Current					
Interest-bearing bank borrowings	310,720	5,016	352,606	503,119	348,403
Lease liabilities	16,808	16,470	8,592	5,977	5,547
Non-current					
Interest-bearing bank borrowings	60,000	—	—	—	—
Lease liabilities	27,078	9,300	1,417	2,557	3,193
Total	**414,606**	**30,786**	**362,615**	**511,653**	**357,143**

Interest-Bearing Bank Borrowings

As of December 31, 2022, 2023, 2024 and June 30, 2025, our interest-bearing bank borrowings, including current and non-current portion, were RMB370.7 million, RMB5.0 million, RMB352.6 million and RMB503.1 million, respectively. Our interest-bearing bank borrowings decreased by 30.8% from RMB503.1 million as of June 30, 2025 to RMB348.4 million as of October 31, 2025, primarily due to the repayment of discounted bill receivables. Please see "Selected Balance Sheet Items — Current Assets/Liabilities — Interest-Bearing Bank Borrowings — Current" and "Selected Balance Sheet Items — Non-Current Assets/Liabilities — Interest-Bearing Bank Borrowings — Non-Current" in this section and Note 27 to the Accountants' Report in Appendix I to this document for details.

Our Directors confirm that there was no default in payments of our liabilities or breach of covenants during the Track Record Period and up to the Latest Practicable Date.

As of the October 31, 2025, our unutilized banking facilities were RMB165.6 million.

Lease Liabilities

As of December 31, 2022, 2023 and 2024, and June 30, 2025, our lease liabilities, including current and non-current portion, were RMB43.9 million, RMB25.8 million, RMB10.0 million and RMB8.5 million, respectively. Our lease liabilities remained relatively stable at RMB8.5 million as of June 30, 2025 and RMB8.7 million as of October 31, 2025. Please see "Selected Balance Sheet Items — Current Assets/Liabilities — Lease Liabilities — Current" and "Selected Balance Sheet Items — Non-Current Assets/Liabilities — Lease Liabilities — Non-Current" in this section and Note 15 to the Accountants' Report in Appendix I to this document for details.

No Other Outstanding Indebtedness

Except as disclosed above, as of October 31, 2025, we did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, borrowings, liabilities under acceptance or other similar indebtedness, hire purchase commitments, guarantees or other material contingent liabilities. After due and careful consideration, our Directors confirm that, up to the Latest Practicable Date, there has been no material change in our indebtedness since October 31, 2025.

CONTINGENT LIABILITIES OR GUARANTEES

During the Track Record Period and up to the Latest Practicable Date, we did not have any material contingent liabilities that would have a material impact on our financial position or results of operations.

CAPITAL EXPENDITURE

The following table sets forth a breakdown of our capital expenditures for the periods indicated.

	For the year ended December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Payment for purchases of items of property, plant and equipment, other intangible assets and other assets	56,126	80,883	14,049	12,224

We funded our capital expenditure requirements during the Track Record Period mainly from cash flow generated from operating activities and financing activities. We expect to fund these capital expenditures with a combination of cash flow generated from operating activities, equity and debt financing and **[REDACTED]** from the **[REDACTED]**. Please see "Future Plans and Use of **[REDACTED]**" for further details. We will continue to make capital expenditures to meet the expected growth of our business.

CAPITAL COMMITMENTS

We did not have capital commitments as of December 31, 2022, 2023, 2024 and June 30, 2025.

KEY FINANCIAL RATIOS

The following table sets out our key financial ratios as of the dates indicated.

	As of December 31,			As of June 30,
	2022	2023	2024	2025
Current ratio[(1)]	1.59	2.57	1.95	1.87
Quick ratio[(2)]	0.98	1.73	1.40	1.28

Notes:

(1) Current ratio equals to total current assets divided by total current liabilities as of end of the respective year or period.

(2) Quick ratio equals to current assets less inventories divided by current liabilities as of the end of the respective year or period.

Current Ratio

Our current ratio increased from 1.59 as of December 31, 2022 to 2.57 as of December 31, 2023, primarily due to an increase in trade and bills receivables of RMB239.1 million and (ii) a decrease in interest-bearing bank borrowings of RMB305.7 million, partially offset by an increase in trade and bills payables of RMB154.5 million.

Our current ratio decreased from 2.57 as of December 31, 2023 to 1.95 as of December 31, 2024, primarily due to (i) an increase in interest-bearing bank borrowings of RMB347.6 million and (ii) an increase in trade and bills payables of RMB94.0 million, partially offset by an increase in trade and bills receivables of RMB356.6 million.

Our current ratio decreased from 1.95 as of December 31, 2024 to 1.87 as of June 30, 2025, primarily due to (i) an increase in interest-bearing bank borrowings of RMB150.5 million and (ii) an increase in trade and bills payables of RMB53.6 million, partially offset by an increase in inventories of RMB151.6 million.

Quick Ratio

Our quick ratio increased from 0.98 as of December 31, 2022 to 1.73 as of December 31, 2023, primarily due to (i) an increase in trade and bills receivables of RMB239.1 million and (ii) a decrease in interest-bearing bank borrowings of RMB305.7 million, partially offset by an increase in trade and bills payables of RMB154.5 million.

Our quick ratio decreased from 1.73 as of December 31, 2023 to 1.40 as of December 31, 2024, primarily due to (i) an increase in interest-bearing bank borrowings of RMB347.6 million and (ii) an increase in trade and bills payables of RMB94.0 million, partially offset by an increase in trade and bills receivables of RMB356.6 million.

Our quick ratio decreased from 1.40 as of December 31, 2024 to 1.28 as of June 30, 2025, primarily due to (i) an increase in interest-bearing bank borrowings of RMB150.5 million and (ii) an increase in trade and bills payables of RMB53.6 million, partially offset by an increase in prepayments, other receivables and other assets of RMB132.3 million.

OFF-BALANCE SHEET ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet arrangements. We also have not entered into any financial guarantees or other commitments to guarantee the payment obligations of third parties. In addition, we have not entered into any derivative contracts that are indexed to our equity interests and classified as owners' equity. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do

not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or that engages in leasing, hedging or research and development services with us.

RELATED PARTY TRANSACTIONS

Related party transactions are set out in Note 37 to the Accountants' Report in Appendix I to this document. Our Directors confirm that these transactions were conducted in the ordinary and usual course of business and on an arm's length basis, and they did not distort our results of operations or make our historical results not reflective of our future performance.

FINANCIAL RISKS DISCLOSURE

We are exposed to a variety of financial risks, including foreign currency risk, credit risk and liquidity risk. Our overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial performance. Our Directors reviewed and agreed the following risk management policies. Please see Note 40 to the Accountants' Report in Appendix I to this document for details.

Foreign Currency Risk

Foreign currency risk arises from sales or purchases in currencies other than our functional currencies. For a sensitivity analysis of a reasonably possible change in the foreign currency exchange rates, with all other variables held constant, of our profit before tax for each period of the Track Record Period, see Note 40 to the Accountants' Report set forth in Appendix I to this document.

Credit Risk

We are exposed to credit risk in relation to our financial assets such as cash and cash equivalents, restricted cash, prepayments, other receivables and other assets. We trade only with recognized and creditworthy 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 details of our credit risk, please see Note 40 to the Accountants' Report set out in Appendix I to this document.

Liquidity Risk

Our objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank borrowings and lease liabilities. We monitor our risk to a shortage of funds using a recurring liquidity planning tool which considers the maturity of our financial instruments and financial assets, such as trade and bills receivables and projected cash flows from operations. For details of our liquidity risk, please see Note 40 to the Accountants' Report set out in Appendix I to this document.

Capital Management

The primary objectives of our capital management are to safeguard our ability to continue as a going concern and to maintain healthy capital ratios in order to support our business and maximize shareholders' value. We manage our capital structure and make adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, we may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. We monitor capital using the debt-to-asset ratio, which is total liabilities divided by total assets. For more details of our capital management, please see Note 40 to the Accountants' Report set out in Appendix I to this document.

DIVIDENDS

Dividend distribution to our shareholders is recognized as a liability in the period in which the dividends are approved by our shareholders or Directors, as appropriate. During the Track Record Period, we paid dividends of RMB24.8 million, RMB25.9 million, RMB25.8 million and RMB33.9 million in 2022, 2023, 2024 and the six months ended June 30, 2025, respectively. On May 19, 2025, we approved final dividend in respect of the year ended December 31, 2024 of RMB1.30 per 10 shares, including tax. The dividend was not recognized as a liability as of December 31, 2024.

We do not have a fixed dividend distribution ratio. According to including the PRC Company Law (《中華人民共和國公司法》) and the No. 3 Guideline for the Supervision of Listed Companies — Cash Dividend Distribution of Listed Companies (2025 Revision) (《上市公司監管指引第3號 — 上市公司現金分紅(2025年修訂)》), and the Articles of Association, we are required to pay cumulative cash dividends of any three fiscalyears that account for not less than 30% of our average net profits for those three fiscal years which are available for distribution, calculated in accordance with PRC GAAP, provided that, among others, the sustainable operation and long term development of the Company will not be impacted and there is no plan for significant capital expenditure. Future profit distributions may be carried out in the form of cash dividends or stock dividends or a combination of cash dividends and stock dividends. Any proposed distribution of dividends is subject to the discretion of our Board and the approval at our Shareholders' meetings. Our Board may recommend a distribution of dividends in the future after taking into account our results of operations, financial condition, operating requirements, capital requirements, shareholders' interests and any other conditions that our Board may deem relevant.

DISTRIBUTABLE RESERVES

As of June 30, 2025, we had retained profits of RMB609.5 million. Our retained earnings represented the distributable reserves available for distribution to our Shareholders.

[REDACTED]

Our **[REDACTED]** mainly include (i) **[REDACTED]**-related expenses, such as **[REDACTED]** fees and **[REDACTED]**, and (ii) non-**[REDACTED]**-related expenses, comprising professional fees paid to our legal advisors and Reporting Accountants for their services rendered in relation to the **[REDACTED]** and the **[REDACTED]**, and other fees and expenses. Assuming full payment of the discretionary incentive fee, the estimated total **[REDACTED]** (based on the mid-point of the **[REDACTED]** Range and assuming that the **[REDACTED]** is not exercised) for the **[REDACTED]** are approximately HK$**[REDACTED]** million, accounting for approximately of **[REDACTED]**% of our gross **[REDACTED]**. Among such estimated total **[REDACTED]**, we expect to pay **[REDACTED]**-related expenses of HK$**[REDACTED]** million, professional fees for our legal advisors and Reporting Accountants of HK$**[REDACTED]** million and other fees and expenses of HK$**[REDACTED]** million. An estimated amount of HK$**[REDACTED]** million for our **[REDACTED]**, accounting for approximately **[REDACTED]**% of our gross **[REDACTED]**, was or is expected to be expensed through the statement of profit or loss and other comprehensive income and the remaining amount of HK$**[REDACTED]** million is expected to be recognized directly as a deduction from equity upon the **[REDACTED]**. We did not recognize any **[REDACTED]** in 2022, 2023, 2024. As of June 30, 2025, **[REDACTED]** in an aggregate of RMB**[REDACTED]** million were incurred and charged to our consolidated statement of profit or loss, and RMB**[REDACTED]** million will be deducted from equity upon the **[REDACTED]**.

UNAUDITED [REDACTED] ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

Please see "Appendix IIA — Unaudited **[REDACTED]** Financial Information."

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that up to the date of this document, there has been no material adverse change in our financial or trading position or prospects since June 30, 2025, being the end date of our latest audited financial statements, and there has been no event since June 30, 2025 which would materially affect the information shown in the Accountants' Report set out in Appendix I to this document.

DISCLOSURE REQUIRED UNDER LISTING RULES

Except as otherwise disclosed in this document, our Directors confirm that, as of the Latest Practicable Date, they were not aware of any circumstances which would give rise to a disclosure requirement under Rule 13.13 to Rule 13.19 of the Listing Rules.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OVERVIEW

As of the Latest Practicable Date, our Company was held as to (i) 39.13% by Mr. WANG Ping, and (ii) 10.03% by ZhaoGe Investment, which was ultimately controlled by Mr. WANG Ping as its general partner, representing 39.13% and 10.03% of the voting power at general meetings of our Company, respectively. For details, please see "History and Corporate Structure — Corporate Structure" in this document.

Accordingly, immediately following the completion of the **[REDACTED]** (assuming that (i) the **[REDACTED]** is not exercised; and (ii) no additional Shares are issued pursuant to our Equity Incentive Plans), Mr. WANG Ping, directly and indirectly through ZhaoGe Investment, will be entitled to exercise a total of **[REDACTED]**% of the voting power at general meetings of our Company. Upon **[REDACTED]**, each of Mr. WANG Ping and ZhaoGe Investment will together constitute a group of our Controlling Shareholders under the Listing Rules.

INTEREST IN COMPETING BUSINESS

Each of our Controlling Shareholders confirms that he/it had no interest in any business apart from the business of our Group which competes or is likely to compete, either directly or indirectly, with the business of our Group, which would require disclosure under Rule 8.10 of the Listing Rules as of the Latest Practicable Date.

NON-COMPETITION UNDERTAKINGS

In June 2017, for the purpose of the listing of our A Shares on the Shenzhen Stock Exchange and in order to avoid potential competition with our Company, Mr. WANG Ping provided a non-competition undertaking in favor of our Company, confirming that (i) he has not, directly or indirectly, engaged in any business activities that are identical with, similar to, or compete with the Group's business in any respect ("**Competing Business**"); (ii) he has not held any positions or act as a director, senior management member, or key technical personnel in enterprises, institutions or other organizations engaging in Competing Business; (iii) he will not engage in or assist any Competing Business; (iv) if there are any business opportunities within the scope of our Company's principal business in the future, he or entities controlled by him would give priority in referring those opportunities to the Group upon the request of the Company; and (v) if he fails to fulfill the above undertakings, he would indemnify the Group for any loss suffered as a result thereof. The above undertakings are legally binding on each of our Controlling Shareholders and expire on the date when he/it ceases to be a controlling shareholder, actual controller or person acting in concert with the actual controller of our Company.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying on our business independently of our Controlling Shareholders and their respective close associates upon **[REDACTED]**.

Management Independence

Upon **[REDACTED]**, our Board will comprise seven Directors, including four executive Directors and three independent non-executive Directors. Our management and operational decisions are made collectively by our Board and senior management, most of whom have served our Group for a significant period and have substantial and extensive relevant industry experience and expertise as set out in "Directors and Senior Management." Save for Mr. WANG Ping, our Controlling Shareholder and executive Director, who serves as a general partner of ZhaoGe Investment, an investment platform established for our equity incentive plans, none of our Directors or members of the senior management is a controlling shareholder or holds any directorship or executive position in our Controlling Shareholder or their close associates.

Our Directors consider that our Board and senior management will function independently of our Controlling Shareholders for the following reasons:

(i) each Director is aware of his or her fiduciary duties as a Director which require, among other things, that such Director acts for the best interests of our Company and our Shareholders as a whole and avoid any conflict between his or her duties as a Director and his or her personal interests;

(ii) our Company has established internal control mechanisms to identify connected transactions to ensure that our Shareholders or Directors with conflicting interests in a proposed transaction will abstain from voting on the relevant resolutions pursuant to the relevant requirements under our Articles of Association and/or the Listing Rules;

(iii) in the event that there is a potential conflict of interest arising from any transaction between our Company and our Directors or their respective close associates, the interested Director(s) is required to declare the nature of such interest before voting at the relevant Board meetings of our Company in respect of such transactions;

(iv) all of the other Directors are independent from our Controlling Shareholders, and decisions of the Board require the approval of a majority vote from the Board; and

(v) we have appointed three independent non-executive Directors, comprising more than one third of the total members of our Board, who have sufficient knowledge, experience and competence to provide a balance of the potentially interested Directors and independent Directors with a view to safeguard the interests of our Company and the Shareholders as a whole.

Based on the above, our Directors are of the view that our Board and senior management as a whole are capable to perform their roles in our Company independently and manage our business independently of our Controlling Shareholders and their respective close associates after **[REDACTED]**.

Operational Independence

We are not operationally dependent on our Controlling Shareholders. We have established our own organizational structure, with each department assigned to specific areas of responsibilities which have been in operation and are expected to continue to operate independently of our Controlling Shareholders and their respective close associates. We have independent access to suppliers and customers. We are also in possession of relevant assets, licenses, trademarks and other intellectual property and research and development facilities necessary to carry on and operate our business. We have sufficient operational capacity in terms of capital and employees to operate independently.

Based on the above, our Directors are satisfied that we will be able to operate independently of our Controlling Shareholders and their respective close associates after **[REDACTED]**.

Financial Independence

We have the ability to operate independently of our Controlling Shareholders and their respective close associates from a financial perspective. We have an independent financial system and make financial decisions according to our own business needs. We have our independent financial department with a team of independent financial staff responsible for discharging the treasury function, and an audit committee comprising solely independent non-executive Directors to oversee our accounting and financial reporting processes. We make tax registration and pay tax independently with our own funds. As such, our financial functions, such as cash and accounting management, invoices and bills, operate independently of our Controlling Shareholders and their respective close associates.

We do not rely on our Controlling Shareholders or their close associates to provide financial assistance to our Group. We have independent access to third party financing, and our Directors believe that, if necessary, we are capable of obtaining financing from external sources without relying on our Controlling Shareholders or their respective close associates. As of the Latest Practicable Date, none of our Controlling Shareholders or their respective close associates had provided any loans, borrowings or guarantees to our Group.

Based on the above, our Directors are satisfied that we will be able to maintain financial independence from our Controlling Shareholders and their respective close associates after **[REDACTED]**.

CORPORATE GOVERNANCE MEASURES

In order to further safeguard the interests of our Shareholders, we will adopt the following corporate governance measures to manage any potential conflicts of interest with our Controlling Shareholders and their respective close associates:

(i) As part of our preparation for the **[REDACTED]**, we have amended our Articles of Association to comply with the Listing Rules, which will become effective upon **[REDACTED]**. In particular, our Articles of Association provides that, unless otherwise provided, a Director shall abstain from voting on any resolution approving any contract, transaction or arrangement in which such Director or any of his/her close associates has a material interest, nor shall such Director be counted in the quorum present at the Board meeting.

(ii) Where a transaction or arrangement of our Company is subject to Shareholders' approval under the provisions of the Listing Rules, any Controlling Shareholder that has a material interest in the transaction or arrangement shall abstain from voting on the resolution(s) approving the transaction or arrangement at the general meeting.

(iii) Our Company has established internal control mechanisms to identify connected transactions. Upon **[REDACTED]**, if our Company enters into connected transactions with our Controlling Shareholders or any of their associates, our Company will comply with the applicable requirements under the Listing Rules.

(iv) We are committed that our Board shall include a balanced composition of executive Directors and non-executive Directors (including independent non-executive Directors). We have appointed three independent non-executive Directors, who we believe possess sufficient experience and are free from any business or other relationship which could interfere in any material manner with the exercise of their independent judgment, and will be able to provide an impartial, external opinion to protect the interests of our Shareholders as a whole. For details of our independent non-executive Directors, please see "Directors and Senior Management — Directors — Independent Non-Executive Directors" in this document.

(v) We have appointed Somerley Capital Limited as our compliance advisor, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to directors' duties and corporate governance.

BEFORE THE [REDACTED]

As of the Latest Practicable Date, the issued share capital of our Company consisted of 261,755,700 A Shares with a nominal value of RMB1.00 each, all of which are listed on the Shenzhen Stock Exchange.

UPON COMPLETION OF THE [REDACTED]

Immediately following the completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised), the issued share capital of our Company will be as follows:

	Number of Shares	Approximately % of issued share capital
A Shares in issue	[261,755,700]	**[REDACTED]**
H Shares to be issued pursuant to the **[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Total	**[REDACTED]**	100.00%

Immediately following the completion of the **[REDACTED]** (assuming the **[REDACTED]** is exercised in full), the issued share capital of our Company will be as follows:

	Number of Shares	Approximately % of issued share capital
A Shares in issue	[261,755,700]	**[REDACTED]**
H Shares to be issued pursuant to the **[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Total	**[REDACTED]**	100.00%

OUR SHARES

Upon the completion of the **[REDACTED]**, our Shares will consist of A Shares and H Shares. The A Shares and H Shares are all ordinary Shares in the share capital of our Company. Apart from certain qualified domestic institutional investors in mainland China, the qualified investors in mainland China under the Shenzhen-Hong Kong Stock Connect (if our H Shares are eligible securities for that purpose) and other persons who are entitled to hold our H Shares pursuant to relevant PRC laws or upon approvals of any competent authorities, H Shares generally cannot be subscribed for by or traded between legal or natural persons in mainland China.

Shenzhen-Hong Kong Stock Connect has established a stock connect mechanism between mainland China and Hong Kong. Our A Shares can be traded by investors in mainland China, 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 traded by Hong Kong and other overseas investors pursuant to the rules and limits of Shenzhen-Hong Kong Stock Connect. If our H Shares are eligible securities under the Southbound Trading Link, they can also be **[REDACTED]** by **[REDACTED]** in mainland China in accordance with the rules and limits of Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect.

Our A Shares and our H Shares are generally neither interchangeable nor fungible, and the market prices of our A Shares and our H Shares may be different after the **[REDACTED]**. The Guidelines on Application for "Full Circulation" of Domestic Unlisted Shares of H-share Companies (《H股公司境內未上市股份申請"全流通"業務指引》) announced by the CSRC are not applicable to companies dual listed in the PRC and on the Stock Exchange. As of the Latest Practicable Date, there were no relevant rules or guidelines from the CSRC providing that A Shareholders may convert A shares held by them into H shares for **[REDACTED]** and **[REDACTED]** on the Stock Exchange.

RANKING

Our A Shares and our H Shares are regarded as one class of Shares under our Articles of Association and shall rank *pari passu* with each other in all other respects and, in particular, will rank equally for 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 could also be distributed in the form of Shares. Holders of our H Shares will receive share dividends in the form of H Shares, and holders of our A Shares will receive share dividends in the form of A Shares.

APPROVAL FROM A SHAREHOLDERS REGARDING THE [REDACTED]

We obtained our A Shareholders' approval to issue H Shares and seek the **[REDACTED]** of H Shares on the Stock Exchange at the general meeting of our Company held on June 5, 2025. Such approval is subject to the following conditions:

(i) **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 exercise of the **[REDACTED]** shall not exceed **[REDACTED]** of the total number of H Shares to be **[REDACTED]** initially under the **[REDACTED]**.

(ii) **Method of [REDACTED].** The method of **[REDACTED]** shall be by way of an **[REDACTED]** to institutional **[REDACTED]** and a **[REDACTED]** for **[REDACTED]** in Hong Kong.

(iii) **Target [REDACTED].** The H Shares shall be **[REDACTED]** to public **[REDACTED]** in Hong Kong under the **[REDACTED]** and international **[REDACTED]**, qualified domestic institutional **[REDACTED]** in mainland China and other **[REDACTED]** who are approved by mainland Chinese regulatory bodies to **[REDACTED]** abroad in **[REDACTED]**.

(iv) **[REDACTED] basis.** The **[REDACTED]** price of the H Shares will be determined, among others, after due consideration of the interests of existing shareholders of our Company, acceptance of **[REDACTED]** and the risks related to the **[REDACTED]**, according to international practice, through the demands for orders and book building process, subject to the domestic and overseas capital market conditions and by reference to the valuation level of comparable companies in domestic and overseas markets.

(v) **Validity period.** The **[REDACTED]** of H Shares and **[REDACTED]** of H Shares on the Stock Exchange shall be completed within 24 months from the date when the Shareholders' meeting was held on June 5, 2025.

There is no other approved **[REDACTED]** plan for the Shares except the **[REDACTED]**.

GENERAL MEETINGS

For details of circumstance under which our general meetings are required, please see "Summary of the Articles of Association — Shareholders and Shareholders' General Meetings" in Appendix V to this document.

SHARE SCHEMES

For details of our share schemes, please see "Statutory and General Information — D. 2024 Equity Incentive Plans" in Appendix VI to this document.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised and no changes to our issued and outstanding shares between the Latest Practicable Date and the **[REDACTED]**), the following persons will have an interest or short position in Shares and/or underlying Shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the issued voting Shares of our Company.

Name of Shareholder	Nature of interest[1]	Number of Shares interested in under the SFO	Class of Shares	Shareholding as of the Latest Practicable Date in total issued share capital	Shareholding upon completion of the [REDACTED]	
					in A Shares	in total issued share capital[2]
Mr. WANG Ping[3]	Beneficial owner	[102,417,560]	A Shares	[39.13]%	[39.13]%	[REDACTED]
	Interest in controlled corporation	[26,248,240]	A Shares	[10.03]%	[10.03]%	[REDACTED]
ZhaoGe Investment[3] . .	Beneficial owner	[26,248,240]	A Shares	[10.03]%	[10.03]%	[REDACTED]

Notes:

(1) All interests stated are long positions.

(2) The calculation is based on the total number of **[REDACTED]** Shares in issue immediately following the completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised).

(3) As of the Latest Practicable Date, ZhaoGe Investment was ultimately controlled by Mr. WANG Ping as its general partner. By virtue of the SFO, Mr. WANG Ping is deemed to be interested in the Shares held by ZhaoGe Investment. For details, please see "History and Corporate Structure — Corporate Structure" in this document.

For details of shareholders who will be, directly or indirectly, interested in 10% or more of the issued voting shares of other members of our Group, please see "Statutory and General Information — C. Further Information About Our Directors and Substantial Shareholders — 1. Disclosure of Interests" in Appendix VI to this document.

SHARE PLEDGES BY MR. WANG PING

Mr. WANG Ping has from time to time pledged the A Shares he owned to certain PRC financial institutions as collateral in order to obtain financing. As of the Latest Practicable Date, Mr. WANG has pledged 12,850,000 A Shares, representing approximately 4.91% of the total issued share capital of our Company. To the best knowledge of our Directors having made all reasonable enquiries, there has not been any adverse credit records against Mr. WANG Ping in respect of any breach of repayment obligations under his indebtedness. Mr. WANG Ping has confirmed that, if any circumstances arise which results in a margin call or top-up mechanism being triggered under any of the share pledges, Mr. WANG Ping shall take all necessary actions, such as provision of additional collateral/and repayment of the relevant indebtedness, to ensure no enforcement of the pledged A Shares will result.

OVERVIEW

Upon the **[REDACTED]**, our Board will comprise seven Directors, including four executive Directors, and three independent non-executive Directors, namely:

Name	Age	Position	Date of joining our Group	Date of appointment as Director	Roles and responsibilities	Relationship with other Directors and members of senior management
Mr. WANG Ping (王平)	46	Executive Director, chairman of the Board, and general manager	June 1, 2009	May 7, 2015	Overall management, strategic planning and decision-making for key business and operational matters of our Group	N/A
Mr. DU Guobin (杜國彬)	45	Executive Director and vice chairman of the Board	April 1, 2014	May 7, 2015	Overseeing business and daily operations of our Group and leading the overall technology development of our Group	N/A
Mr. XIA Youqing (夏有慶)	49	Executive Director, vice general manager and chief financial officer	July 1, 2014	August 17, 2015	Overseeing the formulation and execution of the Group's strategic direction, business operations and financial management	N/A
Mr. HUANG Min (黃敏)	39	Executive Director, secretary of the Board, vice general manager, and joint company secretary	June 16, 2014	June 5, 2025	Responsible for the Company's securities affairs, refinancing initiatives, and other capital market-related matters	N/A
Mr. YANG Zheng (楊政)	71	Independent non-executive Director	July 12, 2021	July 12, 2021	Providing independent advice on the operations and management of our Group	N/A
Dr. MA Lijun (馬利軍)	46	Independent non-executive Director	February 2, 2021	February 2, 2021	Providing independent advice on the operations and management of our Group	N/A

Name	Age	Position	Date of joining our Group	Date of appointment as Director	Roles and responsibilities	Relationship with other Directors and members of senior management
Ms. LIU Jia (劉佳)	38	Independent non-executive Director	**[REDACTED]**	June 5, 2025	Providing independent advice on the operations and management of our Group	N/A

DIRECTORS

Executive Directors

Mr. WANG Ping (王平), aged 46, chairman of the Board, has served in our Group since June 2009. He has been our executive Director since January 2011 and has served as our general manager since May 2015. Mr. Wang has also held various leadership roles in our subsidiaries, including but not limited to, serving as general partner at Zhaoge Investment since June 2014, executive director at Forge International Co., Ltd. (方格國際有限公司) since December 2014, executive director at MeiG Zhilian since October 2018, and executive director at Shenzhen MeiG Smart Investment Entrepreneur Investment Co., Ltd. (深圳市美格智投創業投資有限公司) since December 2019. Mr. Wang is primarily responsible for the overall management, strategic planning and decision-making for key business and operational matters of our Group.

Mr. Wang has over 23 years of experience in the telecommunication industry. From April 2002 to June 2009, he served as general manager at Shenzhen Mege Industrial Design Co., Ltd. (深圳市美格工業設計有限公司). Mr. Wang has also held positions as an executive director at Tiancheng Holdings (Shenzhen) Co., Ltd. (天誠控股(深圳)有限公司), a company primarily engaged in leasing and management of self-owned properties; Shenzhen Gaoxin Semiconductor Technology Co., Ltd. (深圳市高芯半導體技術有限公司); a company primarily engaged in development and sales of semiconductor devices; and Shenzhen Gaoxin Venture Investment Co., Ltd. (深圳市高芯創業投資有限公司), a company primarily engaged in project and venture capital investment, since September 2016, September 2018 and July 2021, respectively.

Mr. Wang obtained his college diploma in modern business operations and marketing from Shenzhen University (深圳大學) through distance learning by way of correspondence education in the PRC in June 2000.

Mr. DU Guobin (杜國彬), aged 45, has been our executive Director. Mr. Du joined our Group in April 2014 as vice general manager. He was appointed as vice chairman of the Board on July 12, 2021. He served as our vice general manager from May 2015 to July 12, 2021. He is primarily responsible for overseeing business and daily operations of our Group and leading the overall technology development of our Group.

Mr. Du has over 20 years of experience in the R&D, design and technology management. Prior to joining our Group, Mr. Du worked at Zhongfu Technology (Suzhou) Co., Ltd. (眾福科技(蘇州)有限公司) from November 2003 to December 2004. From August 2006 to November 2008, he worked at Shanghai Simcom Limited (希姆通信息技術(上海)有限公司). From July 2009 to February 2014, he served as general manager at Shanghai Xingge Information Technology Co., Ltd. (上海興格信息技術有限公司). Since June 2020, he has served as a director of MeiLink Co., Ltd. (株式會社MeiLink). Since September 2020, he has been a director of ShuoGe Intelligent Technology Co., Ltd. (碩格智能技術有限公司), our affiliated company.

Mr. Du obtained his bachelor of engineering from Zhengzhou University (鄭州大學) in the PRC in July 2003 and his master's degree in engineering from Shanghai Jiao Tong University (上海交通大學) in the PRC in December 2007.

Mr. XIA Youqing (夏有慶), aged 49, is our executive Director, vice general manager and chief financial officer. He joined our Group in July 2014 and has served as our chief financial officer since then. Mr. Xia was appointed as our Director and has served as our vice general manager since October 2015. He is primarily responsible for overseeing the formulation and execution of the Group's strategic direction, business operations and financial management.

Mr. Xia has extensive experience in financial management and corporate governance. Prior to joining our Group, Mr. Xia worked at Hunan China International Travel Service Agency Co., Ltd. (湖南省中國國際旅行社有限公司) from April 2000 to September 2003. From January 2004 to June 2005, he worked at Changsha Branch of Huizhou TCL Telingtong Mobile Communication Co., Ltd. (惠州TCL特靈通移動通信有限公司長沙分公司). From July 2005 to April 2009, he worked at Shenzhen Kaihong Mobile Communication Co., Ltd. (深圳凱虹移動通信有限公司). From May 2009 to March 2011, he worked at Chongqing Guohong Technology Development Co., Ltd. (重慶國虹科技發展有限公司). He worked at Shenzhen Nianfu Supply Chain Co., Ltd. (深圳市年富供應鏈有限公司) from April 2012 to June 2014. Since June 19, 2020, Mr. Xia has been serving as a director at MeiLink Corporation (株式會社MeiLink). Since September 9, 2020, he has been a director at ShuoGe Intelligent Technology Co., Ltd. (碩格智能技術有限公司), our affiliated company.

Mr. Xia obtained his bachelor's degree in management from Hunan Business School (湖南商學院) (currently known as Hunan University of Technology and Business (湖南工商大學)) in the PRC in June 1999. He also obtained the intermediate qualification in accountancy (會計中級) from the Ministry of Finance of the People's Republic of China (中華人民共和國財政部) in May 2005.

Mr. HUANG Min (黃敏), aged 39, has been our executive Director since June 2025. He has been our secretary of the Board and vice general manager since January 2018. He joined our Group in June 2014 and has served as director of the general manager's office since then. From May 2015 to February 2018, Mr. Huang served as our securities affairs representative. From May 2015 to November 2017, he was our supervisor. He is primarily responsible for the Company's securities affairs, refinancing initiatives, and other capital market-related matters of our Group.

Prior to joining our Group, Mr. Huang worked at Shenzhen Blue Whale Ocean Engineering Technology Co., Ltd. (深圳市藍鯨海洋工程技術有限公司). From May 2009 to March 2012, he worked at Shenzhen Aerospace Science & Industry Shenzhen (Group) Co., Ltd. (深圳市航天科工實業有限公司). From August 2012 to May 2014, he worked at Shenzhen Keleke Communication Technology Co., Ltd. (深圳市可樂可通信技術有限公司).

Mr. Huang obtained his bachelor's degree in arts from Hubei Normal College (湖北師範學院) (currently known as Hubei Normal University (湖北師範大學)) in the PRC in June 2008. He also obtained the Qualification of Listed Company Board Secretary issued by Shenzhen Stock Exchange in September 2017.

Independent Non-Executive Directors

Mr. YANG Zheng (楊政), aged 71, has been our independent Director since July 12, 2021, and was redesignated as an independent non-executive Director on June 5, 2025. He is primarily responsible for providing independent advice on the operations and management of our Group.

Since June 2000, Mr. Yang has been a professor at Nanjing Audit University (南京審計大學), where he has been engaged in academic teaching and research in accounting. Since July 2019, Mr. Yang has served as president of Shenzhen Rihao Intelligent Finance Research Institute (深圳市日浩智慧財經研究院) where he has been responsible for strategic planning, academic research and operational management. Mr. Yang also served as an independent director at various listed companies, including (i) Anhui Xinke New Materials Co., Ltd. (安徽鑫科新材料股份有限公司), a company whose shares are listed on the Shanghai Stock Exchange (stock code: 600255), from November 2018 to December 2024, (ii) Lianmei Quantum Co., Ltd. (聯美量子股份有限公司), a company whose shares are listed on the Shanghai Stock Exchange (stock code: 600167) from November 2018 to December 2024, (iii) Suzhou Vigon Technology Group Co., Ltd. (蘇州蘇大維格科技集團股份有限公司), a company whose shares are listed on the Shenzhen Stock Exchange

(stock code: 300331) from October 2021 to June 2024, and (iv) Sunpower Group Ltd. (中聖集團有限公司), a company whose shares are listed on the Singapore Exchange (stock code: 5GD) since November 2017.

Mr. Yang obtained his bachelor's degree in political economics from Anhui University (安徽大學) in the PRC in July 1982. He also obtained the qualification of Chinese certified public accountant from The Chinese Institute of Certified Public Accountants (中國註冊會計師協會) in May 2000. Mr. Yang was a member of the National Audit Information Standardization Technical Committee (全國審計信息化標準化技術委員會), and was awarded the second prize of the China Standard Innovation Contribution Award (中國標準創新貢獻獎) in September 2009.

Dr. MA Lijun (馬利軍), aged 46, has been our independent Director since February 2, 2021, and was redesignated as an independent non-executive Director on June 5, 2025. He is primarily responsible for providing independent advice on the operations and management of our Group.

Since September 2007, Dr. Ma has worked at the Management School of Shenzhen University (深圳大學), holding roles including lecturer, associate professor, professor and department head. From October 2017 to October 2023, he was an independent director of Guangzhou Huayan Precision Machinery Co., Ltd. (廣州市華研精密機械股份有限公司), a company whose shares are listed on the Shenzhen Stock Exchange (stock code: 301138).

Dr. Ma obtained his bachelor's degree in management science and computer science and technology and his master's degree in management science and engineering from University of Science and Technology of China (中國科學技術大學) in June 2001 and July 2003, respectively. He obtained his Ph.D. degree in systems engineering and engineering management from The Chinese University of Hong Kong (香港中文大學) in December 2008.

Ms. LIU Jia (劉佳), aged 38, was appointed as our independent non-executive Director on June 5, 2025 with effect from the **[REDACTED]**. She is primarily responsible for providing independent advice on the operations and management of our Group.

Ms. Liu has abundant experience in corporate financing transactions, covering, among others, cross-border mergers and acquisitions, initial public offerings, private equity investments, digital assets, and compliance matters. From February 2013 to March 2014, she served at Greka Gas China Ltd., primarily responsible for coordination and management of legal affairs of the group. From May 2014 to May 2016, she served at Skadden, Arps, Slate, Meagher & Flom LLP, mainly involving in legal services including corporate financings and initial public offerings. From June 2016 to June 2018, she served as a legal counsel at Tencent Technology (Shenzhen) Company Limited (騰訊科技(深圳)有限公司), primarily responsible for legal and compliance matters related to the group's investments, strategic transactions and general compliance. Since 2018, she has held

leadership roles at HashKey Group, including serving as head of legal department where she provided comprehensive legal support for its operations in Hong Kong, Singapore, Japan, and other jurisdictions, and oversaw the application and ongoing maintenance of regulatory licenses in these regions. She has also been serving as chief executive officer of HashKey Group's tokenization businesses, leading the team in delivering comprehensive tokenization solutions and execution services for premium projects and assets.

Ms. Liu obtained her bachelor's degree of law from Law School of Shenzhen University (深圳大學法學院) in the PRC in May 2009 and her master's degree of law from Law School of University of San Francisco in the U.S. in June 2010. She also obtained the Legal Professional Qualification Certificate of the PRC (中國法律職業資格證書) in March 2016.

SENIOR MANAGEMENT

Our senior management team is responsible for the day-to-day management and operation of our business. Mr. WANG Ping, Mr. DU Guobin, Mr. XIA Youqing and Mr. HUANG Min, our executive Directors, are also members of our senior management. For their biographies, please see "Directors — Executive Directors" in this section.

JOINT COMPANY SECRETARIES

Mr. HUANG Min, our secretary of the Board, was appointed as one of our joint company secretaries on May 19, 2025. For the biographical details of Mr. Huang, please see "Senior Management" in this section.

Ms. CHENG Kwai Yuk (鄭桂鈺) was appointed as one of our joint company secretaries on May 19, 2025. She is an assistant vice president at SWCS Corporate Services Group (Hong Kong) Limited, with extensive experience in corporate governance and company secretarial services for listed companies.

Ms. Cheng has over 14 years of experience in the corporate secretarial field. She has worked for several large listed companies in Hong Kong, and currently serves as the company secretary of China Resources Gas Group Limited (Stock Code: 1193) and China Resources Pharmaceutical Group Limited (Stock Code: 3320). Ms. Cheng is an associate member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. She holds a bachelor of arts degree in Language Studies for the Professions (Translation) from The Hong Kong Polytechnic University.

OTHER INFORMATION

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 12, 2025 and June 13, 2025, respectively, and (ii) understands his or her obligations as a director of a listed issuer under the Listing Rules.

Each of the independent non-executive Directors confirms (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 the Company or its subsidiaries or any connection with any core connected person of our Company, and (iii) that there are no other factors that may affect his or her independence at the time of his or her appointments.

Each of our Directors confirms that he or she does not have any interest in a business apart from the business of our Group which competes or is likely to compete, whether directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

Except as disclosed above, none of our Directors or members of senior management held any other directorships in public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years immediately preceding the Latest Practicable Date. None of our Directors or members of senior management is related to other Directors or members of senior management.

Except as disclosed above, to the best knowledge, information and belief of the Directors having made all reasonable inquiries, there was no information relating to our Directors that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules, and there were no other matters with respect to the appointment of the Directors that need to be brought to the attention of the Shareholders.

MANAGEMENT AND CORPORATE GOVERNANCE

Board Committees

Audit Committee

Our Board has established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules (the "**Corporate Governance Code**"). The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal controls system of our Group, review and approve connected transactions and provide advice and comments to the

Board. The Audit Committee comprises Mr. YANG Zheng, Dr. MA Lijun and Ms. LIU Jia, with Mr. YANG Zheng (being our independent non-executive Director with appropriate professional qualifications) as the chairperson.

Remuneration and Appraisal Committee

Our Board has established the Remuneration and Appraisal Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code. The primary duties of the Remuneration and Appraisal Committee are to review and make recommendations to the Board on the terms of remuneration packages, bonuses and other compensation payable to our Directors and other senior management. The Remuneration and Appraisal Committee comprises Dr. MA Lijun, Mr. WANG Ping and Mr. YANG Zheng, with Dr. MA Lijun as the chairperson.

Nomination Committee

Our Board has established the Nomination Committee with written terms of reference in compliance with Rule 3.27A of the Listing Rules and the Corporate Governance Code. The primary duties of the Nomination Committee are to make recommendations to our Board on the appointment of Directors and management of Board succession. The Nomination Committee comprises Dr. MA Lijun, Mr. YANG Zheng and Ms. LIU Jia, with Dr. MA Lijun as the chairperson.

Strategy Committee

Our Board has established a Strategy Committee with written terms of reference. The primary duties of the Strategy Committee are to research and make recommendations to our Board on our long-term development strategies and major investment decisions. The Strategy Committee comprises Mr. WANG Ping, Dr. MA Lijun and Mr. YANG Zheng, with Mr. WANG Ping as the chairperson.

Corporate Governance

We aim to achieve high standards of corporate governance which are crucial to our development and safeguard the interests of our Shareholders. In order to accomplish this, we expect to comply with all applicable code provisions of the Corporate Governance Code upon **[REDACTED]** save for the below.

Pursuant to code provision C.2.1 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules, companies listed on the Stock Exchange are expected to comply with but may choose to deviate from the requirement that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Our Company deviates from this provision because Mr. WANG Ping, performs both the roles of the chairman of our Board and chief executive officer of our Company. Our Board believes that, in view of his experience, personal profile and understanding of our business operations as mentioned above, Mr. WANG Ping is the Director best suited to identify strategic opportunities and focus of the Board. Vesting the roles of both chairman and chief executive officer to Mr. WANG Ping can promote the effective execution of strategic initiatives and facilitate the flow of information between management and the Board.

Our Board considers that the balance of power and authority will not be impaired due to this arrangement. In addition, all major decisions are made in consultation with members of the Board, including the relevant Board committees, and independent non-executive Directors. Our Board will reassess the division of the roles of chairman and the chief executive officer from time to time, and may recommend dividing the two roles between different people in the future, taking into account the circumstances of our Group as a whole.

Board Diversity

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, including gender diversity, as an essential element in maintaining our competitive advantage and enhancing our ability to attract, retain and motivate employees from the widest possible pool of available talent. In reviewing and assessing suitable candidates to serve as a Director, the Nomination Committee will consider a number of aspects, including, but not limited to, gender, age, cultural and educational background, professional qualifications, skills, knowledge, and industry and regional experience.

Our Board currently consists of one female and six male Directors ranging from 38 to 71 years old with a balanced mix of knowledge and skills, including, but not limited to, overall management and strategic development, accounting and corporate governance in addition to industry experience in wireless communication. They obtained degrees in various majors including electronics and communications engineering, financial management, business operations, English and political economics. Taking into account our existing business model and specific needs, as well as the diverse background of our Directors, the composition of our Board satisfies the board diversity policy.

Our 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 adoption.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Our Directors receive remuneration in the form of fees, basic salaries, allowances and benefits in kind, contributions to pension schemes and discretionary bonuses. We determine the remuneration of our Directors based on their responsibilities, qualification, position and seniority.

The aggregate amount of remuneration of our Directors for the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025 were RMB5.4 million, RMB5.1 million, RMB5.0 million and RMB1.6 million, respectively. None of our Directors waived or agreed to waive any emolument during the same periods.

Under the arrangements in force at the date of this document, we estimate the aggregate remuneration payable to, and benefits in kind receivable by, our Directors by our Group in respect of the year ending December 31, 2025 to be approximately RMB5.2 million.

The five highest paid individuals of our Group for the years ended December 31, 2022 and 2023 and 2024 and the six months ended June 30, 2025 included three, three, two and nil Director(s), respectively. During the same periods, the aggregate amount of remuneration of the five highest paid individuals (including fees, basic salaries, allowances and benefits in kind, share-based payments, contributions to pension schemes and discretionary bonuses) were RMB7.7 million, RMB6.5 million, RMB7.7 million and RMB3.7 million, respectively.

During the Track Record Period, no remuneration was paid to, or received by, our Directors or the five highest paid individuals as an inducement to join or upon joining us. No compensation was paid to, or received by, our Directors, former directors, or the five highest paid individuals for the loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.

Save as disclosed above, no other payments have been made or are payable by our Group to our Directors in respect of the Track Record Period.

2024 EQUITY INCENTIVE PLANS

In order to incentivize employees for their contribution to the Group and to attract and retain suitable personnel to the Group, the Company adopted the 2024 Equity Incentive Plans. For further details, please see "Statutory and General Information — D. 2024 Equity Incentive Plans" in Appendix VI to this document.

COMPLIANCE ADVISOR

We have appointed Somerley Capital Limited as our compliance advisor pursuant to Rule 3A.19 of the Listing Rules. The compliance advisor will provide us with guidance and advice as to compliance with the requirements under the Listing Rules and applicable Hong Kong laws. Pursuant to Rule 3A.23 of the Listing Rules, the compliance advisor will, amongst other things, advise our Company in the following circumstances:

(a) before the publication of any regulatory announcement, circular, or financial report;

(b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues, sales or transfers of treasury shares and share repurchases;

(c) where we propose to use the **[REDACTED]** of the **[REDACTED]** in a manner different from that detailed in this document or where our business activities, development or results of our Group deviate from any forecast, estimate or other information in this document; and

(d) where the Stock Exchange makes an inquiry of our Company concerning unusual movements in the price or trading volume of our **[REDACTED]** securities or any other matters under Rule 13.10 of the Listing Rules.

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]**.

FUTURE PLANS

Please see "Business — Our Strategies" for a detailed description of our future plans.

USE OF [REDACTED]

Assuming an **[REDACTED]** of HK$**[REDACTED]** per Share (being the mid-point of the **[REDACTED]** Range stated in this document), we estimate that we will receive **[REDACTED]** of approximately HK$**[REDACTED]** million (equivalent to approximately RMB**[REDACTED]** million) from the **[REDACTED]** after deducting the **[REDACTED]** and other estimated expenses paid and payable by us in connection with the **[REDACTED]** and assuming that the **[REDACTED]** is not exercised. In line with our strategies, we intend to use our **[REDACTED]** from the **[REDACTED]** for the purposes and in the amounts set forth below:

- approximately **[REDACTED]**% of the **[REDACTED]**, or HK$**[REDACTED]** million (equivalent to approximately RMB**[REDACTED]** million), is expected to be used for enhancing our R&D and innovation capabilities.

  (i) approximately **[REDACTED]**% of the **[REDACTED]**, or HK$**[REDACTED]** million (equivalent to approximately RMB**[REDACTED]** million), will be used for mid-to long-term R&D and innovation in foundational technologies. Leveraging our expertise in wireless connection, we will continue to align our research efforts with market trends and customer needs, with a particular focus on 6G connection, SoC integration and connection, integrated storage and computing technologies and AI agent applications.

  - o approximately **[REDACTED]**% of the **[REDACTED]**, or HK$**[REDACTED]** million, is expected to be used to recruit and retain approximately 220 to 240 R&D talents with expertise in software and hardware development, testing, and product and project management. The annual average salary for each talent is expected to range from RMB**[REDACTED]** thousand and RMB**[REDACTED]** thousand. We plan to recruit these talents by 2030;

  - o approximately **[REDACTED]**% of the **[REDACTED]**, or HK$**[REDACTED]** million, is expected to be used to procure relevant software and hardware, including (i) hardware, which primarily consists of test equipment, such as millimeter-wave test equipment, signal synthesis test equipment and simulation test equipment, and (ii) software, primarily consisting of PCB simulation and electronics design automation software; and

- approximately **[REDACTED]**% of the **[REDACTED]**, or HK$**[REDACTED]** million, is expected to be used for platform licensing, such as the latest chip platforms developed by our major suppliers, and testing fees related to the mid-to long-term R&D and innovation in foundational technologies.

(ii) approximately **[REDACTED]**% of the **[REDACTED]**, or HK$**[REDACTED]** million (equivalent to approximately RMB**[REDACTED]** million), will be used to invest in the research and development of modules and solutions applied in ICV, including 5G connection, AI cockpit and integrated cabin and driving system, to meet the needs of global automotive OEMs and Tier 1 suppliers in the automotive industry. Specifically,

- approximately **[REDACTED]**% of the **[REDACTED]**, or HK$**[REDACTED]** million, is expected to be used to recruit and retain approximately 190 to 200 R&D talents with expertise in software and hardware development, testing, and product and project management. The annual average salary for each talent is expected to range from RMB**[REDACTED]** thousand and RMB**[REDACTED]** thousand. We plan to recruit these talents by 2030;

- approximately **[REDACTED]**% of the **[REDACTED]**, or HK$**[REDACTED]** million, is expected to be used to procure relevant software and hardware, including (i) hardware, which primarily consists of test equipment, such as millimeter-wave test equipment, signal synthesis test equipment and simulation test equipment, and (ii) software, primarily consisting of PCB simulation and electronics design automation software; and

- approximately **[REDACTED]**% of the **[REDACTED]**, or HK$**[REDACTED]** million, is expected to be used for platform licensing, such as automotive-grade chip platforms developed by our major suppliers, and testing fees related to the development of modules and solutions applied in ICV.

(iii) approximately **[REDACTED]**% of the **[REDACTED]**, or HK$**[REDACTED]** million (equivalent to approximately RMB**[REDACTED]** million), will be used to invest in the research and development of modules and solutions applied in embodied AI, including humanoid robots, industrial robots and service robots. Specifically, we plan to develop (a) 5G and 5G-A connection products and (b) high-computing-power smart modules applied in brain-inspired robotic cognition for embodied AI applications. Specifically,

- approximately **[REDACTED]**% of the **[REDACTED]**, or HK$**[REDACTED]** million, is expected to be used to recruit and retain approximately 130 to 140 R&D talents with expertise in software and hardware development, testing, and product and project management. The annual average salary for each talent is expected to range from RMB**[REDACTED]** thousand and RMB**[REDACTED]** thousand. We plan to recruit these talents by 2030;

- approximately **[REDACTED]**% of the **[REDACTED]**, or HK$**[REDACTED]** million, is expected to be used to procure relevant software and hardware, including (i) hardware, which primarily consists of test equipment, such as millimeter-wave test equipment, signal synthesis test equipment and simulation test equipment, and (ii) software, primarily consisting of PCB simulation and electronics design automation software; and

- approximately **[REDACTED]**% of the **[REDACTED]**, or HK$**[REDACTED]** million, is expected to be used for platform licensing, such as 5G-A baseband chip platforms and computing chip platforms for industrial applications and robotics developed by our major suppliers, and testing fees related to the development of modules and solutions applied in embodied AI.

(iv) approximately **[REDACTED]**% of the **[REDACTED]**, or HK$**[REDACTED]** million (equivalent to approximately RMB**[REDACTED]** million), will be used to invest in the research and development of high-computing-power smart modules in on-device AI applications in response to the transition from data transmission modules to modules that emphasize intelligence and high computing power in the wireless communication module industry and our vision to meet the growing demand from our overseas customers for smart applications. Specifically, we plan to (a) continue to develop new high-computing-power smart modules, including those with higher computing power; (b) expand the compatibility of our high-computing-power smart modules with AI technologies such as base AI, generative AI and cloud AI; and (c) apply our high-computing-power smart modules and solutions embedded with AI technologies to application scenarios such as AR/VR, robotic vision and consumer IoT. Specifically,

- approximately **[REDACTED]**% of the **[REDACTED]**, or HK$**[REDACTED]** million, is expected to be used to recruit and retain approximately 130 to 140 R&D talents with expertise in software and hardware development, testing, and product and project management. The annual average salary for each talent is expected to range from RMB**[REDACTED]** thousand and RMB**[REDACTED]** thousand. We plan to recruit these talents by 2030;

- approximately **[REDACTED]**% of the **[REDACTED]**, or HK$**[REDACTED]** million, is expected to be used to procure relevant software and hardware, including (i) hardware, which primarily consists of test equipment, such as millimeter-wave test equipment, signal synthesis test equipment and simulation test equipment, and (ii) software, primarily consisting of PCB simulation and electronics design automation software; and

- approximately **[REDACTED]**% of the **[REDACTED]**, or HK$**[REDACTED]** million, is expected to be used for platform licensing and testing fees related to the development of the on-device AI applications.

The table below set forths some details of our new products to be developed:

Product name	Application sector	Stage	Timeline
48 TOPS high-computing-power modules customized for intelligent cockpits for large automobile factories	ICV	Under R&D	To be commercialized in 2026
high-computing-power modules based on Supplier A's latest chip platform(1)	General IoT	Under R&D	To be commercialized in 2026
high-computing-power modules based on a domestically produced chip platform	General IoT	Under R&D	To be commercialized in 2026
high-computing power intelligent cockpit module based on Supplier A's next-generation chip platform(1)	ICV	Pre-planning and design	To be set up in 2025, under R&D in 2026, and commercialized in 2027
high-computing power module based on Supplier A's chip platform(1)	General IoT	Pre-planning and design	To be set up in 2026, and commercialized in 2027

Note:

(1) Different chip platforms represent distinct hardware and software foundation, and thus require our dedicated development efforts for specific design, compatibility and optimization work to ensure our module products based on different chip platforms meet the desired performance and functionality.

The following table sets forth the expected implementation timetable of our planned use of **[REDACTED]** expected to be used for enhancing our R&D and innovation capabilities:

	Year ended December 31,					
	2026	2027	2028	2029	2030	Total
	(Hong Kong dollars in millions)					
R&D and innovation capabilities	**[201.5]**	**[209.6]**	**[234.1]**	**[258.1]**	**[301.7]**	**[1,204.9]**
Mid-to long-term R&D and innovation in foundational technologies	**[55.5]**	**[70.0]**	**[81.9]**	**[98.7]**	**[110.2]**	**[416.2]**
Recruit and retain R&D talents	[22.9]	[35.0]	[55.6]	[70.1]	[79.3]	[262.9]
Software and hardware	[11.0]	[11.0]	[—]	[—]	[—]	[21.9]
Platform licensing and testing fees	[21.7]	[24.0]	[26.3]	[28.6]	[30.9]	[131.4]
R&D of modules and solutions applied in ICV	**[53.6]**	**[55.8]**	**[71.7]**	**[75.9]**	**[93.6]**	**[350.5]**
Recruit and retain R&D talents	[12.3]	[26.6]	[42.5]	[51.2]	[64.6]	[197.2]
Software and hardware	[26.5]	[11.1]	[6.2]	[—]	[—]	[43.8]
Platform licensing and testing fees	[14.8]	[18.1]	[23.0]	[24.6]	[29.0]	[109.5]
R&D of modules and solutions applied in embodied AI	**[48.4]**	**[51.0]**	**[36.4]**	**[36.3]**	**[47.0]**	**[219.1]**
Recruit and retain R&D talents	[8.3]	[17.5]	[26.3]	[34.5]	[44.9]	[131.4]
Software and hardware	[32.0]	[25.0]	[8.8]	[—]	[—]	[65.7]
Platform licensing and testing fees	[8.1]	[8.5]	[1.3]	[1.8]	[2.1]	[21.9]
R&D of high-computing-power smart modules in on-device AI applications	**[44.1]**	**[32.9]**	**[44.1]**	**[47.1]**	**[50.9]**	**[219.1]**
Recruit and retain R&D talents	[7.3]	[16.7]	[29.5]	[37.4]	[40.5]	[131.4]
Software and hardware	[29.9]	[8.0]	[5.8]	[—]	[—]	[43.8]
Platform licensing and testing fees	[6.8]	[8.1]	[8.8]	[9.7]	[10.4]	[43.8]

- approximately **[REDACTED]**% of the **[REDACTED]**, or HK$**[REDACTED]** million (equivalent to approximately RMB**[REDACTED]** million), is expected to be used for expanding our overseas sales network and promoting our products in overseas markets. Specifically,

  - o approximately **[REDACTED]**% of the **[REDACTED]**, or HK$**[REDACTED]** million, is expected to be used to recruit and retain 80 to 90 sales and service personnels with extensive overseas sales experience and understanding of international markets to enhance our development and retainment of overseas customers. The annual average salary for each talent is expected to range from RMB**[REDACTED]** thousand and RMB**[REDACTED]** million. We plan to recruit these personnels by 2030.

Specifically:

(i) building upon our existing subsidiaries in Germany and France, we intend to moderately expand our European team, which is expected to focus on hiring additional professionals in sales and customer support. The primary objective is to deepen our penetration into key European markets such as Germany and France.

(ii) We also plan to explore the expansion of our presence in North America, which may lead us to establish a representative office or a subsidiary, subject to market conditions and strategic evaluation. The objective would be to establish a local team to more effectively cultivate and serve the significant North American market.

(iii) We also consider to establish a new branch in the Southeastern Asia market, such as Singapore. This is intended to serve as a new strategic platform for both overseas procurement and sales. We believe this would provide us with greater operational flexibility in managing our international supply chain and sales activities, particularly within the Asia-Pacific region.

- approximately **[REDACTED]**% of the **[REDACTED]**, or HK$**[REDACTED]** million, is expected to be used to rent office space for our new sales center to expand our sales coverage and provide prompt sales services to overseas customers. Specifically, we plan to (i) establish stable relationship with potential customers overseas, including leading companies in their respective local markets in regions such as Japan, Europe and the U.S., (ii) extend our business outreach targeting overseas Tier 1 automobile suppliers (iii) provide technical and cost evaluations tailored to the needs of overseas customers and (iv) offer more competitive pricing.

- approximately **[REDACTED]**% of the **[REDACTED]**, or HK$**[REDACTED]** million (equivalent to approximately RMB**[REDACTED]** million), is expected to be used for strategic investments and/or acquisition to achieve our long-term growth strategies. We seek potential investment and acquisition opportunities in both domestic and international markets, aim to expand our product portfolio, enhance our market reach and fortify our supply chain capabilities. Our search for the target will be driven primarily by the pursuit of business and strategic synergies. We evaluate investment and/or opportunities in the wireless communication module industry and plan to invest in and/or acquire domestic and/or international chip R&D companies, software companies and early-stage hardware companies to secure our supply chain and expand our design capabilities and product portfolio. The target should have (i) strong R&D

capabilities, especially on AI technologies, that are complementary to our technologies, (ii) industry experience and insight on wireless communication modules and solutions, (iii) extensive experience with and recognition among consumers, or (iv) product or service offerings that are synergistic with our business and improve our design and commercialization efficiency. Such targets may include upstream players, such as suppliers of key electronic components or innovative technologies, to strengthen our supply chain and technological foundations. We may also consider investments in downstream business players involved in end-product application sectors to accelerate the adoption of our modules and gain deeper market insights. We do not have any geographical limit on the search of targets. According to Frost & Sullivan, it is estimated that there could be above 50 targets that meet the above criteria. Our Directors believe that the amount of available targets is consistent with our need and expect that there will be more targets as the industry evolves. Through effective industry resource integration, we will strengthen our competitive positioning and drive sustainable long-term value creation. As of the Latest Practicable Date, we had not identified any specific acquisition or investment target.

- approximately **[REDACTED]**% of the **[REDACTED]**, or HK$**[REDACTED]** million (equivalent to approximately RMB**[REDACTED]** million), is expected to be allocated for the repayment of certain interest-bearing bank borrowings with interest rates ranging between 1.95% and 2.27% that are maturing after June 2025, so as to optimize our financial structure and reduce our borrowing cost. We incurred such borrowings primarily for working capital purposes.

- approximately **[REDACTED]**% of the **[REDACTED]**, or HK$**[REDACTED]** million (equivalent to approximately RMB**[REDACTED]** million), is expected to be used for working capital and general corporate uses.

To the extent that the **[REDACTED]** from the **[REDACTED]** are either more or less than expected (including as a result of (i) the **[REDACTED]** being set at a price higher or lower than the mid-point of the **[REDACTED]** Range; or (ii) additional **[REDACTED]** from the exercise of the **[REDACTED]**), we will adjust our allocation of the **[REDACTED]** for the above purposes on a pro rata basis.

If any part of our development plan does not proceed as planned for reasons such as changes in government policies that would render the development of any of our projects not viable, or the occurrence of force majeure events, we will carefully evaluate the situation and may reallocate the **[REDACTED]** from the **[REDACTED]**.

FUTURE PLANS AND USE OF [REDACTED]

To the extent that the **[REDACTED]** of the **[REDACTED]** are not immediately used for the above purposes or if we are unable to put into effect any part of our plan as intended, and to the extent permitted by the relevant laws and regulations, we will only deposit such **[REDACTED]** into short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance or the applicable laws and regulations in other jurisdictions). In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

[REDACTED]

[REDACTED]

[REDACTED]

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The following is the text of a report, prepared for the purpose of incorporation in this document, received from the independent reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong.

"[To insert the firm's letterhead]"

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF MEIG SMART TECHNOLOGY CO., LTD. AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED

Introduction

We report on the historical financial information of MeiG Smart 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 and other 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 six months ended 30 June 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 June 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* issued by the Hong Kong Institute of Certified Public

Accountants ("**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group and the Company as at 31 December 2022, 2023 and 2024 and 30 June 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 and other comprehensive income, statement of changes in equity and statement of cash flows of the Group for the six months ended 30 June 2024 and other explanatory information (the "**Interim Comparative Financial Information**"). The directors of the Company are responsible for the preparation and presentation of the Interim Comparative Financial Information in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of

making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-[4] have been made.

Dividends

We refer to note [11] to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Relevant Periods.

[•]
Certified Public Accountants
Hong Kong
[Date]

I. HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing 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.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December			Six months ended 30 June	
	Notes	**2022**	**2023**	**2024**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
REVENUE	*5*	2,305,932	2,147,336	2,941,374	1,305,551	1,886,475
Cost of sales		(1,900,557)	(1,751,198)	(2,456,712)	(1,096,575)	(1,643,192)
Gross profit		405,375	396,138	484,662	208,976	243,283
Other income and gains	*5*	69,733	47,138	20,015	8,340	20,344
Selling and marketing expenses		(46,359)	(63,800)	(59,190)	(28,066)	(28,837)
Administrative expenses		(59,167)	(66,752)	(70,676)	(32,677)	(35,952)
Research and development expenses		(185,909)	(213,877)	(208,136)	(95,203)	(95,867)
(Provision for)/reversal of impairment losses on financial assets		(7,318)	(14,231)	6,556	744	1,480
Other expenses		(6,987)	(6,764)	(29,947)	(12,453)	(1,174)
Finance costs	*7*	(13,886)	(8,644)	(6,297)	(3,775)	(5,259)
Share of profits and losses of joint ventures	*16*	(618)	(511)	(860)	(268)	(842)
Share of profits and losses of associates	*17*	(5,279)	(5,570)	(11,986)	(5,012)	(4,286)
PROFIT BEFORE TAX	*6*	149,585	63,127	124,141	40,606	92,890
Income tax credit/(charge)	*10*	(22,970)	(518)	10,234	(7,785)	(8,723)
PROFIT FOR THE YEAR/PERIOD		126,615	62,609	134,375	32,821	84,167
Attributable to:						
Owners of the parent		127,836	64,509	135,572	33,480	84,167
Non-controlling interests		(1,221)	(1,900)	(1,197)	(659)	—
		126,615	62,609	134,375	32,821	84,167
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*12*					
Basic *(RMB per share)*		0.54	0.25	0.52	0.13	0.32
Diluted *(RMB per share)*		0.54	0.25	0.52	0.13	0.32

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
PROFIT FOR THE YEAR/PERIOD	126,615	62,609	134,375	32,821	84,167
OTHER COMPREHENSIVE INCOME					
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations	2,134	212	1,877	666	(2,470)
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	2,134	212	1,877	666	(2,470)
OTHER COMPREHENSIVE INCOME FOR THE YEAR/PERIOD, NET OF TAX	2,134	212	1,877	666	(2,470)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD	128,749	62,821	136,252	33,487	81,697
Attributable to:					
Owners of the parent	129,970	64,721	137,449	34,146	81,697
Non-controlling interests	(1,221)	(1,900)	(1,197)	(659)	—
	128,749	62,821	136,252	33,487	81,697

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December			As at 30 June
		2022	2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS					
Property, plant and equipment	*13*	25,105	21,682	17,885	16,857
Other intangible assets	*14*	75,446	118,667	109,078	102,950
Right-of-use assets	*15*	40,900	24,037	9,405	5,233
Investment in joint ventures	*16*	2,399	1,888	1,479	1,987
Investment in associates	*17*	63,663	58,168	46,181	56,251
Equity investments at fair value through profit or loss ("**FVTPL**")	*18*	198,875	234,246	189,971	176,137
Prepayment, other receivables and other assets	*22*	9,693	21,190	16,536	24,994
Deferred tax assets	*29*	41,085	59,564	88,410	85,127
Total non-current assets		457,166	539,442	478,945	469,536
CURRENT ASSETS					
Inventories	*19*	490,386	526,319	650,552	802,124
Trade and bills receivables	*20*	420,301	659,426	1,016,069	988,305
Prepayments, other receivables and other assets	*22*	268,613	232,598	254,122	386,408
Debt investments at fair value through other comprehensive income ("**FVOCI**")	*21*	5,122	38,427	9,992	9,696
Restricted cash	*23*	12,828	9,584	7,998	53
Cash and cash equivalents	*23*	72,287	138,926	341,879	348,710
Total current assets		1,269,537	1,605,280	2,280,612	2,535,296
CURRENT LIABILITIES					
Trade and bills payables	*24*	331,384	485,880	579,916	633,494
Other payables and accruals	*25*	68,204	60,037	109,140	91,204
Interest-bearing bank borrowings	*27*	310,720	5,016	352,606	503,119
Lease liabilities	*15*	16,808	16,470	8,592	5,977
Contract liabilities	*26*	67,451	52,328	109,344	121,659
Tax payable		2,888	4,714	8,311	3,839
Total current liabilities		797,455	624,445	1,167,909	1,359,292
NET CURRENT ASSETS		472,082	980,835	1,112,703	1,176,004
TOTAL ASSETS LESS CURRENT LIABILITIES		929,248	1,520,277	1,591,648	1,645,540

	Notes	As at 31 December			As at 30 June
		2022	2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT LIABILITIES					
Interest-bearing bank borrowings	*27*	60,000	—	—	—
Deferred income	*28*	950	3,875	3,875	3,875
Lease liabilities	*15*	27,078	9,300	1,417	2,557
Deferred tax liabilities	*29*	20,969	27,309	19,243	18,284
Total non-current liabilities		108,997	40,484	24,535	24,716
Net assets		820,251	1,479,793	1,567,113	1,620,824
EQUITY					
Equity attributable to owners of the parent					
Share capital	*30*	239,667	261,641	261,802	261,802
Treasury shares	*30*	(56,605)	(41,999)	(79,286)	(86,777)
Reserves	*31*	636,356	1,261,218	1,384,597	1,445,799
		819,418	1,480,860	1,567,113	1,620,824
Non-controlling interests		833	(1,067)	—	—
Total equity		820,251	1,479,793	1,567,113	1,620,824

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2022

	Attributable to owners of the parent								
	Share capital	Treasury Shares	Capital reserve	Statutory surplus reserve	Exchange fluctuation reserve	Retained profits	Total	Non-controlling interests	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(note 30)	*(note 30)*	*(note 31)*	*(note 31)*	*(note 31)*	*(note 31)*			
At 1 January 2022	184,729	(68,766)	239,914	18,271	(815)	315,928	689,261	2,054	691,315
Profit for the year	—	—	—	—	—	127,836	127,836	(1,221)	126,615
Other comprehensive income for the year:									
Exchange differences on translation of foreign operations	—	—	—	—	2,134	—	2,134	—	2,134
Total comprehensive income for the year	—	—	—	—	2,134	127,836	129,970	(1,221)	128,749
Exercise of share options	265	—	4,772	—	—	—	5,037	—	5,037
Exercise of restricted shares units	—	11,048	458	—	—	—	11,506	—	11,506
Equity-settled share-based compensation expenses	—	—	8,455	—	—	—	8,455	—	8,455
Transfer from capital reserve	54,731	—	(54,731)	—	—	—	—	—	—
Transfer from retained profits	—	—	—	4,150	—	(4,150)	—	—	—
Dividend *(note 11)*	—	—	—	—	—	(24,811)	(24,811)	—	(24,811)
Others**	(58)	1,113	(1,055)	—	—	—	—	—	—
At 31 December 2022	239,667	(56,605)	197,813*	22,421*	1,319*	414,803*	819,418	833	820,251

Year ended 31 December 2023

	Attributable to owners of the parent								
	Share capital	Treasury Shares	Capital reserve	Statutory surplus reserve	Exchange fluctuation reserve	Retained profits	Total	Non-controlling interests	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(note 30)	*(note 30)*	*(note 31)*	*(note 31)*	*(note 31)*	*(note 31)*			
At 1 January 2023	239,667	(56,605)	197,813	22,421	1,319	414,803	819,418	833	820,251
Profit for the year	—	—	—	—	—	64,509	64,509	(1,900)	62,609
Other comprehensive income for the year:									
Exchange differences on translation of foreign operations	—	—	—	—	212	—	212	—	212
Total comprehensive income for the year	—	—	—	—	212	64,509	64,721	(1,900)	62,821
Capital contribution by shareholders	21,209	—	571,722	—	—	—	592,931	—	592,931
Exercise of share options	793	—	11,360	—	—	—	12,153	—	12,153
Exercise of restricted shares units	—	14,321	429	—	—	—	14,750	—	14,750
Equity-settled share-based compensation expenses	—	—	2,777	—	—	—	2,777	—	2,777
Transfer from retained profits	—	—	—	125	—	(125)	—	—	—
Dividend *(note 11)*	—	—	—	—	—	(25,890)	(25,890)	—	(25,890)
Others**	(28)	285	(257)	—	—	—	—	—	—
At 31 December 2023	261,641	(41,999)	783,844*	22,546*	1,531*	453,297*	1,480,860	(1,067)	1,479,793

Year ended 31 December 2024

	Attributable to owners of the parent								
	Share capital	Treasury Shares	Capital reserve	Statutory surplus reserve	Exchange fluctuation reserve	Retained profits	Total	Non-controlling interests	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(note 30)	*(note 30)*	*(note 31)*	*(note 31)*	*(note 31)*	*(note 31)*			
At 1 January 2024	261,641	(41,999)	783,844	22,546	1,531	453,297	1,480,860	(1,067)	1,479,793
Profit for the year	—	—	—	—	—	135,572	135,572	(1,197)	134,375
Other comprehensive income for the year:									
Exchange differences on translation of foreign operations	—	—	—	—	1,877	—	1,877	—	1,877
Total comprehensive income for the year	—	—	—	—	1,877	135,572	137,449	(1,197)	136,252
Exercise of share options	161	—	2,774	—	—	—	2,935	—	2,935
Exercise of restricted shares units	—	—	390	—	—	—	390	—	390
Equity-settled share-based compensation expenses	—	—	11,118	—	—	—	11,118	—	11,118
Transfer from retained profits	—	—	—	1,287	—	(1,287)	—	—	—
Dividend *(note 11)*	—	—	—	—	—	(25,802)	(25,802)	—	(25,802)
Shares repurchased	—	(37,287)	—	—	—	—	(37,287)	—	(37,287)
Deemed disposal of a subsidiary	—	—	—	—	—	(2,550)	(2,550)	2,264	(286)
At December 31, 2024	261,802	(79,286)	798,126*	23,833*	3,408*	559,230*	1,567,113	—	1,567,113

Six months ended 30 June 2025

	Attributable to owners of the parent								
	Share capital	Treasury Shares	Capital reserve	Statutory surplus reserve	Exchange fluctuation reserve	Retained profits	Total	Non-controlling interests	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(note 30)	*(note 30)*	*(note 31)*	*(note 31)*	*(note 31)*	*(note 31)*			
At 1 January 2025	261,802	(79,286)	798,126	23,833	3,408	559,230	1,567,113	—	1,567,113
Profit for the period	—	—	—	—	—	84,167	84,167	—	84,167
Other comprehensie income for the period:									
Exchange differences on translation of foreign operations	—	—	—	—	(2,470)	—	(2,470)	—	(2,470)
Total comprehensive income for the period	—	—	—	—	(2,470)	84,167	81,697	—	81,697
Equity-settled share-based compensation expenses	—	—	13,434	—	—	—	13,434	—	13,434
Dividend *(note 11)*	—	456	—	—	—	(33,929)	(33,473)	—	(33,473)
Shares repurchased	—	(7,947)	—	—	—	—	(7,947)	—	(7,947)
At 30 June 2025	261,802	(86,777)	811,560*	23,833*	938*	609,468*	1,620,824	—	1,620,824

* These reserve accounts comprised the consolidated reserves of RMB636,356,000, RMB1,261,218,000, RMB1,384,597,000 and RMB1,445,799,000 in the consolidated statements of financial position as at 31 December 2022, 2023 and 2024 and 30 June 2025, respectively.

** Others mainly represent the equity impact on the deregistration of previously repurchased shares.

Six months ended 30 June 2024 (Unaudited)

	Attributable to owners of the parent								
	Share capital	Treasury Shares	Capital reserve	Statutory surplus reserve	Exchange fluctuation reserve	Retained profits	Total	Non-controlling interests	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(note 30)	*(note 30)*	*(note 31)*	*(note 31)*	*(note 31)*	*(note 31)*			
At 1 January 2024	261,641	(41,999)	783,844	22,546	1,531	453,297	1,480,860	(1,067)	1,479,793
Profit for the period	—	—	—	—	—	33,480	33,480	(659)	32,821
Other comprehensive income for the period:									
Exchange differences on translation of foreign operations	—	—	—	—	666	—	666	—	666
Total comprehensive income for the period	—	—	—	—	666	33,480	34,146	(659)	33,487
Exercise of share options	61	—	1,052	—	—	—	1,113	—	1,113
Dividend *(note 11)*	—	—	—	—	—	(25,802)	(25,802)	—	(25,802)
Shares repurchased	—	(26,252)	—	—	—	—	(26,252)	—	(26,252)
At 30 June 2024	261,702	(68,251)	784,896	22,546	2,197	460,975	1,464,065	(1,726)	1,462,339

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December			Six months ended 30 June	
		2022	2023	2024	2024	2025
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before tax		149,585	63,127	124,141	40,606	92,890
Adjustments for:						
Finance costs	*7*	13,886	8,644	6,297	3,775	5,259
Interest income	*5*	(1,076)	(4,276)	(2,497)	(1,546)	(1,392)
Share of profits and losses of joint ventures and associates		5,897	6,081	12,846	5,280	5,128
Gain on disposal of a subsidiary	*5, 32*	—	—	(4,906)	—	—
Impairment/(reversal of impairment) of trade and bills receivables	*20*	5,361	13,594	(7,638)	(644)	(404)
Impairment of prepayments, other receivables and other assets	*22*	1,957	637	1,082	(100)	(1,076)
Write-down of inventories to net realisable value	*19*	6,362	15,216	16,342	7,614	8,837
Depreciation of property, plant and equipment	*13*	6,670	6,198	6,137	3,414	2,729
Depreciation of right-of-use assets	*15(a)*	19,040	16,934	14,647	8,039	4,045
Amortisation of other intangible assets	*14*	15,652	30,748	38,287	19,248	18,601
Losses/(gains) on disposal of items of property, plant and equipment	*6*	26	84	13	8	9
Loss/(gain) on early termination of a lease	*6*	—	105	(78)	(78)	—
Gain on sublease of right-of-use assets	*6*	—	—	—	—	(989)
Fair value (gains)/losses on financial assets measured at FVPL	*5*	(43,875)	(25,371)	(1,725)	—	1,165
Government grants		(1,571)	—	—	—	—
Equity-settled share-based payment expense	*33*	8,455	2,777	11,118	—	11,761
Foreign exchange difference		(3,974)	(5,018)	(9,612)	(7,568)	(9,195)
		182,395	129,480	204,454	78,048	137,368
Increase in inventories		(100,886)	(51,130)	(145,808)	(55,650)	(160,358)
(Increase)/decrease in trade and bills receivables		(97,948)	(259,630)	(358,800)	(33,261)	(84,377)
Decrease/(increase) in debt investments at fair value through other comprehensive income		13,302	(33,305)	28,435	(10,262)	296
Decrease/(increase) in prepayments, other receivables and other assets		9,763	24,381	(24,694)	(74,973)	(119,393)
Increase/(decrease) in trade and bills payables		62,620	159,514	114,889	(40,754)	163,652
(Decrease)/increase in other payables and accruals		(36,934)	17,717	13,833	55,972	(25,179)
(Decrease)/increase in contract liabilities		(6,327)	(15,123)	57,997	35,840	12,315
Increase in deferred income		—	2,925	—	—	—
Decrease in restricted cash		8,017	—	—	—	—
Cash from/(used in) operation		34,002	(25,171)	(109,694)	(45,040)	(75,676)
Interest received		1,076	4,276	2,497	1,546	1,278
Income tax paid		(3,254)	(10,418)	(22,693)	(6,824)	(9,581)
Net cash flows from/(used in) operating activities		31,824	(31,313)	(129,890)	(50,318)	(83,979)

	Notes	Year ended 31 December			Six months ended 30 June	
		2022	2023	2024	2024	2025
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES						
Proceeds from disposal of items of property, plant and equipment		—	26	20	20	1
Proceeds from disposals of equity investments at fair value through profit or loss		—	—	12,000	—	12,669
Investment income from equity investments at fair value through profit or loss		—	—	34,000	—	—
Purchases of items of property, plant and equipment, other intangible assets, and other assets		(56,126)	(80,883)	(14,049)	(5,070)	(12,224)
Capitalized development costs		(5,386)	(7,536)	(13,469)	(1,409)	(5,299)
Proceed from sublease of right-of-use assets		—	—	—	—	2,781
Net cash outflows in respect of the deemed disposal of a subsidiary		—	—	(1,294)	—	—
Purchase of a shareholding in joint ventures		(900)	—	(450)	(450)	(1,350)
Purchase of a shareholding in associates		(36,000)	—	—	—	(14,309)
Purchases of equity investments at fair value through profit or loss		(55,000)	(10,000)	—	—	—
Net cash flows (used in)/from investing activities		(153,412)	(98,393)	16,758	(6,909)	(17,731)
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from issuance of ordinary shares		4,838	607,310	3,810	1,886	—
Proceeds from subscription of restricted shares		—	—	37,031	36,672	1,781
New bank borrowings		513,326	74,900	729,500	437,000	700,000
Repayment of bank borrowings		(437,072)	(439,900)	(382,000)	(209,000)	(550,000)
Cash received from the release of restricted cash for issuance of bank acceptance notes		60,042	48,227	36,568	32,851	—
Cash received from deposits for share repurchase		—	—	—	—	7,945
Restricted cash paid for issuance of bank acceptance notes		(62,735)	(44,983)	(34,980)	(26,982)	—
Payment of **[REDACTED]** expense		—	—	—	—	(6,900)
Payment of expense for issuance of ordinary shares		(2,700)	(625)	—	—	—
Principal portion of lease payments		(21,157)	(21,339)	(17,272)	(10,399)	(7,037)
Interest paid		(12,922)	(6,373)	(3,095)	(1,478)	(4,567)
Payment for repurchase of own shares		—	—	(37,287)	(26,252)	(7,947)
Dividends paid		(24,811)	(25,890)	(25,802)	(25,802)	(33,929)
Net cash flows from financing activities		16,809	191,327	306,473	208,496	99,346
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(104,779)	61,621	193,341	151,269	(2,364)
Cash and cash equivalents at beginning of year/period		173,092	72,287	138,926	138,926	341,879
Effect of foreign exchange rate changes, net		3,974	5,018	9,612	7,568	9,195
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		72,287	138,926	341,879	297,763	348,710
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Cash and bank balances	*23*	85,115	148,510	349,877	301,479	348,763
Less: restricted cash	*23*	12,828	9,584	7,998	3,716	53
Cash and bank balances as stated in the consolidated statements of financial position and statements of cash flows		72,287	138,926	341,879	297,763	348,710

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at 31 December			As at 30 June
		2022	2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS					
Property, plant and equipment	*13*	6,912	4,260	3,897	4,829
Other intangible assets	*14*	44,397	64,789	38,494	31,083
Right-of-use assets	*15*	21,908	12,624	4,662	—
Investment in subsidiaries		175,782	178,279	190,416	203,115
Investments in a joint venture	*16*	748	156	257	1,481
Investments in associates	*17*	63,739	58,168	46,181	41,993
Prepayment, other receivables and other assets	*22*	3,857	8,268	8,831	13,555
Deferred tax assets	*29*	18,604	19,589	35,140	39,209
Total non-current assets		335,947	346,133	327,878	335,265
CURRENT ASSETS					
Inventories	*19*	454,376	487,213	536,969	693,287
Trade and bills receivables	*20*	575,587	825,322	1,104,824	973,030
Prepayment, other receivables and other assets	*22*	161,110	151,277	189,152	400,670
Debt investments at FVOCI	*21*	2,965	34,136	8,012	9,197
Restricted cash	*23*	12,828	9,584	7,998	53
Cash and cash equivalents	*23*	34,893	58,723	241,722	186,816
Total current assets		1,241,759	1,566,255	2,088,677	2,263,053
CURRENT LIABILITIES					
Trade and bills payables	*24*	627,207	733,475	834,702	905,029
Other payables and accruals	*25*	52,255	21,779	69,207	65,712
Interest-bearing bank borrowings	*27*	260,672	—	352,606	503,119
Lease liabilities	*15*	10,036	9,068	4,826	3,265
Contract liabilities	*26*	45,877	34,583	79,756	87,611
Tax payable		—	—	2,984	—
Total current liabilities		996,047	798,905	1,344,081	1,564,736
NET CURRENT ASSETS		245,712	767,350	744,596	698,317
TOTAL ASSETS LESS CURRENT LIABILITIES		581,659	1,113,483	1,072,474	1,033,582

	Notes	As at 31 December			As at 30 June
		2022	2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT LIABILITIES					
Interest-bearing bank borrowings	*27*	60,000	—	—	—
Deferred income	*28*	—	2,925	2,925	2,925
Lease liabilities	*15*	15,124	6,056	825	—
Total non-current liabilities		75,124	8,981	3,750	2,925
Net assets		506,535	1,104,502	1,068,724	1,030,657
EQUITY					
Share capital	*30*	239,667	261,641	261,802	261,802
Treasury shares	*30*	(56,605)	(41,999)	(79,286)	(86,777)
Reserves	*31*	323,473	884,860	886,208	855,632
Total equity		506,535	1,104,502	1,068,724	1,030,657

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

MeiG Smart Technology Co., Ltd. (the "**Company**") is a company established under the laws of the People's Republic of China (the "**PRC**") with limited liability on 5 April 2007 and converted into a joint stock company with limited liability on 14 May 2015. With the approval of the China Securities Regulatory Commission, the Company's A shares was listed on the Shenzhen Stock Exchange (stock code: 002881.SZ) on 22 June 2017. The registered office address of the Company is 2/F, No.5 Lingxia Road, Fenghuang Community, Fuyong Street, Bao'an District, Shenzhen, Guangdong, PRC.

During the Relevant Periods, the Company and its subsidiaries (collectively referred to as the "**Group**") are principally engaged in the design, research and development ("**R&D**"), and sale of wireless communication modules and solutions.

As at 30 June 2025, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Name	Place and date of incorporation/ registration and place of operations	Issued ordinary share/registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Shenzhen Meige Zhilian Information Technology Co., Ltd. (深圳市美格智聯信息技術有限公司)* ("**MeiG Zhilian**") *(note (d))*	PRC/Mainland China, 15 October 2018	RMB80,000,000	100%	—	R&D and design
Zhongge Intelligent Technology (Shanghai) Co., Ltd. (衆格智能科技(上海)有限公司)* ("**ZhongGe Shanghai**") *(note (d))*	PRC/Mainland China, 23 March 2018	RMB10,000,000	100%	—	R&D and design
MeiG Smart Technology (Europe) GmbH *(note(c))*	Germany, 28 June 2022	EUR200,000	100%	—	Sales and supply chain

Name	Place and date of incorporation/ registration and place of operations	Issued ordinary share/registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Forge International Co., Ltd. ("**Forge International**") *(note (b))*	Hong Kong, 16 December 2014	HKD100,000	100%	—	Sales and supply chain
MeiG Smart Technology France *(note (d))*	France, 15 April 2025	EUR40,000	—	100%	Sales and supply chain
Xi'an Zhaoge Electronic Information Technology Co., Ltd. (西安兆格電子信息技術有限公司)* ("**Xi'an ZhaoGe**") *(note (a))*	PRC/Mainland China, 23 October 2014	RMB2,000,000	100%	—	R&D and design
Shanghai Meixiao Intelligent Information Technology Co., Ltd. (上海美驍智能信息技術有限公司)* ("**MeiXiao Shanghai**") *(note (d))*	PRC/Mainland China, 15 August 2023	RMB200,000,000	100%	—	R&D and design
Zhongge Intelligent Technology (Nantong) Co., Ltd. (衆格智能技術(南通)有限公司)* ("**ZhongGe Nantong**") *(note (d))*	PRC/Mainland China, 18 June 2024	RMB10,000,000	100%	—	R&D and design
Shenzhen Meige Smart Investment and Entrepreneurship Investment Co., Ltd. (深圳市美格智投創業投資有限公司)* ("**MeiG Investment**") *(note (d))*	PRC/Mainland China, 12 December 2019	RMB50,000,000	100%	—	Investment

* The English names of all group companies registered in the PRC represent the best efforts made by the directors of the Company to translate the Chinese names of these companies as they do not have official English names.

Notes:

(a) The statutory financial statements of this entity for the years ended 31 December 2022, 2023 and 2024 prepared under China Accounting Standards of Business Enterprises were audited by Shan'Xi Tangdu Certified Public Accountants Co., Ltd. (陝西唐都會計師事務所有限責任公司), Beijing Zhiqin Certified Public Accountants LLP (北京志勤會計師事務所(普通合夥)) and Beijing Hexin Certified Public Accountants LLP (北京荷信會計師事務所(普通合夥)), respectively, certified public accountants registered in the PRC.

(b) The statutory financial statements of this entity for the years ended 31 December 2022 and 2023 prepared under Hong Kong Small and Medium-sized Entity Financial Reporting Standard were audited by RICHFUL CPA Limited, certified public accountants registered in Hong Kong.

(c) The statutory financial statement of this entity for the year ended 31 December 2023 prepared under the Dutch Generally Accepted Accounting Principles were audited by PKF Fasselt Partnerschaft mbB, certified public accountants registered in Germany.

(d) As at the date of this report, no audited financial statements have been prepared for these entities for the years ended 31 December 2022, 2023 and 2024.

(e) On 10 July 2024, one investor increased its shareholding interest in Pinsu Zhilian Information Technology Co., Ltd. (深圳市品速智聯信息技術有限公司) ("**Pinsu Zhilian**"), the then subsidiary of the Company, by making addition capital injection to Pinsu Zhilian. Upon the completion of the capital injection, the Company lost its control over Pinsu Zhilian. Further details of this deemed disposal are included in note 32 to the Historical Financial Information.

The carrying amounts of the Company's investments in subsidiaries is as below:

	Year ended 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Investments, at cost	143,500	143,500	146,000	148,500
Share based payment	32,282	34,779	44,416	54,615
Total	175,782	178,279	190,416	203,115

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 ("**IASB**"). All IFRSs 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 and in the period covered by the Interim Comparative Financial Information.

The Historical Financial Information has been prepared under the historical cost convention except for certain equity investments at FVTPL and debt investments at FVOCI which have been measured at fair value at the end of each of the Relevant Periods and in the period covered by the Interim Comparative Financial Information.

Basis of consolidation

The Historical Financial Information includes the financial information of the Group for the Relevant Periods and in the period covered by the Interim Comparative Financial Information. 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 information of the subsidiaries is prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not applied the following new and revised 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 revised IFRS Accounting Standards, if applicable, when they become effective.

Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[1]
Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[2]
Amendments to IFRS 9 and IFRS 7	*Contracts Referencing Nature-dependent Electricity*[2]
Annual Improvements to IFRS Accounting Standards — Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7[2]
IFRS 18	*Presentation and Disclosure in the Financial Statements*[3]
IFRS 19	*Subsidiaries without Public Accountability: Disclosures*[3]

1 No mandatory effective date yet determined but available for adoption

2 Effective for annual periods beginning on or after 1 January 2026

3 Effective for annual/reporting periods beginning on or after 1 January 2027

The Group is in the process of making an assessment of the impact of these new and revised IFRS Accounting Standards upon initial application. So far, the Group considers that these new and revised IFRS Accounting Standards, except for IFRS 18, may result in changes in certain accounting policies but are likely to have a significant impact on the Group's financial performance and financial position in the period of initial application. The application of IFRS 18

is not expected to have a material impact on the financial position of the Group but is expected to affect the presentation of the consolidated statements of profit or loss and other comprehensive income and consolidated statements of cash flows and disclosures in the future financial information. The Group will continue to assess the impact of IFRS 18 on the Group's financial information.

2.3 MATERIAL ACCOUNTING POLICIES

Investments in subsidiaries

In the Company's statements of financial position, an investment in a subsidiary is stated at cost less any impairment losses unless the investment is classified as held for sale (or included in a disposal group) and accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. Dividends from a subsidiary are recognised in the Company's profit or loss when the Company's right to receive the dividends is established.

Investments in associates and joint ventures

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.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures 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 and joint ventures is included in the consolidated statement of profit or loss and other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, 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 or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Business combinations and goodwill

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.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its equity investments at FVTPL at fair value at the end of each of the Relevant Periods. 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

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 of the Relevant Periods.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, contract assets, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each of the Relevant Periods as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a

change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to 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);

(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 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	4.50%
Machinery and equipment	9.00% to 18.00%
Motor vehicles	9.00% to 18.00%
Electronic equipment and others	18.00%
Leasehold improvements	Over the shorter of 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 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.

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 either finite or indefinite. Intangible assets with finite lives are subsequently amortized 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.

Intangible assets are stated at cost less any impairment losses and are amortised on the straight-line basis over the following estimated useful lives:

Software	3 to 5 years
License rights	5 years

Research and development costs

Research and development cost are expensed and capitalized simultaneously during the reporting period.

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.

Deferred 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 not exceeding five years, commencing from the date when the products are put into commercial production. At the end of each of the Relevant Periods, the Group conducts an impairment test on development expenditure items.

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 (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any 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:

Buildings and premises	2 to 9 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognized 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 recognized 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 premises and employee dormitory (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 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 either an operating lease or a finance 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 terms and is included in revenue in 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.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

When the Group is an intermediate lessor, a sublease is classified as a finance lease or operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the on-balance sheet recognition exemption, the Group classifies the sublease as an operating lease.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income 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 amortized 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.

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 profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining far value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with net changes in fair value recognised in profit or loss.

This category includes 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 profit or loss when the right of payment has been established.

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.

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 the end of each of the Relevant Periods, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the end of each of the Relevant Periods 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 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.

Debt investments at fair value through other comprehensive income and 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 Relevant Periods (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at the end of each of the Relevant Periods. 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.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, loans and borrowings, or payables, 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, and interest-bearing bank borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade and other payables, loans and borrowings)

After initial recognition, trade and other payables, and interest-bearing 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 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 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 profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Treasury shares

Own equity instruments which are reacquired and held by the Company (treasury shares) are recognised directly in equity at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in the capital reserve.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on weighted average method 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 statements 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.

For the purpose of the consolidated statements 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.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

The Group provides for warranties in relation to the sale of products for general repairs of defects occurring during the warranty period. Provisions for these assurance-type warranties granted by the Group are initially recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate. The warranty-related cost is revised annually. The provision for these assurance-type warranties is assessed to be immaterial as at the end of each of the Relevant Periods based on historical data, current conditions, and all relevant factors and market changes.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each of the Relevant Periods between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, 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 carry forward 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 carry forward 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 joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each of the Relevant Periods and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each 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 each of the Relevant Periods.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached 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 related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, the fair value is credited to a deferred income account and is released to the profit or loss over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the grant are recorded at nominal amounts and released to profit or loss over the expected useful lives of the relevant assets by equal annual instalments.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

(a) Sale of products

For domestic sales in Mainland China, revenue is recognised at the point in time when control of the products is transferred to customers in accordance with the contract term, generally upon customers' acceptance when the products are shipped to customers' or their designated locations, or upon the withdrawn of the products and confirm the usage by customers when the products are shipped to customers' manufacturing warehouses.

For cross-border sales, revenue is recognised at the point in time when control of the products is transferred to the customer in accordance with the mutually agreed international commerce term in the contract with customers, generally upon customers' confirm on the acceptance in bill of lading.

(i) Rights of return

For contracts which provide a customer with a right to return the goods within a specified period, the expected value method is used to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, a refund liability is recognised. A right-of-return asset (and the corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

The Group generally does not accept sales returns except for limited reasons such as product design defects or quality issues. The refund liabilities and right-of-return assets are assessed to be immaterial at the end of each of the Relevant Periods based on historical data, current conditions, and all relevant factors.

(b) Provision of technical services

Revenue from the provision of technical services is recognized at the point in time when the technical services are rendered and accepted by the customers.

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Share-based payments

The Group operates restricted share incentive plans and share option incentive plans 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 as consideration 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 on which they are granted. The fair value of restricted share granted is determined by referring to the fair value of the Company's ordinary shares on the respective dates of grant. The fair value of share option granted is determined by using a Black-Scholes model. Further details are included in note 33 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 Relevant Periods 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 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 share-based 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 share-based 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. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

The dilutive effect of outstanding options and restricted shares is reflected as additional share dilution in the computation of earnings per share. More details are disclosed in note 12 to the Historical Financial Information.

Other employee benefits

Pension scheme

The employees of the Company and the Group' subsidiaries which mainly operate in Mainland China are required to participate in a central pension scheme 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 profit or loss as they become payable in accordance with the rules of the central pension scheme.

Housing fund and other social insurances — Mainland China

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 of the Relevant Periods.

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

The Company's dividends are recognised as liabilities upon approval by the shareholders' general meeting. Final dividends are disclosed in note 11 to the Historical Financial Information.

Foreign currencies

The Historical Financial Information is presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each of the Relevant Periods. Differences arising on settlement or translation of monetary items are recognised in 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.

The functional currencies of certain overseas subsidiaries, joint ventures and associates are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in profit or loss.

Events after the Relevant Periods

If the Group receives information after the Relevant Periods, but prior to the date of authorisation for issue, about conditions that existed at the end of each of the Relevant Periods, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its Historical Financial Information to reflect any adjusting events after the Relevant Periods and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the Relevant Periods, the Group will not change the amounts recognised in its Historical Financial Information, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. 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 Historical Financial Information:

Business models

The classification of financial assets at initial recognition depends on the Group's business model for managing financial assets. When determining the business model, the Group considers the methods used to evaluate and report financial asset performance to key management, the risks affecting the performance of financial assets and the risk management, and the manner in which the relevant management receives remuneration. When assessing whether the objective is to collect contractual cash flows, the Group needs to analyse and judge the reason, timing, frequency and value of the sale before the maturity date of the financial assets.

Development expenses

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. Determining the amounts of development costs to be capitalised requires the use of judgements and estimation.

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 as well as the tax rate that is expected to apply to the period when the liability is settled, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are given in note 29 to the Historical Financial Information.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Share-based payment

The Group makes the best estimate of the number of exercisable equity instruments at the end of each of the Relevant Periods during the vesting period based on the fair value on the grant date and the latest subsequent information obtained, and includes the services obtained in the current period in relevant costs or expenses. The fair value of the share option awards to employees is determined by Black-Scholes Model at the date they are granted. Significant estimates on assumptions, including the expected volatility, risk-free interest rate and expected life of options, are made by the management of the Group. Further details are included in note 33 to the Historical Financial Information.

Provision for expected credit losses on trade and other receivables

The Group makes allowances on trade and other receivables based on assumptions about risk of default and expected loss rates. The Group uses estimations in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables and other receivables are disclosed in notes 20 and 22 to the Historical Financial Information.

Provision against obsolete and slow-moving inventories

The Group reviews the condition of its inventories and makes a provision against obsolete and slow-moving inventory items which are identified as no longer suitable for sale or use. Management estimates the net realisable value for such inventories based primarily on the latest invoice prices and current market conditions. The Group carries out an inventory review at the end of each of the Relevant Periods and makes a provision against obsolete and slow-moving items. Management reassesses the estimation at the end of each of the Relevant Periods. The provision against obsolete and slow-moving inventories requires the use of estimates. Where the expectation is different from the original estimate, such difference will have an impact on the carrying value of inventories and the write-down of inventory amount in the year in which such estimates have been changed. Details of the Group's inventory provision during the Relevant Periods is disclosed in note 19 to the Historical Financial Information.

Fair value of unlisted equity investments

The unlisted equity investments have been valued based on a market-based valuation technique as detailed in note 39 to the Historical Financial Information. The valuation requires the Group to determine the comparable public companies (peers) and select the price multiple. In addition, the Group makes estimates about the discount for illiquidity and size differences. The Group classifies the fair value of these investments as Level 2 and Level 3 during the Relevant Periods. Further details are included in notes 18 and 39 to the Historical Financial Information.

Impairment of investment in associates and joint ventures

The Group determined whether there are indicators of impairment for investments in associates and joint ventures at the end of each of the Relevant Periods. Indicators of impairment included but not limited to serious deterioration of financial condition of the associate, adverse changes in the industry market environment and other circumstances indicated that the associate are unable to generate economic benefits for the Group. When such an indicator exists, the Group tested its investments in associates and joint ventures for impairment by comparing the estimated recoverable amounts with the carrying amounts. An impairment exists when the carrying value of investments in associates and joint ventures exceeds their respective recoverable amount.

Useful lives of intangible assets

Amortisation is calculated on the straight-line basis to write off the cost of each item of intangible asset to its residual value over its estimated useful life. The estimated useful lives reflect the directors' estimate of the periods that the Group intends to derive future economic benefits from the use of the Group's intangible assets.

Leases — Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("**IBR**") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's standalone credit rating).

4. OPERATING SEGMENT INFORMATION

Management has determined the operating segment based on the information reviewed by the Company's chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segment.

Management monitors the results of the Company's operating segment separately for the purpose of making decisions about resource allocation and performance assessment, focuses on the operating results of the Company as a whole as the Company's resources are integrated and no discrete operating segment information is available. Accordingly, no further information about the operating segment is presented.

Geographical information

(a) Revenue from external customers

Revenues are attributed to geographical areas based on locations of the customers. Revenues by geographical segment based on locations of the customers for the Relevant Period and six months ended 30 June 2024 are presented as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Geographical markets					
Mainland China	1,760,368	1,482,375	2,138,448	860,944	1,354,226
East Asia *(note)*	272,068	305,953	285,931	227,330	305,097
United States	106,344	72,428	222,264	47,135	122,159
Europe	96,037	164,417	107,625	59,859	53,110
Others	71,115	122,163	187,106	110,283	51,883
Total	2,305,932	2,147,336	2,941,374	1,305,551	1,886,475

Note: not including Mainland China.

(b) Non-current assets

Almost all the non-current assets of the Group are physically located in Mainland China. The non-current asset information is based on the locations of the assets and excludes financial instruments and deferred tax assets.

Information about major customers

Information about external customers from which the revenue amounted to over 10% of the total revenue of the Group during the Relevant Periods and six months ended 30 June 2024 is as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Customer A	*	521,769	955,098	297,886	694,887

* 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			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Revenue from contracts with customers					
Wireless communication modules and solutions	2,227,999	2,048,987	2,808,563	1,235,604	1,838,575
Sales of electronic components	64,075	87,379	123,279	64,424	47,900
Subtotal	2,292,074	2,136,366	2,931,842	1,300,028	1,886,475
Revenue from other sources					
Gross rental income:					
Other lease payments, including fixed payments	13,858	10,970	9,532	5,523	—
Total	2,305,932	2,147,336	2,941,374	1,305,551	1,886,475

Revenue from contracts with customers

(a) Disaggregated revenue information

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Types of goods or services					
Wireless communication modules and solutions	2,227,999	2,048,987	2,808,563	1,235,604	1,838,575
Sales of electronic components	64,075	87,379	123,279	64,424	47,900
Total	2,292,074	2,136,366	2,931,842	1,300,028	1,886,475
Geographical markets					
Mainland China	1,746,510	1,471,405	2,128,916	855,421	1,354,226
East Asia *(note)*	272,068	305,953	285,931	227,330	305,097
United States	106,344	72,428	222,264	47,135	122,159
Europe	96,037	164,417	107,625	59,859	53,110
Others	71,115	122,163	187,106	110,283	51,883
Total	2,292,074	2,136,366	2,931,842	1,300,028	1,886,475
Timing of revenue recognition					
Goods and services transferred at a point in time	2,292,074	2,136,366	2,931,842	1,300,028	1,886,475
Total	2,292,074	2,136,366	2,931,842	1,300,028	1,886,475

Note: not including Mainland China.

The following table shows the amounts of revenue recognised in the Relevant Periods that were included in the contract liabilities at the beginning of each of the Relevant Periods and recognised from performance obligations satisfied in previous periods:

	Year ended 31 December			Six months ended 30 June	
	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:					
Wireless communication modules and solutions	73,778	67,451	52,328	52,328	81,517

(b) Performance obligations

Information about the Group's performance obligations is summarized below:

Sale of products

For domestic sales in Mainland China, the performance obligation is normally satisfied upon the customers' acceptance. For certain manufacturing customers, the performance obligation is satisfied upon the withdrawn of the products and confirm the usage by customers. For cross-border sales, the performance obligation is normally satisfied upon customers' confirm on the acceptance in bill of lading.

The payment is generally due within 30 to 90 days from the date of delivery, whereby payment is extended to 120 days for certain major customers. Advanced payment is required for new customers.

Provision of technical services

Revenue from the provision of technical services is recognized when the Group has satisfied the corresponding performance obligation and the services are accepted by the customers. The payment is generally due within 30 days upon customers' acceptance.

All amounts of transaction prices allocated to the performance obligations for sale of wireless communication modules and solutions 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 is not disclosing the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied or partially satisfied at the end of each of the Relevant Periods.

Other income and gains

An analysis of other income and gains is as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Other income					
Interest income	1,076	4,276	2,497	1,546	1,392
Government grants*	24,782	17,477	10,696	6,694	6,561
Total other income	25,858	21,753	13,193	8,240	7,953
Gains					
Gain on early termination of a lease	—	—	78	78	—
Gain on sublease of right-of-use assets *(note 15)*	—	—	—	—	989
Gains on equity investments at FVTPL	43,875	25,371	1,725	—	—
Gain on deemed disposal of a subsidiary *(note 32)*	—	—	4,906	—	—
Foreign exchange gains, net	—	—	—	—	11,402
Others	—	14	113	22	—
Total gains	43,875	25,385	6,822	100	12,391
	69,733	47,138	20,015	8,340	20,344

* The government grants mainly represent subsidies received from the government that are relating to both income and assets.

These government grants related to income were awarded for the Group's contribution to the local economic growth and reimbursed for the Group's R&D expenditures. These grants related to income are recognised in profit or loss upon receipt and there are no unfulfilled conditions or contingencies relating to these grants.

The Group has also received certain government grants related to assets, which were recognised as deferred income upon receipt and released to profit or loss over the expected useful life of the relevant asset, when all attaching conditions and requirements are compliant with.

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	Year ended 31 December			Six months ended 30 June	
		2022	2023	2024	2024	2025
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Cost of sales*		1,900,557	1,751,198	2,456,712	1,096,575	1,643,192
Research and development costs:						
— Deferred expenditure amortised*		3,740	9,296	14,690	7,870	45,959
— Current year expenditures		185,909	213,877	208,136	95,203	95,867
Depreciation of property, plant and equipment**	*13*	6,670	6,198	6,137	3,414	2,729
Depreciation of right-of-use assets**	*15*	19,040	16,934	14,647	8,039	4,045
Amortisation of other intangible assets**	*14*	15,652	30,748	38,287	19,248	18,601
Loss on disposal of items of property, plant and equipment***		26	84	13	8	9
Loss/(gain) on early termination of a lease***		—	105	(78)	(78)	—
Gain on sublease of right-of-use assets ***	*15*	—	—	—	—	(989)
Gain on deemed disposal of a subsidiary***	*32*	—	—	(4,906)	—	—
Foreign exchange losses/(gains), net***		6,756	6,115	28,472	12,180	(11,402)
Expenses relating to short-term leases	*15*	1,714	1,967	1,970	948	31
Impairment/(reversal of impairment) of trade and bills receivables	*20*	5,361	13,594	(7,638)	(644)	(404)
Impairment of other receivables	*22*	1,957	637	1,082	(100)	(1,076)
(Gains)/losses on equity investments at FVTPL***		(43,875)	(25,371)	(1,725)	—	1,165
Share of profits and losses of joint ventures	*16*	618	511	860	268	842
Share of profits and losses of an associate	*17*	5,279	5,570	11,986	5,012	4,286
Auditor's remuneration		700	600	600	—	—
[REDACTED] expenses		—	—	—	—	**[REDACTED]**
Write-down of inventories to net realisable value*		6,362	15,216	16,342	7,614	8,837
Employee benefit expenses (excluding directors', supervisors' and chief executive's remuneration *(note 8)*):						
— Wages and salaries		214,642	226,363	215,761	102,137	99,195
— Pension scheme contributions		17,343	19,196	18,704	9,410	8,883
— Share-based payments expenses		7,345	2,386	11,118	—	11,761
Total employee benefit expenses		239,330	247,945	245,583	111,547	119,839

* Write-down of inventories to net realisable value and deferred expenditure amortised are included in "Cost of sales" in the consolidated statement of profit or loss and other comprehensive income.

** The depreciation of property, plant and equipment, amortisation of other intangible assets, and depreciation of right-of-use assets during the Relevant Periods are included in "Cost of sales", "Selling and marketing expenses", "Administrative expenses" and "Research and development expenses" in the consolidated statement of profit or loss and other comprehensive income, respectively.

*** The amounts are included in "Other income and gains" and "Other expense" in the consolidated statement of profit or loss and other comprehensive income.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Interest on interest-bearing bank borrowings	12,128	6,968	5,456	3,259	5,004
Interest on lease liabilities	1,758	1,676	841	516	255
Total	13,886	8,644	6,297	3,775	5,259

8. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors', supervisors' and chief executive's remuneration during the Relevant Periods and six months ended 30 June 2024, is set out as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Fees	200	200	250	100	150
Other emoluments:					
Salaries, bonuses, allowances and benefits in kind	4,884	5,152	5,439	2,648	1,741
Pension scheme contributions	128	129	131	64	69
Share-based payment expenses	1,110	391	—	—	—
Subtotal	6,122	5,672	5,570	2,712	1,810
Total	6,322	5,872	5,820	2,812	1,960

During the Relevant Periods, certain directors were granted share options and share awards, in respect of their services to the Group, under the share option incentive plan and restricted share incentive plan of the Group, further details of which are included in the disclosures in note 33 to the Historical Financial Information. The fair value of such share options and restricted share awards, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the Historical Financial Information for the Relevant Periods is included in the above remuneration disclosures.

(a) Independent non-executive directors

The independent non-executive directors' fees during the Relevant Periods and six months ended 30 June 2024 were as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Mr. YANG Zheng	100	100	125	50	75
Dr. MA Lijun	100	100	125	50	75
Ms. LIU Jia *(note)*	—	—	—	—	—
Total	200	200	250	100	150

Note: Ms. LIU Jia was appointed as the Company's independent non-executive director on 5 June 2025.

There were no other emoluments payable to the independent non-executive directors during the Relevant Periods and six months ended 30 June 2024.

(b) Executive directors, supervisors and the chief executive

	Fees	Salaries, bonuses, allowances and benefits in kind	Pension scheme contributions	Share-based payment expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2022					
Executive director and chief executive:					
Mr. WANG Ping	—	1,293	22	—	1,315
Mr. DU Guobin	—	1,295	28	757	2,080
Mr. XIA Youqing	—	824	17	202	1,043
Mr. HUANG Min	—	621	17	151	789
	—	4,033	84	1,110	5,227
Supervisor:					
Mr. NING Huan	—	507	19	—	526
Mr. NING Jian	—	220	15	—	235
Ms. FU Zhiyi	—	124	10	—	134
	—	851	44	—	895
	—	4,884	128	1,110	6,122

	Fees	Salaries, bonuses, allowances and benefits in kind	Pension scheme contributions	Share-based payment expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2023					
Executive director and chief executive:					
Mr. WANG Ping	—	1,733	21	—	1,754
Mr. DU Guobin	—	1,210	30	267	1,507
Mr. XIA Youqing	—	821	17	71	909
Mr. HUANG Min	—	648	17	53	718
	—	4,412	85	391	4,888
Supervisor:					
Mr. NING Huan	—	377	19	—	396
Mr. NING Jian	—	221	15	—	236
Ms. FU Zhiyi	—	142	10	—	152
	—	740	44	—	784
	—	5,152	129	391	5,672

	Fees	Salaries, bonuses, allowances and benefits in kind	Pension scheme contributions	Share-based payment expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2024					
Executive director and chief executive:					
Mr. WANG Ping	—	1,747	22	—	1,769
Mr. DU Guobin	—	1,360	31	—	1,391
Mr. XIA Youqing	—	912	17	—	929
Mr. HUANG Min	—	653	17	—	670
	—	4,672	87	—	4,759
Supervisor:					
Mr. NING Huan	—	373	19	—	392
Mr. NING Jian	—	236	11	—	247
Ms. FU Zhiyi	—	158	14	—	172
	—	767	44	—	811
	—	5,439	131	—	5,570

	Fees	Salaries, bonuses, allowances and benefits in kind	Pension scheme contributions	Share-based payment expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Six months ended 30 June 2025					
Executive director and chief executive:					
Mr. WANG Ping	—	398	11	—	409
Mr. DU Guobin	—	400	16	—	416
Mr. XIA Youqing	—	307	9	—	316
Mr. HUANG Min	—	256	9	—	265
	—	1,361	45	—	1,406
Supervisor:					
Mr. NING Huan	—	190	10	—	200
Mr. NING Jian	—	113	6	—	119
Ms. FU Zhiyi	—	77	8	—	85
	—	380	24	—	404
	—	1,741	69	—	1,810

	Fees	Salaries, bonuses, allowances and benefits in kind	Pension scheme contributions	Share-based payment expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Six months ended 30 June 2024 (unaudited)					
Executive director and chief executive:					
Mr. WANG Ping	—	1,348	11	—	1,359
Mr. DU Guobin	—	400	15	—	415
Mr. XIA Youqing	—	306	8	—	314
Mr. HUANG Min	—	254	8	—	262
	—	2,308	42	—	2,350
Supervisor:					
Mr. NING Huan	—	166	10	—	176
Mr. NING Jian	—	105	5	—	110
Ms. FU Zhiyi	—	69	7	—	76
	—	340	22	—	362
	—	2,648	64	—	2,712

There was no arrangement under which the executive directors, supervisors and the chief executive waived or agreed to waive any remuneration during the Relevant Periods.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year ended 31 December 2022, 2023 and 2024 and six months ended 30 June 2024 and 2025 included three, three, two, one and nil directors, respectively, details of whose remuneration are set out in note 8 above. Details of the remuneration for the remaining two, two, three, four and five highest paid employees who are neither a director nor chief executive of the Company during the year ended 31 December 2022, 2023 and 2024 and six months ended 30 June 2024 and 2025:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Salaries, bonuses, allowances and benefits in kind	1,788	1,803	2,759	1,230	1,536
Pension scheme contributions	55	59	92	59	77
Share-based payment expenses	1,402	494	1,680	1,922	2,111
	3,245	2,356	4,531	3,211	3,724

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
				(unaudited)	
			Numbers of employees		
HK$500,000 to HK$1,000,000	—	—	—	3	4
HK$1,000,001 to HK$1,500,000	—	2	—	1	1
HK$1,500,001 to HK$2,000,000	2	—	3	—	—
	2	2	3	4	5

During the Relevant Periods, certain non-director and non-chief executive highest paid employees were granted share options and share awards, in respect of their services to the Group, under the share option incentive plan and restricted share incentive plan of the Group, further details of which are included in the disclosures in note 33 to the Historical Financial Information. The fair value of such share options and restricted share awards, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount

included in the Historical Financial Information during the Relevant Periods and six months ended 30 June 2024 is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

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 operate.

Mainland China

The provision for corporate income tax in Mainland China is based on the statutory rate of 25% of the taxable profits determined in accordance with the PRC Corporate Income Tax Law which was approved and became effective on 1 January 2008 except for those subject to preferential tax set out below.

The Company was qualified as a "High and New Technology Enterprise" ("**HNTE**") and entitled to a preferential income tax rate of 15% for the years ended 31 December 2022 and 2023. The Company does not entitled to the preferential tax rate of 15% in 2024 as the Company does not meet certain criteria of HNTE, and the provision of the Company's corporate income tax is calculated based on the statutory rate of 25% during the year ended 31 December 2024 and six months ended 30 June 2025.

Xi'an ZhaoGe, ZhongGe Shanghai and MeiG Zhilian were qualified as HNTE and were entitled to a preferential income tax rate of 15% during the Relevant Periods. This qualification is subject to review and approval by the relevant tax authority in the PRC for every three years.

ZhongGe Nantong, the Group's subsidiary established in June 2024, was qualified as a Small and Low-Profit Enterprises (SLPE) and was subject to a preferential income tax rate of 5% for the year ended 31 December 2024 and six months ended 30 June 2025.

Xi'an ZhaoGe and ZhongGe Shanghai are entitled to a three-year CIT exemption followed by a three-year 50% CIT reduction from the first profit-making year. Starting from the first income-generating year, the entities are entitled to a two-year of CIT exemption followed by a three-year 50% CIT reduction during the Relevant Periods.

Hong Kong

During the Relevant Periods, the first HK$2,000,000 of assessable profits of the Group's Hong Kong subsidiary are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

Germany

The Company's subsidiary incorporated in Germany is subject to Germany profits tax at the statutory rate of 15% on any estimated assessable profits arising in Germany during the Relevant Periods.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

The income tax charge/(credit) of the Group for the Relevant Periods and six months ended 30 June 2024 is analysed as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Current income tax	6,142	12,657	26,678	8,182	4,726
Deferred income tax *(note 29)*	16,828	(12,139)	(36,912)	(397)	3,997
Total tax charge/(credit)	22,970	518	(10,234)	7,785	8,723

A reconciliation of the income tax charge/(credit) 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 to the tax expense at the effective tax rate is as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Profit before tax	149,585	63,127	124,141	40,606	92,890
Tax charge at the preferential tax rate of 15%	22,438	9,469	18,621	6,091	13,934
Effect of different applicable tax rates for specific jurisdictions or enacted by local authority	4,814	1,312	(718)	(441)	(2,032)
Adjustments in respect of current tax of previous periods	(160)	11,570	284	191	979
Expenses not deductible for tax	1,503	876	1,830	908	1,714
Profits and losses attributable to joint ventures and associates***	885	912	3,161	792	1,210
Deductible temporary differences and tax losses not recognised	1,236	2,516	2,031	1,997	716
Additional deductible allowance for qualified research and development expenses*	(22,466)	(25,640)	(22,012)	(1,753)	(7,809)
Deductible temporary differences and/or tax losses utilised from previous periods	—	(497)	—	—	—
Effect on opening deferred tax of increase in rates**	14,564	—	(13,442)	—	—
Others	156	—	11	—	11
Income tax expense/(benefit) at the Group's effective tax rate	22,970	518	(10,234)	7,785	8,723

* Based on Public Notice 2021 No. 13 issued by the State Tax Bureau of the PRC on 31 March 2021, the manufacturing enterprises were eligible for an additional 100% deduction of eligible R&D expenses starting from 1 January 2021. Furthermore, based on Public Notice 2023 No. 7 issued by the State Tax Bureau of the PRC on 26 March 2023, the enterprises were eligible for an additional 100% deduction of eligible R&D expenses from 1 January 2023. The Group has claimed such additional deduction during the Relevant Periods.

** The Company and its subsidiary MeiG Zhilian obtained were accredited as HNTE and entitled to a preferential income tax rate of 15% for the years ended 31 December 2022, the PRC CIT tax rate applicable to the Company was reduced from 25% to 15% in 2022. The Company failed to enjoy the preferential tax rate of 15% in 2024 because of its business indicators not meeting the stipulation of HNTE, the PRC CIT tax rate applicable to the Company was increased from 15% to 25% in 2024.

*** The share of tax attributable to associates of RMB1,760,000, RMB1,857,000, RMB3,995,000, RMB1,429,000 and RMB1,671,000 during the Relevant Periods and six months ended 30 June 2024, respectively, are included in "Share of profits and losses of associates" in the consolidated statement of profit or loss and other comprehensive income. The share of tax attributable to joint ventures of RMB191,000, RMB173,000, RMB271,000, RMB258,000 and RMB87,000 are included in "Share of profits and losses of joint ventures" in the consolidated statement of profit or loss and other comprehensive income.

11. DIVIDENDS

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Cash dividends	24,811	25,890	25,802	25,802	33,929
Dividends of lapsed restricted shares	—	—	—	—	(456)
	24,811	25,890	25,802	25,802	33,473

The final dividends of RMB1.36, RMB1.0, RMB1.0 and RMB1.3 per 10 shares (tax inclusive) in respect of the years ended 31 December 2021, 2022, 2023 and 2024 were approved by the Annual General Meeting of the Company.

The final dividend distribution of RMB24,811,000 in respect of the year ended 31 December 2021 approved by the Company's Annual General Meeting on 19 May 2022 was subsequently paid in 2022.

The final dividend distribution of RMB25,890,000 in respect of the year ended 31 December 2022 approved by the Company's Annual General Meeting on 17 May 2023 was subsequently paid in 2023.

The final dividend distribution of RMB25,802,000 in respect of the year ended 31 December 2023 approved by the Company's Annual General Meeting on 16 May 2024 was subsequently paid in 2024.

The final dividend distribution of RMB33,929,000 in respect of the year ended 31 December 2024 approved by the Company's Annual General Meeting on 19 May 2025 was subsequently paid in 2025.

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 attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue (excluding treasury shares) during the Relevant Periods and six months ended 30 June 2024.

The weighted average number of ordinary shares outstanding for the Relevant Periods and six months ended 30 June 2024 presented has been retrospectively adjusted for the effect of the increase in paid-in capital as a result of the transfer from capital reserve to share capital in 2022.

The calculation of the diluted earnings per share amounts for the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025 is based on the profit for the year/period attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares outstanding during the year/period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
				(unaudited)	
Earnings					
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation (RMB'000)	127,836	64,509	135,572	33,480	84,167
Shares					
Weighted average number of ordinary shares in issue during the year, used in the basic earnings per share calculation	237,033,496	260,145,192	260,522,025	258,470,513	257,639,100
Effect of dilution — weighted average number of ordinary shares:					
Restricted share awards and share options	976,983	62,964	680,385	218,430	2,562,526
Total	238,010,479	260,208,156	261,202,410	258,688,943	260,201,626

13. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	Machinery and equipment	Motor vehicles	Electronic equipment and others	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2022						
At 1 January 2022:						
Cost	4,521	5,833	5,458	26,508	2,978	45,298
Accumulated depreciation	(1,374)	(3,563)	(3,651)	(7,939)	(1,903)	(18,430)
Net carrying amount	3,147	2,270	1,807	18,569	1,075	26,868
At 1 January 2022, net of accumulated depreciation	3,147	2,270	1,807	18,569	1,075	26,868
Additions	—	—	—	4,852	717	5,569
Depreciation provided during the year	(203)	(454)	(488)	(5,009)	(1,152)	(7,306)
Disposal	—	(21)	—	(5)	—	(26)
At 31 December 2022, net of accumulated depreciation	2,944	1,795	1,319	18,407	640	25,105
At 31 December 2022:						
Cost	4,521	5,689	5,458	31,311	3,695	50,674
Accumulated depreciation	(1,577)	(3,894)	(4,139)	(12,904)	(3,055)	(25,569)
Net carrying amount	2,944	1,795	1,319	18,407	640	25,105

The Group

	Buildings	Machinery and equipment	Motor vehicles	Electronic equipment and others	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2023						
At 1 January 2023:						
Cost	4,521	5,689	5,458	31,311	3,695	50,674
Accumulated depreciation	(1,577)	(3,894)	(4,139)	(12,904)	(3,055)	(25,569)
Net carrying amount	2,944	1,795	1,319	18,407	640	25,105
At 1 January 2023, net of accumulated depreciation	2,944	1,795	1,319	18,407	640	25,105
Additions	—	4	404	3,173	85	3,666
Depreciation provided during the year	(203)	(431)	(494)	(5,541)	(312)	(6,981)
Disposal	—	(36)	(35)	(37)	—	(108)
At 31 December 2023, net of accumulated depreciation	2,741	1,332	1,194	16,002	413	21,682
At 31 December 2023:						
Cost	4,521	5,340	5,508	34,219	3,780	53,368
Accumulated depreciation	(1,780)	(4,008)	(4,314)	(18,217)	(3,367)	(31,686)
Net carrying amount	2,741	1,332	1,194	16,002	413	21,682

The Group

	Buildings	Machinery and equipment	Motor vehicles	Electronic equipment and others	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2024						
At 1 January 2024:						
Cost	4,521	5,340	5,508	34,219	3,780	53,368
Accumulated depreciation	(1,780)	(4,008)	(4,314)	(18,217)	(3,367)	(31,686)
Net carrying amount	2,741	1,332	1,194	16,002	413	21,682
At 1 January 2024, net of accumulated depreciation	2,741	1,332	1,194	16,002	413	21,682
Additions	—	—	807	2,130	179	3,116
Depreciation provided during the year	(203)	(93)	(244)	(6,002)	(328)	(6,870)
Disposal	—	—	—	(18)	—	(18)
Other	—	—	—	(25)	—	(25)
At 31 December 2024, net of accumulated depreciation	2,538	1,239	1,757	12,087	264	17,885
At 31 December 2024:						
Cost	4,521	5,340	6,315	36,127	3,959	56,262
Accumulated depreciation	(1,983)	(4,101)	(4,558)	(24,040)	(3,695)	(38,377)
Net carrying amount	2,538	1,239	1,757	12,087	264	17,885

	Buildings	Machinery and equipment	Motor vehicles	Electronic equipment and others	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
30 June 2025						
At 1 January 2025:						
Cost	4,521	5,340	6,315	36,127	3,959	56,262
Accumulated depreciation	(1,983)	(4,101)	(4,558)	(24,040)	(3,695)	(38,377)
Net carrying amount	2,538	1,239	1,757	12,087	264	17,885
At 1 January 2025, net of accumulated depreciation	2,538	1,239	1,757	12,087	264	17,885
Additions	—	—	—	1,853	—	1,853
Depreciation provided during the period	(102)	(114)	(99)	(2,433)	(123)	(2,871)
Disposal	—	—	—	(10)	—	(10)
At 30 June 2025, net of accumulated depreciation	2,436	1,125	1,658	11,497	141	16,857
At 30 June 2025:						
Cost	4,521	5,340	6,315	37,892	3,959	58,027
Accumulated depreciation	(2,085)	(4,215)	(4,657)	(26,395)	(3,818)	(41,170)
Net carrying amount	2,436	1,125	1,658	11,497	141	16,857

Notes:

(a) As at 31 December 2022, 2023 and 2024 and 30 June 2025, the Group had not obtained building ownership certificates for all buildings with a net book value of approximately RMB2,944,000, RMB2,741,000, RMB2,538,000 and RMB2,436,000, respectively.

(b) During the year ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025, depreciation of property, plant and equipment of RMB6,670,000, RMB6,198,000, RMB6,137,000 and RMB2,729,000 were included in the consolidated statements of profit or loss and other comprehensive income, and the remaining amount of RMB636,000, RMB783,000, RMB733,000 and RMB142,000 were capitalised in other intangible assets, respectively.

(c) As at 31 December 2022, 2023 and 2024 and 30 June 2025, there were no items of the Group's property, plant and equipment that were pledged, and no impairment was provided on the Group's property, plant and equipment during the Relevant Periods.

The Company

	Buildings	Machinery and equipment	Motor vehicles	Electronic equipment and others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2022					
At 1 January 2022:					
Cost	4,521	5,594	4,971	3,307	18,393
Accumulated depreciation	(1,374)	(3,549)	(3,629)	(1,550)	(10,102)
Net carrying amount	3,147	2,045	1,342	1,757	8,291
At 1 January 2022, net of accumulated depreciation	3,147	2,045	1,342	1,757	8,291
Additions	—	—	—	104	104
Depreciation provided during the year	(203)	(411)	(400)	(444)	(1,458)
Disposal	—	(21)	—	(4)	(25)
At 31 December 2022, net of accumulated depreciation	2,944	1,613	942	1,413	6,912
At 31 December 2022:					
Cost	4,521	5,450	4,971	3,366	18,308
Accumulated depreciation	(1,577)	(3,837)	(4,029)	(1,953)	(11,396)
Net carrying amount	2,944	1,613	942	1,413	6,912

	Buildings	Machinery and equipment	Motor vehicles	Electronic equipment and others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2023					
At 1 January 2023:					
Cost	4,521	5,450	4,971	3,366	18,308
Accumulated depreciation	(1,577)	(3,837)	(4,029)	(1,953)	(11,396)
Net carrying amount	2,944	1,613	942	1,413	6,912
At 1 January 2023, net of accumulated depreciation	2,944	1,613	942	1,413	6,912
Additions	—	—	404	2	406
Depreciation provided during the year	(203)	(387)	(407)	(430)	(1,427)
Disposal	—	(940)	(36)	(655)	(1,631)
At 31 December 2023, net of accumulated depreciation	2,741	286	903	330	4,260
At 31 December 2023:					
Cost	4,521	1,436	5,021	1,538	12,516
Accumulated depreciation	(1,780)	(1,150)	(4,118)	(1,208)	(8,256)
Net carrying amount	2,741	286	903	330	4,260

	Buildings	Machinery and equipment	Motor vehicles	Electronic equipment and others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2024					
At 1 January 2024:					
Cost	4,521	1,436	5,021	1,538	12,516
Accumulated depreciation	(1,780)	(1,150)	(4,118)	(1,208)	(8,256)
Net carrying amount	2,741	286	903	330	4,260
At 1 January 2024, net of accumulated depreciation	2,741	286	903	330	4,260
Additions	—	—	—	93	93
Depreciation provided during the year	(203)	(53)	(101)	(94)	(451)
Disposal	—	—	—	(5)	(5)
At 31 December 2024, net of accumulated depreciation	2,538	233	802	324	3,897
At 31 December 2024:					
Cost	4,521	1,436	5,021	1,582	12,560
Accumulated depreciation	(1,983)	(1,203)	(4,219)	(1,258)	(8,663)
Net carrying amount	2,538	233	802	324	3,897

	Buildings	Machinery and equipment	Motor vehicles	Electronic equipment and others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
30 June 2025					
At 1 January 2025:					
Cost	4,521	1,436	5,021	1,582	12,560
Accumulated depreciation	(1,983)	(1,203)	(4,219)	(1,258)	(8,663)
Net carrying amount	2,538	233	802	324	3,897
At 1 January 2025, net of accumulated depreciation	2,538	233	802	324	3,897
Additions	—	—	—	1,105	1,105
Depreciation provided during the period	(102)	(23)	(18)	(25)	(168)
Disposal	—	—	—	(5)	(5)
At 30 June 2025, net of accumulated depreciation	2,436	210	784	1,399	4,829
At 30 June 2025:					
Cost	4,521	1,436	5,021	2,642	13,620
Accumulated depreciation	(2,085)	(1,226)	(4,237)	(1,243)	(8,791)
Net carrying amount	2,436	210	784	1,399	4,829

Notes:

(a) As at 31 December 2022, 2023 and 2024 and 30 June 2025, the Company had not obtained building ownership certificates for buildings with a net book value of approximately RMB2,944,000, RMB2,741,000, RMB2,538,000 and RMB2,436,000, respectively.

(b) As at 31 December 2022, 2023 and 2024 and 30 June 2025, there were no items of the Company's property, plant and equipment that were pledged, and no impairment was provided on the Company's property, plant and equipment during the Relevant Periods.

14. OTHER INTANGIBLE ASSETS

The Group

	Software	License rights	Total
	RMB'000	*RMB'000*	*RMB'000*
31 December 2022			
At 1 January 2022			
Cost	19,208	57,724	76,932
Accumulated amortisation	(6,879)	(21,453)	(28,332)
Net carrying amount	12,329	36,271	48,600
At 1 January 2022, net of accumulated amortisation	12,329	36,271	48,600
Additions, including internal development	23,219	19,279	42,498
Amortisation provided during the year	(4,144)	(11,508)	(15,652)
At 31 December 2022, net of accumulated amortisation	31,404	44,042	75,446
At 31 December 2022			
Cost	42,427	77,003	119,430
Accumulated amortisation	(11,023)	(32,961)	(43,984)
Net carrying amount	31,404	44,042	75,446

	Software	License rights	Total
	RMB'000	*RMB'000*	*RMB'000*
31 December 2023			
At 1 January 2023			
Cost	42,427	77,003	119,430
Accumulated amortisation	(11,023)	(32,961)	(43,984)
Net carrying amount	31,404	44,042	75,446
At 1 January 2023, net of accumulated amortisation	31,404	44,042	75,446
Additions, including internal development	21,779	52,190	73,969
Amortisation provided during the year	(9,487)	(21,261)	(30,748)
At 31 December 2023, net of accumulated amortisation	43,696	74,971	118,667
At December 2023			
Cost	64,206	129,193	193,399
Accumulated amortisation	(20,510)	(54,222)	(74,732)
Net carrying amount	43,696	74,971	118,667

	Software	License rights	Total
	RMB'000	*RMB'000*	*RMB'000*
31 December 2024			
At 1 January 2024			
Cost	64,206	129,193	193,399
Accumulated amortisation	(20,510)	(54,222)	(74,732)
Net carrying amount	43,696	74,971	118,667
At 1 January 2024, net of accumulated amortisation	43,696	74,971	118,667
Additions, including internal development	19,676	9,022	28,698
Amortisation provided during the year	(14,812)	(23,475)	(38,287)
At 31 December2024 , net of accumulated amortisation	48,560	60,518	109,078
At December 2024			
Cost	83,882	138,215	222,097
Accumulated amortisation	(35,322)	(77,697)	(113,019)
Net carrying amount	48,560	60,518	109,078

	Software	License rights	Total
	RMB'000	*RMB'000*	*RMB'000*
30 June 2025			
At 1 January 2025			
Cost	83,882	138,215	222,097
Accumulated amortisation	(35,322)	(77,697)	(113,019)
Net carrying amount	48,560	60,518	109,078
At 1 January 2025, net of accumulated amortisation	48,560	60,518	109,078
Additions, including internal development	3,816	9,149	12,965
Amortisation provided during the period	(7,676)	(11,417)	(19,093)
At 30 June 2025 , net of accumulated amortisation	44,700	58,250	102,950
At 30 June 2025			
Cost	87,698	147,364	235,062
Accumulated amortisation	(42,998)	(89,114)	(132,112)
Net carrying amount	44,700	58,250	102,950

The Company

	Software	License rights	Total
	RMB'000	*RMB'000*	*RMB'000*
31 December 2022			
At 1 January 2022			
Cost	3,865	57,724	61,589
Accumulated amortisation	(3,325)	(21,453)	(24,778)
Net carrying amount	540	36,271	36,811
At 1 January 2022, net of accumulated amortisation	540	36,271	36,811
Additions	219	19,279	19,498
Amortisation provided during the year	(404)	(11,508)	(11,912)
At 31 December 2022 , net of accumulated amortisation	355	44,042	44,397
At December 2022			
Cost	4,084	77,003	81,087
Accumulated amortisation	(3,729)	(32,961)	(36,690)
Net carrying amount	355	44,042	44,397

	Software	License rights	Total
	RMB'000	*RMB'000*	*RMB'000*
31 December 2023			
At 1 January 2023			
Cost	4,084	77,003	81,087
Accumulated amortisation	(3,729)	(32,961)	(36,690)
Net carrying amount	355	44,042	44,397
At 1 January 2023, net of accumulated amortisation	355	44,042	44,397
Additions	—	52,190	52,190
Amortisation provided during the year	(191)	(20,928)	(21,119)
Transfer to subsidiaries	—	(10,679)	(10,679)
At 31 December 2023, net of accumulated amortisation	164	64,625	64,789
At December 2023			
Cost	4,084	109,269	113,353
Accumulated amortisation	(3,920)	(44,644)	(48,564)
Net carrying amount	164	64,625	64,789

	Software	License rights	Total
	RMB'000	*RMB'000*	*RMB'000*
31 December 2024			
At 1 January 2024			
Cost	4,084	109,269	113,353
Accumulated amortisation	(3,920)	(44,644)	(48,564)
Net carrying amount	164	64,625	64,789
At 1 January 2024, net of accumulated amortisation	164	64,625	64,789
Additions	—	4,094	4,094
Amortisation provided during the year	(122)	(17,156)	(17,278)
Transfer to subsidiaries	—	(13,111)	(13,111)
At 31 December 2024, net of accumulated amortisation	42	38,452	38,494
At 31 December 2024			
Cost	4,084	100,030	104,114
Accumulated amortisation	(4,042)	(61,578)	(65,620)
Net carrying amount	42	38,452	38,494

	Software	License rights	Total
	RMB'000	*RMB'000*	*RMB'000*
30 June 2025			
At 1 January 2025			
Cost	4,084	100,030	104,114
Accumulated amortisation	(4,042)	(61,578)	(65,620)
Net carrying amount	42	38,452	38,494
At 1 January 2025, net of accumulated amortisation	42	38,452	38,494
Amortisation provided during the period	(37)	(7,374)	(7,411)
At 30 June 2025, net of accumulated amortisation	5	31,078	31,083
At 30 June 2025			
Cost	4,084	100,030	104,114
Accumulated amortisation	(4,079)	(68,952)	(73,031)
Net carrying amount	5	31,078	31,083

15. LEASES

The Group as a lessee

The Group has lease contracts for various items of buildings and premises used in operations. Leases of buildings and premises generally have lease terms between 2 and 9 years.

(a) Right-of-use assets

The carrying amounts of right-of-use assets and the movements during the Relevant Periods are as follows:

	Buildings and premises
	RMB'000
At 1 January 2022	38,218
Additions	21,722
Depreciation charge	(19,040)
At 31 December 2022	40,900
At 1 January 2023	40,900
Additions	1,217
Depreciation charge	(16,934)
Early termination of a lease	(1,146)
At 31 December 2023	24,037
At 1 January 2024	24,037
Additions	946
Depreciation charge	(14,647)
Early termination of a lease	(931)
At 31 December 2024	9,405
At 1 January 2025	9,405
Additions	4,535
Depreciation charge	(4,045)
Sublease of right-of-use assets*	(4,662)
At 30 June 2025	5,233

* The Group subleased certain of its right-of-use assets to third parties. As the lease period is approximately the same as the lease period of the head lease, the sublease was classified as a finance lease under IFRS 16. The Group derecognised the right-of-use assets relating to the head lease that it transfers to the sublease and recognised the receivables from sublease of the right-of-use assets that constituted finance lease (note 22), resulting a gain from the sublease transaction amounted to RMB989,000 for the six months ended 30 June 2025, which is included in the consolidated financial statement of profit or loss.

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the Relevant Periods are as follows:

	As at 31 December			As at 30 June
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Carrying amount at the beginning of the year/period	40,630	43,886	25,770	10,009
New leases	21,722	1,217	946	4,535
Accretion of interest recognised during the year/period	1,758	1,676	841	255
Early termination of a lease	—	(1,041)	(1,009)	—
Lease payments	(20,224)	(19,968)	(16,539)	(6,265)
Carrying amount at the end of the year/period	43,886	25,770	10,009	8,534
Analysed into:				
Current portion	16,808	16,470	8,592	5,977
Non-current portion	27,078	9,300	1,417	2,557
Total	43,886	25,770	10,009	8,534

The maturity analysis of lease liabilities is disclosed in note 40 to the Historical Financial Information.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	Year ended 31 December			Six months ended 30 June
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Expenses relating to short-term leases	1,714	1,967	1,970	31
Interest on lease liabilities	1,758	1,676	841	255
Depreciation charge of right-of-use assets	19,040	16,934	14,647	4,045
Losses/(gains) on early termination of a lease	—	105	(78)	—
Gains on sublease of right-of-use assets	—	—	—	(989)
Total amount recognised in profit or loss	22,512	20,682	17,380	3,342

(d) The total cash outflow for leases are disclosed in notes 34(c) to the Historical Financial Information.

The Company as a lessee

The Company has lease contracts for various items of buildings and premises used in operations. Leases of buildings and premises generally have lease terms between 2 and 9 years.

(a) Right-of-use assets

The carrying amounts of right-of-use assets and the movements during the Relevant Periods are as follows:

	Buildings and premises
	RMB'000
At 1 January 2022	34,147
Depreciation charge	(12,239)
At 31 December 2022	21,908
At 1 January 2023	21,908
Depreciation charge	(9,284)
At 31 December 2023	12,624
At 1 January 2024	12,624
Depreciation charge	(7,962)
At 31 December 2024	4,662
At 1 January 2025	4,662
Sublease of right-of-use assets*	(4,662)
At 30 June 2025	—

* The Company subleased certain of its right-of-use assets to third parties. As the lease period is approximately the same as the lease period of the head lease, the sublease was classified as a finance lease under IFRS 16. The Company derecognised the right-of-use assets relating to the head lease that it transfers to the sublease and recognised the receivables from sublease of the right-of-use assets that constituted finance lease (note 22), resulting a gain from the sublease transaction amounted to RMB989,000 for the six months ended 30 June 2025, which is included in the consolidated financial statement of profit or loss.

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the Relevant Periods are as follows:

	Year ended 31 December			Six months ended 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Carrying amount at the beginning of the year/period	36,853	25,160	15,124	5,651
Accretion of interest recognised during the year/period	1,425	921	451	104
Lease payments	(13,118)	(10,957)	(9,924)	(2,490)
Carrying amount at the end of the year/period	25,160	15,124	5,651	3,265
Analysed into:				
Current portion	10,036	9,068	4,826	3,265
Non-current portion	15,124	6,056	825	—
Total	25,160	15,124	5,651	3,265

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Interest on lease liabilities	1,425	921	451	104
Gains on sublease of right-of-use assets	—	—	—	(989)
Depreciation charge of right-of-use assets	12,239	9,284	7,962	—
Total amount recognised in profit or loss	13,664	10,205	8,413	(885)

16. INVESTMENT IN JOINT VENTURES

The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Share of net assets	2,399	1,888	1,479	1,987

The Group's trade receivable and payable balances with joint ventures are disclosed in notes 37 to the Historical Financial Information.

At 31 December 2022, 2023 and 2024 and 30 June 2025, particulars of the Group's joint ventures are as follows:

Name	Particulars of issued shares held	Place of incorporation/ registration and business	Percentage of			Principal activity
			Ownership interest	Voting power	Profit sharing	
MeiLink Co., Ltd (株式會社MeiLink)	Registered capital of JPY1 each	Japan	50%	50%	50%	Sales and supply chain
Guangzhou Liandong Gezhi Technology Co., Ltd. (廣州聯懂格智技術有限公司) ("**Liandong Gezhi**").	Registered capital of RMB1 each	PRC/Mainland China	45%	45%	45%	Manufacture

In the opinion of the directors, no investments in joint ventures are material to the Group and the Company.

The following table illustrates the aggregate financial information of the Group's joint ventures which are not individually material:

	Year ended 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Share of the joint ventures' losses for the year/period	(618)	(511)	(860)	(842)
Share of the joint ventures' total comprehensive losses	(618)	(511)	(860)	(842)
Aggregate carrying amount of the Group's investments in the joint ventures at the end of the year/period	2,399	1,888	1,479	1,987

The above investments are held by the Company or held through consolidated entities of the Company. They are joint ventures of the Group as the decisions about the relevant activities of the entities require the unanimous consent of the shareholders.

The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Share of net assets	748	156	257	1,481

At 31 December 2022, 2023 and 2024 and 30 June 2025, particulars of the Company's joint venture is as follows:

Name	Particulars of issued shares held	Place of incorporation/ registration and business	Percentage of			Principal activity
			Ownership interest	Voting power	Profit sharing	
Liantong Gezhi	Registered capital of RMB1 each	PRC/Mainland China	45%	45%	45%	Manufacture

The above investment is held by the Company. It is a joint venture of the Company as the decisions about the relevant activities of the entities require the unanimous consent of the shareholders.

The following table illustrates the financial information of the Company's joint venture:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Share of the joint venture's loss for the year/period	(152)	(592)	(349)	(126)
Share of the joint venture's total comprehensive loss	(152)	(592)	(349)	(126)
Carrying amount of the Company's investments in the joint venture at the end of the year/period	748	156	257	1,481

17. INVESTMENT IN ASSOCIATES

The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Share of net assets	63,663	58,168	46,181	56,251

The Group's trade receivable and payable balances with associates are disclosed in notes 37 to the Historical Financial Information.

At 31 December 2022, 2023 and 2024 and 30 June 2025, particulars of the Group's associates are as follows:

Name	Particulars of issued shares held	Place of incorporation/ registration and business	Percentage of ownership interest attributable to the Group	Principal activity
ShuoGe Intelligent Technology Co., Ltd. (碩格智能技術有限公司) ("**ShuoGe Intelligent**")	Registered capital of RMB1 each	PRC/Mainland China	36.0%	Manufacture and sales
Pinsu Zhilian*	Registered capital of RMB1 each	PRC/Mainland China	37.5%	Manufacture and sales
Sigbeat Inc	Registered capital of USD0.001 each	USA	40.0%	Sales

* On 10 July 2024, one investor increased its shareholding interest in Pinsu Zhilian, the then subsidiary of the Company, by making addition capital injection to Pinsu Zhilian. Upon the completion of the capital injection, the Company lose control over Pinsu Zhilian, the Group's investment in Pinsu Zhilian was subsequently accounted as the Group's associate since the Group is assessed to have significant influence on the operations and finance of Pinsu Zhilian. More details are given in note 32 to the Historical Financial Information.

In the opinion of the directors, no investments in associates are material to the Group and the Company.

The following table illustrates the aggregate financial information of the Group's associates that is not individually material:

	Year ended 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Share of the associate' loss for the year/period	(5,279)	(5,570)	(11,986)	(4,286)
Share of the associate' total comprehensive loss	(5,279)	(5,570)	(11,986)	(4,286)
Aggregate carrying amount of the Group's investments in the associate at the end of the year/period	63,663	58,168	46,181	56,251

17. INVESTMENT IN ASSOCIATES

The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Share of net assets	63,739	58,168	46,181	41,993

At 31 December 2022, 2023 and 2024 and 30 June 2025, particulars of the Company's associates are as follows:

Name	Particulars of issued shares held	Place of incorporation/ registration and business	Percentage of ownership interest attributable to the Group	Principal activity
ShuoGe Intelligent	Registered capital of RMB1 each	PRC/Mainland China	36%	Manufacture and sales

18. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS

The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Unlisted equity investments, at fair value	198,875	234,246	189,971	176,137

The above equity investments were classified as financial assets at fair value through profit or loss as the Group has not elected to recognise the fair value gain or loss through other comprehensive income.

19. INVENTORIES

The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	366,710	387,637	387,127	545,706
Finished goods	49,361	50,131	70,616	77,463
Goods in transit	23,590	37,152	113,192	101,519
Work in process	24,485	22,087	29,608	30,912
Contract performance cost	26,240	29,312	50,009	46,524
Total	490,386	526,319	650,552	802,124

As at 31 December 2022, 2023 and 2024 and 30 June 2025, the Group's inventories were stated at the lower of cost and net realisable value, and the movement in the provision was as follows:

	Year ended 31 December			Six months ended 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Carrying amount at the beginning of the year/period	15,143	16,219	26,266	33,807
Impairment losses recognised, net	6,362	15,216	16,342	8,837
Write-off	(5,286)	(5,169)	(8,801)	(6,825)
Carrying amount at the end of the year/period	16,219	26,266	33,807	35,819

The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	363,775	387,466	373,466	496,653
Finished goods	43,371	45,268	72,004	76,736
Goods in transit	22,745	33,595	63,609	91,966
Work in process	24,485	20,884	27,890	27,932
Total	454,376	487,213	536,969	693,287

As at 31 December 2022, 2023 and 2024 and 30 June 2025, the Company's inventories were stated at the lower of cost and net realisable value, and the movement in the provision was as follows:

	Year ended 31 December			Six months ended 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Carrying amount at the beginning of the year/period	15,123	15,683	24,499	33,648
Impairment losses recognised, net	5,846	13,739	16,094	8,760
Write-off	(5,286)	(4,923)	(6,945)	(6,799)
Carrying amount at the end of the year/period	15,683	24,499	33,648	35,609

20. TRADE AND BILLS RECEIVABLES

The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bills receivables*				
Bank acceptance bills:				
Third parties	3,444	3,446	2,283	7,500
Commercial acceptance bills:				
Third parties	39	—	5,833	—
Less: impairment of bills receivables	2	—	117	—
Bills receivables, net	3,481	3,446	7,999	7,500
Trade receivables:				
Third parties	514,671	759,120	1,101,739	1,071,808
Due from related parties *(note 37)*	—	8,307	10,023	12,402
Less: impairment of trade receivables	97,851	111,447	103,692	103,405
Trade receivables, net	416,820	655,980	1,008,070	980,805
Total trade and bills receivables	420,301	659,426	1,016,069	988,305

The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bills receivables*				
Bank acceptance bills:				
Third parties	3,151	3,374	2,081	7,498
Commercial acceptance bills:				
Due from subsidiaries	—	—	230,000	200,000
Third parties	—	—	5,833	—
Less: impairment of bills receivables	—	—	117	—
Bills receivables, net	3,151	3,374	237,797	207,498
Trade receivables:				
Third parties	322,694	265,931	303,309	272,217
Due from related parties	—	—	10,053	10,187
Due from subsidiaries	336,022	639,751	636,217	566,117
Less: impairment of trade receivables	86,280	83,734	82,552	82,989
Trade receivables, net	572,436	821,948	867,027	765,532
Total trade and bills receivables	575,587	825,322	1,104,824	973,030

* Bills receivables are with a maturity period of within six months.

The Group's trade terms with the majority of customers are on credit, except for certain new and oversea customers where payment in advance is normally required. The credit period is generally within 30 to 180 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade and bills receivables are non-interest-bearing.

As at the end of each of the Relevant Periods, the Group had certain concentrations of credit risk. As at 31 December 2022, 2023 and 2024 and 30 June 2025, 17.7%, 43.3%, 60.0% and 56.2%, respectively, of the Group's trade receivables were due from the Group's largest debtor, and 49.6%, 57.8%, 69.0% and 68.7%, respectively, of the Group's trade receivables were due from the Group's five largest debtors.

Included in the Group's trade receivables are amounts due from the Group's joint ventures and associates of nil, RMB7,891,000, RMB9,736,000 and RMB12,028,000 as at 31 December 2022, 2023 and 2024 and 30 June 2025, respectively, which are repayable on credit terms similar to those offered to the major customers of the Group (note 37).

An ageing analysis of the trade and bills receivables as at the end of each of the Relevant Periods, based on the invoice date and net of loss allowance, is as follows:

The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 6 months	370,182	599,801	964,576	908,716
7 months to 1 year	4,896	12,200	6,662	32,526
1 year to 2 years	943	2,482	2,465	5,730
2 years to 3 years	1,440	742	1,375	441
3 years to 4 years	42,840	1,361	538	538
4 years to 5 years	—	42,840	1,249	1,248
Over 5 years	—	—	39,204	39,106
Total	420,301	659,426	1,016,069	988,305

The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 6 months	542,523	787,857	1,070,965	917,798
7 months to 1 year	4,696	8,666	6,657	24,961
1 year to 2 years	95	552	1,229	4,687
2 years to 3 years	1,440	53	302	429
3 years to 4 years	26,833	1,361	—	—
4 years to 5 years	—	26,833	1,249	1,248
Over 5 years	—	—	24,422	23,907
Total	575,587	825,322	1,104,824	973,030

The movements in the loss allowance for impairment of trade and bills receivables are as follows:

The Group

	Year ended 31 December			Six months ended 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of year/period	92,492	97,853	111,447	103,809
Impairment losses, net	5,361	13,594	(7,638)	(404)
At end of year/period	97,853	111,447	103,809	103,405

The Company

	Year ended 31 December			Six months ended 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of year/period	88,598	86,280	83,734	82,669
Impairment losses, net	(2,318)	(2,546)	(1,065)	320
At end of year/period	86,280	83,734	82,669	82,989

The Group applies the simplified approach in calculating ECLs for trade receivables. Trade receivables relating to customers with known financial difficulties or significant doubt on collection are assessed individually for impairment allowance. The remaining trade receivables are grouped and collectively assessed for impairment allowance. Under the simplified approach, an impairment analysis is performed at the end of each of Relevant Periods using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with 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 Relevant Periods about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade and bills receivables using a provision matrix:

The Group

At 31 December 2022

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		*RMB'000*
On an individual basis:			
(i) Individual assessed	117,633	59%	69,309
On a collective basis:			
Within 6 months	386,317	5%	19,315
7 months to 1 year	4,876	5%	244
1 year to 2 years	294	10%	29
2 years to 3 years	157	50%	79
3 years to 4 years	3,257	100%	3,257
4 years to 5 years	5,326	100%	5,326
Over 5 years	293	100%	293
	518,153	19%	97,852

At 31 December 2023

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		*RMB'000*
On an individual basis:			
(i) Individual assessed	131,876	54%	70,754
On a collective basis:			
Within 6 months	617,295	5%	30,865
7 months to 1 year	9,888	5%	494
1 year to 2 years	2,694	10%	269
2 years to 3 years	109	50%	54
3 years to 4 years	143	100%	143
4 years to 5 years	153	100%	153
Over 5 years	8,714	100%	8,714
	770,872	14%	111,446

At 31 December 2024

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		*RMB'000*
On an individual basis:			
(i) Individual assessed	117,136	63%	73,307
On a collective basis:			
Within 6 months	981,694	2%	19,634
7 months to 1 year	7,002	5%	350
1 year to 2 years	2,450	10%	245
2 years to 3 years	2,646	50%	1,323
3 years to 4 years	76	100%	76
4 years to 5 years	45	100%	45
Over 5 years	8,828	100%	8,828
	1,119,877	9%	103,808

At 30 June 2025

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		*RMB'000*
On an individual basis:			
(i) Individual assessed	114,305	64%	73,344
On a collective basis:			
Within 6 months	927,107	2%	18,391
7 months to 1 year	34,238	5%	1,712
1 year to 2 years	6,367	10%	637
2 years to 3 years	744	50%	372
3 years to 4 years	76	100%	76
4 years to 5 years	45	100%	45
Over 5 years	8,828	100%	8,828
	1,091,710	9%	103,405

The Company

At 31 December 2022

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		*RMB'000*
On an individual basis:			
(i) Individual assessed	97,710	68%	66,364
(ii) Due from subsidiaries	336,022	0%	—
On a collective basis			
Within 6 months	214,120	5%	10,706
7 months to 1 year	4,876	5%	244
1 year to 2 years	106	10%	11
2 years to 3 years	157	50%	79
3 years to 4 years	3,257	100%	3,257
4 years to 5 years	5,326	100%	5,326
Over 5 years	293	100%	293
	661,867	13%	86,280

At 31 December 2023

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		*RMB'000*
On an individual basis:			
(i) Individual assessed	101,171	68%	66,692
(ii) Due from subsidiaries	639,751	0%	—
On a collective basis			
Within 6 months	152,298	5%	7,615
7 months to 1 year	6,169	5%	308
1 year to 2 years	550	10%	55
2 years to 3 years	106	50%	53
3 years to 4 years	143	100%	143
4 years to 5 years	153	100%	153
Over 5 years	8,714	100%	8,714
	909,055	9%	83,733

At 31 December 2024

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		*RMB'000*
On an individual basis:			
(i) Individual assessed	96,674	73%	68,967
(ii) Due from subsidiaries	866,217	0%	—
On a collective basis			
Within 6 months	206,801	2%	4,019
7 months to 1 year	6,998	5%	350
1 year to 2 years	1,354	10%	135
2 years to 3 years	501	50%	250
3 years to 4 years	74	100%	74
4 years to 5 years	45	100%	45
Over 5 years	8,828	100%	8,828
	1,187,492	7%	82,668

At 30 June 2025

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		*RMB'000*
On an individual basis:			
(i) Individual assessed	94,129	73%	68,905
(ii) Due from subsidiaries	766,117	0%	—
On a collective basis			
Within 6 months	154,625	2%	2,942
7 months to 1 year	26,275	5%	1,314
1 year to 2 years	5,207	10%	521
2 years to 3 years	719	50%	360
3 years to 4 years	74	100%	74
4 years to 5 years	45	100%	45
Over 5 years	8,828	100%	8,828
	1,056,019	8%	82,989

21. DEBT INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank acceptance bills	5,122	38,427	9,992	9,696

The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank acceptance bills	2,965	34,136	8,012	9,197

The above bank acceptance bills are issued by reputable banks in Mainland China. They are classified and measured at fair value through other comprehensive income as they are held within a business model with the objective of both collecting contractual cashflows and selling. The fair value as at the end of each of the Relevant Periods approximates to the carrying value due to the short maturity. Bank acceptance bills is subject to impairment under the general approach and the impairment is considered to be minimal.

22. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current				
Value-added tax recoverable	21,923	58,732	75,170	95,965
Prepaid income tax	1,211	1,712	1	384
Rebate receivable from a supplier	175,239	147,068	154,232	225,244
Other assets	1,456	—	—	76
Deferred **[REDACTED]** expenses	—	—	—	**[REDACTED]**
Deferred mould cost	1,202	186	—	—
Prepayments	52,371	15,909	16,780	37,732
Other receivables	35,620	30,038	30,426	30,311
Impairment of other receivables	(21,973)	(21,915)	(22,806)	(21,729)
Other receivables, net	13,647	8,123	7,620	8,582
Due from related parties	1,738	1,737	1,059	3,378
Impairment of related parties	(174)	(869)	(740)	(740)
Due from related parties, net *(note 37)*	1,564	868	319	2,638
Current portion of sublease of right-of-use assets *(note 15)*	—	—	—	3,269
	268,613	232,598	254,122	386,408
Non-current				
Prepayments for property, plant and equipment	450	—	—	—
Prepayments for other intangible assets	—	1,002	849	1,228
Prepayments for other non-current assets	—	2,092	2,025	2,025
Non-current portion of receivables from sublease of right-of-use assets *(note 15)*	—	—	—	1,590
Development expenditure	5,386	12,922	7,705	9,849
Deferred expenses	899	3,354	4,598	8,873
Deferred mould cost	2,958	1,820	1,359	1,429
	9,693	21,190	16,536	24,994

The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current				
Value-added tax recoverable	14,189	46,400	64,725	93,140
Income tax recoverable	1,211	473	—	382
Rebate receivable from a supplier	40,294	—	64,029	225,244
Other assets	2,591	186	—	76
Deferred **[REDACTED]** expenses	—	—	—	**[REDACTED]**
Prepayments	24,959	21,722	14,838	28,115
Other receivables	30,753	25,462	26,586	27,581
Impairment of other receivables	(19,501)	(18,884)	(19,395)	(19,343)
Other receivables, net	11,252	6,578	7,191	8,238
Due from related parties	1,738	1,737	1,059	3,378
Impairment of related parties	(174)	(869)	(740)	(740)
Due from related parties, net	1,564	868	319	2,638
Due from subsidiaries	65,050	75,050	38,050	27,050
Current portion of sublease of right-of-use assets	—	—	—	3,269
	161,110	151,277	189,152	400,670
Non-current				
Prepayments for other intangible assets	—	1,002	849	1,228
Prepayments for other non-current assets	—	2,092	2,025	2,025
Deferred expenses	899	3,354	4,598	8,873
Deferred mold cost	2,958	1,820	1,359	1,429
	3,857	8,268	8,831	13,555

Other receivables are unsecured and non-interest-bearing.

As of 31 December 2022, 2023, 2024 and 30 June 2025, the impairment of the other receivables is estimated by applying the general approach under IFRS9. The Group consider the historical loss rate and adjusted it to reflect the current situations and forecasts of future economic conditions, as appropriate, in calculating the expected credit loss rate. Other receivables relating to

counterparties with significant doubt on collection are assessed individually for impairment allowance. As at 31 December 2022, 2023, 2024 and 30 June 2025, amounts of RMB773,000, RMB773,000, RMB1,134,000, and RMB1,134,000 were provided for the default other receivables for which the counterparty has individually credit risk, amounts of RMB17,558,000, RMB17,558,000, RMB17,558,000, and RMB17,558,000 were provided for the default other receivables for which the counterparties failed to make the demanded payments.

The movements in the loss allowance for impairment of other receivables are as follows:

The Group

	Year ended 31 December			Six months ended 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of year/period	20,190	22,147	22,784	23,545
Impairment losses, net	1,957	637	1,082	(1,076)
Disposal of a subsidiary	—	—	(321)	—
At the end of the year/period	22,147	22,784	23,545	22,469

The Company

	Year ended 31 December			Six months ended 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of year/period	18,948	19,675	19,753	20,134
Impairment losses, net	727	78	381	(51)
At the end of the year/period	19,675	19,753	20,134	20,083

23. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and bank balances	85,115	148,510	349,877	348,763
Less: restricted cash	12,828	9,584	7,998	53
Cash and cash equivalents	72,287	138,926	341,879	348,710
Denominated in				
RMB	26,802	96,025	187,141	192,051
USD	43,820	30,434	122,415	146,652
EUR	1,484	12,280	32,292	9,988
GBP	134	145	—	—
HKD	47	42	31	19
	72,287	138,926	341,879	348,710

The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and bank balances	47,721	68,307	249,720	186,869
Less: restricted cash	12,828	9,584	7,998	53
Cash and cash equivalents	34,893	58,723	241,722	186,816
Denominated in				
RMB	12,770	42,978	128,095	62,858
USD	22,123	15,745	113,627	123,958
	34,893	58,723	241,722	186,816

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances and restricted cash are deposited with creditworthy banks with no recent history of default. As at 31 December 2022, 2023 and 2024 and 30 June 2025, the Group and the Company have assessed the credit risk of cash and cash equivalents, restricted cash to be minimal as they were placed in reputable financial institutions.

As at 30 June 2025 and 31 December 2024, the restricted cash represented the balances restricted for the use of share repurchase. As at 31 December 2023 and 2022, the restricted cash represented cash guaranteed for the use of issuing bank notes.

The RMB is not freely convertible into other currencies, however, under Mainland China'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.

24. TRADE AND BILLS PAYABLES

The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bills payables				
Due to third parties	42,207	36,631	—	—
Trade payables				
Due to third parties	277,768	442,205	574,033	625,581
Due to related parties *(note 37)*	11,409	7,044	5,883	7,913
Total	331,384	485,880	579,916	633,494

An ageing analysis of the trade and bills payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	328,133	482,003	554,495	622,608
Over 1 year	3,251	3,877	25,421	10,886
Total	331,384	485,880	579,916	633,494

The trade payables are non-interest-bearing and are normally settled within 180 days upon receipt of the invoices. The fair value of trade and bills payables as at the end of each of the Relevant Periods approximated to their carrying amount due to their relatively short maturity terms.

The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bills payables				
Due to third parties	42,207	36,631	—	—
Trade payables				
Due to related parties	11,409	3,933	—	—
Due to subsidiaries	302,251	207,773	311,723	364,779
Due to third parties	271,340	485,138	522,979	540,250
Total	627,207	733,475	834,702	905,029

An ageing analysis of the trade and bills payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	623,956	729,822	816,848	901,710
Over 1 year	3,251	3,653	17,854	3,319
Total	627,207	733,475	834,702	905,029

The trade payables are non-interest-bearing and are normally settled within 180 days upon receipt of the invoices. The fair value of trade and bills payables as at the end of each of the Relevant Periods approximated to their carrying amount due to their relatively short maturity terms.

25. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Payroll payable	17,363	16,721	16,193	15,818
Other tax payables	2,293	2,838	3,559	3,353
Value-added tax payable	28,109	31,064	27,213	17,341
Other payables	5,327	6,072	22,903	14,326
Due to related parties *(note 37)*	—	—	11	—
Accruals	507	3,342	2,230	2,010
Restricted shares repurchase obligation*	14,605	—	37,031	38,356
	68,204	60,037	109,140	91,204

The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Payroll payable	1,112	1,039	1,087	1,110
Other tax payables	365	578	794	728
Value-added tax payable	13,280	13,466	7,652	6,593
Other payables	2,893	3,935	20,420	11,742
Due to related parties	—	—	11	—
Due to subsidiaries	20,000	—	—	5,173
Accruals	—	2,761	2,212	2,010
Restricted shares repurchase obligation*	14,605	—	37,031	38,356
	52,255	21,779	69,207	65,712

Other payables are non-interest-bearing, unsecured and have no fixed terms of settlement.

* Restricted shares repurchase obligation relates to the repurchase obligation subject by the Group to redeem the amounts received from employees participate in the restricted share incentive plan for the subscription of the restricted shares awarded to them at an approved subscription price. If the participated employees fail to meet the vesting condition and are not eligible to vest, the Group will repurchase the restricted shares from the incentive employees at an amounts equivalent to the amount received from the employees' subscription for the restricted shares granted, with an adjustment on the accumulated dividend paid between the grant date and the repurchased date.

26. CONTRACT LIABILITIES

The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Advances received from customers for wireless communication modules and solutions:				
From related parties *(note 37)*	6,449	244	799	474
From others	61,002	52,084	108,545	121,185
	67,451	52,328	109,344	121,659
Analysed into:				
Current portion	67,451	52,328	109,344	121,659
Total	67,451	52,328	109,344	121,659

The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Advances received from customers for wireless communication modules and solutions:				
From related parties	219	244	709	246
From others	45,658	34,339	79,047	87,365
	45,877	34,583	79,756	87,611
Analysed into:				
Current portion	45,877	34,583	79,756	87,611
Total	45,877	34,583	79,756	87,611

Contract liabilities mainly include advances received to deliver products. The changes in contract liabilities in the Relevant Periods were mainly due to the changes in advances received from customers.

27. INTEREST-BEARING BANK BORROWINGS

The Group

	31 December 2022			31 December 2023			31 December 2024			30 June 2025		
	Effective Interest rate (%)	*Maturity*	*RMB'000*	*Effective Interest rate (%)*	*Maturity*	*RMB'000*	*Effective Interest rate (%)*	*Maturity*	*RMB'000*	*Effective Interest rate (%)*	*Maturity*	*RMB'000*
Current												
Bank loans – unsecured	3.10%–4.25%	2023	240,720			–	1.95%–3.20%	2025	122,606	1.95%–3.20%	2025-2026	303,119
Bank loans – secured	3.10%–3.95%	2023	70,000	3.80%	2024	5,016			–			–
Discounted bill receivables			–			–	1.30%–2.20%	2025	230,000	1.70%–2.00%	2025	200,000
Subtotal			310,720			5,016			352,606			503,119
Non-current												
Bank loans – unsecured	3.59%–4.25%	2024	60,000			–			–			–
Subtotal			60,000			–			–			–
Total			370,720			5,016			352,606			503,119

	As at 31 December			As at 30 June
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Analysed into:				
Bank borrowings repayable:				
Within one year or on demand	310,720	5,016	352,606	503,119
In the second year	60,000	—	—	—
Total	370,720	5,016	352,606	503,119

Notes:

(i) All interest-bearing bank borrowings are denominated in RMB.

(ii) As at 31 December 2022, the Group's interest-bearing bank borrowings with principal at RMB20,000,000 was guaranteed by trade receivables of subsidiaries due from the parent entity within the Group.

(iii) As at 31 December 2022, the Group's interest-bearing bank borrowings with principal at RMB50,000,000 was guaranteed by letter of credit issued between the Company and its subsidiaries within the Group.

(iv) As at 31 December 2023, the Group's interest-bearing bank borrowings with principal at RMB5,000,000 was guaranteed by a third party.

(v) As at 31 December 2024 and 30 June 2025, the Group discounted certain bills receivable to a bank in exchange for cash. The Group has retained the substantial risks and rewards, which include default risks relating to such discounted bills, and accordingly, it continued to recognise the full carrying amounts of the bill receivables and the associated cash received as borrowings from the bank, the corresponding discount charges is recorded as interest expense.

The Company

	31 December 2022			31 December 2023			31 December 2024			30 June 2025		
	Effective Interest rate (%)	*Maturity*	*RMB'000*	*Effective Interest rate (%)*	*Maturity*	*RMB'000*	*Effective Interest rate (%)*	*Maturity*	*RMB'000*	*Effective Interest rate (%)*	*Maturity*	*RMB'000*
Current												
Bank loans – unsecured	3.10%–3.70%	2023	190,672			–	1.95%–3.20%	2025	122,606	1.95%–3.20%	2025-2026	303,119
Bank loans – secured	3.10%–3.95%	2023	70,000			–			–			–
Discounted bill receivables			–			–	1.30%–2.20%	2025	230,000	1.70%–2.00%	2025	200,000
Subtotal			260,672			–			352,606			503,119
Non-current												
Bank loans – unsecured	3.59%–4.25%	2024	60,000			–			–			–
Subtotal			60,000			–			–			–
Total			320,672			–			352,606			503,119

	As at 31 December			As at 30 June
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Analysed into:				
Bank borrowings repayable:				
Within one year or on demand	260,672	—	352,606	503,119
In the second year	60,000	—	—	—
Total	320,672	—	352,606	503,119

Notes:

(i) All interest-bearing bank borrowings are denominated in RMB.

(ii) As at 31 December 2022, the Company's interest-bearing bank borrowings with principal at RMB20,000,000 was guaranteed by trade receivables of subsidiaries due from the parent entity within the group.

(iii) As at 31 December 2022, the Company's interest-bearing bank borrowings with principal at RMB50,000,000 was guaranteed by letter of credit issued between the Company and its subsidiaries within the Group.

(iv) As at 31 December 2024 and 30 June 2025, the Company discounted certain bills receivable to a bank in exchange for cash. The Company has retained the substantial risks and rewards, which include default risks relating to such discounted bills, and accordingly, it continued to recognise the full carrying amounts of the bill receivables and the associated cash received as borrowings from the bank, the corresponding discount charges is recorded as interest expense.

28. DEFERRED INCOME

The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Government grant*	950	3,875	3,875	3,875
At beginning of year/period	2,521	950	3,875	3,875
Grants received during the year/period	—	2,925	—	—
Released to the profit or loss during the year/period	(1,571)	—	—	—
At the end of the year/period	950	3,875	3,875	3,875

The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Government grant*	—	2,925	2,925	2,925
At beginning of year/period	1,571	—	2,925	2,925
Grants received during the year/period	—	2,925	—	—
Released to the profit or loss during the year/period	(1,571)	—	—	—
At the end of the year/period	—	2,925	2,925	2,925

* The Group's deferred government grants represented government grants received for projects and are credited to consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the expected lives of the related assets or recognised as income on a systematic basis over the periods that the costs, which they are intended to compensate, are expensed.

As at 31 December 2022, 2023, 2024 and 30 June 2025, the government grant received are subject to the fulfilment of conditions relating to these grants.

29. DEFERRED TAX

The movements in deferred tax assets and liabilities during the Relevant Periods are as follows:

Deferred tax assets

The Group

	Leases liabilities	Impairment of financial assets	Inventory provisions	Losses available for offsetting against future taxable profits	Share-based payment	Public welfare donations not deducted for tax purposes	Deferred income	Accrued expenses	Tax deduction difference with accounting depreciation	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2022	9,147	27,778	3,784	13,741	959	250	393	—	—	56,052
Deferred tax credited/(charged) to profit or loss	(3,012)	(9,706)	(1,425)	6,555	(640)	(250)	(393)	—	—	(8,871)
Deferred tax credited to other reserve	—	—	—	—	39	—	—	—	—	39
Gross deferred tax assets at 31 December 2022	6,135	18,072	2,359	20,296	358	—	—	—	—	47,220
At 1 January 2023	6,135	18,072	2,359	20,296	358	—	—	—	—	47,220
Deferred tax credited/(charged) to profit or loss	(2,269)	1,952	1,318	15,293	(344)	—	—	—	—	15,950
Deferred tax credited to other reserve	—	—	—	—	2	—	—	—	—	2
Gross deferred tax assets at 31 December 2023	3,866	20,024	3,677	35,589	16	—	—	—	—	63,172
At 1 January 2024	3,866	20,024	3,677	35,589	16	—	—	—	—	63,172
Deferred tax credited/(charged) to profit or loss	(1,717)	9,444	4,759	13,943	767	—	—	—	—	27,196
Deferred tax credited to other reserve	—	—	—	—	(3)	—	—	—	—	(3)
Gross deferred tax assets at 31 December 2024	2,149	29,468	8,436	49,532	780	—	—	—	—	90,365
At January 1, 2025	2,149	29,468	8,436	49,532	780	—	—	—	—	90,365
Deferred tax credited/(charged) to profit or loss	(479)	(194)	498	(7,311)	389	—	—	205	1,645	(5,247)
Deferred tax credited to other reserve	—	—	—	—	1,674	—	—	—	—	1,674
Gross deferred tax assets at 30 June 2025	1,670	29,274	8,934	42,221	2,843	—	—	205	1,645	86,792

The Company

	Leases liabilities	Impairment of financial assets	Inventory provisions	Losses available for offsetting against future taxable profits	Share-based payment	Public welfare donations not deducted for tax purposes	Deferred income	Accrued expenses	Tax deduction difference with accounting depreciation	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2022	8,537	26,887	3,781	4,904	959	250	392	–	–	45,710
Deferred tax credited/(charged) to profit or loss	(5,251)	(10,993)	(1,429)	(4,904)	(640)	(250)	(392)	–	–	(23,859)
Deferred tax credited to other reserve	–	–	–	–	39	–	–	–	–	39
Gross deferred tax assets at 31 December 2022	3,286	15,894	2,352	–	358	–	–	–	–	21,890
At 1 January 2023	3,286	15,894	2,352	–	358	–	–	–	–	21,890
Deferred tax credited/(charged) to profit or loss	(1,017)	(371)	1,323	–	(344)	–	–	–	–	(409)
Deferred tax credited to other reserve	–	–	–	–	2	–	–	–	–	2
Gross deferred tax assets at 31 December 2023	2,269	15,523	3,675	–	16	–	–	–	–	21,483
At 1 January 2024	2,269	15,523	3,675	–	16	–	–	–	–	21,483
Deferred tax credited/(charged) to profit or loss	(856)	10,178	4,737	–	767	–	–	–	–	14,826
Deferred tax credited to other reserve	–	–	–	–	(3)	–	–	–	–	(3)
Gross deferred tax assets at 31 December 2024	1,413	25,701	8,412	–	780	–	–	–	–	36,306
At January 1, 2025	1,413	25,701	8,412	–	780	–	–	–	–	36,306
Deferred tax credited/(charged) to profit or loss	(597)	67	490	1,492	389	–	–	205	–	2,046
Deferred tax credited to other reserve	–	–	–	–	1,674	–	–	–	–	1,674
Gross deferred tax assets at 30 June 2025	816	25,768	8,902	1,492	2,843	–	–	205	–	40,026

Deferred tax liabilities

The Group

	Right-of-use assets	Fair value changes of equity investments at FVTPL	Finance lease receivables	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2022	9,147	10,000	—	19,147
Deferred tax charged/(credited) to profit or loss	(3,012)	10,969	—	7,957
Gross deferred tax liabilities as at 31 December 2022	6,135	20,969	—	27,104
As at 1 January 2023	6,135	20,969	—	27,104
Deferred tax charged/(credited) to profit or loss	(2,529)	6,340	—	3,811
Gross deferred tax liabilities as at 31 December 2023	3,606	27,309	—	30,915
As at 1 January 2024	3,606	27,309	—	30,915
Deferred tax charged/(credited) to profit or loss	(1,650)	(8,066)	—	(9,716)
Gross deferred tax liabilities as at 31 December 2024	1,956	19,243	—	21,199
At 1 January 2025	1,956	19,243	—	21,199
Deferred tax credited/(charged) to profit or loss	(1,108)	(959)	817	(1,250)
Gross deferred tax liabilities at 30 June 2025	848	18,284	817	19,949

The Company

	Right-of-use assets	Finance lease receivables	Total
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January 2022	8,537	—	8,537
Deferred tax credited to profit or loss	(5,251)	—	(5,251)
Gross deferred tax liabilities as at 31 December 2022	3,286	—	3,286
As at 1 January 2023	3,286	—	3,286
Deferred tax credited to profit or loss	(1,392)	—	(1,392)
Gross deferred tax liabilities as at 31 December 2023	1,894	—	1,894
As at 1 January 2024	1,894	—	1,894
Deferred tax credited to profit or loss	(729)	—	(729)
Gross deferred tax liabilities as at 31 December 2024	1,165	—	1,165
At 1 January 2025	1,165	—	1,165
Deferred tax credited/(charged) to profit or loss	(1,165)	817	(348)
Gross deferred tax liabilities at 30 June 2025	—	817	817

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statements of financial position of the Group and statements of financial position of the Company. The following is an analysis of the deferred tax balances as at the end of each of the Relevant Periods for financial reporting purposes:

The Group

	As at 31 December			As at 30 June
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Net deferred tax assets recognised in the consolidated statements of financial position	41,085	59,564	88,410	85,127
Net deferred tax liabilities recognised in the consolidated statements of financial position	20,969	27,309	19,243	18,284

The Company

	As at 31 December			As at 30 June
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Net deferred tax assets recognised in the statements of financial position	18,604	19,589	35,140	39,209
Net deferred tax assets recognised in the statements of financial position	—	—	—	—

Deferred tax assets have not been recognised in respect of the following items:

The Group

	As at 31 December			As at 30 June
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Tax losses	9,465	16,892	21,677	18,785
Deductible temporary differences	528	3,165	437	81
	9,993	20,057	22,114	18,866

30. SHARE CAPITAL AND TREASURY SHARES

The Group and the Company

A summary of movements in The Group and the Company's share capital and treasury shares are as follows:

	Number of shares in issue	Share capital	Treasury shares	Total
	(in thousand)	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2022	184,729	184,729	(68,766)	115,963
Share options exercised	265	265	—	265
New issue of A shares	54,731	54,731	—	54,731
Exercise of restricted shares units	—	—	11,048	11,048
Others	(58)	(58)	1,113	1,055
At 31 December 2022	239,667	239,667	(56,605)	183,062
Share options exercised	793	793	—	793
New issue of A shares	21,209	21,209	—	21,209
Exercise of restricted shares units	—	—	14,321	14,321
Others	(28)	(28)	285	257
At 31 December 2023	261,641	261,641	(41,999)	219,642
Exercise of share options	161	161	—	161
Shares repurchased*	—	—	(37,287)	(37,287)
At 31 December 2024	261,802	261,802	(79,286)	182,516
Shares repurchased*	—	—	(7,947)	(7,947)
Dividends of lapsed restricted shares	—	—	456	456
At 30 June 2025	261,802	261,802	(86,777)	175,025
At 1 January 2024	261,641	261,641	(41,999)	219,642
Exercise of share options (unaudited)	61	61	—	61
Shares repurchased (unaudited)	—	—	(26,252)	(26,252)
At 30 June 2024 (unaudited)	261,702	261,702	(68,251)	193,451

* During the year ended 31 December 2024 and six months ended 30 June 2025, the Company repurchased an aggregate of 1,822,850 shares and 229,800 shares at a consideration of RMB37,287,000 and RMB7,947,000, respectively. The aforesaid 1,484,150 repurchased shares will be used for restricted share incentive plan and the remaining 568,500 repurchased shares will be cancelled.

31. RESERVES

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.

Capital reserve

The capital reserve of the Group includes:

(i) The share premium arising from the excess of the net proceeds from issuance of shares of the Company over its par value;

(ii) The share premium arising from the exercise of share options under the share option incentive plan, which represents the net proceeds from issuance of the Company's shares to the incentive employees over its par value;

(iii) The transfer from treasury shares to capital reserve upon the exercise of restricted shares under the Restricted Share Incentive Plan;

(iv) The share option and restricted share award compensation reserve due to equity-settled share-based payment transactions, details of which were set out in note 33 to the Historical Financial Information;

(v) The deferred tax asset arising from the amount of the estimated future tax deduction exceeds the amount of the share-based cumulative remuneration expense;

Statutory surplus reserve

In accordance with the Company Law of the PRC, companies incorporated in Mainland China are required to allocate 10% of the statutory after-tax profits to the statutory surplus reserve until the cumulative total of the reserve reaches 50% of the companies' registered capital. The statutory surplus reserve can be used to offset accumulated losses or increase the registered capital of such companies subject to approval from the relevant PRC authorities. The statutory surplus reserve is not available for dividend distribution to shareholders of such companies.

Exchange fluctuation reserve

The exchange fluctuation reserve represents foreign exchange differences arising from the translation of the financial statements of foreign operations entities which functional currency are different from the Group's presentation currency.

The Company

The amounts of the Company's reserves and the movements therein for the Relevant Periods are presented as follows:

The Company

Year ended 31 December 2022

	Share reserve	Statutory surplus reserve	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2022	239,914	18,271	90,702	348,887
Total comprehensive income for the year	—	—	41,498	41,498
Dividends	—	—	(24,811)	(24,811)
Exercise of share options	4,772	—	—	4,772
Exercise of restricted share units	458	—	—	458
Transfer to share capital	(54,731)	—	—	(54,731)
Transfer to statutory surplus reserves	—	4,150	(4,150)	—
Share-based compensation expenses	8,455	—	—	8,455
Others	(1,055)	—	—	(1,055)
At 31 December 2022	197,813	22,421	103,239	323,473

Year ended 31 December 2023

	Share reserve	Statutory surplus reserve	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	197,813	22,421	103,239	323,473
Total comprehensive income for the year	—	—	1,246	1,246
Dividends	—	—	(25,890)	(25,890)
Capital contribution by shareholders	571,722	—	—	571,722
Exercise of share options	11,360	—	—	11,360
Exercise of restricted share units	429	—	—	429
Transfer to statutory surplus reserves	—	125	(125)	—
Share-based compensation expenses	2,777	—	—	2,777
Others	(257)	—	—	(257)
At 31 December 2023	783,844	22,546	78,470	884,860

Year ended 31 December 2024

	Share reserve	Statutory surplus reserve	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2024	783,844	22,546	78,470	884,860
Total comprehensive income for the year	—	—	12,868	12,868
Dividends	—	—	(25,802)	(25,802)
Exercise of share options	2,774	—	—	2,774
Exercise of restricted share units	390	—	—	390
Transfer to reserves	—	1,287	(1,287)	—
Share-based compensation expenses	11,118	—	—	11,118
At 31 December 2024	798,126	23,833	64,249	886,208

Six months ended 30 June 2024 (Unaudited)

	Share reserve	Statutory surplus reserve	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2024	783,844	22,546	78,470	884,860
Total comprehensive income for the period	—	—	1,880	1,880
Dividends	—	—	(25,802)	(25,802)
Exercise of share options	1,052	—	—	1,052
At 30 June 2024	784,896	22,546	54,548	861,990

Six months ended 30 June 2025

	Share reserve	Statutory surplus reserve	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2025	798,126	23,833	64,249	886,208
Total comprehensive loss for the period	—	—	(10,081)	(10,081)
Dividends	—	—	(33,929)	(33,929)
Share-based compensation expenses	13,434	—	—	13,434
At 30 June 2025	811,560	23,833	20,239	855,632

32. DEEMED DISPOSAL OF A SUBSIDIARY

On 10 July 2024, one investor increased its shareholding interest in Pinsu Zhilian, the then subsidiary of the Company, by making addition capital injection to Pinsu Zhilian. Upon the completion of the capital injection, the Group's interests in Pinsu Zhilian was diluted from 51% to 37.5%. Pinsu Zhilian was deemed disposed and subsequently the Group accounted the investment in Pinsu as an associate using equity method as the Group is assessed to have significant influence on the operations and finance of Pinsu Zhilian.

Analysis of assets and liabilities over which control was lost:

	10 July 2024
	RMB'000
Current assets	7,855
Non-current assets	25
Current liabilities	(12,648)
Non-current liabilities	—
Net liabilities of Pinsu Zhilian	(4,768)
Less: non-controlling interests	(2,264)
Net liabilities of Pinsu Zhilian attributable to the Group	(2,504)
Fair value of the Group's 37.5% shareholding in Pinsu Zhilian	2,402
Less: net liabilities of Pinsu Zhilian attributable to the Group	(2,504)
Gain on deemed disposal of a subsidiary	4,906

An analysis of the net outflow of cash and cash equivalents in respect of the deemed disposal of a subsidiary is as follows:

	2024
	RMB
Cash consideration	—
Less: cash and bank balances disposed	1,294
Net outflow of cash and cash equivalents in respect of the deemed disposal of a subsidiary	(1,294)

33. SHARE-BASED PAYMENTS

The Group adopted and approved several equity-settled share-based plans, including 2020 stock option incentive plan and 2020 restricted share award plan on 3 July 2020, and 2024 stock option incentive plan and 2024 restricted share award plan on 17 July 2024, pursuant to which share award will be granted for eligible employees of the Group in order to recognise their contributions to the growth and development of the Group and incentivize them to further promote the development of the Group.

The 2020 stock option incentive plan and 2024 stock option incentive plan are collectively referred as "Share Option Incentive Plan", and 2020 restricted share plan and 2024 restricted share plan are collectively referred as "Restricted Share Incentive Plan".

Restricted Share Incentive Plan

On 20 July 2020, 1 July 2024 and 10 June 2025, the Group granted 3,200,000 restricted share units ("**RSUs**"), 3,510,000 RSUs and 500,000 RSUs of the Company, respectively, to eligible employees at a subscribed price of RMB12.09 per share, RMB10.55 per share and RMB22.84 per share, respectively.

The RSUs vest in several tranches commencing from the grant date. All granted RSUs shall be subject to both a performance-based condition and a service-based condition.

There are no cash settlement alternatives under the Restricted Share Incentive Plan. The Group accounts for the Restricted Share Incentive Plan as an equity-settled plan.

The granted shares of Restricted Share Incentive Plan are derived from the shares repurchased from the secondary market under the special securities account of the Company.

The fair value of the RSUs granted on 20 July 2020, 1 July 2024 and 10 June 2025 were valued at RMB11.43 per share, RMB8.93 per share and RMB22.06 per share, respectively, which was determined based on the difference between the closing price of the Company's A share on the grant date and the agreed subscribed price.

Share-based payment expenses amounted to RMB7,712,000, RMB2,557,000, RMB10,132,000 and RMB10,550,000 under the Restricted Share Incentive Plan was recognized by the Group during the years ended 31 December 2022, 2023 and 2024 and six months ended 30 June 2025, respectively.

The following table summarises the movement of the Group's Restricted Share Incentive Plan during the Relevant Periods:

	Weighted average exercise price per share*	Number of restricted shares
	RMB per share	
At 1 January 2022	12.07	2,817,220
Granted during the year	—	—
Vested during the year	12.07	1,205,880
Forfeited during the year	12.07	11,300
At 31 December 2022	11.93	1,600,040
Granted during the year	—	—
Vested during the year	9.08	1,580,280
Forfeited during the year	9.08	19,760
At 31 December 2023	—	—
Granted during the year	10.55	3,510,000
Vested during the year	—	—
Forfeited during the year	10.55	19,000
At 31 December 2024	10.55	3,491,000
Granted during the year	22.84	500,000
Vested during the year	—	—
Forfeited during the year	10.55	11,000
At 30 June 2025	11.98	3,980,000

* The exercise price of the restricted shares is subject to adjustment in the case of rights or bonus share issues, or other similar changes in the Company's share capital.

The weighted average remaining contractual life for the outstanding RSUs granted as at 31 December 2022, 2023 and 2024 and 30 June 2025 was 0.67 year, nil, 1.40 years and 1.48 years, respectively.

Stock Option Incentive Plan

On 20 July 2020, 2 February 2021, 1 July 2024 and 10 June 2025, the Group granted 1,040,000 share options, 360,000 share options, 1,600,000 share options and 500,000 share options, respectively, to eligible employees at exercise price of RMB24.18 per share, RMB17.34 per share, RMB21.10 per share and RMB 45.67 per share, respectively.

These share options will be vested in several tranches commencing from the grant date and all share options granted under the Stock Option Incentive Plan shall be subject to both a performance-based condition and a service-based condition.

There are no cash settlement alternatives under the Stock Option Incentive Plan. The Group accounts for the Stock Option Incentive Plan as an equity-settled plan.

The fair value of the share options granted on 20 July 2020, 2 February 2021, 1 July 2024 and 10 June 2025 was estimated at RMB 3.37, RMB1.38, RMB2.10 and RMB6.96 per share, respectively. Fair value of the share options was determined under Black-Scholes Model.

Share-based payment expenses amounted to RMB743,000, RMB220,000, RMB986,000 and RMB1,211,000 was recognized by the Group during the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025, respectively.

The following table summarises the movement of the Group's Stock Option Incentive Plan during the Relevant Periods:

	Weighted average exercise price per share*	Number of share options
	RMB per share	
At 1 January 2022	22.36	1,368,370
Granted during the year	—	—
Vested during the year	19.06	264,700
Forfeited during the year	24.16	19,100
At 31 December 2022	16.21	1,084,570
Granted during the year	—	—
Vested during the year	15.31	793,390
Forfeited during the year	18.48	2,600
At 31 December 2023	18.38	288,580
Granted during the year	21.10	1,600,000
Vested during the year	18.32	160,360
Forfeited during the year	20.60	47,220
At 31 December 2024	21.10	1,681,000
Granted during the year	45.67	500,000
Vested during the year	—	—
Forfeited during the year	21.10	13,000
At 30 June 2025	25.80	2,168,000

* The exercise price of the share options is subject to adjustment in the case of rights or bonus share issues, or other similar changes in the Company's share capital.

The weighted average remaining contractual life for the outstanding share options granted as at 31 December 2022, 2023 and 2024 and 30 June 2025 was 0.67 year, 0.67 year, 1.33 years and 1.47 years, respectively.

The fair value of the share options at the grant date are estimated with the following key inputs:

	20 July 2020	2 February 2021	1 July 2024	10 June 2025
Fair value of the Company's A Shares (RMB per share)	23.52	15.73	19.58	44.9
Expected volatility (%)	22.28–23.94	21.47–25.39	20.78–23.18	30.54–34.11
Risk-free interest rate (%)	1.46–1.75	2.60–2.75	1.50–2.75	1.40–1.43

34. 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 six months ended 30 June 2025, the Group had non-cash additions of right-of-use assets and lease liabilities of RMB21,722,000, RMB1,217,000, RMB946,000 and RMB4,535,000, respectively, in respect of the Group's lease arrangements for buildings and premises.

During the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025, the Group had non-cash reductions of trade payables settled by endorsement of bills receivable of nil, RMB30,265,000, RMB75,876,000 and RMB112,545,000, respectively.

(b) Changes in liabilities arising from financing activities

	Interest bearing bank borrowings	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2022	290,523	40,630	331,153
Changes from financing cash flow	68,069	(20,224)	47,845
New lease	—	21,722	21,722
Interest accretion	12,128	1,758	13,886
At December 2022 and 1 January 2023	370,720	43,886	414,606
Changes from financing cash flow	(372,672)	(19,968)	(392,640)
New lease	—	1,217	1,217
Interest accretion	6,968	1,676	8,644
Early termination of a lease	—	(1,041)	(1,041)
At 31 December 2023 and 1 January 2024	5,016	25,770	30,786
Changes from financing cash flow	342,134	(16,539)	325,595
New lease	—	946	946
Interest accretion	5,456	841	6,297
Early termination of a lease	—	(1,009)	(1,009)
At 31 December 2024 and 1 January 2025	352,606	10,009	362,615
Changes from financing cash flow	145,509	(6,265)	139,244
New lease	—	4,535	4,535
Interest accretion	5,004	255	5,259
At 30 June 2025	503,119	8,534	511,653
At 1 January 2024	5,016	25,770	30,786
Changes from financing cash flow (unaudited)	226,522	(9,296)	217,226
Early termination of a lease (unaudited)	—	(1,009)	(1,009)
Interest accretion (unaudited)	2,354	516	2,870
At 30 June 2024 (unaudited)	233,892	15,981	249,873

(c) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statements of cash flows is as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Within operating activities	1,714	1,967	1,970	948	31
Within financing activities	20,224	19,968	16,539	9,296	6,265
	21,938	21,935	18,509	10,244	6,296

35. PLEDGE OF ASSETS

At the end of each of the Relevant Periods, the Group's pledge of assets is included in notes 23 and 27 to the Historical Financial Information.

36. COMMITMENTS

The Group had no capital commitments at the end of each of the Relevant Periods.

37. RELATED PARTY TRANSACTIONS

The directors are of the view that the following companies are related parties that have material transactions or balances with the Group during the Relevant Periods.

(a) Name and relationships of the related parties

Name	Relationship
株式會社 MeiLink	Joint Venture
LianDong Gezhi	Joint Venture
ShuoGe Intelligent	Associate
Pinsu Zhilian *	Associate
Shenzhen Fenghuangshan Cultural Tourism Investment Co., Ltd. (深圳市鳳凰山文化旅遊投資有限公司) ("**Fenghuangshan Investment**")	Shareholder of the Company

Name	Relationship
Shenzhen Fenghuang Joint-Stock Cooperative Company (深圳市鳳凰股份合作公司) ("**Fenghuan Joint-Stock**")	Ultimate controlling shareholder of Fenghuangshan Investment
Shenzhen Mingcheng Property Service Co., Ltd. (深圳市明成物業服務有限公司) ("**Mingcheng**").	Company controlled by Fenghuan Joint-Stock
Shenzhen Chuyue Emotional Catering Management Co., Ltd. (深圳市楚粵情懷餐飲管理有限公司) ("**Chuyue**")	Company controlled by Mr. WANG Cheng, shareholder of the Company

* Pinsu Zhilian was deconsolidated by the Group effective from 10 July 2024 and accounted for as an associate of the Group. The transactions between the Group with Pinsu Zhilian since July 2024 and the balance due from/to Pinsu Zhilian as at 31 December 2024 and 30 June 2025 was presented as related parties transactions and balances.

(b) The Group had the following transactions with related parties during the Relevant Periods and the six months ended 30 June 2024:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Sales of products and services to:					
株式會社 MeiLink	2,838	30,146	7,389	882	11,025
ShuoGe Intelligent	797	870	484	86	46
LianDong Gezhi	—	2,709	792	775	2,081
Pinsu Zhilian	—	—	29,213	—	5,108
	3,635	33,725	37,878	1,743	18,260
Purchase of processing services from:					
ShuoGe Intelligent	29,714	22,063	25,398	11,432	14,877
	29,714	22,063	25,398	11,432	14,877
Expenses relating to other services purchased from:					
Chuyue	108	353	227	169	100
	108	353	227	169	100

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Lease payments made to:					
Fenghuang Joint-Stock .	1,534	1,638	1,521	800	722
Mingcheng	12,729	10,394	8,075	5,226	1,768
	14,263	12,032	9,596	6,026	2,490
Finance cost on lease liabilities from:					
Fenghuang Joint-Stock . .	218	163	105	60	30
Mingcheng Shenzhen . . .	1,207	758	346	223	73
	1,425	921	451	283	103

(c) Outstanding balances with related parties:

The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amounts due from related parties:				
株式會社 MeiLink *(a)*	—	7,891	—	—
LianDong GeZhi *(b)*	—	—	19	2,170
Pinsu Zhilian *(c)*	—	—	9,717	9,858
Fenghuan Joint-Stock *(d)*	188	104	—	—
Mingcheng *(e)*	1,376	764	—	—
ShuoGe Intelligent *(f)*	—	—	319	2,638
	1,564	8,759	10,055	14,666
Amounts due to related parties:				
ShuoGe Intelligent *(f)*	11,409	7,044	5,883	7,913
Chuyue *(g)*	—	—	11	—
株式會社 MeiLink *(a)*	6,449	244	799	474
Fenghuang Joint-Stock *(d)*	4,287	3,029	1,637	946
Mingcheng *(e)*	20,873	12,095	4,014	2,319
	43,018	22,412	12,344	11,652

(a) Trade in nature, included in "Trade and bills receivables" and "Contract liabilities" in the consolidated statements of financial position.

(b) Trade in nature, included in "Trade and bills receivables" and "Contract liabilities " in the consolidated statements of financial position.

(c) Trade in nature, included in "Trade and bills receivables" in the consolidated statements of financial position.

(d) Trade in nature, included in "Prepayments, other receivables and other assets" and "Lease liabilities" in the consolidated statements of financial position.

(e) Trade in nature, included in "Prepayments, other receivables and other assets" and "Lease liabilities" in the consolidated statements of financial position.

(f) Trade in nature, included in "Prepayments, other receivables and other assets" and "Trade and bills payables" in the consolidated statements of financial position.

(g) Trade in nature, included in "Other payables and accruals" in the consolidated statements of financial position.

(d) Compensation of key management personnel of the Group

	Year ended 31 December			Six months ended 30 June
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Salaries, bonuses, allowances and benefits in kind	4,884	5,152	5,439	1,741
Pension scheme contributions	128	129	131	69
Equity-settled share-based payment expenses	1,110	391	—	—
	6,122	5,672	5,570	1,810

Further details of directors' and the chief executive's remuneration are included in note 8 to the Historical Financial Information.

38. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each Relevant Periods were as follows:

Financial assets

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at amortised cost:				
Trade and bills receivables	420,301	659,426	1,016,069	988,305
Financial assets included in prepayments, other receivables and other assets	190,450	156,059	162,171	241,323
Restricted cash	12,828	9,584	7,998	53
Cash and cash equivalents	72,287	138,926	341,879	348,710
Financial assets at FVOCI:				
Debt investments	5,122	38,427	9,992	9,696
Financial assets at FVTPL:				
Equity investments	198,875	234,246	189,971	176,137
	899,863	1,236,668	1,728,080	1,764,224

Financial liabilities

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial liabilities at amortised cost:				
Trade and bills payables	331,384	485,880	579,916	633,494
Financial liabilities included in other payables and accruals	20,439	9,414	62,175	54,692
Lease liabilities	43,886	25,770	10,009	8,534
Interest-bearing bank borrowings	370,720	5,016	352,606	503,119
	766,429	526,080	1,004,706	1,199,839

39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, trade and bills receivables, financial assets included in prepayments, other receivables and other assets, trade and bills payables, financial liabilities included in other payables and accruals, and interest-bearing bank borrowings approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's finance team headed by the chief finance controller or his/her designator is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance team reports directly to the head of finance. At each reporting date, the finance team 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 head of finance.

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 fair values of the non-current portion of interest-bearing bank have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for non-current portion of interest-bearing bank as at 31 December 2022 were assessed to be insignificant. Hence, the fair value of the non-current portion of interest-bearing bank and other borrowings is approximate to its carrying amount as at 31 December 2022.

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			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Equity investments at FVTPL	—	163,875	35,000	198,875
Debt investments at FVOCI	—	5,122	—	5,122
Total	—	168,997	35,000	203,997

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Equity investments at FVTPL	—	180,506	53,740	234,246
Debt investments at FVOCI	—	38,427	—	38,427
Total	—	218,933	53,740	272,673

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Equity investments at FVTPL	—	108,579	81,392	189,971
Debt investments at FVOCI	—	9,992	—	9,992
Total	—	118,571	81,392	199,963

As at 30 June 2025

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Equity investments at FVTPL	—	94,745	81,392	176,137
Debt investments at FVOCI	—	9,696	—	9,696
Total	—	104,441	81,392	185,833

The fair values of the bank acceptance bills at fair value through other comprehensive income (Level 2) have been calculated by discounting the expected cash flows from the receivables based on the market interest rates of instruments with similar terms and risks.

The fair value of certain unlisted equity investments at fair value through profit or loss have been estimated with reference to the recent share transfer or capital injection transaction price of the underlying investments (Level 2). And for unlisted equity investments that do not have recent transaction price, the fair values have been estimated using asset-based and profit-based approaches (Level 3).

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at the end of each Relevant Periods:

As at 31 December 2022

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Unlisted equity investments	Valuation multiples	Average P/B multiple of peers	4.94	5% increase/decrease in multiple would result in increase/decrease in fair value by RMB191,000
		Average P/S multiple of peers	6.36	5% increase/decrease in multiple would result in increase/decrease in fair value by RMB314,000
		Discount for lack of marketability	37%	5% increase/decrease in discount would result in decrease/increase in fair value by RMB303,000

As at 31 December 2023

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Unlisted equity investments	Valuation multiples	Average P/B multiple of peers	4.59	5% increase/decrease in multiple would result in increase/decrease in fair value by RMB177,000
		Average P/S multiple of peers	6.74	5% increase/decrease in multiple would result in increase/decrease in fair value by RMB488,000
		Average P/E multiple of peers	38.35	5% increase/decrease in multiple would result in increase/decrease in fair value by RMB667,000
		Average P/RR multiple of peers	61.26	5% increase/decrease in multiple would result in increase/decrease in fair value by RMB880,000
		Discount for lack of marketability	23% to 34%	5% increase/decrease in discount would result in decrease/increase in fair value by RMB957,000

As at 31 December 2024

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Unlisted equity investments	Valuation multiples	Average P/B multiple of peers	6.39	5% increase/decrease in multiple would result in increase/decrease in fair value by RMB574,000
		Average P/E multiple of peers	35.75 to 79.07	5% increase/decrease in multiple would result in increase/decrease in fair value by RMB1,507,000
		Average P/RR multiple of peers	42.24 to 79.45	5% increase/decrease in multiple would result in increase/decrease in fair value by RMB1,474,000
		Discount for lack of marketability	34% to 36%	5% increase/decrease in discount would result in decrease/increase in fair value by RMB1,846,000

As at 30 June 2025

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Unlisted equity investments	Valuation multiples	Average P/B multiple of peers	10.36	5% increase/decrease in multiple would result in increase/decrease in fair value by RMB1,435,000
		Average P/E multiple of peers	36.69	5% increase/decrease in multiple would result in increase/decrease in fair value by RMB24,000
		Average P/RR multiple of peers	59.3 to 94.51	5% increase/decrease in multiple would result in increase/decrease in fair value by RMB2,820,000
		Discount for lack of marketability	33% to 37%	5% increase/decrease in discount would result in decrease/increase in fair value by RMB2,561,000

The discount for lack of marketability represents the amounts of premiums and discounts determined by the Group that market participants would take into account when pricing the investments.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank borrowings, and cash and cash equivalents. 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, trade and bills payables and etc., which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The directors reviews and agrees policies for managing each of these risks and they are summarised below.

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by the Company and the Group's subsidiaries in currencies other than their respective functional currencies.

The following table demonstrates the sensitivity at the end of each of the Relevant Periods to a reasonably possible change in the foreign exchange rates, with all other variables held constant, of the Group's profit after tax and equity.

	Increase/ (decrease) in foreign exchange rate	Decrease/ (increase) in profit after tax	(Increase)/ decrease in equity
	%	*RMB'000*	*RMB'000*
Year ended 31 December 2022			
If RMB weakens against the USD	5	(358)	(358)
If RMB strengthens against the USD	(5)	358	358
If RMB weakens against the EUR	5	12	12
If RMB strengthens against the EUR	(5)	(12)	(12)
If RMB weakens against the HKD	5	2	2
If RMB strengthens against the HKD	(5)	(2)	(2)
Year ended 31 December 2023			
If RMB weakens against the USD	5	(2,664)	(2,664)
If RMB strengthens against the USD	(5)	2,664	2,664
If RMB weakens against the EUR	5	1,756	1,756
If RMB strengthens against the EUR	(5)	(1,756)	(1,756)
If RMB weakens against the HKD	5	2	2
If RMB strengthens against the HKD	(5)	(2)	(2)

	Increase/ (decrease) in foreign exchange rate	Decrease/ (increase) in profit after tax	(Increase)/ decrease in equity
	%	*RMB'000*	*RMB'000*
If RMB weakens against the GBP	5	6	6
If RMB strengthens against the GBP	(5)	(6)	(6)
Year ended 31 December 2024			
If RMB weakens against the USD	5	14	14
If RMB strengthens against the USD	(5)	(14)	(14)
If RMB weakens against the EUR	5	1,394	1,394
If RMB strengthens against the EUR	(5)	(1,394)	(1,394)
If RMB weakens against the HKD	5	1	1
If RMB strengthens against the HKD	(5)	(1)	(1)
Six months ended 30 June 2025			
If RMB weakens against the USD	5	(2,667)	(2,667)
If RMB strengthens against the USD	(5)	2,667	2,667
If RMB weakens against the EUR	5	573	573
If RMB strengthens against the EUR	(5)	(573)	(573)
If RMB weakens against the HKD	5	1	1
If RMB strengthens against the HKD	(5)	(1)	(1)

Credit risk

The Group trades only with recognised and creditworthy 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. The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, restricted cash, trade and bills receivables, financial assets included in prepayments, other receivables and other assets, with a maximum exposure equal to the carrying amounts of these instruments.

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 as at the end of each of the Relevant Periods.

The amounts presented are gross carrying amounts for financial assets.

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*	—	—	—	518,154	518,154
Debt investments at FVOCI	5,122	—	—	—	5,122
Financial assets included in prepayments, other receivables and other assets					
— Normal**	189,882	—	—	—	189,882
— Doubtful**	—	—	22,715	—	22,715
Restricted cash	12,828	—	—	—	12,828
Cash and cash equivalents	72,287	—	—	—	72,287
	280,119	—	22,715	518,154	820,988

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*	—	—	—	770,873	770,873
Debt investments at FVOCI	38,427	—	—	—	38,427
Financial assets included in prepayments, other receivables and other assets					
— Normal**	156,128	—	—	—	156,128
— Doubtful**	—	—	22,715	—	22,715
Restricted cash	9,584	—	—	—	9,584
Cash and cash equivalents	138,926	—	—	—	138,926
	343,065	—	22,715	770,873	1,136,653

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*	—	—	—	1,119,878	1,119,878
Debt investments at FVOCI	9,992	—	—	—	9,992
Financial assets included in prepayments, other receivables and other assets					
— Normal**	163,002	—	—	—	163,002
— Doubtful**	—	—	22,715	—	22,715
Restricted cash	7,998	—	—	—	7,998
Cash and cash equivalents	341,879	—	—	—	341,879
	522,871	—	22,715	1,119,878	1,665,464

At 30 June 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*	—	—	—	1,091,710	1,091,710
Debt investments at FVOCI	9,696	—	—	—	9,696
Financial assets included in prepayments, other receivables and other assets					
— Normal**	232,954	—	—	—	232,954
— Doubtful**	—	—	23,341	—	23,341
Restricted cash	53	—	—	—	53
Cash and cash equivalents	348,710	—	—	—	348,710
	591,413	—	23,341	1,091,710	1,706,464

* For trade and bills receivables at the end of each of the Relevant Periods, the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 20 to the Historical Financial Information.

** 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".

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade and bills receivables) and projected cash flows from operations.

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 each Relevant Periods, based on the contractual undiscounted payments, is as follows:

At 31 December 2022

	Less than 12 months or on demand	1 to 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade and bills payables	331,384	—	331,384
Financial liabilities included in other payables and accruals	20,439	—	20,439
Lease liabilities	18,443	28,149	46,592
Interest-bearing bank borrowings	317,570	61,900	379,470
	687,836	90,049	777,885

At 31 December 2023

	Less than 12 months or on demand	1 to 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade and bills payables	485,880	—	485,880
Financial liabilities included in other payables and accruals	9,414	—	9,414
Lease liabilities	17,310	9,522	26,832
Interest-bearing bank borrowings	5,141	—	5,141
	517,746	9,522	527,268

At 31 December 2024

	Less than 12 months or on demand	1 to 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade and bills payables	579,916	—	579,916
Financial liabilities included in other payables and accruals	62,175	—	62,175
Lease liabilities	8,840	1,442	10,282
Interest-bearing bank borrowings	353,373	—	353,373
	1,004,304	1,442	1,005,746

At 30 June 2025

	Less than 12 months or on demand	1 to 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade and bills payables	633,494	—	633,494
Financial liabilities included in other payables and accruals	54,692	—	54,692
Lease liabilities	6,124	2,645	8,769
Interest-bearing bank borrowings	507,701	—	507,701
	1,202,011	2,645	1,204,656

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit profile and healthy capital ratios in order to support its business and maximize shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

The Group monitors capital using the debt-to-asset ratio, which is total liabilities divided by total assets. The debt-to-asset ratios as at the end of each of the Relevant Periods were as follows:

	As at 31 December,			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total liabilities	906,452	664,929	1,192,444	1,384,008
Total assets	1,726,703	2,144,722	2,759,557	3,004,832
Debt-to-asset ratio	52%	31%	43%	46%

41. TRANSFERS OF FINANCIAL ASSETS

(a) Transferred financial assets that are not derecognised in their entirety

At 31 December 2022, 2023 and 2024 and 30 June 2025, the Group endorsed certain bills receivables accepted by banks in Mainland China (the "**Endorsed Bills**") with a carrying amount of nil, RMB543,000, RMB1,315,000 and RMB7,206,000 to certain of its suppliers in order to settle the trade payables due to such suppliers (the "**Endorsement**"). In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Bills, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Bills and the associated trade payables settled. Subsequent to the Endorsement, the Group did not retain any rights on the use of the Endorsed Bills, including the sale, transfer or pledge of the Endorsed Bills to any other third parties.

(b) Transferred financial assets that are derecognised in their entirety

As at 31 December 2022, 2023 and 2024 and 30 June 2025, the Group endorsed certain bills receivable accepted by banks in Mainland China (the "**Derecognised Bills**") to certain of its suppliers in order to settle the trade payables due to such suppliers with a carrying amount in aggregate of nil, RMB3,431,000, RMB49,380,000 and RMB33,299,000. The Derecognised Bills had a maturity of one to six months at the end of each of the Relevant Periods. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills may exercise the right of recourse against any, several or all of the persons liable for the Derecognised Bills, including the Group, in disregard of the order of precedence (the "**Continuing Involvement**"). In the opinion of the directors, the risk of the Group being claimed by the holders of the Derecognised Bills is remote in the absence of a default of the accepted banks. The Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it 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 equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant.

During the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025, the Group has not recognised any gain or loss on the date of transfer of the Derecognised Bills. No gains or losses were recognised from the Continuing Involvement, both during the year or cumulatively.

42. EVENTS AFTER THE RELEVANT PERIOD

Except otherwise disclosed in the Historical Financial Information, there were no other significant events that required additional disclosure or adjustments occurred after the end of the Relevant Periods.

43. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to 30 June 2025.

APPENDIX IIA UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

APPENDIX IIB [REDACTED]

[REDACTED]

TAXATION OF SECURITY HOLDERS

Income tax and capital gains tax of holders of the H shares is subject to the laws and practices of mainland China and of jurisdictions in which holders of the H shares are resident or otherwise subject to tax. The following summary of certain relevant taxation provisions is based on current laws and practices, and has not taken into account the expected changes or amendments to the relevant laws and policies and does not constitute any opinion or advice. The discussion does not address all possible tax consequences relating to an investment in the H shares, nor does it take into account the specific circumstances of any particular investor, some of whom may be subject to special regulations. Accordingly, you should consult your own tax advisors regarding the tax consequences of an investment in the H shares. The discussion is based upon laws and relevant interpretations in effect as of the Latest Practicable Date, all of which are subject to change or adjustment and may have retrospective effect.

This discussion does not address any aspects of mainland China taxation other than income tax, capital gains tax and profits tax, sales tax, VAT, stamp duty and estate duty. Prospective investors are urged to consult their financial advisors regarding the tax consequences of owning and disposing of the H shares in mainland China and elsewhere.

Taxation in Mainland China

Tax 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税法》), or the Individual Income Tax Law, lastly amended by the SCNPC on 31 August 2018 and effective on 1 January 2019, and the Implementation Rules of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法實施條例》) lastly amended by the State Council on 18 December 2018 and effective on 1 January 2019, dividends paid by mainland China companies to individual investors are ordinarily subject to a withholding income tax levied at a flat rate of 20%. Meanwhile, according to the Notice on Issues Concerning Differentiated Individual Income Tax Policies on Dividends and Bonus of Listed Companies (《關於上市公司股息紅利差別化個人所得税政策有關問題的通知》) jointly issued by the MOF, the SAT and the CSRC on 7 September 2015 and effective on 8 September 2015, where an individual holds the shares of a listed company obtained from the public offering and market transfer, if the holding period is more than one year, the dividends and bonus income shall be temporarily exempted from individual income tax. Where an individual holds shares of a listed company from the public offering and market transfer, if the holding period is within one month (inclusive), the dividend income shall be included in the

taxable income in full; if the holding period is more than one month but less than one year (inclusive), the dividend income shall be included in the taxable income at the rate of 50%; the aforesaid income shall be subject to individual income tax at a uniform rate of 20%.

Pursuant to the Arrangement between the Mainland 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税和防止偷漏税的安排》), or the Arrangement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, executed on 21 August 2006, the government may impose tax on dividends paid by a company in mainland China to a Hong Kong resident (including natural person and legal entity), but such tax shall not exceed 10% of the total amount of dividends payable. If a Hong Kong resident directly holds 25% or more of the equity interests in a company in mainland China and the Hong Kong resident is the beneficial owner of the dividends and meets other conditions, such tax shall not exceed 5% of the total amount of dividends payable by the company in mainland China. The Fifth Protocol to the Arrangement between the Mainland 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 (《國家税務總局關於<內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排>第五議定書》), or the Fifth Protocol, issued by the SAT and effective on 6 December 2019 provides that such provisions shall not apply to arrangements or transactions made for one of the primary purposes of obtaining such tax benefits.

Enterprise Investors

Pursuant to the EIT Law, lastly amended by the SCNPC and effective on 29 December 2018, and the Implementation Rules of the EIT Law of the PRC (《中華人民共和國企業所得税法實施條例》), or the Implementation Rules of the EIT Law, lastly amended by the State Council on 6 December 2024 and effective on 20 January 2025, a non-resident enterprise is subject to a 10% EIT on mainland China-sourced income, including dividends paid by a PRC resident enterprise that issues and lists shares in Hong Kong, if such non-resident enterprise does not have an establishment or place of business in the mainland China or has an establishment or place of business in the mainland China but the mainland China-sourced income is not actually connected with such establishment or place of business in the mainland China. The aforesaid income tax payable by non-resident enterprises shall be withheld at source, and the payer shall be the withholding agent, and the tax shall be withheld by the withholding agent from the payment or due payment every time it is paid or due. Such tax may be reduced or exempted pursuant to an applicable treaty for the avoidance of double taxation.

Pursuant to the Notice on the Issues Concerning Withholding the EIT on the Dividends Paid by Chinese Resident Enterprises to H Share Holders Which Are Overseas Non-resident Enterprises (《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》) issued by the SAT and effective on 6 November 2008, a PRC resident enterprise is required to withhold EIT at a unified rate of 10% on dividends paid to non-PRC resident enterprise holders of H shares which are derived from profit generated since 2008. The Reply on the Collection of EIT on Dividends Received by Non-resident Enterprises from Holding B Shares and Other Shares (《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》), promulgated by the SAT on 24 July 2009 and effective on the same day, further provides that PRC-resident enterprises listed on mainland China and overseas stock exchanges by issuing stocks must withhold EIT 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 treaty or agreement that the PRC government has concluded with a relevant country or region, where applicable.

According to the Arrangement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, the PRC government may impose tax on dividends paid by a mainland China company to a Hong Kong resident (including natural person and legal entity), but such tax shall not exceed 10% of the total dividends payable by the mainland China company. If a Hong Kong resident directly holds 25% or more of equity interest in a mainland China company and the Hong Kong resident is the beneficial owner of the dividends and meets other conditions, such tax shall not exceed 5% of the total dividends payable by the mainland China company. The Fifth Protocol provides that such provisions shall not apply to arrangements or transactions made for one of the primary purposes of obtaining such tax benefits.

Pursuant to applicable regulations, we intend to withhold tax at a rate of 10% from dividends paid to non-PRC resident enterprise holders of our H Shares (including HKSCC Nominees). Non-PRC resident enterprises that are entitled to a reduced rate under an applicable income tax treaty will be required to apply to the tax authorities in mainland China for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refund will be subject to the mainland China tax authorities' verification.

Tax Related to Share Transfer Income

Individual Investors

Under the Individual Income Tax Law and its implementation rules, individuals are subject to individual income tax at a rate of 20% on gains realized on the sale of equity interests in PRC resident enterprises. Pursuant to the Circular on Continuing the Temporary Exemption of Individual Income Tax on Gains from Share Transfers by Individuals (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》), which was promulgated by the MOF and the SAT on 30 March

1998 and effective on the same day, from 1 January 1997, income of individuals from the transfer of shares in listed companies continues to be temporarily exempted from individual income tax. The SAT does not specify whether to continue to exempt individuals from individual income tax on the income from the transfer of shares in listed companies in the newly revised EIT Law and Implementation Rules of the EIT Law.

Enterprise Investors

Under the EIT Law and its implementation rules, a non-PRC resident enterprise is subject to EIT at the rate of 10% with respect to mainland China-sourced income, including gains derived from the disposal of shares in a mainland China resident enterprise, if it does not have an establishment or place of business in the mainland China or has an establishment or place of business in the mainland China but the mainland China-sourced income is not actually connected with such establishment or place of business in the mainland China. The aforementioned income tax payable by non-PRC resident enterprises is subject to source withholding, and the payer is the withholding agent. The tax shall be withheld by the withholding agent from the payment or due payment every time it is paid or due. Such tax may be reduced or exempted under the applicable tax treaties or arrangements on the avoidance of double taxation.

Shanghai-Hong Kong Stock Connect Taxation Policy

Pursuant to the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (《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》) promulgated by the MOF, the SAT and the CSRC on 31 October 2014 and effective on 17 November 2014, transfer spread income derived by enterprises in mainland China from stock investment listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect shall be included in their total income and subject to EIT according to law. For dividends and bonuses received by individual investors in mainland China from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the H-share companies shall apply to CSDCC for providing the register of individual investors in mainland China to the H-share companies and withhold individual income tax at the rate of 20% on behalf of the H-share companies.

Pursuant to the Announcement on the Continued Implementation of the Individual Income Tax Policies on the Inter-connected Mechanisms for Trading on the Shanghai and Hong Kong Stock Markets and for Trading on the Shenzhen and Hong Kong Stock Markets and on the Mutual Recognition of Funds between the Mainland and Hong Kong (《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》) which promulgated by the MOF, the SAT and the CSRC on 4 December 2019 and implemented on 5 December 2019, and the Announcement on Extending the Implementation of the Individual Income Tax Policies

Concerning the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and the Mainland-Hong Kong Mutual Recognition of Funds (《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》) which promulgated by the MOF, the SAT and the CSRC on 21 August 2023 and implemented on the same day, the transfer spread income derived by individual investors in mainland China from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect shall be exempted from individual income tax from 5 December 2019 to 31 December 2027.

Pursuant to the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (《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》), dividends derived by enterprise investors in mainland China from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect are included in their total income and subject to EIT according to law. Pursuant to which, dividend income obtained by resident enterprises in mainland China from holding H shares for 12 consecutive months shall be exempted from EIT according to law. H-share companies shall not withhold income tax on dividends and bonus income for enterprise investors in mainland China. The tax payable shall be declared and paid by the enterprise itself.

Shenzhen-Hong Kong Stock Connect Taxation Policy

Pursuant to the Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (《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》) promulgated by the MOF, the SAT and the CSRC on 5 November 2016 and effective on 5 December 2016, transfer spread income derived by enterprise investors in mainland China from stock investment listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect shall be included in their total income and subject to EIT according to law. For dividends and bonuses received by individual investors in mainland China from investing in H shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect, the H-share companies shall apply to CSDCC for providing the register of individual investors in mainland China to the H-share companies and the H-share companies shall withhold individual income tax at the rate of 20% on behalf of the investors.

Pursuant to the Announcement on the Continued Implementation of the Individual Income Tax Policies on the Inter-connected Mechanisms for Trading on the Shanghai and Hong Kong Stock Markets and for Trading on the Shenzhen and Hong Kong Stock Markets and on the Mutual Recognition of Funds between the Mainland and Hong Kong (《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》) promulgated by the MOF, the SAT and the CSRC on 4 December 2019 and effective on 5 December 2019, and the Announcement on Extending the Implementation of the Individual Income Tax Policies Concerning the Shanghai-Hong Kong Stock Connect and the Shenzhen- Hong Kong Stock Connect and the

Mainland-Hong Kong Mutual Recognition of Funds (《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税政策的公告》) which promulgated on 21 August 2023 and implemented on the same day, the transfer spread income derived by individual investors in mainland China from investing in shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect shall be exempted from individual income tax from 5 December 2019 to 31 December 2027.

Pursuant to the Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (《關於深港股票市場交易互聯互通機制試點有關税收政策的通知》), dividends derived by enterprise investors in mainland China from investing in shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect are included in their total income and subject to EIT according to law. In particular, dividends and bonus income obtained by resident enterprises in mainland China from holding H shares for 12 consecutive months shall be exempted from EIT according to law. H-share companies shall not withhold income tax on dividends and bonus income for enterprise investors in mainland China. The tax payable shall be declared and paid by the enterprise itself.

Stamp Duty

Pursuant to the Stamp Duty Law of the PRC (《中華人民共和國印花税法》), which was promulgated by the SCNPC on 10 June 2021 and came into effect on 1 July 2022, the purchase and disposal of H shares by non-mainland China investors outside of mainland China are not subject to the requirements of the Stamp Duty Law of the PRC.

Estate Duty

Pursuant to the laws of mainland China, no estate duty is currently levied in mainland China.

MAJOR TAXATION OF OUR COMPANY IN MAINLAND CHINA

EIT

According to the EIT Law, enterprises and other income-generating organizations (hereinafter collectively referred to as "**enterprises**") within the territory of the mainland China are the taxpayers of EIT and shall pay EIT in accordance with the provisions of the EIT Law, and the EIT rate in the PRC is 25%.

Enterprises are classified into resident enterprises and non-resident enterprises. A non-resident enterprise that does not have an establishment or place of business in the mainland China, or has an establishment or place of business in the mainland China but the income has no

actual connection to such establishment or place of business, shall pay EIT on its income within the mainland China and withhold at source, where the payer is the withholding agent. The tax shall be withheld by the withholding agent from the payment or due payment every time it is paid or due. Meanwhile, any gains realized on the transfer of shares by such investors are subject to EIT and shall be withheld at source if such gains are regarded as income derived from the transfer of property within the mainland China.

VAT

Pursuant to the Provisional Regulations on Value-added Tax of the PRC (《中華人民共和國增值税暫行條例》) lastly amended by the State Council on 19 November 2017 and effective on the same day and the Detailed Rules for the Implementation of the Provisional Regulations on Value-added Tax of the PRC (《中華人民共和國增值税暫行條例實施細則》) lastly amended by the MOF on 28 October 2011 and effective on 1 November 2011, all entities and individuals in mainland China engaging in the sale of goods, the provision of processing, repairs and replacement services, and the importation of goods are required to pay VAT. For taxpayers selling or importing goods, the general tax rate shall be 17% unless otherwise specified in the aforesaid regulations.

Pursuant to the Notice on the Adjustment to VAT Rates (《關於調整增值税税率的通知》) (Cai Shui [2018] No. 32), promulgated by the MOF and the SAT on 4 April 2018, and became effective as of 1 May 2018, the VAT rates of 17% and 11% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 16% and 10%, respectively.

Pursuant to the Announcement on Relevant Policies for Deepening VAT Reform (《關於深化增值税改革有關政策的公告》) (2019 No. 39 of MOF, SAT and General Administration of Customs), promulgated by the MOF, the SAT and the General Administration of Customs on 20 March 2019 and became effective on 1 April 2019, the VAT rates of 16% and 10% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 13% and 9%, respectively.

FOREIGN EXCHANGE ADMINISTRATION

The lawful currency of mainland China is the Renminbi. The SAFE, authorized by the PBOC, is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange regulations.

Pursuant to the Regulations of the PRC on Foreign Exchange Control (《中華人民共和國外匯管理條例》) announced by the State Council on 5 August 2008 and effective on the same day, all international payments and transfers are classified into current account items and capital account items. Mainland China does not impose restrictions on international payments and transfers under

current account items. Foreign exchange income from the current account of enterprises in mainland China may be retained or sold to financial institutions engaged in the settlement and sale of foreign exchange in accordance with relevant provisions of the State. The retention or sale of foreign exchange receipts under capital accounts to financial institutions engaging in settlement and sale of foreign exchange shall be subject to the approval of foreign exchange administrative authorities, unless otherwise stipulated by the State.

Pursuant to the Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》) promulgated by the PBOC on 20 June 1996 and became effective on 1 July 1996, the remaining restrictions on convertibility of foreign exchange in respect of current account items are abolished while the existing restrictions on foreign exchange transactions in respect of capital account items are retained.

Pursuant to relevant laws and regulations of the mainland China, mainland China enterprises (including foreign-invested enterprises) which require foreign exchange for transactions relating to current account items, may, without the approval of SAFE, effect payment from their foreign exchange accounts at the designated foreign exchange banks, on the strength of valid receipts and proof of transactions. Foreign-invested enterprises that need to distribute profits to their shareholders in foreign exchange and Chinese enterprises that need to pay fixed dividends in foreign exchange in accordance with the requirements shall pay from their foreign exchange account or pay at the designated foreign exchange bank by a resolution of the board of directors on the distribution of profits.

Pursuant to the Decision of the State Council on Canceling and Adjusting a Group of Administrative Approval Items and Other Matters (《國務院關於取消和調整一批行政審批項目等事項的決定》) promulgated by the State Council and effective on 23 October 2014, the administrative approval of the SAFE and its branches on matters concerning the repatriation and settlement of foreign exchange of overseas-raised funds through overseas listing has been canceled.

Pursuant to the Circular of the SAFE on Relevant Issues Concerning the Foreign Exchange Administration of Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》) promulgated by the SAFE on 26 December 2014 and effective on the same day, the relevant provisions on foreign exchange administration of domestic joint stock companies (hereinafter referred to as "domestic companies") listed overseas are as follows:

(i) The SAFE and its branches and the Foreign Exchange Management Department, or the Foreign Exchange Bureau, supervise, manage and inspect the business registration, account opening and use, cross-border income and expenditure, and capital exchange involved in the overseas listing of domestic companies.

(ii) A domestic company shall, within 15 working days after the completion of the overseas listing and issuance, register the overseas listing with the Foreign Exchange Bureau at the place where it is registered with relevant material.

(iii) 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 remittance and transfer of funds for the relevant business.

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 (《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》) issued on 13 February 2015 and effective on 1 June 2015, the SAFE has cancelled the confirmation of foreign exchange registration under domestic direct investment and the confirmation of foreign exchange registration under overseas direct investment, instead, banks shall directly examine and handle foreign exchange registration under domestic direct investment and foreign exchange registration under overseas direct investment, and the SAFE and its branch offices shall indirectly regulate the foreign exchange registration of direct investment through banks.

According to the Notice of the State Administration of Foreign Exchange of the PRC on Revolutionize and Regulate Capital Account Settlement Management Policies (《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》) issued by the SAFE on 9 June 2016 and effective on the same day, foreign currency earnings in capital account that relevant policies of willingness exchange settlement have been clearly implemented on (including the recalling of raised capital by overseas listing) may undertake foreign exchange settlement in the banks according to actual business needs of the domestic institutions. The tentative percentage of foreign exchange settlement for foreign currency earnings in capital account of domestic institutions is 100%, subject to adjustment by the SAFE in due time in accordance with international revenue and expenditure situations.

This Appendix summarizes certain aspects of the PRC laws and regulations which are relevant to our 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 Company Law of the PRC (《中華人民共和國公司法》) (the "**Company Law**"). The principal objective of this summary is to provide potential investors with an overview of the principal laws and regulatory provisions applicable to our Company. This summary is not intended to include all the information that is important to potential investors. For a discussion of laws and regulations which are relevant to our Company's business, please see "Regulatory Overview" in this document.

The PRC Legal System

The PRC legal system is based on the Constitution of the PRC (《中華人民共和國憲法》) (the "**Constitution**") and is made up of written laws, administrative regulations, local regulations, autonomous 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 laws and international treaties and other regulatory documents signed by the PRC government. Court decisions do not constitute legally binding precedents, although they are used for the purposes of judicial reference and guidance.

Pursuant to the Constitution and the Legislation Law of the PRC (2023 Revision) (《中華人民共和國立法法(2023修正)》) (the "**Legislation Law**"), the National People's Congress of the PRC (the "**NPC**") and the Standing Committee of the National People's Congress of the PRC (the "**SCNPC**") are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend the 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 parts of the laws enacted by the NPC during the adjournment of the NPC, provided that 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 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 with respect to urban and rural construction and administration, ecological civilization construction, historical and cultural protection, grassroots governance and other aspects according to 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 regulations of their respective provinces or autonomous regions. If the law provides otherwise on the formulation of local regulations by cities divided into districts, those provisions shall prevail. Such local regulations of cities with districts will become enforceable after being reported to and approved by the standing committees of the people's congresses of the relevant provinces or autonomous regions.

The standing committees of the people's congresses of the 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 such provinces or autonomous regions. Where, during the examination for approval of local regulations of cities divided into districts by the standing committees of the people's congresses of the provinces or autonomous regions, conflicts are identified with the rules and regulations of the people's governments of the provinces or autonomous regions concerned, a decision should be made by the standing committees of the people's congresses of provinces or autonomous regions to resolve the issue. 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, commissions of the State Council, the People's Bank of China, the National Audit Office, institutions with administrative functions directly under the State Council, and other institutions stipulated by law may formulate rules and regulations within the power of their respective departments based on the laws, administrative regulations, decisions and rulings of the State Council. Matters governed by the departmental rules and regulations should be those for the enforcement of the laws, administrative regulations, decisions and rulings of the State Council. The people's governments of provinces, autonomous regions and municipalities directly under the central government and cities divided into districts and autonomous regions may formulate rules, in accordance with laws, administrative regulations and relevant local regulations of provinces, autonomous regions and municipalities directly under the central government.

Pursuant 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 on June 10, 1981, issues related to the further clarification or supplement of laws or decrees should be interpreted by the SCNPC or provided by with decrees, issues related to the application of laws in court trial should be interpreted by the Supreme People's Court, issues related to the application of laws in a prosecution process should be interpreted by the Supreme People's Procuratorate, and the application of other laws and decrees in matters other than those involved in trial or prosecution process should be interpreted by the State Council and the competent authorities. The State

Council and its ministries and commissions are also vested with the power to give interpretations of the administrative regulations and departmental rules which they have promulgated. At the regional level, the power to interpret regional laws and regulations is vested in the regional legislative and administrative authorities which promulgate such laws and regulations.

The PRC Judicial System

Under the Constitution, the Law of Organization of the People's Courts of the PRC (2018 revision) (《中華人民共和國人民法院組織法(2018修訂)》) and the Law of Organization of the People's Procuratorate of the PRC (2018 revision) (《中華人民共和國人民檢察院組織法(2018修訂)》), the people's courts of the PRC are classified into the Supreme People's Court, the local people's courts at various levels, and other special people's courts. The local people's courts at various levels are divided into three levels, namely, the primary people's courts, the intermediate people's courts and the higher people's courts. The primary people's courts may set up certain 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 administration of justice by the local people's courts at all levels and by the special people's courts. The people's courts at higher levels shall supervise the judicial work of the people's courts at lower levels. The people's procuratorates of the PRC are classified into the Supreme People's Procuratorate, local people's procuratorates at various levels, and specialized people's procuratorates such as the Military Procuratorate. 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 employ a two-instance trial system, and the judgments or rulings of the second instance at the people's courts are final. A party may appeal against the judgment or ruling of the first instance of a local people's courts. The people's procuratorate may present a protest to the people's courts at the next higher level in accordance 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 become final. 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. 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 president of a people's court 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 PRC (《中華人民共和國民事訴訟法》) (the "**Civil Procedure Law**") adopted on April 9, 1991 and amended five times on October 28, 2007, August 31, 2012, June 27, 2017, December 24, 2021 and September 1, 2023 prescribes the conditions for instituting a civil action, the jurisdiction of the people's courts, the procedures for conducting a civil action, and the procedures for enforcement of a civil judgment or ruling. All parties to a civil action conducted within the PRC must comply with the relevant provisions of the 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 people's 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, the object of the action is located. However, the choice of the court cannot conflict with the regulations of different jurisdictions and exclusive jurisdictions in any case.

A foreign individual, a person without nationality, a foreign enterprise and organization is given the same litigation rights and obligations as a citizen, a legal person and other organization of the PRC when initiating actions or defending against litigation at the people's court. Should a foreign court limit the litigation rights of citizens, a legal person, and other organizations of the PRC, the people's court of the PRC may apply the same limitations to the civil litigation rights to citizens, enterprises and organizations of such foreign country. A foreign individual, a person without nationality, a foreign enterprise and organization must engage a lawyer from mainland China if such person needs to engage a lawyer for the purpose of initiating actions or defending against litigations at the people's court. In accordance with the international treaties to which the PRC is a signatory or participant or according to the principle of reciprocity, a people's court and a foreign court may request each other to serve documents, conduct investigations and collect evidence and take other actions on behalf of each other. A people's court shall not accommodate any request made by a foreign court which will result in the violation of sovereignty, security or public interests of the PRC.

All parties to a civil action shall perform the legally effective judgments and rulings. If any party to a civil action refuse to comply with a judgement 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.

Where a party applies for enforcement of a legally effective judgement or ruling made by a people's court, and the opposite party or his property is not within the territory of mainland China, the applicant may directly apply to a foreign court with jurisdiction for recognition and enforcement of the judgement or ruling, or the people's court may, in accordance with the

provisions of international treaties to which the PRC is a signatory or in which the PRC is a participant or the principle of reciprocity, request recognition and enforcement by a foreign court. Similarly, where an effective judgment or ruling made by a foreign court needs to be recognized and enforced by the people's court of the PRC, unless the people's court considers that the recognition or enforcement of the judgment or ruling would violate the basic legal principles of the PRC, national sovereignty, national security or social and public interest, the parties involved may directly apply to an intermediate people's court of the PRC with jurisdiction for recognition and enforcement, or the foreign court may, in accordance with the provisions of international treaties entered into or acceded to by that country and the PRC or according to the principle of reciprocity, request the people's court to recognize and enforce it.

The Company Law of the PRC, the Trial Administrative Measures of the Overseas Securities Offering and Listing by Domestic Enterprises and the Guidelines for the Articles of Association of Listed Companies

The Company Law was adopted by the SCNPC on December 29, 1993 and came into effect on July 1, 1994. It was successively amended on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013, October 26, 2018 and December 29, 2023. The newly revised Company Law was implemented on July 1, 2024.

On February 17, 2023, the China Securities Regulatory Commission (the "**CSRC**") promulgated the Trial Administrative Measures of the 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》) (the "**Overseas Listing Trial Measures**"), which came into effect on March 31, 2023 and is applicable to direct and indirect overseas share subscription and listing of domestic companies, which also stipulates the filing administrative measures and regulatory requirements for the overseas securities offering and listing by domestic enterprises.

On March 28, 2025, the CSRC promulgated the latest amended Guidelines for the Articles of Association of Listed Companies (《上市公司章程指引》) (the "**Guidelines for the Articles of Association**"). According to the Overseas Listing Trial Measures and its supporting guidelines, Guidelines for the Application of Regulatory Rules — Overseas Offering and Listing No. 1, domestic enterprises that are directly listed overseas shall formulate its Articles of Association with reference to the Guidelines for the Articles of Association and other relevant provisions of the CSRC on main provisions of the Company Law, the Overseas Listing Trial Measures and the Guidelines for the Articles of Association.

General Provisions

A joint stock limited company refers to an enterprise legal person incorporated under the Company Law with its registered capital divided into shares of equal par value. The liability of its shareholders is limited to the amount of 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 and regulations as well as public and commercial ethics, be honest and trustworthy and accept the supervision of the government and the public. A company may invest in other companies. If it is prescribed by any law that a company shall not become a capital contributor that shall bear the joint and several liability for the debts of the enterprises it invests in, such provisions shall prevail.

Incorporation

A joint stock limited company may be incorporated by promotion or raising. A joint stock limited company shall be incorporated by a minimum of one but not more than 200 promoters, provided that at least more than half of the promoters must reside in mainland China. Where a joint stock limited company is to be established by means of promotion, promoters shall fully subscribe for the shares that shall be issued at the time of the establishment of the company as provided for in the articles of association. If a joint stock limited company is to be established by means of raising, the promoters shall subscribed for not less than 35% of the total shares that shall be issued at the time of the establishment of the company as provided for in the articles of association; however, where laws and administrative regulations provide otherwise, such provisions shall prevail.

A prospectus shall be published, and a subscription letter shall be prepared when the promoters offer shares to the public. The subscriber shall fill in the number of shares subscribed for, amount and domicile and affix his/her signature or seal to the subscription letter. The subscriber shall make full payment for the shares subscribed for. Where a promoter is offering shares to the public, such an offer shall be underwritten by security companies established under the PRC laws, and an underwriting agreement shall be concluded thereon. A promoter offering shares to the public shall also enter into agreements with banks in relation to the receipt of subscription monies. The receiving banks shall receive and keep in custody the subscription monies, issue receipts to subscribers who have paid the subscription monies and furnish evidence of receipt of those subscription monies to relevant authorities. After the share capital for a public offering has been paid in full, a capital verification institution established under the PRC law must be engaged to conduct capital verification and furnish a certificate thereof. Where the shares to be issued have not been fully subscribed for at the time of the establishment of a company, or the

promoters fail to hold an establishment meeting within 30 days after the full payment has been made for the shares to be issued, subscribers may claim against the promoters for refund of the payment for shares plus the interest on the bank deposits for the same term. The promoters and subscribers may not withdraw their share capital after they have made payment for the shares or delivered non-monetary property as capital contributions, except that the shares have not been fully subscribed for within the time limit, the promoters fail to hold the establishment meeting on schedule, or the establishment meeting decides not to establish the company. The board of directors shall, within 30 days after the end of the establishment meeting of the company, authorize a representative to file an application for registration of establishment with the company registration authority.

A company's promoter shall be liable for the following: (i) the debts and expenses incurred in the establishment process jointly and severally if the company cannot be established; (ii) the refund of subscription monies paid by the subscribers together with interest at bank deposit rates for the same period jointly and severally if the company cannot be established.

Share Capital

The promoters may make a capital contribution in currencies, or non-monetary assets such as in kind or intellectual property rights, land use rights, stock rights or creditor's rights which can be appraised with monetary value and transferred lawfully, except for assets which are prohibited from being contributed as capital by the laws or administrative regulations. If a capital contribution is made in non-monetary assets, a valuation of the assets contributed must be carried out pursuant to the provisions of the laws or administrative regulations on valuation without any over-valuation or under-valuation. If there are provisions on the assessment of value in any law or administrative regulation, such provisions shall prevail.

The issuance of shares shall be conducted in a fair and equitable manner. Each share of the same class must carry equal rights. Shares issued at the same time and within the same class must be issued on the same conditions and at the same price. The same price per share shall be paid by any share subscriber. The issue price of par value stock may be based on the face value or exceed the face value but shall not be lower than the face value.

Under the Company Law, a joint stock limited company shall maintain a shareholder register which sets forth the following matters: (i) the name and domicile of each shareholder; (ii) the type and quantity of subscribed shares for each shareholder; (iii) for stocks issued in paper form, the serial numbers of stocks; (iv) the date on which each shareholder acquired the shares.

Increase In Share Capital

Pursuant to the Company Law, an increase in the capital of a company by means of an issue of new shares must be approved by shareholders in a shareholder's meeting. The articles of association or the shareholders' meeting may authorize the board of directors to decide to issue not more than 50% of the shares that have been issued within three years. However, if the capital contributions are to be made using non-monetary property, they shall be subject to a resolution made by the shareholders' meeting. Where the board of directors is authorized and decides to issue shares, and thus results in a change in the registered capital or the number of issued shares of the company, the voting at the shareholders' meeting may not be needed to revise such an item set forth in the articles of association of the company. Where the articles of association or the shareholders' meeting of a company authorize the board of directors to decide on issuing new shares, a resolution of the board of directors shall be adopted by two thirds of all the directors. In addition, where a domestic enterprise issuing and listing overseas, the issuer shall file with the CSRC in accordance with the Overseas Listing Trial Measures and submit a filing report, legal opinions and other relevant materials, giving a true, accurate and complete account of shareholders' information and other information.

Reduction of Share Capital

The company shall reduce the registered capital in accordance with the following procedures as stipulated in the Company Law: (i) the company shall prepare a balance sheet and an inventory of properties; (ii) make a resolution at a shareholders' meeting to reduce the registered capital; (iii) the company shall notify its creditors within 10 days after making the resolution to reduce the registered capital and publish the relevant announcement in newspapers or on the National Enterprise Credit Information Publicity System within 30 days; (iv) a creditor may, within 30 days after receipt of the notification, or within 45 days after the date of announcement if he/she has not received the notification, have the right to request the company to repay its debts or provide relevant guarantees; and (v) the company must apply to the company registration authority for a change in registration.

Where a company reduces its registered capital, it shall reduce the amount of capital contribution or shares in proportion to the capital contribution or shares held by the shareholders, unless it is otherwise prescribed by any law, or is otherwise prescribed by the articles of association of the company.

If a company still has losses after making up for them in accordance with the relevant provisions of the Company Law, it may reduce its registered capital to make up for the losses. If the registered capital is reduced to make up for the loss, the company shall not make any

distribution to the shareholders, nor shall the shareholders be exempted from their obligation to pay the capital contribution or the share capital. If the registered capital is reduced in accordance with the aforesaid provisions, the item (iii) and item (iv) mentioned above shall not apply, but the resolution to reduce the registered capital shall be made by the shareholders' meeting within 30 days from the date of the announcement in the newspapers or on the National Enterprise Credit Information Publicity System. After a company reduces its registered capital in accordance with the provisions of the preceding paragraphs, it shall not distribute profits until the accumulated amount of statutory reserve and discretionary reserve reaches 50% of the company's registered capital.

When a company reduces its registered capital in violation of the provisions of the Company Law, its shareholders shall refund the funds they have received, and if the capital contributions of the shareholders are reduced or exempted, such capital contributions shall be restored to the original status; if any loss is caused to the company, the shareholders and the liable directors and senior management shall bear the liability for compensation.

Repurchase of Shares

Under the provisions of the Company Law, a company shall not repurchase its own shares except in the following circumstances: (i) reduction of the registered capital of the company; (ii) merger with another company that holds its shares; (iii) use of its shares for carrying out an employee stock ownership plan or equity incentive plan; (iv) request from shareholders who object to a resolution of a shareholders' meeting on merger or division of the company to acquire their shares by the company; (v) use of shares for conversion of convertible corporate bonds issued by the listed company; and (vi) it is necessary for a listed company to maintain its company value and protect its shareholders' equity.

A resolution of a shareholders' meeting is required for the repurchase of shares by a company under either of the circumstances stipulated in item (i) or item (ii) above; for a company's repurchase of shares under any of the circumstances stipulated in item (iii), item (v) or item (vi) above, a resolution of a meeting of the board of directors shall be made by more than two-thirds of directors attending the meeting according to the provisions of the company's articles of association or as authorized by the shareholders' meeting.

The shares acquired by the company according to the above provisions under the circumstance stipulated in item (i) hereof a company shall be deregistered within 10 days from the date of acquisition of shares; the shares shall be transferred or deregistered within six months if the repurchase of shares is made under the circumstances stipulated in either item (ii) or item (iv);

and the shares in the company held in total by the company after the repurchase of shares under any of the circumstances stipulated in item (iii), item (v) or item (vi) shall not exceed 10% of the company's total issued shares, and shall be transferred or deregistered within three years.

A company shall not accept its own shares as the subject matter of a mortgage.

No company may provide gifts, loans, guarantees or other financial aids for others to obtain the shares of the company or the parent company thereof unless it carries out an employee stock ownership plan. For the benefits of the company, the company may, upon a resolution by the shareholders' meeting or by the board of directors under the articles of association or the authorization of the shareholders' meeting, provide financial aids for others to obtain the shares of the company or the parent company thereof, provided that the total accumulative amount of the financial aids shall not exceed 10% of the total issued share capital. A resolution by the board of directors shall be adopted by two thirds of all the directors.

Any director or senior management who is liable for any loss to the company due to violation of the provisions of the preceding paragraph shall make compensation.

Transfer of Shares

The shares held by the shareholder of a company may be transferred according to the law. Where the articles of association have any restriction on the transfer of shares, the transfer shall be carried out in accordance with the articles of association. Under the Company Law, a shareholder should affect a transfer of his shares on the stock exchange established in accordance with the law or by any other means as required by the State Council. The transfer of shares by a shareholder must be conducted by means of endorsement or by other means stipulated by laws or by administrative regulations. Following the transfer of shares, the company shall enter the names and domiciles of the transferee into its share register. The change of the register of members described in the preceding paragraph shall not be registered within 20 days before the convening of a shareholders' meeting or 5 days prior to the base date on which the company decides to distribute dividends. However, where it is otherwise provided for in any law, administrative regulation or by the securities regulatory authority of the State Council for the modification of the register of shareholders of a listed company, such provisions shall prevail.

Pursuant to the Company Law, shares of the company issued prior to the public issue of shares may not be transferred within one year of the date of the company's listing on the stock exchange. Where it is otherwise provided for in any law, administrative regulation or by the securities regulatory authority of the State Council for the transfer of shares held by the shareholders or actual controllers of a listed company, such provisions shall prevail. Directors and

senior management of the company shall 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 shall not exceed 25% of the total shares they hold of the company. They shall not transfer the shares they hold within one year of the date of the company's listing on the stock exchange, nor within six months after they leave their positions in the company. The articles of association may set out other restrictive provisions in respect of the transfer of shares in the company held by its directors and the senior management.

Where the shares are pledged within the time limit for restricted transfer as provided for by laws and administrative regulations, the pledge may not exercise the pledge right within such restricted period.

Shareholders

Pursuant to the Company Law and the Guidelines for Articles of Association, the rights of shareholders include the rights: (i) to be legally entitled to assets income, participate in significant decision-making and select management personnel; (ii) to petition the people's court to revoke any resolution of a shareholders' meeting or a meeting of the board of directors that has been convened or whose voting has been conducted in violation of the laws, administrative regulations or the articles of association of the company, or any resolution the contents of which is in violation of the laws, administrative regulations or the articles of association of the company, provided that such petition shall be submitted to the people's court within 60 days of the passing of such resolution; (iii) to transfer his/her shares legally; (iv) to attend or appoint a proxy to attend shareholders' meeting and exercise the voting rights; (v) to inspect and copy the articles of association of the company, share register, the minutes of shareholders' meeting, board resolutions, resolutions of the audit committee and the financial and accounting reports, and to make suggestions or inquiries in respect of the company's operations; (vi) to receive dividends in respect of the number of shares held; (vii) to participate in the distribution of residual properties of the company in proportion to their shareholdings upon the liquidation of the company; and (viii) any other shareholders' rights conferred by laws, administrative regulations and the articles of association.

The obligations of shareholders include the obligation to abide by the articles of association of the company, to pay the subscription monies in respect of the shares subscribed for, to be liable for the company's responsibilities in respect of the shares taken up by them and any other shareholder obligation specified in the articles of association of the company.

Shareholders' meeting

The shareholders' meeting is the organ of authority of the company, which exercises its powers in accordance with the Company Law. The shareholders' meeting may exercise its powers: (i) to elect or replace the directors and to decide on their remunerations; (ii) to consider and approve the reports of the board of directors; (iii) to consider and approve the company's profit distribution and loss recovery proposals; (iv) to decide on any increase or reduction of the company's registered capital; (v) to decide on the issue of corporate bonds; (vi) to decide on merger, division, dissolution and liquidation of the company or change of its corporate form; (vii) to amend the articles of association of the company; and (viii) to exercise any other authority stipulated in the articles of association of the company.

The shareholders' meeting may authorize the board of directors to make resolutions on the issuance of corporate bonds.

Pursuant to the Company Law and the Guidelines for Articles of Association, annual shareholders' meeting is required to be held once a year within six months after the end of the previous accounting year. An interim shareholders' meeting is required to be held within two months upon the occurrence of any of the following: (i) the number of directors is less than the number required by the law or less than two-thirds of the number specified in the articles of association of the company; (ii) the total outstanding losses of the company amounted to one-third of the company's total capital stock; (iii) shareholders individually or in aggregate holding 10% or more of the company's shares request to convene an interim shareholders' meeting; (iv) the board of directors deems necessary; (v) the audit committee so proposes; or (vi) any other circumstances as provided for in the articles of associations of the company.

Shareholders' 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 is not performing his or her duties, the meeting shall be presided over by the vice chairman. If the vice chairman is incapable of performing or is not performing his or her duties, a director jointly recommended by more than half of directors shall preside over the meeting. If the board of directors is unable to or fails to perform its duty of convening the shareholders' meeting, the audit committee shall convene and preside over such meeting in a timely manner; if the audit committee fails to convene and preside over such meeting, shareholders who individually or jointly hold more than 10% of the company's shares for more than 90 consecutive days may independently convene and preside over such meeting. If the shareholders who individually or jointly hold more than 10% of the shares of the company request to convene an interim shareholders' meeting, the board of directors and the audit committee shall, within 10 days after the receipt of such request, decide whether to hold an interim shareholders' meeting and reply to the shareholders in writing.

In accordance with the Company Law, a notice stating the time and venue of the meeting and the matters to be considered at the meeting shall be given to all shareholders 20 days before the meeting if the shareholders' meeting is convened. Notice of the interim shareholders' meeting shall be given to all shareholders 15 days before the meeting. Shareholders who individually or jointly hold more than one percent of the shares of the company may submit an interim proposal in writing to the board of directors ten days before the shareholders' meeting is held. The board of directors shall notify other shareholders within two days upon receipt of the proposal, and submit the interim proposal to the shareholders' meeting for deliberation, unless the interim proposal is in violation of any law, administrative regulation or the articles of association or fails to fall into the scope of functions of the shareholders' meeting. The company shall not raise the shareholding proportion of the shareholder who brings forward any interim proposal. A company offering shares to the public shall make the notices as mentioned in the preceding paragraphs by way of announcement. The shareholders' meeting shall not make any resolution on any matter not specified in the notice.

According to the Company Law, shareholders present at shareholders' meeting shall have one vote for each share they hold, except the shareholders of classified shares. The company may not have a voting right for the shares it holds.

The cumulative voting system may be adopted for the election of directors at the shareholders' meeting in accordance with the provisions of the articles of association or the resolutions of the shareholders' meeting. Under the accumulative voting system, each share shall have the same number of voting rights as the number of directors to be elected at the shareholders' meeting, and shareholders may consolidate their voting rights when casting a vote.

Under the Company Law, the passing of any resolution at the shareholder's meeting requires affirmative votes of shareholders representing more than half of the voting rights held by the shareholders who attend the shareholder's meeting except in cases of proposed amendments to a articles of association, increase or decrease of registered capital, merger, division or dissolution, or change of corporation form, which require affirmative votes of shareholders representing more than two-thirds of the voting rights held by the shareholders who attend the shareholder's meeting.

Minutes shall be prepared in respect of matters considered at the shareholders' meeting and the chairperson and directors attending the meeting shall endorse such minutes by signature. The minutes shall be kept together with the shareholders' attendance register and the proxy forms.

Board of Directors

A joint stock limited company shall have a board. However, a joint stock limited company with a relatively small scale or relatively small number of shareholders may dispense with the board of directors and have one director to exercise the functions and powers of the board of directors as prescribed by the Company Law. If the board of directors of a company has more than three members, it may include an employees' representative of the company. The employees' representatives in the board of directors shall be democratically elected by the employees through the employees' representative congress, employees' congress or by other means.

The term of office of directors shall be provided for by the articles of association, but each term of office shall not exceed three years. Directors may serve consecutive terms if re-elected.

Under the Company Law, the board of directors may exercise the following powers: (i) to convene shareholders' meeting and report on its work to the shareholders' meeting; (ii) to implement the resolutions passed by the shareholders at the shareholders' meeting; (iii) to decide on the company's operational plans and investment proposals; (iv) to formulate the company's proposals for profit distribution and for recovery of losses; (v) to formulate proposals for the increase or reduction of the company's registered capital and the issue of corporate bonds; (vi) to formulate proposals for the merger, division, dissolution of the company or change in the form of the company; (vii) to decide on the setup of the company's internal management organs; (viii) to decide on appointment or dismissal the manager of the company and his/her remuneration matters, and as nominated by the manager, to decide on appointment or dismissal the company's deputy general manager and financial officer and his/her remuneration matters; (ix) to formulate the company's basic management system; and (x) other authority stipulated in the articles of association or granted by the shareholders' meeting.

Any restrictions on the functions and powers of the board of directors set out in the articles of association may not be asserted against any bona fide third party.

Under the Company Law, a company may, under the articles of association, set up an audit committee composed of directors in the board of directors, which shall exercise the functions and powers of the board of supervisors. The audit committee shall be composed of at least 3 members, and more than half of the members shall not assume any position other than the director in the company and shall not have any relationship with the company that may affect their independent and objective judgments. Among the members of the board of directors of the company, an employee's representative may become a member of the audit committee. A resolution made by the audit committee shall be adopted by more than half of the members thereof. For voting on a resolution of the audit committee, each member shall have one vote. The discussion methods and

voting procedures of the audit committee shall be prescribed in the articles of association, unless it is otherwise provided under the Company Law. A company may set up other committees in the board of directors under the articles of association.

Meeting of the board of directors shall be convened at least twice a year. Notice of meeting shall be given to all directors and audit committee members 10 days before the meeting. Interim board meeting may be proposed to be convened by shareholders representing more than one-tenth of the voting rights, more than one-third of the directors or the audit committee. The chairman shall convene the meeting within 10 days of receiving such proposal, and preside over the board meeting. The board of directors may otherwise determine the method of giving notice and notice period for convening an interim meeting of the board of directors.

No meeting of the board of directors may be held unless more than half of the directors are present. A resolution made by the board of directors shall be adopted by more than half of all the directors. For voting on a resolution of the board of directors, each director shall have one vote. The board of directors shall prepare minutes regarding the decisions on the matters discussed at the meetings, which shall be signed by the directors present.

The directors shall attend the meeting of the board of directors in person. Where any director is unable to attend the meeting for any reason, he/she may, by issuing a written power of attorney, entrust another director to attend the meeting on his/her behalf. The power of attorney shall indicate the scope of authorization. The directors shall be responsible for the resolutions made by the board of directors. Where a resolution of the board of directors is in violation of any law, administrative regulation, article of association or resolution of the shareholders' meeting and causes any serious loss to the company, the directors who participate in adopting such resolution shall be liable for compensation to the company. If a director is proved to have expressed his/her objection to the voting on such a resolution and such objection has been recorded in the minutes, he/she may be exempted from liability.

Under the Company Law, the following person may not serve as a director of the company: (i) devoid of or with restricted civil conduct ability; (ii) within five years after serving sentence for embezzlement, bribery, infringement or misappropriation of property, or for jeopardizing socialist market economic order, or within five years after serving sentence and being deprived of political rights for crime; within two years after being pronounced for suspension of sentence since the expiration of the suspension of sentence; (iii) within three years after insolvency and liquidation of such company or enterprise where the person acted as a director, factory manager or business manager and has been held accountable for the insolvency; (iv) within three years after company or enterprise the person acted as legal representative is revoked business license and

ordered to shut down for violating law on which the person is held accountable; and (v) being listed as a dishonest person subject to enforcement by the people's court due to large amount of unliquidated mature debts.

Where a company elects or appoints a director to which any of the above circumstances applies, such election, appointment or designation shall be invalid. A director to which any of the above circumstances apply during his/her term of office shall be released of his/her duties by the company.

In addition, the Guidelines for Articles of Association further stipulates other circumstances under which a person is disqualified from acting as a director of a company, including: (i) a person who has been banned from the securities market by the CSRC where the relevant period remains unexpired; or (ii) a person who is banned from doing so in accordance with other laws, administrative regulations or departmental rules.

Under the Company Law, the Board shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman shall be elected with approval of more than half of all the directors. The chairman shall convene and preside over board meeting and review the implementation of board resolutions. The vice chairman shall assist the chairman to perform his/her duties. Where the chairman is incapable of performing or is not performing his/her duties, the duties shall be performed by the vice chairman. Where the vice chairman is incapable of performing or is not performing his/her duties, a director nominated by more than half of the directors shall perform his/her duties.

The Audit Committee

Under the Company Law, where a joint stock limited company does not have the board of supervisor, the audit committee shall be composed of at least 3 members, and more than half of the members shall not assume any position other than the director in the company and shall not have any relationship with the company that may affect their independent and objective judgments.

Among the members of the board of directors of the company, an employee's representative may become a member of the audit committee. A resolution made by the audit committee shall be adopted by more than half of the members thereof. For voting on a resolution of the audit committee, each member shall have one vote. The discussion methods and voting procedures of the audit committee shall be prescribed in the articles of association, unless it is otherwise provided for by the Company Law. A company may set up other committees in the board of directors under the articles of association.

Manager and Senior Management

Pursuant to the relevant provisions of the Company Law, a company shall have a manager who shall be appointed or removed by the board of directors. The manager shall be responsible for the board of directors and exercise his/her functions and powers according to the articles of association or the authorization of the board of directors. The manager shall attend the meeting of the board of directors as a non-voting member.

According to the relevant provisions of the Company Law, senior management refers to the manager, deputy manager, financial officer, secretary to the board of directors of a listed company and other personnel as stipulated in the articles of association.

Duties of Directors, General Managers and Other Senior Management

Directors and senior management shall comply with laws, administrative regulations and the articles of association.

Directors and senior management shall assume the obligation of loyalty to the company and take measures to avoid conflict between their own interests and those of the company and may not seek any improper interest by taking advantage of their powers. The directors and senior management shall assume the duty of diligence to the company. When performing their duties, they shall, for the best interests of the company, exercise the reasonable care that shall be generally possessed by a manager.

The provisions of the preceding paragraphs shall apply to the controlling shareholder or actual controller of a company who does not serve as a director but actually executes the affairs of the company.

In the meantime, directors and senior management are prohibited from: (i) embezzling the property or misappropriating the funds of the company; (ii) depositing company funds into accounts under their own names or the names of other individuals; (iii) giving bribes or accepting any other illegal proceeds by taking advantage of his/her power; (iv) accept commissions from transactions between others and the company for their own benefits; (v) unauthorized divulgence of confidential information of the company; and (vi) other acts in violation of their duty of loyalty to the company.

A director or senior management who contravenes laws, administrative regulations or articles of association in the performance of his/her duties resulting in any loss to the company shall be liable to the company for compensation.

Where a director or senior management is required to attend a shareholders' meeting, such director or senior management shall attend the meeting and answer the inquiries from shareholders. The audit committee may demand the directors or senior management to submit reports on the performance of their duties. The directors and senior management shall truthfully provide relevant information and materials to the audit committee, none of them may impede the exercise of powers by the audit committee or audit committee members.

Where the directors and senior management violate laws, administrative regulations or the articles of association in performance of duties to the company, thereby causing damages to the company, the shareholders individually or jointly holding more than 1% of the shares in the company for more than 180 consecutive days may request in writing the audit committee to initiate proceedings in the people's court.

Upon receipt of shareholders' written request stipulated in the preceding paragraph, if the audit committee or the board of directors refuses to file a lawsuit or does not file a lawsuit within 30 days from receipt of such request, or in the event of emergency where the interest of the company will suffer irreparable damages if lawsuit is not filed immediately, the shareholders stipulated in the preceding paragraph shall have the right to file a lawsuit directly with the people's court in their own name for the interest of the company. For other parties who infringe the lawful interests of the company resulting in loss to the company, the aforementioned shareholder(s) may institute litigation at a people's court in accordance with the procedure described above. Where any director or senior management violates the provisions of laws, administrative regulations or the articles of association, damaging interests of shareholders, the shareholders may file a lawsuit with the people's court.

If a director or senior management of a wholly-owned subsidiary of the company violate laws, administrative regulations or the articles of association in performance of duties to the company, thereby causing damages to the company, or if the legitimate rights and interests of a wholly-owned subsidiary of the company are impaired by any other person, thus causing any losses, the shareholders of a limited liability company or shareholders of a joint stock limited company individually and jointly holding 1% or more of the total shares of the company for 180 consecutive days or more may request the audit committee or the board of directors of the wholly-owned subsidiary in written form to initiate a lawsuit in the people's court or directly files a lawsuit with the people's court in their own name.

Finance, Accounting and Profit Distribution

According to the Company Law, a company shall establish its own financial and accounting systems according to the laws, administrative regulations and the regulations of the financial departments of the State Council. A company shall prepare its financial reports at the end of each accounting year which shall be audited by an accounting firm according to the law. The financial and accounting reports shall be prepared in accordance with the laws, administrative regulations and the regulations of the financial departments of the State Council. The company's financial and accounting reports shall be made available for shareholders' inspection at the company within 20 days before the convening of an annual shareholder's meeting. A joint stock limited company that makes public stock offerings shall announce its financial and accounting reports.

When distributing each year's after-tax profits, the company shall set aside 10% of its after-tax profits for the company's statutory common reserve fund. However, when the cumulative amount of the reserve fund has reached more than 50% of the PRC company's registered capital, it may no longer be allocated. When the company's statutory common reserve fund is not sufficient to make up for the company's losses for the previous years, the current year's profits shall first be used to make up the losses before any allocation is set aside for the statutory common reserve fund. After the company has made allocations to the statutory common reserve fund from its after-tax profits, it may, upon passing a resolution at a shareholders' meeting, make further allocations from its after-tax profits to the discretionary common reserve fund. After the company has made up its losses and made allocations to its discretionary common reserve fund, the remaining after-tax profits shall be distributed to shareholders in proportion to the number of shares held by the shareholders, except for those which are not distributed in a proportionate manner as provided by the articles of association. Profits shall not be distributed for a company's shares held by this company.

Where a company distributes profits to shareholders in violation of the relevant provisions of the Company Law, the shareholders shall refund the profits distributed to the company, and the shareholders and the liable directors and senior management shall be held liable for compensation if any loss is caused to the company.

If the shareholders' meeting resolves to distribute profits, the board of directors shall do so within six months after the resolution is made.

The premiums received by a company from the issuance of shares at an issue price in excess of the par value of the shares, the amount of share proceeds from the issuance of no-par shares that have not been credited to the registered capital, and other items required by the financial department of the State Council to be included in the capital reserve shall be classified as the capital reserve of the company.

The reserve of a company shall be used for making up losses, expanding the production and business scale or increasing the registered capital of the company. Where the reserve of a company is used for making up losses, the discretionary reserve and statutory reserve shall be firstly used. If losses still cannot be made up, the capital reserve can be used according to the relevant provisions. Where the statutory reserve is converted to increase registered capital, the amount of such reserve retained shall not be less than 25% of the registered capital of the company prior to the conversion.

The company shall have no accounting books other than the statutory books. The company's funds shall not be deposited in any account opened under the name of an individual.

After a company reduces its registered capital in accordance with the provisions of the Company Law, it shall not distribute profits until the accumulated amount of statutory reserve and discretionary reserve reaches 50% of the company's registered capital.

Appointment and Dismissal of Auditors

Pursuant to the Company Law, the appointment or dismissal of an accounting firm responsible for the auditing of the company shall be determined by shareholders at a shareholders' meeting, the board of directors and the audit committee in accordance with the articles of association. The accounting firm should be allowed to make representations when the shareholders' meeting, the board of directors and the audit committee conducts a vote on the dismissal of the accounting firm. The company should provide true and complete accounting evidence, accounting books, financial and accounting reports and other accounting information to the engaged accounting firm without any refusal or withholding or misrepresentation of information.

Amendment to Articles of Association

Pursuant to Company Law, the resolution of a shareholders' meeting regarding any amendment to a company's articles of association requires affirmative votes by at least two-thirds of the votes held by shareholders attending the meeting. According to the Guidelines for the Articles of Association, if the amendments to the articles of association approved by the resolution

of the shareholder's meeting of shareholders are subject to approval by the competent authority, they must be reported to the competent authority for approval; if they involve company registration matters, the modification registrations shall be handled according to law. Where the amendments to the articles of association belong to information required to be disclosed by laws and regulations, such amendments shall be announced in accordance with the regulations.

Profit Distribution

Where a company distributes profits to shareholders in violation of the provisions of the Company Law, the shareholders shall refund the profits distributed to the company, and the shareholders, directors, supervisors, and senior management personnel who are responsible for causing losses to the company shall bear compensation liability.

Dissolution and Liquidation

Pursuant to Company Law, a company shall be dissolved for any of the following reasons: (i) upon expiry of term of business stipulated in the articles of association or occurrence of other circumstances of dissolution stipulated in the articles of association; (ii) the shareholders' meeting has resolved to dissolve the company; (iii) the company is dissolved by reason of its merger or division; (iv) the business license of the company is revoked or the company is ordered to close down or to be dissolved in accordance with the laws; or (v) where the company encounters serious difficulties in its operations or management that will lead to significant losses to the benefits of the shareholders if the company continues its existence and the situation cannot be resolved by other means, the company is dissolved by a people's court in response to the request of shareholders representing 10% or more of the voting rights of all shareholders of the company.

If any of the situations mentioned in the preceding paragraph arises, a company shall publicize the situations through the National Enterprise Credit Information Publicity System within ten days.

Where a company falls under the circumstances mentioned in items (i) or (ii) of the paragraph above and it has not distributed the assets to its shareholders yet, it may survive by modifying its articles of association or upon a resolution of the shareholders' meeting.

To modify its articles of association or make a resolution of the shareholders' meeting according to the provisions of the preceding paragraph, the consent of two thirds or more of the voting rights of the shareholders who attend the meeting of the shareholders' meeting is required.

Where the company is dissolved under the circumstances set forth in item (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 cause of dissolution. 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 shareholders' 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 committee may exercise following powers during the liquidation: (i) to verify the Company's assets and to prepare a balance sheet and an inventory of assets; (ii) to inform creditors by notice or announcement; (iii) to deal with and settle any outstanding business of relevant company; (iv) to pay all outstanding taxes and the taxes arising during the liquidation process; (v) to settle claims and debts; (vi) to distribute the company's remaining assets after its debts have been paid off; and (vii) to represent the company in civil lawsuits.

The liquidation committee shall notify the company's creditors within 10 days of its establishment, and publish an announcement in newspapers or on the National Enterprise Credit Information Publicity System within 60 days.

A creditor shall lodge his claim with the liquidation committee within 30 days of receipt of the notification or within 45 days of the date of the announcement if he has not received any notification.

The creditors shall explain matters relating to their claims and provide evidential documents. The liquidation committee shall register the creditor's claims. In the claims declaration period, the liquidation committee shall not make repayment to the creditors.

Upon disposal of the company's property and preparation of the required balance sheet and inventory of assets, the liquidation committee shall draw up a liquidation plan and submit this plan to a shareholders' meeting or a people's court for endorsement. The remaining part of the company's assets, after payment of liquidation expenses, employee wages, social insurance fees and statutory compensation, outstanding taxes and the company's debts, shall be distributed to shareholders in proportion to shares held by them. The company shall continue its existence during the liquidation period, although it cannot conduct operating activities that are not related to the liquidation. The company's property shall not be distributed to shareholders before repayments are made in accordance with the requirements described above.

Where the liquidation group finds that the property of the company is not sufficient for paying off the debts after liquidating the property of the company and preparing a balance sheet and an inventory of property, 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.

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.

Upon completion of the liquidation of the company, the liquidation group shall produce a liquidation report, report the same to the shareholders' meeting or the people's court for confirmation, and submit the same to the company registration authority to apply for deregistration of the company.

Where, during the period of survival, a company has not incurred any debts or has paid off all the debts, the company may, upon the commitment of all the shareholders, be deregistered under the summary procedures according to the relevant provisions. The deregistration of a company under the summary procedures shall be announced through the National Enterprise Credit Information Publicity System for a period of no less than 20 days. If there is no objection after the expiry of the announcement period, the company may apply for deregistration of the company with the company registration authority within 20 days.

For a company deregistered under the summary procedures, its shareholders shall be jointly and severally liable for the debts incurred before the deregistration if they have made an untrue commitment.

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. Such deregistration of a company will not affect the liability of the original shareholders or liquidation obligors.

Overseas Listing

According to the Overseas Listing Trial Measures, the securities refer to stocks, depositary receipts, and corporate bonds that can be converted into stocks or other securities of an equity nature that are directly or indirectly offered and listed overseas by domestic enterprises. The direct overseas offering and listing of domestic enterprises refer to such overseas offering and listing of a joint stock limited company incorporated in the territory of mainland China. The indirect overseas offering and listing of domestic companies refer to such overseas offering and listing made in the name of an offshore entity but based on the equity, assets, earnings, or other similar rights of a domestic company that operates its main business domestically.

The Overseas Listing Trial Measures also provide the conditions for overseas offering and listing. An overseas offering and listing are prohibited under any of the following circumstances: (i) the listing and financing fall under specific prohibition in the laws, administrative regulations, and relevant national provisions; (ii) the overseas offering and listing may constitute endangerment to national security as reviewed and determined by competent authorities under the State Council in accordance with law; (iii) the domestic company and its controlling shareholder(s), actual controllers, have a criminal record in recent three years for corruption, bribery, encroachment of assets, misappropriation of assets, or disruption of socialist market economy order; (iv) the domestic company is under investigation according to law for suspected crimes or major violations of laws and regulations, but no clear conclusions have been reached; (v) there are material ownership disputes over the equities held by the controlling shareholders or the shareholders whose actions are controlled by the controlling shareholders or actual controllers.

In addition, under the Overseas Listing Trial Measures, where a domestic company from mainland China submits an application for initial public offering to competent overseas regulators or overseas stock exchanges, such issuer must file with the CSRC within three business days after such application is submitted.

In the event of the occurrence of any of the following material events after the overseas offering and listing, the domestic companies from mainland China shall make a detailed report to the CSRC within three working days after the occurrence and public announcement of the relevant event: (i) change of control; (ii) being subject to investigation, punishment, or other measures by overseas securities regulatory authorities or the relevant competent authorities; (iii) change of the listing status or transfer of listing board; (iv) voluntary or compulsory termination of listing.

Pursuant to the Provisions on Strengthening the Confidentiality and Archives Administration Concerning the 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》), which was issued by the CSRC,

Ministry of Finance, the National Administration of State Secrets Protection and the National Archives Administration on February 24, 2023 and implemented since March 31, 2023, a domestic enterprise that provides or through its overseas listed entity, publicly discloses or provides to relevant individuals or entities including securities companies, securities service providers and overseas regulators, any document and materials that contain state secrets or working secrets of government agencies, shall first obtain approval from competent authorities according to law, and files with the secrecy administrative department at the same level. A domestic enterprise that provides accounting archives or copies of accounting archives to any entities including securities companies, securities service providers and overseas regulators and individuals shall fulfill due procedures in compliance with applicable national regulations.

Loss of Share Certificates

A shareholder may, in accordance with the public notice procedures set out in the Civil Procedure Law, 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 declares that such certificate(s) will no longer be valid, the shareholder may apply to the company for the issue of a replacement certificate(s).

Merger and Division

Pursuant to the Company Law, a merger agreement shall be signed by merging companies and the companies involved shall prepare respective balance sheets and inventory of assets. The companies shall within 10 days of the date of passing the resolution approving the merger notify their respective creditors and publicly announce the merger in newspapers or on the National Enterprise Credit Information Publicity System within 30 days. A creditor may, within 30 days of receipt of the notification, or within 45 days of the date of the announcement if he has not received the notification, request the company to settle any outstanding debts or provide relevant guarantees. In case of a merger, the credits and debts of the merging parties shall be assumed by the surviving or the new company.

In case of a division, the company's assets shall be divided, and a balance sheet and an inventory of assets shall be prepared. When a resolution regarding the company's division is approved, the company should notify all its creditors within 10 days of the date of passing such resolution and publicly announce the division in newspapers or on the National Enterprise Credit Information Publicity System within 30 days. The liabilities of the company which have accrued prior to the division shall be jointly borne by the separated companies, unless otherwise stipulated in the agreement in writing entered into by the company with creditors in respect of the settlement of debts prior to division.

The PRC Securities Law, Regulations and Regulatory Regimes

The PRC has promulgated a series of regulations that relate to the issue and trading of shares and disclosure of information. In October 1992, the State Council established the Securities Committee and 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 CSRC. The CSRC is the regulatory executive body of the Securities Committee and is responsible for the drafting of regulatory provisions governing securities markets, supervising securities companies, regulating public offerings of securities by the PRC companies in the PRC or overseas, regulating the trading of securities, compiling securities-related statistics and undertaking relevant research and analysis. In April 1998, the State Council consolidated the above two departments and reformed the CSRC.

On April 22, 1993, the State Council promulgated the Provisional Regulations Concerning the Issue and Trading of Shares (《股票發行與交易管理暫行條例》) governing the application and approval procedures for public offerings of shares, issuance of and trading in shares, the acquisition of listed companies, deposit, clearing, and transfer of shares, the disclosure of information, investigation, penalties and dispute resolutions with respect to a listed company.

The Securities Law of the PRC (《中華人民共和國證券法》) (the "**Securities Law**") took effect on July 1, 1999, and was revised as of August 28, 2004, October 27, 2005, June 29, 2013, August 31, 2014, and December 28, 2019, respectively. The latest revised Securities Law took effect on March 1, 2020. The Securities Law is the first national securities law in the PRC, comprehensively regulating activities in the PRC securities market. It is divided into 14 chapters and 226 articles, including the issue and trading of securities, takeovers by listed companies, securities exchanges, securities companies, and the responsibilities of the securities registration and settlement institutions and securities regulatory authorities. Article 224 of the Securities Law provides that domestic enterprises issuing shares overseas directly or indirectly or listing their shares overseas shall comply with the relevant provisions of the State Council. Currently, the issue and trading of foreign-issued securities (including shares) are principally governed by the regulations and rules promulgated by the State Council and CSRC.

Arbitration and Enforcement of Arbitral Awards

The Arbitration Law of the PRC (《中華人民共和國仲裁法》) (the "**Arbitration Law**") was enacted by the SCNPC on August 31, 1994, which became effective on September 1, 1995, and was amended on August 27, 2009, and September 1, 2017. The Arbitration Law is applicable to, among other matters, economic disputes involving foreign parties where all parties had entered into a written agreement to resolve disputes by arbitration before an arbitration committee constituted in accordance with the Arbitration Law. The Arbitration Law provides that an arbitration committee may, before the promulgation of arbitration regulations by the Arbitration Association, formulate interim arbitration rules in accordance with the Arbitration Law and the Civil Procedure Law. Where the parties have agreed to settle disputes by means of arbitration, a people's court will refuse to handle a legal proceeding initiated by one of the parties at such people's court unless the arbitration agreement is invalid.

Under the Arbitration Law and Civil Procedure Law, an arbitral award shall be final and binding on the parties involved in the arbitration. If any party fails to comply with the arbitral award, the other party to the award may apply to a people's court for its enforcement. 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, the making of an award on matters beyond the scope of the arbitration agreement, or the jurisdiction of the arbitration commission).

Any party seeking to enforce an award of a foreign affairs arbitral body of the PRC against a party or whose property is not located within the PRC may apply to a foreign court with jurisdiction over the case for recognition and enforcement of the award. Likewise, an arbitral award made by a foreign arbitral body may be recognized and enforced by a PRC court in accordance with the principle of reciprocity or any international treaties concluded or acceded to by the PRC.

The PRC acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the "**New York Convention**") adopted on June 10, 1958, pursuant to a resolution passed by the SCNPC on December 2, 1986. The New York Convention provides that all arbitral awards made in a state which is a party to the New York Convention shall be recognized and enforced by other parties thereto subject to their rights to refuse recognition and enforcement under certain circumstances, including where the enforcement of the arbitral award is against the public policy of that state. At the time of the PRC's accession to the New York Convention, the SCNPC declared that (i) the PRC would only apply the New York Convention to the recognition and enforcement of

arbitral awards made in the territories of other parties based on the principle of reciprocity; and (ii) the New York Convention will only be applied to disputes deemed under the PRC laws to be arising from contractual or non-contractual mercantile legal relations.

An agreement has been reached between Hong Kong and the Supreme People's Court of the PRC for the mutual enforcement of arbitral awards. On June 18, 1999, the Supreme People's Court of the PRC adopted the Arrangement on Mutual Enforcement of Arbitral Awards between Mainland and Hong Kong Special Administrative Region (《關於內地與香港特別行政區相互執行仲裁裁決的安排》), which became effective on February 1, 2000. The Supreme People's Court of the PRC issued the Supplementary Arrangements on the Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《關於內地與香港特別行政區相互執行仲裁裁決的補充安排》) on November 26, 2020, which went into effect on November 27, 2020. The arrangements reflect the spirit of the New York Convention. Pursuant to the arrangements, awards made by the PRC arbitral authorities acknowledged by Hong Kong arbitration rules can be enforced in Hong Kong, and Hong Kong arbitration awards are also enforceable in mainland China. Where a court of the mainland China finds that enforcement in the mainland China of the ruling made by the Hong Kong arbitral authority will violate public interests of the mainland China, execution of the ruling may be ignored.

This Appendix mainly provides investors with an overview of the Articles of Association. As the following information is in summary form, it does not contain all the information that may be important to investors.

SHARES AND REGISTERED CAPITAL

The shares of the Company shall be issued in an open, fair and equal manner. Each share of the same class shall rank *pari passu* with each other. Shares of a class in each issuance shall be issued under the same terms and at the same price. Each of the shares shall be subscribed for at the same price by any entity or individual.

INCREASE, DECREASE, REPURCHASE AND TRANSFER OF SHARES

Increase and Decrease of Shares

According to the operation and development needs of the Company, subject to the laws and regulations, the Company may increase the capital by the following ways upon approval of resolutions at the Shareholders' general meeting:

(i) Public issuance of shares;

(ii) Non-public issuance of shares;

(iii) Distribution of bonus shares to existing shareholders;

(iv) Converting the reserve funds into share capital;

(v) Other means approved by the laws, administrative regulations or approved by the CSRC.

Our Company may decrease our registered share capital and shall comply with the procedures stipulated in the Company Law of the PRC and the Articles of Association.

Repurchase of Shares

Company shall not to repurchase its own shares, unless otherwise under the circumstances:

(i) Reduce our Company's registered capital;

(ii) Merger with other companies which hold our shares;

(iii) Using the shares as an employee stock ownership plan or equity incentive plan;

(iv) Purchasing its shares from Shareholders who have voted against the resolutions on the merger or division of the Company at a Shareholders' general meeting upon their request;

(v) Use of shares for conversion of convertible corporate bonds issued by the Company;

(vi) Necessary for the Company to maintain its value and protect the interests of the shareholders.

If the share repurchase is made under the circumstances stipulated in (iii), (v) or (vi) above, it shall be conducted by way of open centralized trading.

A resolution shall be passed at the Shareholders' general meeting when the Company is to repurchase its own shares under the circumstances (i) and (ii) set out above. In case of the circumstances stipulated in (iii), (v) and (vi) above, a resolution of the Company's Board shall be passed by more than two-thirds of the Directors attending the Board meeting. After the Company has repurchased its own shares in accordance with the circumstances above, the shares so repurchased shall be canceled within ten days from the date of purchase (under the circumstance set out in (i) above), or shall be transferred or canceled within six months (under the circumstances set out in (ii) and (iv) above). If the Company repurchases its shares under the circumstances set out in (iii), (v) and (vi) above, the total number of shares held by the Company shall not exceed 10% of the total issued shares of the Company, and such shares shall be transferred or canceled within three years.

Transfer of Shares

Shares of the Company that were issued prior to a public issue shall not be transferred within one year from the date on which shares of the Company are listed and traded on the stock exchange.

The Directors and senior management of the Company shall notify the Company of their holdings of shares in the Company and the changes therein. The shares transferrable by them during each year of their tenures shall not exceed 25% of their total holdings of shares in the Company. The shares in the Company held by them shall not be transferred within one year from the date on which the Company's shares are listed for trading. The shares in the Company held by them shall not be transferred within half a year from their departure from the Company. Where the listing rules of the place where the Company's shares are listed provide otherwise in respect of the restrictions on the transfer, such rules shall prevail.

Any gains from the sale of Company's shares or other securities with an equity nature by the Directors and senior management members or shareholders holding 5% or more of the Company's shares within six months after their purchase of the same, and any gains from the purchase of the shares or other securities with an equity nature by any of the aforesaid parties within six months after sale of the same shall be disgorged and paid to the Company, and the Board of Directors of the Company shall be responsible for recovering such gains from the abovementioned parties. However, the six-month time limit as set out above shall not apply to a securities company which holds 5% or more of the Company's shares as a result of its undertaking of the untaken shares in an offer, nor to other circumstances specified by the China Securities Regulatory Commission (CSRC).

Shares or other securities with the nature of equity held by Directors, senior management members and individual shareholders as mentioned in the preceding paragraph include shares or other securities with the nature of equity held by their spouses, parents or children, or held by them by using other people's accounts.

If the Board of Directors of the Company fails to comply with the above paragraph of this Article, the Shareholders are entitled to request the Board of Directors to do so within 30 days. If the Board of Directors of the Company fails to comply within the aforesaid period, the Shareholders are entitled to initiate litigation directly in the People's Court in their own names for the interest of the Company. And if the Board of Directors fails to implement the provisions set forth in this Article, the responsible Directors shall bear joint and several liability in accordance with law.

SHAREHOLDERS AND SHAREHOLDERS' GENERAL MEETINGS

Shareholders

The Company shall make a register of shareholders in accordance with evidentiary documents provided by the securities registration authorities. The register of Shareholders is sufficient evidence to prove that the Shareholders hold the Company's Shares. The original register of Shareholders of overseas listed foreign shares listed in Hong Kong is kept in Hong Kong and is available for inspection by Shareholders, but the Company may suspend the registration of Shareholders in accordance with applicable laws and regulations and the securities regulatory rules of the place where the Company's Shares are listed. Shareholders shall enjoy rights and assume obligations according to the class of shares they hold. Shareholders holding shares of the same class shall enjoy the same rights and assume the same obligations.

The rights of our shareholders are as follows:

(i) To receive distribution of dividends and other forms of benefits according to the number of shares held;

(ii) To legally require, convene, preside over, participate in or authorize proxies of Shareholders to attend the General Meeting and exercise corresponding voting rights;

(iii) To supervise operational activities of our Company, provide suggestions or submit queries;

(iv) To transfer, grant and pledge the Company's shares held according to the provisions of the laws, administrative regulations and the Articles of Association;

(v) To read the Articles of Association, the list of Shareholders, General Meeting minutes, resolutions of meetings of the Board of Directors and financial and accounting reports; Shareholders who meet the prescribed requirements may examine the Company's accounting books and vouchers;

(vi) To participate in the distribution of the remaining assets of our Company according to the proportion of shares held upon our termination or liquidation;

(vii) To require our Company to acquire the shares from Shareholders voting against any resolutions adopted at the General Meeting concerning the merger and division of the Company;

(viii) Other rights conferred by laws, administrative regulations, regulations of the authorities, regulatory rules where our Company's shares are listed, or the Articles of Association.

Where any Shareholder demands to read the relevant information or obtain any of the aforesaid materials, he shall submit to the Company written documents proving the class(es) and number of shares he holds. The Company shall provide the relevant information or materials in accordance with the Shareholder's demand after verifying the Shareholder's identity.

In the event that any resolution of the Shareholders' general meeting or resolution of the Board of Directors violates laws or administrative regulations, the Shareholder is entitled to request the People's Court to deem it as invalid. In the event that the convening procedure or voting method of the Shareholders' general meeting or the Board meeting violates any of laws,

administrative regulations or the Articles of Association, or any resolution of which violates the Articles of Association, the Shareholder is entitled to request the People's Court to overturn the resolution within 60 days upon the resolution was adopted.

The obligations of Shareholders are as follows:

(i) To abide by laws, administrative regulations and the Articles of Association;

(ii) To provide Share capital according to the Shares subscribed for and Share participation methods;

(iii) Not to return Shares unless prescribed otherwise in laws and administrative regulations;

(iv) Not to abuse Shareholders' rights to infringe upon the interests of the Company or other Shareholders; not to abuse the Company's status as an independent legal entity or the limited liability of Shareholders to damage the interests of the Company's creditors;

(v) To perform other duties prescribed in laws, administrative regulations and the Articles of Association.

Any company Shareholder who abuses Shareholders' rights and causes the Company or other Shareholders to suffer a loss shall be liable for making compensation in accordance with the law. Any Shareholder who abuses the status of the Company as an independent legal entity or the limited liability of Shareholders to evade debts and seriously damages the interests of the Company's creditors shall assume joint and several liability for the Company's debts.

In the event of any loss caused to our Company as a result of violation of any laws, administrative regulations or Articles of Association by the Directors or senior management outside the Audit Committee when performing their duties in our Company, the Shareholders holding more than 1% shares separately or jointly for over 180 consecutive days may submit a written request to the Audit Committee to file an action with the people's court. Where members of the Audit Committee violate laws, administrative regulations or the Articles of Association in their duty performance and cause loss to our Company, the Shareholders may submit a written request to the Board of Directors to file an action with the people's court.

In the event that the Audit Committee or the Board of Directors refuse to file an action upon receipt of the Shareholders' written request specified in the preceding paragraph, or fail to file an action within 30 days upon receipt thereof, or in the event that the failure to immediately file an

action in an emergency case will cause irreparable damage to the interests of our Company, the Shareholder(s) specified in the preceding paragraph may, in their own name, directly file an action to the court for the interest of our Company.

In the event of any other person infringes upon the legitimate rights and interests of our Company and causes losses thereto, the shareholder(s) specified in this Articles of Association may file an action with the court pursuant to the provisions of the preceding two paragraphs.

In the event of a director or senior management person violates laws, administrative regulations or our Company's Articles of Association, thereby damaging the interests of the Shareholder(s), the Shareholder(s) may file an action with the court.

The controlling Shareholders and actual controllers of the Company shall not use their connected relationship to damage the legitimate interests of the Company; those who violate Articles of Association and cause losses to the Company shall be liable for compensation.

Controlling Shareholders and ultimate controllers of the Company shall have a duty of care to the Company and public shareholders. Controlling Shareholders shall exercise their investors' rights in strict accordance with the law and shall not damage the lawful interests of the Company or of public Shareholders in any way such as via the distribution of profits, an asset reorganization, external investments, the use of Company's funds or the provision of a loan guarantee, nor shall they abuse their controlling positions to damage the interests of the Company or of public shareholders.

General Provisions for Shareholders' General Meetings

The Shareholders' general meeting is the organ of authority of the Company, which exercises its powers in accordance with the law:

(i) To elect or remove the Directors and to decide on matters relating to the remuneration of Directors;

(ii) To examine and approve reports of the Board of Directors;

(iii) To examine and approve the Company's proposals for profit distribution plans and loss recovery plans;

(iv) To decide on any increase or decrease of the Company's registered capital;

(v) To decide on the issue of corporate bonds by the Company;

(vi) To decide on matters such as merger, division, dissolution and liquidation or change of corporate form of the Company;

(vii) To amend the Articles of Association;

(viii) Resolution on appointment and dismissal of an accounting firm by the Company;

(ix) To examine and approve the provision of guarantees stipulated in Article 45;

(x) To examine matters relating to the purchases and disposals of the Company's material assets within one year, which exceed 30% of the Company's latest audited total assets;

(xi) To examine and approve matters relating to changes in the use of proceeds;

(xii) To examine and approve the equity incentive plans and employee stock ownership plans;

(xiii) To examine and approve connected transactions between the Company and its connected persons where the transaction amount exceeds RMB 30 million, and such amount represents 5% or more of the absolute value of the Company's most recently audited net assets; (Excluded transactions: provision of guarantees by the Company, receipt of cash assets as donations, and debt agreements solely for the purpose of reducing the Company's obligations);

(xiv) To examine and approve transactions stipulated in Article 44 (14) and Article 44 (15) of the Company's Articles of Association;

(xv) To examine other matters as required by the laws, administrative regulations, departmental rules, the Articles of Association of the Company or the securities regulatory rules of the place where the Company's shares are listed, which shall be decided by the Shareholders' general meeting.

The following acts of external guarantee of the Company shall be submitted to the General Meeting for deliberation and approval after deliberation and approval by the Board of Directors:

(i) Any guarantee to be provided after the total amount of external guarantees provided by the Company and the subsidiaries it controls has at least or exceeded 50% of the Company's net assets as audited in the latest period;

(ii) Any guarantee to be provided after the total amount of external guarantees provided by the Company and the subsidiaries it controls has at least or exceeded 30% of the Company's total assets as audited in the latest period;

(iii) Basis of the cumulative guarantee amount in the last 12 months, the total amount of external guarantees provided by the Company has exceeded 30% of the Company's latest audited total assets in the latest period;

(iv) Any guarantee to be provided for a party whose ratio of liabilities to assets exceeds 70%;

(v) The single guarantee for an amount more than 10% of the Company's net assets audited in the latest period;

(vi) The guarantee to be provided to a Shareholder, or to an ultimate controller or related party thereof;

(vii) Other guarantees required by the relevant laws or administrative regulations that shall be considered by the Shareholders' general meeting.

The guarantee in item (3) of the preceding paragraph shall be approved by special resolution at the General Meeting.

The Company shall convene an extraordinary general meeting within two months from the date of the occurrence of any of the following circumstances:

(i) The number of directors is less than the number provided for in the Company Law or less than two-thirds of the number prescribed in these Articles of Association;

(ii) The uncovered losses of our Company reach one-third of its total paid-in share capital;

(iii) The Shareholders with 10% or more shares of the Company separately or jointly request;

(iv) The Board of Directors considers it necessary;

(v) The Audit Committee proposes that such a meeting shall be held;

(vi) Other circumstances conferred 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.

Convening of Shareholders' General Meetings

Shareholders who individually or collectively hold more than 10% of the shares of the Company shall have the right to request the Board of Directors to convene an extraordinary general meeting, and shall submit such request in writing to the Board of Directors. The Board of Directors shall in accordance with the provisions of laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association, provide written feedback on whether or not to convene the extraordinary general meeting within 10 days after receiving the request.

Where the Board of Directors agrees to convene an extraordinary general meeting, it shall issue a notice of convening the general meeting within 5 days after the resolution of the Board of Directors is made, and changes to the original request in the notice shall be subject to the consent of the relevant shareholders. Where the Board of Directors does not agree to convene an extraordinary general meeting, or fails to give feedback within 10 days after receiving the request, shareholders who individually or collectively hold more than 10% of the Company's shares have the right to propose to the Audit Committee to hold an extraordinary general meeting, and shall make a written request to the Audit Committee.

Where the Audit Committee agrees to convene an extraordinary general meeting, it shall issue a notice of convening the general meeting within 5 days of receiving the request, and any changes to the original request in the notice shall be subject to the consent of the relevant shareholders. Where the Audit Committee fails to issue a notice of the general meeting within the prescribed time limit, it shall be deemed that the Audit Committee has not convened and presided over the general meeting, and shareholders who individually or collectively hold more than 10% of the Company's shares for more than 90 consecutive days may convene and preside over it on their own.

Where the Audit Committee or shareholders decide to convene a Shareholders' general meeting by themselves, they shall notify the Board of Directors in writing and complete the necessary reporting, announcement, or filing in accordance with securities regulatory rules of the place where the Company's shares are listed and the provisions of the stock exchange. Prior to the announcement of the resolution of the Shareholders' general meeting, the shareholding ratio of the convening shareholders shall not be less than 10%. The Audit Committee or the convening shareholders shall, in accordance with the securities regulatory rules of the place where the Company's shares are listed and the provisions of the stock exchange, complete the necessary

reporting, announcement, or filing, and submit relevant supporting documents to the stock exchange. When issuing the notice of the general meeting and the announcement of the resolutions of the Shareholders' general meeting.

The expenses necessary for the Shareholders' general meeting convened by the Audit Committee or the shareholders themselves shall be borne by the Company.

Notice of Shareholders' General Meeting

The notice of a Shareholders' general meeting includes the following:

(i) The time, place and duration of the meeting;

(ii) The matters and proposals to be discussed at the meeting;

(iii) In plain language: all Shareholders have the right to attend the general meeting of shareholders, and may entrust a proxy in writing to attend the meeting and vote. Such a proxy does not need to be a shareholder of the Company;

(iv) The shareholding registration date of the Shareholders entitled to attend the general meeting;

(v) name and telephone number of the permanent contact person for conference affairs;

(vi) The convener of the meeting;

(vii) The voting time and procedures for voting by network or other means.

The notice of the General Meeting and the supplementary notice shall fully and completely disclose all the specific contents of all proposals. The start time of voting by network or other means at the General Meeting shall not be earlier than 3:00 p.m. on the day before the on-site General Meeting, nor later than 9:30 a.m. on the day of the on-site General Meeting, and the end time shall not be earlier than 3:00 p.m. on the day of the on-site General Meeting.

The convener shall notify all Shareholders by way of announcement 21 days prior to the convening of the annual general meeting, and each Shareholder shall be notified by way of announcement 15 days prior to the convening of the extraordinary general meeting.

The interval between the equity registration date and the meeting date shall be no more than 7 working days. Once the equity registration date is confirmed, it cannot be changed.

Proposals at Shareholders' General Meetings

The Board of Directors, the Audit Committee and Shareholders who individually or jointly hold more than 1% of the shares of the Company shall have the right to put forward proposals to the Company. Shareholders who individually or collectively hold more than 1% of the shares of the Company may submit an interim proposal in writing to the convener 10 days prior to the convening of the Shareholders' general meeting. The convener shall issue a supplementary notice of the Shareholders' general meeting within the prescribed time limit, and announce the contents of the interim proposal.

Proxy for the Shareholders' General Meeting

A shareholder may attend and vote at the shareholders' general meeting in person or by proxy.

Individual shareholders attending the meeting in person shall present their personal identity cards or other valid certificates or documents or proof of shareholding. Proxies attending the meeting shall present their personal identity cards and the proxy statements from the shareholder.

Corporate shareholders shall be represented by its legal representative or proxies authorized by the legal representative. Legal representatives attending the meeting shall present their personal identity cards and valid documents that can prove its identity as the legal representative. Proxies authorized to attend the meeting shall present their personal identity cards and the written proxy statement legally issued by the legal representative of the legal person shareholder, except for shareholders who are a recognized clearing house as defined in the relevant ordinances in force from time to time under the laws of Hong Kong or the securities regulatory rules of the place where the shares of the Company are listed (hereinafter referred to as the "**Recognized Clearing House**") or its proxy.

If the shareholder is a Recognized Clearing House (or their proxies), the shareholder may authorize its company representative or one or more persons as it deems appropriate to act as its representative at any General Meeting or any class of shareholders; however, if more than one person is authorized, the power of attorney shall specify the number and class of shares in respect of which each such person is so authorized. A person so authorized may act on behalf of the Recognized Clearing House (or their proxies) as if such person were an individual shareholder of the Company (without presenting a shareholding certificate, notarized authorization and/or further evidence confirming its duly authorization).

Voting at the Shareholders' General Meeting

The resolutions of the Shareholders' meeting divided into ordinary resolutions and special resolutions. An ordinary resolution at a shareholders' general meeting shall be passed by more than half of the voting rights held by the shareholders present at the shareholders' general meeting. A special resolution at a shareholders' general meeting shall be passed by at least two-thirds of the voting rights held by the shareholders present at the shareholders' general meeting.

Shareholders shall exercise voting rights based on the number of shares with voting rights held by them, and each share shall be entitled to one vote.

Where material issues affecting the interests of minority shareholders are considered at the shareholders' general meeting, the votes of minority shareholders shall be counted separately. The separate votes counting results shall be disclosed publicly in a timely manner.

The shares held by the Company shall have no voting right, and shall not be included in the total number of shares with voting rights of shareholders present at the shareholders' general meeting. If a shareholder purchases shares with voting rights of the Company in violation of the provisions of Article 63(1) and (2) of the Securities Law, the voting rights of such shares in excess of the prescribed proportion shall not be exercised and shall not be counted towards the total number of shares with voting rights present at the shareholders' general meeting for thirty-six months after the purchase.

If any shareholder, under applicable laws and regulations and Hong Kong Listing Rules, is required to abstain from voting on any particular matter being considered or is restricted to voting only for or only against any particular matter being considered, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

The Board of Directors, independent Directors, shareholders holding more than one per cent of the shares with voting rights or investor protection agencies established in accordance with laws, administrative regulations or the provisions of the CSRC as the solicit person. The Company shall not impose minimum shareholding restrictions on the solicitation of voting rights.

The resolution of the General Meeting includes ordinary resolution and special resolution. The following matters shall be approved by the General Meeting through ordinary resolutions:

(i) Work report of the Board of Directors;

(ii) Plans of earnings distribution and loss make-up schemes drafted by the Board of Directors;

(iii) Appointment or dismissal of the members of the Board of Directors and their payment and payment methods;

(iv) Matters concerning the change of the purpose of the raised capital;

(v) Engagement or dismissal of the accounting firm;

(vi) Other matters other than those approved by special resolution stipulated in the laws, administrative regulations, securities regulatory rules of the place where the Company's Shares are listed or the Articles of Association.

The following matters shall be approved by special resolution at the General Meeting:

(i) The increase or reduction of the registered capital of the Company;

(ii) The division, spin-off, merger, dissolution and liquidation of the Company or change of company form;

(iii) Any amendment to the Articles of Association;

(iv) Purchase or sale of significant assets within a year or provision of external guarantees which exceeds 30% of the Company's audited total assets for the latest period;

(v) Share option incentive plan;

(vi) Variations in the rights attached to any class of shares;

(vii) Other matters as required by the laws, administrative regulations, other securities regulatory rules of the place where the Company's Shares are listed and the Articles of Association, and matters approved by ordinary resolution of the General Meeting which are believed could materially affect our Company and need to be approved by special resolution.

DIRECTORS AND BOARD OF DIRECTORS

Directors

Directors' term of office shall be three years. Upon expiration of the term, the Director may be re-elected. Director can be senior management personnel. However, provided that the total number of Directors who concurrently serve as Senior Management Members and Directors who are employee's representatives shall not exceed half (1/2) of the total number of Directors of the Company.

The Company has independent directors and the Board of Directors should not be less than three or one-third independent directors. Independent directors shall faithfully perform their duties and safeguard the interests of the Company, ensure that the legitimate rights and interests of minority shareholders are not jeopardized.

The directors shall abide by laws, administrative regulations and the Articles of Association, and bear fiduciary obligations towards the Company:

(i) Shall not misappropriate the properties of the Company or misappropriate company funds;

(ii) The assets of the Company shall not be deposited in any personal account;

(iii) Shall not abuse their authority to accept bribes or other illegal income;

(iv) Shall not conclude any contract or engage in any transaction with the Company either in violation of the Articles of Association or without the approval of the General Meeting;

(v) Shall not use the advantages provided by their own positions to pursue business opportunities that properly belong to the Company to engage in the same business as the Company either for their own account or for the account of any other person without the approval of the General Meeting;

(vi) Shall not accept commissions paid by others for transactions conducted with the Company as their own;

(vii) Shall not disclose confidential Company's information without authorization;

(viii) Shall not abuse their connected relationships to damage the Company's interests;

(ix) Other fiduciary obligations stipulated in laws, administrative regulations, departmental rules and the Articles of Association.

The income obtained by the director in violation of the above article shall belong to the Company; If losses are caused to the Company, it shall be liable for compensation.

Directors shall abide by laws, administrative regulations and the Articles of Association, and have the following diligent obligations to the Company:

(i) Shall prudently, earnestly and diligently exercise the powers the Company grants to them to ensure that the Company conducts its commercial activities in a manner that complies with the requirements of state laws, administrative regulations and government economic policies, and that the Company's commercial activities do not go beyond the scope of the business activities stipulated in the Company's business license;

(ii) Shall treat all Shareholders fairly;

(iii) Shall maintain a timely awareness of the operation and management of the Company;

(iv) Shall sign written statements confirming the regular reports of the Company, and ensure that the information disclosed by the Company is true, accurate and complete;

(v) Shall provide information and materials to the Audit Committee and shall not obstruct the Audit Committee from performing its or their duties;

(vi) Other obligations of diligence stipulated in the laws, administrative regulations, departmental rules, other securities regulatory rules of the place where the Company's Shares are listed, and Articles of Association.

The fiduciary duty assumed by the Directors shall not be automatically relieved upon the end of the term of office.

Without the provisions of the Articles of Association or the lawful authorization of the Board of Directors, no Director shall act in his own name on behalf of the Company or the Board of Directors. When a Director acts in his/her own name, the Director shall declare his/her position and identity in advance if the third party reasonably believes that the Director is acting on behalf of the Company or the Board of Directors.

Chairman

The Board of Directors shall appoint a Chairman. The Chairman and vice chairman shall be elected by more than one half of all Directors.

Board of Directors

The Board of Directors consists of seven Directors, one of whom is employee representative director. No fewer than one-third of the total number of directors, while in no event fewer than three, shall be independent directors.

The Board of Directors exercises the following powers:

(i) To convene the general Shareholders' meeting and report on work to the General Meeting;

(ii) Implement the resolutions of the General Meeting;

(iii) Determine the business and investment plans of our Company;

(iv) Devise the earnings distribution and loss offset plans of our Company;

(v) Formulate the plans for increasing or decreasing our Company's registered capital, the issuance of corporate bonds or other securities, as well as the listing of the stock of our Company;

(vi) Formulate plans for major acquisitions of the Company, in case of the circumstances stipulated of the Articles of Association the buy-back of shares of our Company, corporate merger, separation, dissolution and changing the form of our Company;

(vii) Determine such matters as the Company's external investment, purchase or sale of assets, asset pledge, external guarantee, entrusting wealth management, connected transaction and external donation within the scope authorized by the General Shareholders' Meeting;

(viii) Decide on the setup of our Company's internal management organization;

(ix) To decide on matters such as appointment or dismissal of the Company's general manager, secretary to the Board of Directors and other senior officers and on their compensation and incentives/disincentives; to decide on matters such as appointment or

dismissal of the Company's vice general manager, chief financial officer and other senior management and on their compensation and incentives/disincentives based on the nominations by the general manager;

(x) Set the basic management systems of our Company;

(xi) Make the modification plan to the Articles of Association;

(xii) Manage the disclosure of company information;

(xiii) Request to the general meeting of shareholders to hire or replace the accounting firm auditing for the company;

(xiv) Attend to the work report of our Company's general manager and review the work of the general manager;

(xv) Other powers and duties authorized by the laws, administrative regulations, regulations of the authorities, the Articles of Association and the shareholders' meeting.

Meetings of the Board of Directors shall be attended by more than one-half of the Directors before the Board of Directors meeting can be convened.

The Board of Directors shall determine the authority of external investment, acquisition and sale of assets, asset mortgage, external guarantee matters, entrusted financial management, connected transactions, external donations, and establish strict review and decision-making procedures; major investment projects shall be reviewed by relevant experts and professionals and reported to the shareholders' meeting for approval.

If any Director has connection with the enterprise involved in the resolution made at a Board meeting, the said Director shall not vote on the said resolution for himself/herself or on behalf of another Director. The Board meeting may be held when more than half of the non-connected Directors attend the meeting. The resolution of the Board meeting shall be passed by more than half of the non-connected Directors. If the number of non-connected Directors attending the meetings is less than three, the issue shall be submitted to the shareholders' general meeting for consideration.

Special Committees under the Board

The special committees shall be responsible to the Board of Directors, and perform their duties according to the Articles of Association and the authorization granted by the Board of Directors.

Senior Management Members

The Company shall have a Secretary to the Board of Directors, who shall be responsible for the preparation of the shareholders' general meeting and Board meeting, the custody of documents, the management of the shareholders' records, handling of information disclosure and investor relations, and other relevant matters. The Secretary to the Board of Directors shall comply with the relevant provisions of the laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association.

Our Company has one general manager, appointed or dismissed by the Board of Directors. The general manager of our Company is responsible to the Board of Directors and exercises the following powers:

(i) To be in charge of the Company's production, operation and management, and to organize and implement the resolutions of the Board of Directors and report on works to the Board of Directors;

(ii) To organize and implement the Company's annual business plan and investment proposals;

(iii) To draft plans for the establishment of the Company's internal management organizations;

(iv) To draft the Company's basic management system;

(v) To formulate specific rules and regulations for the Company;

(vi) To propose to the Board of Directors on the appointment or dismissal of deputy general manager, financial officer;

(vii) To appoint or dismiss management personnel other than those required to be appointed or dismissed by the Board of Directors;

(viii) Other functions and powers conferred by the Articles of Association or the Board of Directors.

QUALIFICATIONS AND RESPONSIBILITIES OF DIRECTORS AND SENIOR MANAGEMENT

None of the following persons shall serve as our Director or senior management:

(i) A person who has no civil capacity or has limited civil capacity;

(ii) A person who has committed an offense of corruption, bribery, infringement of property, misappropriation of property or disruption of the socialism economic order and has been punished because of committing such offense or who has been deprived of his/her political rights for committing an offense where a five-year period has not elapsed since the expiration of execution period; If he/she is pronounced for suspension of sentence, a two-year period has not elapsed since the expiration of the suspension of sentence;

(iii) A person who is a former director, factory manager or manager of an enterprise which has entered into insolvent liquidation and is personally liable for the insolvency of such company or enterprise, where less than three years have lapsed following the date of the completion of the insolvency and liquidation of such company or enterprise;

(iv) A person who is a former legal representative of a company or enterprise which had its business license revoked or had been ordered to close down due to violation of the laws and has incurred personal liability, where less than three years have lapsed since the date of the revocation of such business license;

(v) A person being listed as a 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;

(vi) A person who is currently being prohibited from participating in the securities market by the CSRC and such barring period has not elapsed;

(vii) A person who has been publicly determined by the stock exchange as unfit to serve as a director or senior management of a listed company, and the disqualification period has not expired;

(viii) Any other circumstances stipulated by laws, administrative regulations, departmental rules or the securities regulatory rules of the place where the Company's shares are listed.

FINANCIAL AND ACCOUNTING SYSTEM

The Company shall establish its financial and accounting system in accordance with the laws, administrative regulations and the provisions stipulated by the relevant authorities of the PRC.

The Company shall submit and disclose its annual reports to the CSRC and the stock exchange within four months from the end of each fiscal year, and its interim reports to the relevant branch office of the CSRC and the Shenzhen Stock Exchange within two months from the end of the first half of each fiscal year.

The financial and accounting reports shall be prepared in accordance with relevant laws, administrative regulations and the provisions of the securities regulatory authorities and stock exchanges at the place where the Company's shares are listed.

The Company will not establish account books other than the statutory account books.

The assets of the Company shall not be deposited in any personal account.

The Company is required to withdraw 10% of its profits into its statutory reserve fund when distributing each year's after-tax profits. When the cumulated amount of the statutory reserve fund of the Company has reached 50% or more of its registered capital, no further withdrawal is required.

Where the statutory reserve fund of the Company is insufficient to make up the losses of the Company for the preceding year, profits of the current year shall be applied to make up the losses before any allocation to the statutory reserve fund in accordance with the provisions in the preceding paragraph. Subject to a resolution of the shareholders' general meeting, after withdrawal has been made to the Company's statutory reserve fund from its after-tax profits, the Company may set aside funds for the discretionary reserve fund.

After making up of losses and appropriation to reserve funds, balance of the profit after tax shall be distributed to shareholders in proportion to their shareholdings, unless otherwise stipulated in the Articles of Association.

If the General Meeting violates the Company Law and profits are distributed to the Shareholders before the Company makes up for losses or makes allocations to the statutory reserve fund, the profits distributed in violation of the provisions must be returned by such Shareholders to the Company.

No profit shall be distributed in respect of the shares of the Company which are held by the Company. The Company shall appoint one or more collection agents for H shareholders in Hong Kong. The collection agents shall collect on behalf of the relevant H shareholders the dividends distributed and other funds payable by the Company in respect of the H shares, and hold such monies in their custody pending payment to the H shareholders concerned. The collection agents appointed by the Company shall meet the requirements of the laws, regulations and the securities regulatory rules of the place where the Company's shares are listed.

Reserve funds of the Company are used for recovering losses of the Company and expanding scale of operation of the Company or conversion into its capital. Where the reserve of a company is used for making up losses, the discretionary reserve and statutory reserve shall be firstly used. If losses still cannot be made up, the capital reserve can be used according to the relevant provisions. When the statutory reserve funds are converted into capital, the remaining balance of such reserve fund must not be less than 25% of its registered capital before such conversion.

The Company implements a continuous and stable profit distribution policy. The profit distribution of the Company attaches importance to the reporting of investment and reasonable investment and takes into account the sustainable development of the Company.

After the General Meeting of our Company makes a resolution on profit distribution plan, the Board of Directors shall complete the distribution within 2 months after the convening of the General Meeting. The specific profit distribution plan can be adjusted in accordance with such provisions and the actual situation when it cannot be implemented within 2 months due to the provisions of laws and regulations and securities regulatory rules of the place where the Company's shares are listed.

The Company has implemented an internal audit system to conduct internal audit and supervision on the Company's financial revenues and expenditures and economic activities. The internal audit system of the Company and the duties of the auditors shall be implemented upon approval by the Board. The internal audit department shall be accountable to the Board.

The Company shall appoint such accounting firm which has complied with the Securities Law for carrying out the audit for the accounting statements, net asset verification and other relevant consultancy services. The term of appointment is one (1) year and can be re-appointed.

The appointment of accounting firm by the Company shall be subject to the approval of the shareholders' general meetings. The Board of Directors may not appoint accounting firm before the approval of the shareholders' general meeting.

The Company guarantees that it shall provide the appointed accounting firm with true and complete accounting vouchers, accounting books, financial and accounting reports and other accounting information, and that it engages without any refusal, withholding, and misrepresentation.

The audit fees of an accounting firm shall be determined at the shareholders' general meeting.

If the Company removes or no longer re-appoints the accounting firm, it shall notify such accounting firm twenty days in advance. When shareholders vote for the removal of such accounting firm, such accounting firm shall be entitled to state its opinions at the shareholders' general meeting.

DISSOLUTION AND LIQUIDATION OF THE COMPANY

The Company shall be dissolved for the following reasons:

(i) Expiry of the term of business stipulated in the Articles of Association or occurrence of any other trigger for dissolution stipulated in the Articles of Association;

(ii) The General Meeting adopts a resolution to dissolve our Company;

(iii) Our Company needs to be dissolved for the purpose of merger or division;

(iv) The business license is revoked, or our Company is ordered to close or be eliminated according to applicable law;

(v) Where our Company encounters significant difficulties in business and management, continuous survival may be significantly detrimental to the interests of the shareholders, and the difficulties may not be overcome through other means, shareholders who hold more than 10% of all voting rights of the Company's shareholders may request the People's Court to dissolve the Company.

Where our Company is dissolved due to the provisions set forth in i, ii, iv, v above, the liquidation team shall be established within 15 days from the date of the event leading to liquidation to commence dissolution. The personnel of the liquidation team shall consist of the persons determined by the Directors or the General Meeting.

Within 10 days of the establishment of the liquidation team, the creditors shall be notified and an announcement shall be published in the media designated by the securities regulatory authorities and the stock exchange at the place where the shares are listed, or in the National Enterprise Credit Information Publicity System within 60 days. The creditors shall declare their claims to the liquidation team within 30 days of the date on which the notice is received or 45 days of the date of announcement if the notice is not received.

Creditors who declare claims shall state relevant issues related to the claims and provide proofs. The liquidation team shall carry out registration of the claims. During the period for declaration of claims, the liquidation group shall not make any repayment to the creditors.

During the liquidation, our Company shall continue to exist, but shall not carry out business activities irrelevant to the liquidation. The property of our Company shall not be distributed to any shareholder before full payments have been made out of the property according to the aforesaid provision.

In the event the liquidation team finds that, after taking stock of our Company's property and preparing the balance sheet and list of property, that the assets are insufficient to pay the debts, it shall apply to the people's court to declare bankruptcy to the law.

After our Company is declared bankrupt by ruling of the people's court, according to the law of insolvency of company implement insolvency and liquidation.

AMENDMENT TO THE ARTICLES OF ASSOCIATION

Under any of the following circumstances, the Company shall amend the Articles of Association:

(i) Following the revision of the Company Law or relevant laws and administrative regulations, or the securities regulatory rules of the place where the Company's shares are listed, the matters stipulated in the Articles of Association contradict the provisions of the revised laws, administrative regulations and the securities regulatory rules of the place where the Company's shares are listed;

(ii) There is any change to the Company's particulars which result in inconsistency with the matters set out in the Articles of Association;

(iii) A Shareholders' General Meeting has decided on making amendments to the Articles of Association.

If the amendment to the Articles of Association adopted by resolution of the shareholders' general meeting is subject to the approval of the competent authority, it shall be reported to the competent authority for approval; if it involves matters of company registration, the registration of the changes shall be made with the company registration authority in accordance with the law.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation of Our Company

Our Company was established as a limited liability company under the laws of the PRC on April 5, 2007, and was converted into a joint stock company with limited liability on May 14, 2015. We were registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on June 27, 2025, and have established a place of business in Hong Kong at 40/F, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong. Ms. CHENG Kwai Yuk has been appointed as the authorized representative of our Company for the acceptance of service of process and notices in Hong Kong.

As our Company is incorporated in the PRC, our operations are subject to the relevant laws and regulations of the PRC. A summary of our Articles of Association and relevant aspects of PRC law is set out in "Taxation and Foreign Exchange," "Summary of Principal Legal and Regulatory Provisions" and "Summary of the Articles of Association" in Appendices III, IV and V to this document.

2. Changes in the Share Capital of Our Company

The following sets out the changes in our Company's share capital within the two years immediately preceding the issue of this document:

(i) In February 2025, for the exercise of stock options under the 2024 Equity Incentive Plans, our Company's total share capital increased from RMB261,123,444 to RMB261,801,844.

(ii) In August 2025, for the vesting of restricted Shares under the 2024 Equity Incentive Plans, our Company's total share capital increased from RMB261,801,844 to RMB262,064,400.

(iii) In August 2025, pursuant to the repurchase and cancellation of restricted shares under the 2024 Equity Incentive Plans due to the departure of our employees, our Company's total share capital reduced from RMB262,064,400 to RMB262,034,000.

(iv) In November 2025, pursuant to the exercise of stock options under the 2024 Equity Incentive Plans and the cancellation of A Shares under our repurchase mandate for reduction of share capital, our Company's total share capital increased from RMB262,034,000 to RMB262,630,100.

(v) As considered and approved at the fourth meeting of the fourth session of the Board on November 1, 2024 and Shareholders' meeting on November 14, 2024, our Company repurchased 844,400 A Shares for the purpose of reducing the Company's share capital. Upon completion of the repurchase and cancellation, our Company's total share capital reduced from RMB262,630,100 to RMB261,785,700.

(vi) In December 2025, for the cancellation of restricted Shares under the 2024 Equity Incentive Plans due to the departure of our employees, our Company's total share capital reduced from RMB261,785,700 to RMB261,755,700.

Save as disclosed above, there has been no alteration in our share capital within the two years immediately preceding the date of this document.

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 in Appendix I to this document.

The following subsidiaries of our Company were incorporated within two years immediately preceding the date of this document:

Name of subsidiary	Place of incorporation	Date of incorporation	Registered capital
ZhongGe Nantong	PRC	June 18, 2024	RMB10,000,000
Shanghai Meixiao	PRC	August 15, 2023	RMB200,000,000
MeiG Smart Technology France	France	May 12, 2025	EUR400,000

Save as disclosed above, there has been no alteration in the share capital of our subsidiaries within the two years immediately preceding the date of this document.

4. Resolutions of Our Shareholders

On June 5, 2025, resolutions of our Shareholders were passed pursuant to which, among other things:

(a) the Articles was approved and adopted with effect from the **[REDACTED]**;

(b) the **[REDACTED]** (including the **[REDACTED]**, **[REDACTED]** and **[REDACTED]**) and the **[REDACTED]** were approved and our Directors were authorized to allot and **[REDACTED]** the **[REDACTED]** pursuant to the **[REDACTED]**; and

(c) the number of H Shares to be **[REDACTED]** shall be up to **[REDACTED]** of the total share capital of our Company upon completion of the **[REDACTED]** and before any exercise of the **[REDACTED]**, and the grant of the **[REDACTED]** in respect of no more than **[REDACTED]** of the number of H Shares initially **[REDACTED]** pursuant to the **[REDACTED]**.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

The following contracts (not being contracts entered into in the ordinary course of the business carried on or intended to be carried on by our Company) were entered into by any member of our Group within the two years preceding the date of this document and are or may be material:

(a) [•]; and

(b) **[REDACTED]**.

2. Our Intellectual Property Rights

(a) Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which we consider to be material in relation to our business:

No.	Trademark	Class	Registrant	Place of registration	Registration number	Expiry date
1.	MEIGCEE	9	The Company	PRC	64166353	October 13, 2032
2.	MEIGLink	9	The Company	PRC	29140613	February 20, 2029
3.	MeiGSmart	9	The Company	PRC	20367295	August 6, 2027
4.	美格智能	9	The Company	PRC	20367513	October 20, 2027
5.	MeiGLink	9	The Company	PRC	20367136	October 20, 2027

As of the Latest Practicable Date, we had applied for the registration of the following trademarks which we consider to be material in relation to our business:

No.	Trademark	Class	Applicant	Place of application	Application number	Application date
1.	MEIGLink	9	The Company	Hong Kong	306895504	May 12, 2025
2.	MEIGLink	9	The Company	Hong Kong	306895504	May 12, 2025
3.	MEIG 美格	9	The Company	Hong Kong	306895513	May 12, 2025
4.	MEIG 美格	9	The Company	Hong Kong	306895513	May 12, 2025

(b) Patents

As of the Latest Practicable Date, we had registered the following patents which we consider to be material to our business:

No.	Patent	Patent type	Patentee	Patent number	Expiry date
1.	A Rapid Calibration Device and System (一種射頻快速校準裝置及系統)	Invention	The Company	CN201410629703.0	November 10, 2034
2.	An Electric Vehicle Tracker and Tracking Positioning Method Based on NB-IoT Technology (一種基於NB-IOT技術的電動車跟蹤器及跟蹤定位方法).	Invention	Xi'an ZhaoGe	CN201811168953.3	October 7, 2038
3.	A Method for Reading, Printing, and Verifying IMEI on Wireless Terminal Access Devices (一種在無線終端接入設備讀取IMEI列印並且校對的方法)	Invention	Xi'an ZhaoGe	CN202210350690.8	April 1, 2042
4.	A Vision-Based Positioning Device Using AI (一種基於人工智能的視覺定位裝置) . .	Invention	MeiGe Zhilian	CN202011031790.1	September 26, 2040
5.	A Method for Writing Serial Numbers in Smart Terminal Production and Its Testing System (一種智能終端機生產寫號方法及測試系統)	Invention	ZhongGe Shanghai	CN202210704164.7	June 20, 2042

(c) Copyrights

As of the Latest Practicable Date, we had registered the following copyrights which we consider to be material to our business:

No.	Copyright	Registrant	Registration number	Expiry date
1.	OpenCpu Software V1.0 (OpenCpu軟件 V1.0)	Xi'an ZhaoGe	2020SR0240227	December 31, 2069
2.	Wireless Data Communication Terminal Software V1.0 (無線數據通信終端軟件 V1.0)	Xi'an ZhaoGe	2021SR1611090	December 31, 2071
3.	MA800 Data Module Software V1.0 (MA800數據模組軟件V1.0)	Xi'an ZhaoGe	2022SR1614583	December 31, 2072
4.	ZhongGe Dual-Channel Video Encoding Software V2.0 (眾格雙通道視頻編碼軟件V2.0)	ZhongGe Shanghai	2021SR0937898	N/A(1)
5.	ZhongGe CamX Architecture Multi-Camera Information Collection Software V1.0 (眾格CamX架構多路攝像頭資訊採集軟件V1.0)	ZhongGe Shanghai	2021SR1906242	N/A(1)
6.	ZhongGe Super Frame Split-Screen Multi-Display System V1.0 (衆格超級幀分屏方式實現多屏顯示系統V1.0)	ZhongGe Shanghai	2022SR1532547	N/A(1)
7.	ZhongGe General Data Transmission Module Fault Diagnosis Program (衆格通用數傳模組的故障排查程式)	ZhongGe Shanghai	2024SR0349217	N/A(1)
8.	ZhongGe Multi-Channel Camera Real-Time Data Collection System (眾格多路Camera即時資料獲取系統)	ZhongGe Shanghai	2024SR0352446	N/A(1)
9.	ZhongGe CarPlay Audio and Video Casting System (眾格Carplay音視頻投屏系統)	ZhongGe Shanghai	2024SR0352275	N/A(1)

Note:

(1) Pursuant to the Regulation on Computer Software Protection (《計算機軟件保護條例》) (effective on October 1, 1991 and amended on December 20, 2001, January 8, 2011 and January 30, 2013), the protection period of the software copyright of a legal person or other entities shall be 50 years, ending on December 31, of the fiftieth year after the first publication of the software.

(d) Layout Design of Integrated Circuit

As of the Latest Practicable Date, we had maintained the following layout design of integrated circuits which we consider to be material in relation to our business:

No.	Name	Registrant	Registration number	Expiry date
1.	Multi-mode LTE Smart Communication Module Signal Transceiver Chip (多模LTE智能通信模組信號收發單元晶片).	ZhongGe Shanghai	BS.205555314	July 29, 2030
2.	Circuit Design Layout of LTE Multi-mode Terminal Image Recognition Device (LTE多模終端機圖像識別裝置電路設計布圖).....	ZhongGe Shanghai	BS.205555306	July 29, 2030

(e) Domain Names

As of the Latest Practicable Date, we had registered the following domain names which we consider to be material in relation to our business:

No.	Domain name	Registrant	Expiry date
1.	meigsmart.com	the Company	November 4, 2034
2.	meiglink.com.....	the Company	April 19, 2027

Save as aforesaid, as of the Latest Practicable Date, there were no other trademarks, patents or other intellectual or industrial property rights which we consider to be material in relation to our business.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

(a) Interests of our Directors and chief executive

Immediately following the completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised), the interests or short positions of our Directors and chief executive in the shares, underlying shares and debentures of our Company or our associated corporations (within the meaning of Part XV of the SFO) which will 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 or short positions 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, 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, once the H Shares are **[REDACTED]**, are set out below:

(i) Interest in our Company

Name of Shareholder	Nature of interest[1]	Number and class of Shares or underlying Shares held	Shareholding in relevant class of Shares or underlying Shares held as of the Latest Practicable Date	Approximate shareholding in relevant class of Shares after the [REDACTED][2]
Mr. WANG Ping[3]	Beneficial owner	[102,417,560] A Shares	[39.13]%	**[REDACTED]**
	Interest in controlled corporation[3]	[26,248,240] A Shares	[10.03]%	**[REDACTED]**
Mr. DU Guobin	Beneficial owner	[390,000] A Shares	[0.15]%	**[REDACTED]**
Mr. XIA Youqing	Beneficial owner	[104,000] A Shares	[0.04]%	**[REDACTED]**
Mr. HUANG Min	Beneficial owner	[78,000] A Shares	[0.03]%	**[REDACTED]**

Notes:

(1) All interests stated are long positions.

(2) The calculation is based on the total number of **[REDACTED]** Shares in **[REDACTED]** immediately following the completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised).

(3) As of the Latest Practicable Date, ZhaoGe Investment was ultimately controlled by Mr. WANG Ping as its general partner. By virtue of the SFO, Mr. WANG Ping is deemed to be interested in the Shares held by ZhaoGe Investment. For details, please see "History and Corporate Structure — Corporate Structure" and "Substantial Shareholders" in this document.

(ii) Interest in our associated corporations

Save as disclosed in the table below, so far as our Directors are aware, immediately following the completion of the **[REDACTED]**, no Directors or the chief executive will, directly or indirectly, be interested in the shares or underlying shares of the associated corporations of our Company.

Name of Director or the chief executive	Nature of interest	Associated corporations	Approximate % of shareholding
Mr. WANG Ping	Interest in controlled corporation[(1)]	Shenzhen Pinsu Zhilian Information Technology Co., Ltd. (深圳市品速智聯信息技術有限公司) ("**Pinsu Zhilian**")	10.66%

Notes:

(1) As of the Latest Practicable Date, MeiG Zhilian is interested in 37.5% of the equity interest of Pinsu Zhilian, which was held by Shenzhen Gaoxin Venture Capital Co., Ltd. (深圳市高芯創業投資有限公司) ("**Gaoxin VC**"), a company ultimately controlled by Mr. WANG Ping, as to 10.66%. As such, Mr. Wang is deemed to be interested in the shares held by Gaoxin VC.

So far as our Directors are aware, immediately following the completion of the **[REDACTED]**, no Directors or the chief executive will, directly or indirectly, be interested in the shares or underlying shares of the associated corporations of our Company.

(b) Interests of our substantial Shareholders

Save as disclosed in "Substantial Shareholders" in this document and "— C. Further Information About Our Directors and Substantial Shareholders — 1. Disclosure of Interests — (a) Interests of Our Directors and chief executive — (ii) Interest in our associated corporations" in this section, our Directors and chief executive are not aware of any person (other than a Director

or chief executive of our Company) who will have an interest or a short position in the shares or underlying shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of our Group any other member of our Group.

2. Directors' Service Contracts and Letters of Appointment

Each of our executive Directors entered into a service contract with our Company on [•]. The terms of appointment under the service contracts are for an initial term of three years from the **[REDACTED]**, subject to termination in accordance with their respective terms. The service contracts may be renewed in accordance with our Articles of Association and the applicable Listing Rules.

We issued letters of appointment to each of our independent non-executive Directors on [•]. The terms of appointment under the letters of appointment are for an initial term of three years from the **[REDACTED]**, subject to termination in accordance with their respective terms. The letters of appointment may be renewed in accordance with our Articles of Association and the applicable Listing Rules.

Save as disclosed above, none of our Directors have entered, or have proposed to enter, a service contract with any member of our Group (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

3. Directors' Remuneration

The aggregate remuneration paid and benefits in kind granted to our Directors by our Group in respect of the last completed financial year, being year ended December 31, 2024, was RMB5.0 million. For details of our Directors' emoluments during the Track Record Period, please see note 9 to the Accountants' Report in Appendix I to this document.

Under the arrangements in force at the date of this document, we estimate the aggregate remuneration payable to, and benefits in kind receivable by, our Directors by our Group in respect of the year ending December 31, 2025 to be approximately RMB5.2 million.

D. 2024 EQUITY INCENTIVE PLANS

2024 STOCK OPTION INCENTIVE PLAN

The following is a summary of the principal terms of our 2024 Stock Option Incentive Plan. Given no further share options will be granted under the 2024 Stock Option Incentive Plan after the **[REDACTED]**, the terms of the 2024 Stock Option Incentive Plan are not subject to the provisions of Chapter 17 of the Listing Rules other than the disclosure requirement under Rule 17.02(1)(b).

(a) Purpose

The purpose of the 2024 Stock Option Incentive Plan is to improve corporate governance structure of our Group, to establish and improve our Group's incentive mechanism, to attract and retain talents in order to achieve a sustained and healthy development of our Group, and to align the interests of our Shareholders with the interests of our Group and employees for realizing our Group's long-term objectives.

(b) Administration

The 2024 Stock Option Incentive Plan is subject to the approval of the Shareholders' meeting, the administration of our Board and the supervision of our board of supervisors and independent Directors of our Company.

(c) Participants

The participants of our 2024 Stock Option Incentive Plan include our mid-level management and core technical staff. The scope of participants of our 2024 Stock Option Incentive Plan excludes incumbent supervisors, independent directors, shareholders individually or collectively holding 5% or more of the shares of our Company, the Company's actual controllers, and their spouse, parents and children.

(d) Maximum number of options

The shares underlying the options to be granted under the 2024 Stock Option Incentive Plan are A Shares to be issued by our Company to the selected participants. Each option granted represents the right to purchase one Share within the exercise period at the exercise price. The maximum number of options that can be granted under the 2024 Stock Option Incentive Plan are 2,100,000, among which 500,000 options are retained stock options ("**2024 Retained Stock Options**"), the grantees of which shall be determined within 12 months after the approval of the 2024 Stock Option Incentive Plan by the Shareholders' meeting.

(e) Date of grant and duration of the incentive plan

The date on which the options are granted shall be a trading day determined by the Board within 60 days after the date of approval of the 2024 Stock Option Incentive Plan by the Shareholders' meeting. The grant of options shall be approved by the Board, registered and announced within 60 days after the approval of the 2024 Stock Option Incentive Plan by the Shareholders' meeting. The 2024 Stock Option Incentive Plan shall be valid for a term of five years commencing from the date of completion of the grant of the options.

(f) Conditions to the grant of options

The options under the 2024 Stock Option Incentive Plan will only be granted to selected participants if the following conditions are fulfilled:

(i) With respect to our Company, none of the following circumstances having occurred:

(1) an audit report with an adverse opinion or a disclaimer of opinion has been issued by the reporting accountant with respect to our Company's accountant's report for the most recent fiscal year;

(2) an audit report with an adverse opinion or a disclaimer of opinion has been issued by the reporting accountant with respect to the internal control report contained in accountant's report for the most recent fiscal year;

(3) our Company has not distributed dividends in accordance with the laws and regulations, our Articles of Association or our public commitment within the last 36 months after its listing;

(4) applicable laws and regulations prohibit the implementation of any share incentive scheme; or

(5) any other circumstances determined by the CSRC; and

(ii) With respect to a grantee, none of the following circumstances having occurred:

(1) the grantee has been regarded as an inappropriate person by the Shenzhen Stock Exchange within the last 12 months;

(2) the grantee has been regarded as an inappropriate person by the CSRC or its local office within the last 12 months;

(3) the grantee has been punished or prohibited from entering into the securities market by the CSRC or its local office within the last 12 months;

(4) the grantee is not qualified to serve as a director or senior management according to the PRC Company Law;

(5) the grantee is prohibited from participating in any incentive plan of listed companies according to applicable laws and regulations; or

(6) any other circumstances determined by the CSRC.

No consideration is paid/payable for the options granted under 2024 Stock Option Incentive Plan.

(g) Exercise of options

Options may be exercised by a grantee provided that (i) the conditions set out under paragraph (f) above are fulfilled at the time of exercise of options; (ii) the grantee is found by the Board to be in serious breach of the rules of our Company; and (iii) the annual assessment and performance targets as set out under the 2024 Stock Option Incentive Plan are achieved.

The exercise price for the option to be granted under each Stock Option Incentive Plan shall be the higher of (i) the average trading price of the Shares in the trading day before the announcement of the draft plan; and (ii) the average trading price of the Shares during 20 trading days before the announcement of the draft plan. The number of options granted and the exercise prices will be adjusted upon the occurrence of certain events, including increase in the share capital by way of capitalization of capital reserves, issue of bonus shares, subdivision of shares and issue of new shares.

The exercise schedule of the options granted are either:

(i) exercisable in tranches of 40% during the exercise period that occur between the first trading date after the 12-month anniversary from the date of grant and the last trading day up to the 24-month anniversary of the date of grant;

(ii) exercisable in tranches of 30% during the exercise period that occur between the first trading date after the 24-month anniversary from the date of grant and the last trading day up to the 36-month anniversary of the date of grant; or

(iii) exercisable in tranches of 30% during the exercise period that occur between the first trading date after the 36-month anniversary from the date of grant and the last trading day up to the 48-month anniversary of the date of grant.

The exercise of the options granted under the 2024 Stock Option Incentive Plan shall be on a trading day, which shall not fall within the following periods: (i) 15 days before the publication of annual report and interim report; (ii) five days before the publication of quarterly report, earnings forecast, and preliminary earnings estimate; (iii) the period starting from 15 days before the initial publication of annual report and interim report (due to any delay of publication) until one day before the publication of such report; (iv) the period starting from the date of occurrence of any significant price-sensitive event or the decision-making process in respect of such event until the date of announcement of such event; and (v) any other period stipulated by the CSRC and the Shenzhen Stock Exchange.

The grantees must exercise their options within the validity period of the respective options. Upon the expiry of the validity period, options granted but not exercised will cease to be exercisable and shall be canceled by our Company.

(h) Outstanding options

As of the Latest Practicable Date, the number of A Shares underlying the outstanding options granted under the 2024 Stock Option Incentive Plan amounted to 1,494,300 A Shares, representing approximately **[REDACTED]**% of the issued Shares immediately following the completion of the **[REDACTED]** (assuming no changes to our **[REDACTED]** and outstanding shares between the Latest Practicable Date and the **[REDACTED]**). As of the Latest Practicable Date, among the outstanding options, 387,800 were held by six connected persons and 1,106,500 were held by 143 employees of our Company, none of whom was a Director or senior management of our Company. Assuming all outstanding options granted under the 2024 Stock Option Incentive Plan, the **[REDACTED]** and outstanding shareholding of the Shareholders immediately following completion of the **[REDACTED]** will be diluted by approximately **[REDACTED]**%. The dilution effect on our earnings per Share would be approximately **[REDACTED]**%.

The table below sets forth the details of the options granted to connected persons who are not the Directors or senior management of our Company under the 2024 Stock Option Incentive Plan which were outstanding as of the Latest Practicable Date:

Name of grantee	Position in our Group	Date of grant	Number of shares under options granted	Exercise price	Exercise period	As an approximate percentage of issued share capital upon completion of the [REDACTED]
Connected Persons						
ZHOU Zhou (周舟)	Supervisor of MeiG Investment	July 1, 2024	25,000	21.10	40%: From July 1, 2025 to June 30, 2026; 30%: From July 1, 2026 to June 30, 2027; 30%: From July 1, 2027 to June 30, 2028	**[REDACTED]**
LI Xiaobing (李小兵). . .	General manager of Xi'an ZhaoGe	July 1, 2024	18,000	21.10	40%: From July 1, 2025 to June 30, 2026; 30%: From July 1, 2026 to June 30, 2027; 30%: From July 1, 2027 to June 30, 2028	**[REDACTED]**
		June 10, 2025	100,000	45.67	50%: From June 10, 2026 to June 9, 2027; 50%: From June 10, 2027 to June 9, 2028	**[REDACTED]**
ZHANG Qiuyue (張秋月). . .	Supervisor of Xi'an ZhaoGe	July 1, 2024	12,000	21.10	40%: From July 1, 2025 to June 30, 2026; 30%: From July 1, 2026 to June 30, 2027; 30%: From July 1, 2027 to June 30, 2028	**[REDACTED]**
YU Ying (俞英)	Supervisor of ZhongGe Nantong	July 1, 2024	7,800	21.10	40%: From July 1, 2025 to June 30, 2026; 30%: From July 1, 2026 to June 30, 2027; 30%: From July 1, 2027 to June 30, 2028	**[REDACTED]**

Name of grantee	Position in our Group	Date of grant	Number of shares under options granted	Exercise price	Exercise period	As an approximate percentage of issued share capital upon completion of the [REDACTED]
ZHANG Shulin (張樹林). . .	Executive director of ZhongGe Nantong	July 1, 2024	9,000	21.10	40%: From July 1, 2025 to June 30, 2026; 30%: From July 1, 2026 to June 30, 2027; 30%: From July 1, 2027 to June 30, 2028	**[REDACTED]**
		June 10, 2025	150,000	45.67	50%: From June 10, 2026 to June 9, 2027; 50%: From June 10, 2027 to June 9, 2028	**[REDACTED]**
LI Peng (李鵬)	Supervisor of Shanghai Meixiao and ZhongGe Shanghai	July 1, 2024	66,000	21.10	40%: From July 1, 2025 to June 30, 2026; 30%: From July 1, 2026 to June 30, 2027; 30%: From July 1, 2027 to June 30, 2028	**[REDACTED]**

The table below sets forth the details of options granted to other grantees (excluding the abovementioned connected persons of our Company) under the 2024 Stock Option Incentive Plan, categorized by the number of underlying shares, which were outstanding as of the Latest Practicable Date:

Category by number of underlying Shares	Number of grantees	Date of grant	Number of shares under options granted	Exercise price	Exercise period	As an approximate percentage of issued share capital upon completion of the [REDACTED]
1–5,000	92	July 1, 2024	292,200	RMB20.97	40%: From July 1, 2025 to June 30, 2026; 30%: From July 1, 2026 to June 30, 2027; 30%: From July 1, 2027 to June 30, 2028	**[REDACTED]**
5,001–10,000	39	July 1, 2024	251,700	RMB20.97	40%: From July 1, 2025 to June 30, 2026; 30%: From July 1, 2026 to June 30, 2027; 30%: From July 1, 2027 to June 30, 2028	**[REDACTED]**
10,001–15,000	8	July 1, 2024	98,400	RMB20.97	40%: From July 1, 2025 to June 30, 2026; 30%: From July 1, 2026 to June 30, 2027; 30%: From July 1, 2027 to June 30, 2028	**[REDACTED]**
15,001–20,000	2	July 1, 2024	39,200	RMB20.97	40%: From July 1, 2025 to June 30, 2026; 30%: From July 1, 2026 to June 30, 2027; 30%: From July 1, 2027 to June 30, 2028	**[REDACTED]**
>20,000	2(2)	July 1, 2024	175,000	RMB20.97	40%: From July 1, 2025 to June 30, 2026; 30%: From July 1, 2026 to June 30, 2027; 30%: From July 1, 2027 to June 30, 2028	**[REDACTED]**
	2	June 10, 2025	250,000	RMB45.67	50%: From June 10, 2026 to June 9, 2027; 50%: From June 10, 2027 to June 9, 2028	**[REDACTED]**

Notes:

(1) The calculation is based on the assumption that (i) the **[REDACTED]** is not exercised and (ii) no additional Shares are issued pursuant to our 2024 Equity Incentive Plans.

(2) Included two grantees who were granted stock options on June 10, 2025.

2024 RESTRICTED SHARE INCENTIVE PLAN

The following is a summary of the principal terms of our 2024 Restricted Share Incentive Plan. The terms of the 2024 Restricted Share Incentive Plan are not subject to the provisions of Chapter 17 of the Listing Rules other than Rule 17.12 as it does not involve any grant of restricted Shares by our Company after our **[REDACTED]** but is partially funded by our treasury Shares which are not **[REDACTED]** on the Stock Exchange. Our Company will comply with applicable requirements under Rule 19A.39E of the Listing Rules as and when appropriate and required.

(a) Purpose

The purpose of the 2024 Restricted Share Incentive Plan is to improve corporate governance structure of our Group, to establish and improve our Group's incentive mechanism, to attract and retain talents in order to achieve a sustained and healthy development of our Group, and to align the interests of our Shareholders with the interests of our Group and employees for realizing our Group's long-term objectives.

(b) Administration

The 2024 Restricted Share Incentive Plan is subject to the approval of the Shareholders' meeting, the administration of our Board and the supervision of our board of supervisors and independent Directors of our Company.

(c) Participants

The participants of our 2024 Restricted Share Incentive Plan include our mid-level management and core technical staff. The scope of participants of our 2024 Restricted Share Incentive Plan excludes incumbent supervisors, independent directors, shareholders individually or collectively holding 5% or more of the shares of our Company, the Company's actual controllers, and their spouse, parents and children.

(d) Source and Maximum Number of Shares

The underlying A Shares are the A Shares to be issued by our Company and/or repurchased by our Company from the secondary market.

Each restricted Share granted represents the right to purchase one A Share within the agreed period at the grant price. The restricted Shares are subject to a lock-up period and will only be unlocked upon fulfilling the unlocking conditions stipulated. The maximum number of restricted Shares that can be granted under the 2024 Restricted Share Incentive Plan is 4,010,000, among which 500,000 are retained restrict Shares ("**2024 Retained Restricted Shares**), the grantees of which shall be determined within 12 months after the approval of the 2024 Restricted Share Incentive Plan by the Shareholders' meeting.

(e) Date of Grant and Term of the 2024 Restricted Share Incentive Plan

The date on which the restricted Shares are granted shall be determined by the Board after the approval of the 2024 Restricted Share Incentive Plan by the Shareholders' meeting. Under our 2024 Restricted Share Incentive Plan, the initial grant of restricted Shares shall be announced within 60 days after the approval of such plan by the Shareholders' meeting. The 2024 Restricted Share Incentive Plan shall be effective from the date of the initial grant of restricted Shares under the plans up to the date when all of the restricted Shares granted under the plans have been unlocked or void and lapsed, provided that the term of the plans shall not exceed 60 months.

(f) Lock-up for Directors and Senior Management

If the grantee is a Director or a member of senior management of our Company,

(i) during their employment with our Company, the Shares to be transferred in each year shall not exceed 25% of the total Shares he or she holds;

(ii) no Share held by such Director or senior management can be transferred within six months after termination of his or her employment with our Company;

(iii) income gained through sale of Shares within six months of the purchase or purchase of Shares within six months of the sale shall belong to our Company and will be forfeited by the Board; and

(iv) if there is any change in the applicable laws and regulations on the foregoing lock-up requirements, the grantee shall comply with the amended laws and regulations.

(g) Conditions to the Grant of Restricted Shares

The restricted Shares under the 2024 Restricted Share Incentive Plan will only be granted to selected participants if the following conditions are fulfilled:

(i) with respect to our Company, none of the following circumstances having occurred:

(1) an audit report with an adverse opinion or a disclaimer of opinion has been issued by the reporting accountant with respect to our Company's accountant's report for the most recent fiscal year;

(2) an audit report with an adverse opinion or a disclaimer of opinion has been issued by the reporting accountant with respect to the internal control of the financial report for the most recent fiscal year;

(3) our Company has not distributed dividends in accordance with the laws and regulations, our Articles of Association or our public commitment within the last 36 months after its listing;

(4) applicable laws and regulations prohibit the implementation of share incentive; or

(5) other circumstances determined by the CSRC; and

(ii) with respect to a grantee, none of the following circumstances having occurred:

(1) the grantee has been regarded as an inappropriate person by the Shenzhen Stock Exchange within the last 12 months;

(2) the grantee has been regarded as an inappropriate person by the CSRC and its local office within the last 12 months;

(3) the grantee has received administrative penalty or been prohibited from entering into the securities market by the CSRC and its local office due to material non-compliance with applicable laws and regulations within the last 12 months;

(4) the grantee is not qualified to serve as a director or senior management according to the PRC Company Law;

(5) the grantee is prohibited from participating in any share incentive of listed companies according to applicable laws and regulations; or

(6) other circumstances determined by the CSRC.

(h) Unlocking and Vesting of Restricted Shares

The restricted Shares are vested upon the grant date but will only be unlocked when (i) the conditions set out under paragraph (g) above are fulfilled; (ii) the grantee is found by the Board to be in serious breach of the rules of our Company; and (iii) the annual assessment and performance targets as set out under the respective Restricted Share Incentive Plan are achieved.

Under the 2024 Restricted Share Incentive Plan, the restricted Shares (other than the 2024 Retained Restricted Shares) will be unlocked in tranches of 40%, 30% and 30% in each of the three unlocking periods that occur between the first trading date after 12 months from the date of grant and the last trading day up to 48 months from the date of grant, respectively.

If the 2024 Retained Restricted Shares are granted before the release of our Company's 2024 third quarterly report, the unlocking schedule is the same as that of the other restricted Shares initially granted as described above. Otherwise, the 2024 Retained Restricted Shares shall be unlocked in tranches of 50% in each of the two unlocking periods that occur between the first trading date after 12 months from the date of grant and the last trading day up to 36 months from the date of grant.

The number of restricted Shares granted and/or unlocked and/or the grant prices shall be adjusted upon the occurrence of certain events, including increase in the share capital by way of capitalization of capital reserves, distribution of dividends, subdivision of shares, placing and share reduction. Such adjusted restricted Shares are subject to the same unlocking conditions. Our Company may void the granted restricted Shares upon occurrence of certain events as set out in the 2024 Restricted Share Incentive Plan, including but not limited to the termination of employment of the grantees with our Company.

(i) Outstanding restricted Shares

As of the Latest Practicable Date, the number of outstanding restricted Shares granted under the 2024 Restricted Share Incentive Plan as resolved by our Board was 2,561,200, representing approximately **[REDACTED]**% of the total issued Shares immediately following completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised and no additional Shares are issued pursuant to our 2024 Restricted Share Incentive Plan). As of the Latest Practicable Date, a total of 2,561,200 outstanding restricted Shares were granted to 260 grantees, none of whom was a Director or senior management of our Company.

The following table sets forth the number of outstanding restricted Shares granted to connected persons of our Company under the 2024 Restricted Share Incentive Plan of the Latest Practicable Date:

Name of grantee	Position in our Group	Date of outstanding restricted Shares	Number of outstanding restricted Shares	Grant price	Lock-up period	As an approximate percentage of issued share capital upon completion of the [REDACTED]
ZHANG Shulin (張樹林).	Executive director of ZhongGe Nantong	July 1, 2024	48,000	10.55	From July 1, 2024 to June 30, 2025	**[REDACTED]**
		June 10, 2025	25,000	22.84	12 month from the registration date of restricted Shares	**[REDACTED]**
LI Xiaobing (李小兵).	General manager of Xi'an ZhaoGe	July 1, 2024	30,000	10.55	From July 1, 2024 to June 30, 2025	**[REDACTED]**
		June 10, 2025	20,000	22.84	12 month from the registration date of restricted Shares	**[REDACTED]**
ZHOU Zhou (周舟) . .	Supervisor of MeiG Investment	July 1, 2024	36,000	10.55	From July 1, 2024 to June 30, 2025	**[REDACTED]**
		June 10, 2025	7,500	22.84	12 month from the registration date of restricted Shares	**[REDACTED]**
ZHANG Qiuyue (張秋月).	Supervisor of Xi'an ZhaoGe	July 1, 2024	25,200	10.55	From July 1, 2024 to June 30, 2025	**[REDACTED]**
YU Ying (俞英)	Supervisor of ZhongGe Nantong	July 1, 2024	7,200	10.55	From July 1, 2024 to June 30, 2025	**[REDACTED]**
LI Peng (李鵬)	Supervisor of Shanghai Meixiao and ZhongGe Shanghai	July 1, 2024	120,000	10.55	From July 1, 2024 to June 30, 2025	**[REDACTED]**

The table below sets forth the details of outstanding restricted Shares granted to other grantees (excluding the abovementioned connected persons of our Company) under the 2024 Restricted Share Incentive Plan as of the Latest Practicable Date:

Number of grantees	Date of grant	Unlocking period	Grant price	Number of outstanding restricted Shares	As an approximate percentage of issued share capital upon completion of the [REDACTED]
191 (2)	July 1, 2024	From July 1, 2024 to June 30, 2025	RMB10.55	1,798,800	**[REDACTED]**
91(3)	June 10, 2025	June 10, 2025 to June 9, 2026	RMB22.84	443,500	**[REDACTED]**

Note:

(1) The calculation is based on the assumption that (i) the **[REDACTED]** is not exercised; and (ii) no additional Shares are issued pursuant to our 2024 Equity Incentive Plans.

(2) Included 91 grantees who were granted restricted Shares on June 10, 2025.

(3) Subject to a lock-up period of 12 month from the registration date of restricted Shares.

E. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty would be likely to fall upon any member of our Group.

2. Litigation

Save as disclosed in this document and so far as our Directors are aware, no litigation or claim of material importance is pending or threatened against any member of our Group.

3. Sole Sponsor

The Sole Sponsor has made an application on our behalf to the Listing Committee for the **[REDACTED]** of, and permission to **[REDACTED]** in, the H Shares in issue and to be issued pursuant to the **[REDACTED]** (including any additional H Shares which may be issued pursuant to the exercise of the **[REDACTED]**).

The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules. The Sole Sponsor will receive a fee of US$480,000 (tax inclusive) for acting as a sponsor for the **[REDACTED]**.

4. No Material Adverse Change

Save as disclosed in this document, our Directors confirm that there has been no material adverse change in the financial or trading position of our Group since June 30, 2025 (being the date to which the latest audited consolidated financial statements of our Group were prepared).

5. Qualification and Consent of Experts

This document contains statements made by the following experts:

Name	Qualification
China International Capital Corporation Hong Kong Securities 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) and Type 6 (advising on corporate finance) regulated activities under the SFO
Han Kun Law Offices	Qualified PRC lawyers
Ernst & Young	Certified Public Accountants and Registered Public Interest Entity Auditor
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Industry consultant

As of the Latest Practicable Date, none of the experts named above had any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

The experts named above have each given and have not withdrawn their respective written consents to the issue of this document with copies of their reports, letters, opinions or summaries of opinions (as the case maybe) and references to their names included in the form and context in which they are respectively included.

6. Promoter

Information of our promoters at the time of our Company's conversion into a joint stock limited company on May 14, 2015 is as follows:

Shareholder	Number of Shares held upon our conversion	Percentage shareholding
WANG Ping	46,336,000	57.92%
Zhaoge Investment	14,480,000	18.10%
WANG Cheng	11,584,000	14.48%
Fenghuang Investment	7,600,000	9.50%
Total	800,000,000	**100.00%**

Save 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 the above promoters in connection with the **[REDACTED]** and the related transactions described in this document.

7. Preliminary Expenses

We have not incurred any material preliminary expenses.

8. Binding Effect

This document shall have the effect, where an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance insofar as applicable.

9. Bilingual Prospectus

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 (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

10. Miscellaneous

(a) Save as disclosed in this document, within the two years immediately preceding the date of this document:

(i) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any capital of any member of our Group, and no Directors, promoters or experts named in "E. Other Information — 5. Qualification and Consent of Experts" in this section have received any such payment or benefit;

(ii) no capital of any member of our Group has been issued or is proposed to be issued for cash or issued as fully or partly paid up otherwise than in cash;

(iii) none of our Directors or the experts named in "E. Other Information — 5. Qualification and Consent of Experts" in this section have any interest, direct or indirect, in the promotion of, or in any assets which have been, acquired or disposed of by or leased to, any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group; and

(iv) no commissions (but not including commissions to **[REDACTED]**) have been paid or payable for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any Shares or debentures of our Company.

(b) Save as disclosed in this document:

(i) there is no arrangement under which future dividends are waived or agreed to be waived;

(ii) our Company has no outstanding convertible debt securities or debentures;

(iii) there are no founder, management or deferred shares in our Company or any of our subsidiaries;

(iv) no capital of any member of our Group is under option, or is agreed conditionally or unconditionally to be put under option;

(v) there has not been any interruption in the business of our Group which may have or have had a significant effect on our financial position in the 12 months immediately preceding the date of this document; and

(vi) none of our Directors are 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.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this document and delivered to the Registrar of Companies in Hong Kong for registration were:

(a) a copy of each of the material contracts referred to in "Statutory and General Information — B. Further Information About Our Business — 1. Summary of Material Contracts" in Appendix VI to this document; and

(b) the written consents referred to in "Statutory and General Information — E. Other Information — 5. Qualification and Consent of Experts" in Appendix VI to this document.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange at **www.hkexnews.hk** and our Company at **www.meigsmart.com** for a period of 14 days from the date of this document:

(a) the Articles of Association;

(b) the audited consolidated financial statements of our Group for the Track Record Period;

(c) the Accountants' Report for the Track Record Period issued by Ernst & Young, the text of which is set out in Appendix I to this document;

(d) the report on the unaudited **[REDACTED]** financial information of our Group issued by Ernst & Young, the text of which is set out in Appendix II to this document;

(e) the legal opinions issued by Han Kun Law Offices, our PRC Legal Advisor, in respect of certain aspects and the property interests of the Group in the PRC;

(f) the industry report issued by Frost & Sullivan;

(g) the material contracts referred to in "Statutory and General Information — B. Further Information About Our Business — 1. Summary of Material Contracts" in Appendix VI to this document;

(h) the service contracts and letters of appointment referred to in "Statutory and General Information — C. Further Information About Our Directors and Substantial Shareholders — 2. Directors' Service Contracts and Letters of Appointment" in Appendix VI to this document;

(i) the written consents referred to in "Statutory and General Information — E. Other Information — 5. Qualification and Consent of Experts" in Appendix VI to this document;

(j) the PRC Company Law, Securities Law, and the Trial Measures for the Administration Related to the Overseas Securities Offering and Listing by Domestic Companies, together with unofficial English translations thereof; and

(k) the terms of the 2024 Equity Incentive Plans.

DOCUMENT AVAILABLE FOR INSPECTION

A copy of a full list of all the grantees under the 2024 Stock Option Incentive Plan will be made available for public inspection at 40/F, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this document.