MEIG 美格

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)

Stock Code : 3268

ANNUAL REPORT
2025

CONTENTS

Corporate Information	2
Financial Summary	4
Corporate Overview	5
Chairman’s Report	10
Management Discussion and Analysis	12
Corporate Governance Report	17
Report of the Board	39
Biographical Details of Directors and Senior Management	64
Environmental, Social and Governance Report	68
Independent Auditor’s Report	114
Notes to Financial Statements	120
Definitions	211

Corporate Information

BOARD OF DIRECTORS

Executive Director

Mr. WANG Ping *(Chairman of the Board and general manager)*
Mr. DU Guobin *(Vice chairman of the Board)*
Mr. XIA Youqing *(Vice general manager and chief financial officer)*
Mr. HUANG Min *(Secretary of the Board and vice general manager)*

Independent Non-executive Director

Mr. YANG Zheng
Dr. MA Lijun
Ms. LIU Jia

AUDIT COMMITTEE

Mr. YANG Zheng *(Chairman)*
Dr. MA Lijun
Ms. LIU Jia

REMUNERATION AND APPRAISAL COMMITTEE

Dr. MA Lijun *(Chairman)*
Mr. WANG Ping
Mr. YANG Zheng

NOMINATION COMMITTEE

Dr. MA Lijun *(Chairman)*
Mr. YANG Zheng
Ms. LIU Jia

STRATEGY COMMITTEE

Mr. WANG Ping *(Chairman)*
Mr. MA Lijun
Mr. YANG Zheng

JOINT COMPANY SECRETARIES

Mr. HUANG Min
Mr. AU Kai Yin

AUTHORIZED REPRESENTATIVES

Mr. WANG Ping
Mr. AU Kai Yin

REGISTERED OFFICE

2/F, No. 5 Lingxia Road
Fenghuang Community
Fuyong Street
Bao'an District, Shenzhen
Guangdong
PRC

HEADQUARTERS

32/F, Building B
Shenzhen International Innovation Center
Futian Technology Plaza
No. 1006 Shennan Avenue
Xintian Community, Huafu Street
Futian District, Shenzhen
Guangdong
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40/F, Dah Sing Financial Centre
No. 248 Queen's Road East
Wanchai
Hong Kong, the PRC

H SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shop 1712–1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong, the PRC

COMPLIANCE ADVISOR

Somerley Capital Limited
20/F, China Building
29 Queen's Road Central
Hong Kong, the PRC

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor under the Accounting and Financial Reporting Council Ordinance
27/F, One Taikoo Place
979 King's Road
Quarry Bay
Hong Kong, the PRC

HONG KONG LEGAL ADVISOR

JunHe LLP
7/F, AIA Central
1 Connaught Road Central
Central
Hong Kong, the PRC

COMPANY'S WEBSITE

www.meigsmart.com

LISTING DATE

Shenzhen Stock Exchange
June 22, 2017
Hong Kong Stock Exchange
March 10, 2026

OVERVIEW OF SHARES

A Shares
Shenzhen Stock Exchange
Stock Abbreviation: MeiG Smart
Stock Code: 002881
H Shares
Hong Kong Stock Exchange
Stock Abbreviation: MeiG Smart
Stock Code: 03268

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

Financial Summary

A summary of the consolidated results and consolidated assets, liabilities and interests of the Group for the last five financial years, as extracted from the audited financial statements (except for 2021), is set out below:

	Year ended 31 December				
	2025	2024	2023	2022	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(unaudited)
RESULTS					
REVENUE	**3,747,132**	2,941,374	2,147,336	2,305,932	1,969,075
PROFIT BEFORE TAX	**155,888**	124,141	63,127	149,585	113,607
Income tax (charge)/credit	**(13,167)**	10,234	(518)	(22,970)	4,137
PROFIT FOR THE YEAR	**142,721**	134,375	62,609	126,615	117,744
Attributable to:					
Owners of the parent	**142,721**	135,572	64,509	127,836	118,140
Non-controlling interests	**—**	(1,197)	(1,900)	(1,221)	(396)
Total	**142,721**	134,375	62,609	126,615	117,744

	As at 31 December				
	2025	2024	2023	2022	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(unaudited)
ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS					
TOTAL ASSETS	**2,967,047**	2,759,557	2,144,722	1,726,703	1,502,593
TOTAL LIABILITIES	**(1,264,571)**	(1,192,444)	(664,929)	(906,452)	(811,278)
NON-CONTROLLING INTERESTS	**—**	—	1,067	(833)	(2,054)
Total equity	**1,702,476**	1,567,113	1,480,860	819,418	689,261

ABOUT US

We are a leading provider of wireless communication modules and solutions, with a focus on smart modules, particularly high-computing-power smart modules. Our modules and solutions are widely applied across the general internet of things (IoT), Intelligent Connected Vehicle (ICV) and wireless broadband sectors.

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 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 scenario requirements of various application sectors, addressing the diverse needs of our customers. They represent value added beyond the provision of hardware, as they are integrated offerings that combine our module with a layer of customized software, hardware and application-specific research and development services. This includes complex system-level software and firmware customization to enable unique features and optimize performance, as well as provides integral R&D services to co-develop and ensure the integration of the final tailored solution into the customer's specific application ecosystem. By delivering a functional subsystem or a ready-to-use end product, rather than just a standalone component, we solve complex integration challenges for our customers, reducing their development cycles and technical risks, thereby accelerating their time-to-market.

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 point of sale (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 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, 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 recognition and trust.

OUR STRENGTHS

We believe the following strengths position us well to capitalize on future opportunities and deliver continued growth:

(i) Being A Globally Leading Wireless Communication Module and Solution Provider;

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. 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.

(ii) 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 through technological iteration. Leveraging our long-term and in-depth understanding of the chip platforms used in our modules, we are able to develop module products based on the relevant chip platforms quickly and efficiently. At the same time, we remain aligned with industry trends and continue to invest in R&D to continuously launch innovative products that meet industry trends.

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

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.

We recognize that software adaptation is critical for the successful deployment of AI. We support the deployment of various prevailing on-device AI models, supporting their deployment and functionality at the local device level. We have developed one-click conversion and deployment toolkits to help our customers quickly deploy the large AI models they require.

(iii) 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 market influence of the Company 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.

To address the complex and diverse scenario demands of the general IoT sector, we have designed a range of products and solutions tailored to specific application scenarios, including new retail and industrial applications.

In the ICV sector, 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.

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 GHz 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 also closely followed the industry trends and were among the first to launch innovative module products based on 5G-A and 5G RedCap technologies.

(iv) Long-Term Partnerships with Leading Global Customers, Enhancing Robust Market Competitiveness;

We have established long-term and stable partnerships with leading global customers. As market leaders in their respective fields, these customers impose stringent requirements on product performance, service quality and technical capabilities. 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.

(v) A Pragmatic and Solid Corporate Culture, Visionary Management Team and Diverse Talent Pool Supporting Sustainable Development.

We uphold a pragmatic and solid corporate culture that is led by engineers and driven by technology, impressing customers through technology and products. This culture underpins every stage of our development and drives the continuous innovation of our technologies and products. 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.

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 the longest experience being nearly 20 years. Several core management and R&D personnel have held positions at prominent large 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.

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 of the Company. We focus on attracting top talent from the industry and ensure long-term retention in the Company through long-term incentive mechanisms and a culture of innovation.

OUR STRATEGIES

We intend to implement the following strategies:

(i) Continue Investing in Technology R&D to Drive Product Iteration and Industry Expansion;

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 operators.

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.

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.

(ii) Build and Strengthen Global Sales and Supply Chain Networks to Accelerate International Expansion;

We plan to further enhance our global sales network by recruiting additional personnel for our sales, marketing and customer service teams, the construction of a global sales network, 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 market share of the Company in international markets.

We aim to consolidate relationships with our existing supply chain partners and also actively expand our global supply chain resources 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.

(iii) 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.

Chairman's Report

In 2025, AI drives profound changes across all industries. For the Group's management and all employees, 2025 was a year of deep technological cultivation and accumulated development.

In 2025, thanks to the joint efforts of the Group's management and all employees, the Group's various businesses maintained a healthy and rapid development. Both the Group's total revenue and net profit attributable to shareholders of the listed company hit all-time highs in the Group's history. During the Reporting Period, the Group achieved revenue of RMB3.747 billion, representing a year-on-year increase of 27.39%. Net profit attributable to shareholders of the listed company reached RMB143 million, a year-on-year growth of 5.27%. In terms of revenue growth, our overseas markets delivered particularly impressive results. In 2025, revenue from overseas markets reached RMB1.401 billion, representing an increase of RMB598 million compared to 2024, marking a substantial year-on-year surge of 74.47%. Consequently, the proportion of overseas revenue rose from 27.30% for the full year of 2024 to 37.39%. This significant growth in revenue from overseas markets is attributed to the Group's accelerated global layout, as well as our continuous construction and strengthening of global sales networks and supply chain systems.

In 2025, the Group continued to step up its investment in technological innovation and product R&D, with a specific focus on high-computing-power smart modules, 5G communications, ICV and robotics. At CES 2025, the Group's high-computing-power smart modules were successfully integrated into a partner's humanoid robot prototype, providing on-device computing power with robotics. Concurrently, the Group launched the "AIMO", a personalized AI computing terminal product designed for both individual and enterprise clients. Powered by a high performance computing chip, the AIMO supports the offline deployment of various on-device large models. Throughout 2025, the Group's total R&D expenditure reached RMB226 million. Alongside this increased investment, we continuously optimized our workflows and integrated AI technologies to drive overall improvements in R&D efficiency.

In June 2025, the Group initiated the H-share IPO application process. Through the joint efforts of the Group's entire team and the intermediary institutions, the Group's H Shares were listed and traded on the Main Board of the Hong Kong Stock Exchange on March 10, 2026. We have successfully completed the establishment of an A+H dual capital platform, providing a new engine and strategic support for the Group's further global expansion.

In 2026, the Group will continue to focus on high-potential overseas markets such as North America, Japan, and Europe. For the overseas market, the Group will intensify our promotion of smart modules, 5G products and customized IoT solutions to better align with the growing demand for intelligent and 5G-enabled products in overseas markets, thereby accelerating our global expansion. For the domestic market, the Group will increase our investment in key sectors including robotics, ICV and AI agent hardware. For products and technology, we will continue to maximize the value of our engineer while leveraging AI to optimize our R&D processes. We are committed to launching high-computing-power modules products with superior capabilities. At CES 2026, we already unveiled a high-computing-power module product delivering 100 TOPS. Furthermore, we will strengthen our on-device model adaptation and cloud model integration capabilities, such as connecting to leading cloud-based large models via advanced agent software like OPENCLAW. We will also collaborate with customers to drive the implementation of new technologies and products across various vertical industries, including robotics, AI vision and consumer IoT. In the coming year, we will sustain stable R&D investment to drive internationalization, product innovation, and technological breakthroughs.

In 2026, the Group will continue to strengthen its research and development investments in new technologies such as on-device AI, large language models, robotics and intelligent agent hardware, firmly seizing the incremental market opportunities brought by AI technology. At the same time, we will continue to enhance global sales network and supply chain system of the Group, accelerate the expansion of overseas business, and persistently advance the Group's international development strategy. We will continue to uphold our business philosophy of "integrity, responsibility, innovation, and sharing", adhere to our technological innovation characteristics centered on an engineer-driven team, fully embrace AI, and create long-term returns for all shareholders through the growth of the Group's intrinsic value.

REVENUE

During the Reporting Period, our revenue increased from RMB2.941 billion in 2024 to RMB3.747 billion in 2025, representing an increase of 27.39%. From a regional perspective, both domestic and overseas markets recorded growth during the Reporting Period, jointly driving the Group's revenue growth, with the contribution from the overseas market being more significant. During the Reporting Period, driven by demand for the general internet of things (IoT) industry smart module products and 5G wireless broadband products, as well as increased shipments to major overseas customers of the Group, the revenue from overseas markets amounted to RMB1.401 billion, representing an increase of RMB598 million as compared with 2024 and a substantial year-on-year increase of 74.47%. The proportion of overseas revenue increased from 27.30% for the full year of 2024 to 37.39%. In the domestic market, revenue was significantly boosted owing to the continuous growth of the demand for various smart modules and high-computing-power modules for edge-side AI applications. However, the purchases of ICV by major customers have declined since the second half of 2025. The revenue from the domestic markets was RMB2.346 billion throughout 2025, representing a year-on-year increase of approximately 9.72%.

From an industry perspective, during the Reporting Period, the revenue scale of both the Internet of Things and wireless broadband industries maintained rapid growth, while that of the ICV industry declined slightly. In the general internet of things (IoT) industry, the continuous emergence of demand for customized and intelligent products from overseas customers as well as demand for domestic edge-side AI hardware products jointly drove the high-speed growth of revenue scale. In the wireless broadband sector, large-scale shipments of 5G products to customers in Japan, North America, Europe and others were successively launched, leading to accelerated revenue growth. For the ICV industry, benefiting from the increased penetration of 5G and the mass production and shipments of products for certain new customers on the one hand, and affected by the reduced purchases from a single major customer on the other hand, the overall revenue scale declined slightly.

COST OF SALES

Our cost of sales increased by 31.81% from RMB2.457 billion in 2024 to RMB3.238 billion in 2025, which was generally consistent with the trend of our sales and revenue.

GROSS PROFIT AND GROSS PROFIT MARGIN

Our gross profit increased by 5.00% from RMB485 million in 2024 to RMB509 million in 2025, while our gross profit margin decreased from 16.48% in 2024 to 13.58% in 2025, primarily due to the gross profit margin of our wireless communication modules and solutions dropping from 16.73% in 2024 to 13.28% in 2025. The main factors are as follows: 1. Affected by the product structure of shipments, certain products with relatively low gross margin level were shipped in concentration during the Reporting Period, temporarily dragging down the overall gross margin level; 2. Cyclical price increase in memory chips exerted certain pressure on the cost side.

OTHER INCOME AND GAINS, NET

Our other income and gains, net increased by 61.96% from RMB20.0143 million in 2024 to RMB32.4160 million in 2025, mainly due to an increase of RMB8.6376 million in government grants received, as well as an increase of RMB4.4633 million in exchange gains resulting from a significant reduction in exchange loss arising from accounts payable.

SELLING AND DISTRIBUTION EXPENSES

Our selling and distribution expenses increased by 13.98% from RMB59.1898 million in 2024 to RMB67.4623 million in 2025, mainly due to an increase of RMB2.9247 million in our market expansion expenses, reflecting higher exhibition fees incurred in 2025 for participating in exhibitions to enhance brand recognition and strengthen overseas promotion, and an increase of RMB1.6616 million in employee compensation due to an increase in the number of sales personnel, as well as an increase of RMB1.5840 million in share-based payment expenses arising from equity incentives for sales personnel.

ADMINISTRATIVE EXPENSES

Our administrative expenses increased by 11.94% from RMB70.6763 million in 2024 to RMB79.1182 million in 2025, mainly due to an increase of RMB2.4767 million in share-based payment expenses for administrative personnel, as well as an increase of RMB1.2605 million in taxes and surcharges, reflecting higher stamp duty arising from an increase in business contracts signed in 2025. In addition, listing expenses incurred in 2025 also contributed to the overall increase in administrative expenses, whereas no such expenses were incurred in 2024.

RESEARCH AND DEVELOPMENT EXPENSES

Our research and development expenses increased by 8.63% from RMB208 million in 2024 to RMB226 million in 2025, mainly due to an increase in employee compensation arising from the expansion of our research and development personnel, as well as an increase in share-based payment expenses resulting from equity incentives for research and development personnel. During the year, the year-on-year growth rate of our research and development expenses was much lower than the revenue growth rate of 27.39%, which fully proves that our research and development efficiency has improved.

OTHER EXPENSES

Our other expenses decreased by 99.88% from RMB29.9472 million in 2024 to RMB0.0350 million in 2025, mainly due to an increase in the net exchange loss on payables resulting from exchange rate fluctuations in 2024, while foreign exchange gains and losses decreased in 2025.

FINANCE COSTS

Our finance costs increased by 50.66% from RMB6.2969 million in 2024 to RMB9.4868 million in 2025, mainly due to an increase of RMB2.4853 million in discount interest arising from higher bank bill discounting.

SHARE OF PROFITS AND LOSSES OF JOINT VENTURES

Our share of losses of joint ventures decreased by 36.35% from RMB0.8598 million in 2024 to RMB0.5473 million in 2025, mainly due to a reduction in the investment loss of joint ventures recognized under the equity method in respect of our equity interest held in the joint ventures.

SHARE OF PROFITS AND LOSSES OF ASSOCIATES

Our share of losses of associates decreased by 25.41% from RMB11.9870 million in 2024 to RMB8.9414 million in 2025, mainly due to a reduction in the loss incurred by ShuoGe Intelligent, an associate that we hold.

INCOME TAX EXPENSE

Our income tax expenses changed from income tax benefits of RMB10.2340 million recognized in 2024 to income tax expenses of RMB13.1672 million incurred in 2025, mainly due to a decrease in deferred tax credits resulting from a reduction in credit impairment losses and deductible losses.

PROFIT FOR THE YEAR

As a result of the foregoing, we recorded a profit of RMB136 million in 2024 and a profit of RMB143 million in 2025. The primary reason why profit growth was lower than revenue acceleration is that the gross profit margin had decreased compared with the same period of the last year, while the scale of various expenses remained stable.

LIQUIDITY AND FINANCIAL RESOURCES

We primarily financed our cash requirements through cash generated from operating activities and financing activities in 2025.

During the Reporting Period, the Group recorded a net cash inflow from operating of approximately RMB32.4949 million compared to a net cash outflow from operating of approximately RMB129.8905 million in 2024. The increase of net cash inflow of the Group during the period was primarily attributable to the increase in cash received from the sale of goods.

As at December 31, 2025, the Group's interest-bearing bank and other borrowings amounted to approximately RMB385.8002 million (December 31, 2024: RMB352.6058 million). All the interest-bearing bank borrowings and other borrowings of the Group are denominated in RMB, bore interest at fixed rates and were repayable with one year.

As at December 31, 2025, the Group's cash balance amounted to RMB311.4317 million (December 31, 2024: RMB349.8770 million), including cash and cash equivalents of RMB309.6142 million and restricted cash of RMB1.8174 million. The Group's cash and cash equivalents are primarily denominated in RMB and USD.

As at December 31, 2025, we have not provided guarantees and pledges to related parties.

As of the date of this report, after taking into account the net proceeds from the issuance of Shares to Hong Kong and overseas investors in the initial public offering and our available financial resources (including cash and cash equivalents and cash flow from operating activities), we have sufficient resources to meet the Group's material commitments and working capital, capital expenditures, investments, and at least repay debts falling due as expected.

As of the date of this report, we have no material defaults in trade and non-trade payables and borrowings, nor breached any covenants.

SIGNIFICANT INVESTMENTS

As at December 31, 2025, the Group did not make or hold any significant investments.

MATERIAL ACQUISITIONS AND DISPOSALS

For the year ended December 31, 2025, the Group did not conduct any material acquisitions or disposals of subsidiaries, consolidated affiliated entities, associates or joint ventures.

PLEDGE OF ASSETS

As at December 31, 2025, other than restricted cash pledged as security for bank acceptances payable, we did not pledge or mortgage any other assets.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at December 31, 2025, the Group did not have detailed future plans for material investments or capital assets.

GEARING RATIO

As at December 31, 2025, the Group's gearing ratio (representing total liabilities divided by total assets, expressed as a percentage) was 42.62% (December 31, 2024: 43.21%).

FOREIGN EXCHANGE RISK

As at December 31, 2025, our cash and cash equivalents balances are primarily denominated in U.S. dollars and Renminbi. As we accelerate our overseas market expansion, we become increasingly exposed to the effects of fluctuations in currency exchange rates. We manage our foreign exchange risk by regularly reviewing the Group's net foreign exchange risk and minimizing such risk through natural hedging wherever possible.

CONTINGENT LIABILITIES

As at December 31, 2025, the Group had no material contingent liabilities.

CAPITAL COMMITMENT

As at December 31, 2025, the Group had no material capital commitments.

EMPLOYEE AND REMUNERATION

As at December 31, 2025, the Group had a total of 983 full-time employees. Total staff remuneration expenses including share-based payments for the year ended December 31, 2025 amounted to RMB271 million, compared with RMB251 million for the year ended December 31, 2024.

In accordance with the requirements of relevant laws and regulations of the PRC, we participate in various employee social security schemes administered by the local municipal and provincial governments, including endowment insurance, maternity insurance, unemployment insurance, work-related injury insurance, medical insurance and housing funds (where applicable). We provide comprehensive onboarding training, ongoing training programs and mentorship support to facilitate employee development. Our remuneration structure (including equity incentives) is competitive and designed to attract and retain top talent. We regularly organize internal knowledge-sharing sessions where employees discuss industry trend, product and technology to enhance the team's professional skills and knowledge reserve.

DIVIDEND

The Board suggests distributing the dividend in cash for the year 2025 of RMB1.00 per 10 Shares (tax inclusive). The dividend distribution proposal will be approved at the 2025 annual general meeting of the Company, and the dividends are expected to be distributed within two months after the 2025 annual general meeting. Dividends for H Shares will be paid in Hong Kong dollars. During the Reporting Period, no such Shareholder had waived or agreed to waive any dividend arrangement.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

For details of the use of proceeds from the Company's Global Offering, please see the section headed "Issuance of Securities and Use of Net Proceeds from the Global Offering" in the "Report of the Board" of this report.

AUDIT COMMITTEE

As of the date of this report, the Audit Committee comprises three independent non-executive directors of the Company, all of whom are seasoned professionals in financial management and business operations. The Audit Committee has reviewed the accounting principles and practices adopted by the Group with management, and discussed financial reporting matters (including reviewing the Group's consolidated annual financial statements for the year ended December 31, 2025) as well as matters related to risk management and internal control, and has no objection thereto.

The Company has adopted the Corporate Governance Code as set out in Appendix C1 to the Hong Kong Listing Rules. As the Company's H Shares were listed on the Hong Kong Stock Exchange on March 10, 2026, the Corporate Governance Code has been applicable to the Company only since the H Share listing date.

The Board is pleased to present the Corporate Governance Report of the Company as of December 31, 2025 and up to the date of this report.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving high standards of corporate governance, aiming to balance corporate growth with sustainability. Our corporate governance framework is designed to promote sound decision-making through systems and policies aligned with our corporate values and best industry practices. Since the listing of the Company's H Shares on the Hong Kong Stock Exchange on March 10, 2026, we have established four special committees under the Board, namely the Audit Committee, Remuneration and Appraisal Committee, Nomination Committee, and Strategy Committee, each providing strategic guidance to the Board.

The Company will continuously improve its corporate governance structure, optimizes internal management, monitoring, and business operations to enhance overall corporate governance standards.

The Board believes that high standards of corporate governance are crucial for providing the Group with a framework to safeguard shareholders' interests and enhance corporate value and accountability. Except as disclosed in this report, the Company has complied with all applicable code provisions of the Corporate Governance Code, and will regularly review and strengthen corporate governance practices to ensure the Company consistently meets the requirements of the Corporate Governance Code.

The Board is responsible for performing the functions set out in the code provisions of the Corporate Governance Code. In this regard, the Board fulfilled the following duties upon the Listing Date:

(a) Formulating and reviewing the Company's corporate governance policies and practices;

(b) Reviewing and monitoring the training and continuous professional development of the Company's directors and senior management;

(c) Reviewing and monitoring the Company's policies and practices for compliance with laws and regulatory requirements;

(d) Reviewing and monitoring the code of conduct and compliance manual (if any) applicable to the Company's directors and employees; and

(e) Reviewing the Company's compliance with the Corporate Governance Code and the disclosures in the Corporate Governance Report.

DIRECTORS' COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Hong Kong Listing Rules.

As the Company's H Shares were listed on the Hong Kong Stock Exchange on March 10, 2026, the above Model Code only applies to the Company the Listing Date of H Shares. Having made specific enquiries with all Directors, each Director has confirmed that they have complied with the above Model Code from the Listing Date of H Shares to the date of this report.

BOARD OF DIRECTORS

The Board possesses a balanced combination of skills, experience, and perspectives appropriate to the Company's business needs.

From the Listing Date and as at the date of this report, the Board consists of seven Directors, including four executive directors and three independent non-executive directors, ensuring a strong independent element within the Board to facilitate effective independent judgment.

Position	Name
Executive directors	Mr. WANG Ping *(Chairman of the Board and general manager)* Mr. DU Guobin *(Vice chairman of the Board)* Mr. XIA Youqing *(Vice general manager and chief financial officer)* Mr. HUANG Min *(Secretary of the Board and vice general manager)*
Independent non-executive directors	Mr. YANG Zheng Dr. MA Lijun Ms. LIU Jia

The biographical details of each Director are set out in the section "Biographical Details of Directors and Senior Management" of this report.

All Directors (including the independent non-executive directors) bring a broad range of valuable business experience, knowledge, and expertise to the Board, enabling it to function efficiently and effectively. The independent non-executive directors are invited to serve on the Audit Committee, Remuneration and Appraisal Committee, Nomination Committee, and Strategy Committee.

Each of our Directors has confirmed their understanding of their responsibilities as a director of a listed issuer under the Listing Rules and has respectively received the legal advice referred to in Rule 3.09D of the Listing Rules. Among them, Mr. WANG Ping, Mr. DU Guobin, Mr. XIA Youqing, Dr. MA Lijun, and Mr. YANG Zheng received the aforementioned legal advice on June 12, 2025; Mr. HUANG Min and Ms. LIU Jia received the aforementioned legal advice on June 13, 2025.

There is no personal relationship (including financial, business, family, or other material/relevant relationships) between any Director (including the chairman) and any other Director or the chief executive officer.

The Directors have agreed to promptly disclose to the Company any changes in the number and nature of their positions held in listed companies or organizations and other significant commitments, as well as the identities of such listed companies or organizations and the time involved, in accordance with the code provisions.

RESPONSIBILITIES OF THE BOARD AND SENIOR MANAGEMENT

The Board assumes overall leadership responsibility for the Group, overseeing its strategic decisions and monitoring its business operations and operating performance. The Board retains decision-making authority over all significant matters of the Company, including approving and monitoring internal policies and regulations, corporate strategy and budgets, internal control and risk management frameworks, significant transactions (particularly those that may involve conflicts of interest), financial reporting, director appointments, and other key financial and operational matters. All Directors have full and timely access to all information of the Company. Directors also have the right to obtain independent professional advice at the Company's expense when performing their duties. Directors are encouraged to independently contact the Company's senior management and seek their advice.

Our Board has also established an Audit Committee, Remuneration and Appraisal Committee, Nomination Committee, and Strategy Committee, delegating various responsibilities to these committees. These committees operate in accordance with the terms of reference established by our Board.

The day-to-day management, administration, and operations of the Group are delegated to the Company's senior management. The Board regularly reviews the delegated functions and responsibilities. Management must obtain the Board's approval before proceeding with any significant transactions.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

According to Provision C.2.1 of the Corporate Governance Code, a listed company should comply with (but may choose to deviate from) the requirement that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. As Mr. WANG Ping concurrently serves as the chairman and chief executive officer of the Company, the Company deviates from this provision. The Board believes that, given Mr. WANG Ping's experience, personal profile, and understanding of the aforementioned business operations, he is the best candidate to identify strategic opportunities and serve as the core of the Board. Having Mr. WANG Ping hold the positions of chairman and chief executive officer facilitates the effective execution of strategic initiatives and promotes the flow of information between management and the Board. The Board believes this arrangement does not impair the balance of power and responsibilities. Furthermore, all significant decisions are made after consulting Board members (including relevant Board committees and independent non-executive directors). The Board will periodically reassess the division of duties between the chairman and the chief executive officer and, taking into account the overall circumstances of the Group, may recommend that the two positions be held by different individuals in the future.

BOARD INDEPENDENCE MECHANISMS

The Company fully recognizes that Board independence is crucial for good corporate governance. To ensure the Board receives independent opinions and information, the Company has established effective mechanisms within its corporate governance framework, including policies and procedures for appointing Directors, reviewing Board composition, and assessing the independence of independent non-executive directors. The Nomination Committee (a majority of whose members are independent non-executive directors) is responsible for evaluating the suitability and independence of potential candidates proposed for appointment as independent non-executive directors and reviewing the independence of each independent non-executive director. When necessary, all Directors have access to independent professional advice. From the Listing Date to the date of this report, the Board has reviewed the implementation and effectiveness of these mechanisms, and the review results are satisfactory.

During the Reporting Period, the Board has complied with the Listing Rules requirement to appoint at least three independent non-executive directors (at least one of whom must possess appropriate professional qualifications or accounting or related financial management expertise). The Company has also complied with the Listing Rules requirement that independent non-executive directors constitute one-third of the Board members.

The Company has received annual written confirmations from each independent non-executive director regarding their independence in accordance with the independence criteria set out in the Rule 3.13 of the Listing Rules. The Company considers all independent non-executive directors to be independent.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of our Directors has entered into a service contract with our Company for a term of three years or from the date of appointment until the expiry of the term of office of the current session of the Board. Each term of office of the Board is three years.

Directors (except for employee representative Directors) shall be elected or replaced at shareholders' meetings and may be removed by an ordinary resolution passed at a shareholders' meeting before the expiry of their term (including executive directors). Employee representative Directors are democratically elected by the Company's employees through employee representative congresses, employee congresses, or other means. The term of office for Directors is three years. Upon expiry of their term, Directors may be re-elected or re-appointed in accordance with applicable laws, rules, and regulations.

The procedures for the appointment, re-election, and removal of Directors are set out in the Articles of Association. The Nomination Committee is responsible for formulating the criteria, procedures, and methods for selecting Directors, identifying suitable Director candidates, and making recommendations to the Board regarding the appointment or re-appointment of Directors and succession planning for Directors. If a Director's term expires and a timely re-election is not conducted, the original Director shall continue to perform Director duties in accordance with the provisions of laws, administrative regulations, departmental rules, and the Articles of Association until the newly elected Director assumes office.

Senior management may concurrently serve as Directors. However, the total number of Directors who concurrently hold senior management positions and Directors who are employee representatives shall not exceed one-half of the total number of the Directors.

SHAREHOLDERS' MEETINGS, BOARD MEETINGS, AND COMMITTEE MEETINGS

Shareholders' meetings are divided into two categories: annual shareholders' meetings and extraordinary shareholders' meetings. Shareholders' meetings shall be convened by the Board. An annual shareholders' meeting shall be held once each year and shall be convened within six months after the end of the previous financial year. The Board shall notify shareholders of the time, place, and matters to be considered at the annual shareholders' meeting at least 21 days prior to the meeting. For an extraordinary shareholders' meeting, shareholders shall be notified at least 15 days prior to the meeting.

The Company convenes regular Board meetings in accordance with the code provisions of the Corporate Governance Code, at least once every quarter. For regular Board meetings, the Company has made appropriate arrangements to ensure all Directors have the opportunity to include relevant matters on the agenda of the regular Board meeting. Written notice shall be given at least 14 days in advance to allow all Directors the opportunity to attend the meeting. For other Board meetings and Board committee meetings, the Company generally provides reasonable notice.

The meeting agenda and accompanying Board documents are sent to all Directors at least three days before the scheduled date of a regular Board meeting or Board committee meeting, and within a reasonable time before the date of any planned extraordinary Board meeting or Board committee meeting, to ensure Directors have sufficient time to review the documents and prepare adequately for the meeting. When a Director or committee member is unable to attend a meeting, they shall be informed of the matters to be considered and given the opportunity to express their views to the chairman of the meeting before it is held.

Minutes of Board meetings and Board committee meetings are kept by the secretary of the Company and are available for inspection at reasonable times upon giving reasonable notice to all Directors. The minutes of Board meetings and Board committee meetings provide a detailed record of the matters considered and decisions reached by the Board and Board committees, including any concerns raised or dissenting views expressed by Directors. Draft and final signed copies of these minutes are sent to all Directors within a reasonable time after the Board meeting is held, for their comments and records.

During the Board meetings, the Company's senior management provides all Directors with updates on the Company's business operations and development. Executive directors also maintain regular communication with non-executive directors to seek their opinions on the Company's business development and operational matters. If any Director or their connected person (as defined in the Listing Rules) has a relationship or interest in connection with any proposed resolution to be considered at a Board meeting, that Director shall abstain from voting on that matter. The Board is responsible to and reports to the shareholders' meeting. During the Reporting Period, all Directors diligently performed their duties, carefully reviewed proposals submitted to Board meetings and shareholders' meetings for consideration, and provided constructive suggestions, making meaningful contributions to the Company's decision-making process.

Prior to the listing of the Company's H Shares on the Hong Kong Stock Exchange on March 10, 2026, and as of December 31, 2025, the Board held a total of 8 Board meetings, 6 Audit Committee meetings, 5 Remuneration and Appraisal Committee meetings, 1 Nomination Committee meeting, and 2 Strategy Committee meetings. During the period, the Company held 4 shareholders' meetings. The attendance of Directors at relevant meetings held during the period is set out in the following table:

	As of December 31, 2025 Actual Attendance/Required Attendance					
Directors	**Shareholders' Meetings**	**Board Meetings**	**Audit Committee Meetings**	**Remuneration and Appraisal Committee Meetings**	**Nomination Committee Meetings**	**Strategy Committee Meetings**
Executive Directors						
Mr. WANG Ping	4/4	8/8	N/A	5/5	1/1	2/2
Mr. DU Guobin	0/4	8/8	6/6	N/A	N/A	N/A
Mr. XIA Youqing	4/4	8/8	N/A	N/A	N/A	N/A
Mr. HUANG Min	1/1	5/5	N/A	N/A	N/A	N/A
Independent Non-Executive Directors						
Mr. YANG Zheng	2/4	8/8	6/6	5/5	1/1	2/2
Dr. MA Lijun	3/4	8/8	6/6	5/5	1/1	2/2
Ms. LIU Jia	N/A	N/A	N/A	N/A	N/A	N/A

DIRECTOR TRAINING

Directors should keep abreast of regulatory developments and changes to effectively perform their duties and ensure their contributions to the Board remain informed and relevant. In accordance with the provisions of the Corporate Governance Code, all Directors should participate in continuous professional development to develop and update their knowledge and skills, thereby maintaining a proper understanding of the Company's business. This aims to ensure their contributions to the Board remain informed and relevant.

The Company has established a continuous training and professional development program for Directors. The Company also provides all Directors with updates on any significant changes to the Listing Rules and corporate governance practices from time to time. Furthermore, each newly appointed Director will receive a comprehensive induction pack covering the statutory and regulatory responsibilities and duties of a director of a listed company, as well as the Company's business and governance policies. During the Reporting Period, all Directors actively participated in continuous professional development to develop and update their knowledge and skills regarding the operation of the securities market and the relevant regulations and rules of the Hong Kong Stock Exchange, thereby further enhancing their ability to perform their duties. This has strengthened their understanding of matters such as information disclosure, insider trading, and confidentiality, thereby improving the Company's management standards, strengthening the Company's internal control system, and maintaining the Company's standardized operations.

Prior to the listing of the Company's H Shares on the Hong Kong Stock Exchange on March 10, 2026, and as of December 31, 2025, the training received by the Directors is summarized as follows:

Directors	Type of Training
Executive Directors	
Mr. WANG Ping	(1), (2)
Mr. DU Guobin	(1), (2)
Mr. XIA Youqing	(1), (2)
Mr. HUANG Min	(1), (2)
Independent Non-Executive Directors	
Mr. YANG Zheng	(1), (2)
Dr. MA Lijun	(1), (2)
Ms. LIU Jia	(1), (2)

Notes:

(1) Attending training courses, including but not limited to briefings, seminars, conferences, and workshops.

(2) Reading or viewing materials or videos on directors' duties and/or corporate governance and other related topics.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The Company actively establishes a performance evaluation and appraisal system that links management's remuneration to the Company's operating results, and revises and improves the system in a timely manner based on its implementation. The Remuneration and Appraisal Committee is responsible for, among other things, formulating the appraisal standards for the Company's senior management and conducting appraisals, as well as formulating and reviewing the remuneration policies and plans for Directors and senior management. The Board and the general meetings are responsible for considering and approving the recommendations proposed by the Remuneration and Appraisal Committee, including the remuneration of Directors and senior management.

Details of the remuneration of the Group's Directors and the five highest paid individuals for the year ended December 31, 2025 are set out in Note 8 to the consolidated financial statements and Note 9 to the notes to consolidated financial statements included in this report. During the Reporting Period, the details of the remuneration of the Directors and senior management by band are set out as follows:

Remuneration Band	Number of individuals
Nil to RMB3,000,000	6
RMB3,000,001 to RMB6,000,000	0
RMB6,000,001 to RMB9,000,000	0
Over RMB9,000,000	0

Save as disclosed above, for the year ended December 31, 2025, no other Director has waived or agreed to waive any remuneration and no amounts were paid or payable by the Group to the Directors and the chief executive (included the five highest paid employees of the Group) as an inducement to join or upon joining the Group or as compensation for loss of any office in connection with the management of the affairs of any member of the Group (2024: nil).

BOARD COMMITTEES

The Board has established four Board committees, namely the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee and the Strategy Committee, which are responsible for overseeing specific aspects of the Company's affairs. All of the Company's Board committees were established with specific written terms of reference that clearly set out their powers and duties. The terms of reference of the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee and the Strategy Committee are available on the Company's website and the website of the Hong Kong Stock Exchange.

Audit Committee

We have established the Audit Committee with written terms of reference in compliance with the Hong Kong Listing Rules and the Corporate Governance Code as set out in Appendix C1 to the Listing Rules. The Audit Committee consists of three independent non-executive Directors, namely Mr. YANG Zheng, Dr. MA Lijun and Ms. LIU Jia, with Mr. YANG Zheng as the chairman of the Audit Committee, who also possesses the appropriate qualifications as required under the Listing Rules.

The primary duties and responsibilities of the Audit Committee are clearly set out in its terms of reference. The primary duties of the Audit Committee include, but are not limited to, assisting our Board in fulfilling its duties by providing independent advice on the Group's financial reporting process, internal controls, compliance and risk management systems, as well as reviewing and supervising the audit process and the relationship with the independent external auditor.

As of the date of this report, the Audit Committee, together with the Group's auditor, Ernst & Young, has reviewed this report and the Group's audited financial results for the year ended December 31, 2025, and has discussed with management the accounting principles and practices adopted by the Group as well as its internal control and financial reporting matters.

Remuneration and Appraisal Committee

We have established the Remuneration and Appraisal Committee with written terms of reference in compliance with the Listing Rules and the Corporate Governance Code as set out in Appendix C1 to the Listing Rules. The Remuneration and Appraisal Committee consists of three members, including Dr. MA Lijun, Mr. WANG Ping and Mr. YANG Zheng, with Dr. MA Lijun as the chairman of the Remuneration and Appraisal Committee.

The primary duties and responsibilities of the Remuneration and Appraisal Committee are clearly set out in its terms of reference. The primary duties of the Remuneration and Appraisal Committee include, but are not limited to: (i) making recommendations to the Board on Director remuneration plans or schemes, policies and structure; (ii) reviewing and approving remuneration schemes and service contracts, and making recommendations to the Board on the remuneration packages of individual Directors and senior management; (iii) reviewing and approving matters relating to share schemes under Chapter 17 of the Listing Rules (if any); and (iv) conducting annual performance appraisals of Directors and senior management, and recommending to the Board the remuneration amounts and incentive methods based on the appraisal results.

Remuneration of Directors is determined with reference to the skills, experience, duties, conditions of employment and time devoted to the Group's affairs and performance of each Director, as well as the salaries paid by comparable companies and current market conditions.

Nomination Committee

We have established the Nomination Committee with written terms of reference in compliance with the Listing Rules and the Corporate Governance Code as set out in Appendix C1 to the Listing Rules. The Nomination Committee consists of three members, namely Dr. MA Lijun, Mr. YANG Zheng and Ms. LIU Jia, with Dr. MA Lijun as the chairman of the Nomination Committee.

The primary duties of the Nomination Committee include, but are not limited to: making recommendations to the Board on the size and composition of the Board based on the Company's operating activities, asset size and shareholding structure; studying the selection standards and procedures for Directors and senior management, identifying suitably qualified individuals to serve as Directors, and selecting or making recommendations to the Board on nominating such individuals for directorship; assessing the independence of independent non-executive Directors, making recommendations to the Board on the appointment or reappointment of Directors and Director succession planning; assisting in the performance evaluation of the Board; and formulating and appropriately reviewing the Board Diversity Policy, and preparing appropriate disclosures regarding the diversity policy and Board skills matrix to be included in the corporate governance report.

Strategy Committee

We have established the Strategy Committee with written terms of reference. The Strategy Committee consists of three members, including executive Directors and non-executive Directors, namely Mr. WANG Ping, Dr. MA Lijun and Mr. YANG Zheng. Mr. WANG Ping serves as the chairman of the Strategy Committee.

The primary duties of the Strategy Committee include, but are not limited to: conducting research and making recommendations on the Company's long-term development strategic planning, major investment and financing proposals that require approval by the Board under the Articles of Association, major capital operations, asset management projects, and other major matters affecting the Company's development; and inspecting, evaluating, and providing written opinions on the results of the implementation of the above matters.

As of December 31, 2025, the Strategy Committee held two meetings to review and approve matters related to the "Final Financial Report for 2024", the "Proposal on the Issuance and Listing of H Shares of the Company on The Stock Exchange of Hong Kong Limited", the "Proposal on the Scheme for the Issuance and Listing of H Shares of the Company on The Stock Exchange of Hong Kong Limited", the "Proposal on the Use of Proceeds from the Issuance of H Shares of the Company", the "Proposal on the Distribution Plan of Retained Earnings Before the Issuance of H Shares of the Company" and "Proposal on the Validity Period of the Resolution on the Issuance and Listing of H Shares of the Company".

NOMINATION PROCEDURES

Nomination procedures have been and will continue to be conducted in accordance with the Company's Director Nomination Policy and Board Diversity Policy. The Board and the Nomination Committee will periodically review these policies and monitor their implementation to ensure their continued effectiveness and compliance with regulatory requirements and good corporate governance practices.

The Director Nomination Policy adopted by the Board establishes a framework guiding the Nomination Committee in the selection, appointment and reappointment of Directors and ensuring that the Board maintains an appropriate and balanced mix of skills, knowledge, experience and diverse perspectives to suit the needs of the Company's business.

The key terms of the Director Nomination Policy are disclosed as follows: responsible for formulating the selection standards and procedures for Directors and senior management, and conducting selection and review of candidates and their qualifications for Directors and senior management.

When reviewing the appointment of any new Director and making recommendations to the Board, the Nomination Committee will consider a range of factors, including but not limited to, collecting information on the preliminary candidates' professions, educational backgrounds, professional titles, detailed work experience, and all part-time positions.

During the period from the listing date up to the date of this report, there has been no change in the composition of the Board.

The Nomination Committee will review the Director Nomination Policy as appropriate to ensure its effectiveness.

BOARD AND EMPLOYEE DIVERSITY POLICY

Board Diversity

The Company has adopted a Board Diversity Policy which sets out the approach to achieve diversity on the Board. The Company recognizes and embraces the benefits of a diverse Board and considers that increasing diversity at the Board level, including gender diversity, is an essential factor in maintaining the Company's competitive advantage and enhancing our ability to attract, retain and motivate employees from the broadest possible talent pool. When reviewing and evaluating suitable candidates for directorship of the Company, the Nomination Committee will take into account the Board Diversity Policy. When considering nominations, the Company will consider a variety of factors, including but not limited to skills, regional and industry experience, professional experience, cultural and educational background, gender and age. The final appointment decision will be based on the merits of the selected candidates and the contributions they will bring to the Board. Our Nomination Committee is responsible for monitoring the implementation of the Board Diversity Policy. In particular, during the director recruitment process, relevant departments should ensure that at least one female candidate or a candidate from a different background is included in the shortlist of interviewees.

During the period from the listing date of H Shares up to the date of this report, the Company has taken and will continue to take measures to promote and enhance gender diversity at all levels of the company, including but not limited to the Board and senior management.

Our Board possesses a balanced mix of knowledge and skills, and we have three independent non-executive Directors who are independent non-executive Directors with diverse industry backgrounds. Our Directors exhibit diversity in terms of age, gender and background. For details of the biographical information of our Directors, please refer to the section headed "Biographical Details of Directors and Senior Management" in this report. The Board will periodically review the Board Diversity Policy to assess its effectiveness.

After reviewing the Board Diversity Policy, the current composition of the Board, our existing business model and specific needs, as well as the diverse backgrounds of our Directors, the Board is confident that the Company has achieved Board diversity during the year ended December 31, 2025.

Taking into account our existing business model and specific needs, as well as the diversity of the current composition of the Board, the Board and the Nomination Committee consider that the current composition of the Board is sufficiently diverse, and the Board has not set any measurable targets. The Nomination Committee will from time to time discuss and agree on measurable targets to ensure Board diversity, including gender diversity, and will recommend these targets to the Board for adoption. In 2026, the Board and our Nomination Committee will continue to monitor and assess the implementation of the Board Diversity Policy from time to time to ensure its continued effectiveness.

Employee Diversity

The Company has adopted an Employee Diversity Policy aimed at promoting the development of the Company's corporate culture, establishing a fair, honest and trustworthy working environment, eliminating all forms of prejudice and discrimination, so that all employees can feel a sense of well-being and belonging.

The Strategy Committee is responsible for formulating the Employee Diversity Policy, supervising and monitoring its implementation, and ensuring the effectiveness of diversity initiatives. Management and the human resources department shall cooperate to integrate the Employee Diversity Policy into our business operations, implement diversity plans, provide relevant training to employees, and foster a diverse, equal and inclusive working environment for every employee.

In the recruitment process, the Company adopts a professional and international talent attraction strategy, based on a diverse, standardized and transparent recruitment process, aiming to attract diverse talents. Recruitment decisions are made on a fair and impartial basis, focusing on the abilities, experience, soft skills and potential of the candidates, strictly prohibiting any discrimination based on gender, region, race, ethnicity, sexual orientation, marital status, disability, religion or other reasons. Notably, during the Reporting Period, seven fair employment positions were provided to persons with disabilities.

In terms of promotion and career development, the Company is committed to diversity and fairness, providing employees with cross-functional and multi-track career development paths, with remuneration determined based on factors such as the employee's position, experience, capabilities and performance. The Company continuously improves its training system, enhances employees' awareness of diversity, equality and inclusiveness, and supports all employees (including full-time, part-time and contract staff) in pursuing relevant degree programs and professional certifications.

The measurable targets for gender diversity among the Company's employees include:

- Actively increasing the proportion of women in management positions, with a long-term goal of promoting gender equality in management; and

- Striving to achieve gender pay equity, continuously monitoring four key indicators: average gender pay gap, median gender pay gap, average bonus gap and median bonus gap.

We have made continuous progress in achieving employee diversity. In 2025, the proportion of female employees in the total workforce (including senior management) reached 28.38%, representing a steady increase of 0.61% over the previous year. In 2025, the proportion of ethnic minority employees increased to 3.76%, while the proportion of foreign employees reached 0.10%. For further details on our diversity and inclusion initiatives, as well as key performance indicators, please refer to the 2025 ESG Report. The Board Diversity Policy and Employee Diversity Policy are available on the Company's website.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING

The Directors are responsible for the preparation of the consolidated financial statements for the year ended December 31, 2025 that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Directors intend to liquidate the Group or cease operations, or have no realistic alternative but to do so.

The Audit Committee assists the Directors in fulfilling their responsibilities for overseeing the Group's financial reporting process.

The statement of the Company's external auditor regarding its reporting responsibilities on the financial statements is set out in the Independent Auditor's Report of this report.

DIVIDEND POLICY

We have adopted a dividend policy under which profits may be declared, paid or distributed to Shareholders as dividends. We may distribute dividends in cash or in other forms permitted by Articles of Association. The declaration or payment of dividends and the amount of dividends will be determined at the discretion of our Board and will depend on a variety of factors, including our operating results, cash flow, financial condition, the ability of our subsidiaries to pay cash dividends to us, business prospects, statutory and regulatory restrictions on our declaration and payment of dividends, and other factors that our Board may consider important. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and relevant laws. Our Shareholders may approve the declaration of any dividends.

Under applicable PRC laws and the provisions of Articles of Association, we may only pay dividends out of our after-tax profits after making the following appropriations: making up for losses incurred in the previous year; appropriating an amount equivalent to 10% of our after-tax profits to a statutory reserve; and appropriating a certain proportion of after-tax profits approved by the general meeting to a discretionary surplus reserve. From the listing date to the end of the Reporting Period, all dividend decisions made by the Board have complied with the Company's dividend policy.

Any distributable profits not distributed in any given year will be retained and may be distributed in subsequent years. Under the dividend policy pursuant to Articles of Association, the cumulative profit distributed by the Company in cash every three years shall not be less than 30% of the average annual net profit realized in such three years, subject to certain specified conditions.

The Company will review the dividend policy from time to time, and there is no assurance that dividends will be paid in any particular amount for any particular period.

JOINT COMPANY SECRETARIES

Mr. HUANG Min and Mr. AU Kai Yin are the Joint Company Secretaries of the Company.

For the biographical information of Mr. HUANG Min, please refer to the section headed "Biographical Details of Directors and Senior Management — Executive Directors" in this report.

Mr. AU Kai Yin is currently a company secretarial assistant manager at SWCS Corporate Services Group (Hong Kong) Limited. Mr. Au has over 10 years of experience in the field of corporate secretaries, with extensive experience in handling corporate secretarial and corporate governance affairs for both listed and private companies. He is an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. He holds a bachelor of science degree in accounting from the University of Hull and a master of science degree in corporate governance and compliance from Hong Kong Baptist University.

As the H Shares of the Company were listed on the Hong Kong Stock Exchange on March 10, 2026, the training requirements for Mr. HUANG Min as a joint company secretary are only applicable to the Company from the listing date of H Shares. During the year ended December 31, 2025, Mr. AU Kai Yin has received no less than 15 hours of relevant professional training as required under the Listing Rules.

AUDITOR'S REMUNERATION

During the Reporting Period, the remuneration paid/payable by the Company to the domestic auditor, Pan-China Certified Public Accountants LLP, and the overseas auditor, Ernst & Young, was approximately RMB0.9 million and RMB1.20 million, respectively. Furthermore, the Company paid remuneration of RMB8,000 to the domestic auditor, Pan-China Certified Public Accountants LLP for non-audit services.

RISK MANAGEMENT AND INTERNAL CONTROL

Our Board has the full and overall responsibility for ensuring the implementation of effective risk management and internal control mechanisms and for periodically reviewing their effectiveness, which mechanisms are designed to protect the Group's assets and Shareholders' interests.

Risk Management

We are committed to establishing and maintaining a robust risk management system. Our comprehensive risk management policy addresses potential risks that may arise in all aspects of our business, including research and development, production, procurement, sales activities, inventory management, financial reporting, information system management, human resources, legal and compliance matters, and corporate governance, among others. Our primary risk management objectives include identifying and analyzing various types of risks and formulating corresponding mitigation strategies and policies.

We regularly review such strategies and policies to respond to regulatory updates, market conditions and operational changes to ensure they remain relevant and effective. We have applied such strategies and policies to establish a risk management system to identify, assess, monitor and mitigate various operational, financial and legal risks. Such system involves dedicated policies, guidelines, circulars, code of conduct and an employee handbook on a range of topics.

As part of our risk management system, our audit department is responsible for leading our daily risk management work and is supported by our various business units and departments. The audit department reports regularly to the Board on risk management-related matters. Its responsibilities also include formulating the functions and duties of our relevant business units and departments in respect of risk management, and collaborating with our business units and departments to collect information for risk analysis and assessment. As an important part of our risk identification process, each relevant business unit and department will collect risk information relating to our business after taking into account our strategic objectives and annual business plans. Subsequently, the audit department is responsible for reviewing such information to formulate targeted risk mitigation strategies and measures.

Internal Control

We have formulated internal control policies and guidelines that clearly set out the standards for identifying internal control deficiencies, conducting internal audits and managing follow-up actions. Pursuant to such policies and guidelines, we conduct internal audits on all major aspects of our operations on a regular basis. Our Audit Committee supervises our internal control and assesses its effectiveness. In addition, we have implemented a series of internal control measures to address various matters including conflicts of interest, insider trading, confidentiality controls and business ethics of our employees, business partners or other stakeholders. Such measures are designed to ensure comprehensive governance and ethical business conduct.

The Company has implemented an internal audit system with full-time audit personnel to conduct internal audit and supervision over the financial revenues and expenditures and economic activities of the Company. The person in charge of audit is accountable to and reports to the Board.

Such systems are designed to manage rather than eliminate the risk of failing to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatements or losses.

Risk and Internal Management Policies

Maintaining sound corporate governance is our principal objective with respect to risk and internal control. To this end, we have adopted policies in compliance with the Listing Rules of the Shenzhen Stock Exchange and the Hong Kong Stock Exchange, covering areas including risk management, connected transactions, financial reporting and information disclosure. We also regularly provide compliance training courses to our Directors, senior management and employees, and deliver targeted compliance training to our employees to facilitate sound decision-making and compliance with regulatory requirements.

Pursuant to the requirements of Code Provision D.2.2 of the Corporate Governance Code, the Company has established a sound risk management and internal control system to ensure that the Company has adequate resources, qualified and experienced employees, training courses and budget for internal audit, financial reporting functions, as well as functions relating to the Company's ESG performance and reporting.

Effectiveness of Risk Management and Internal Control

The Board has conducted an annual review of the effectiveness of the Company's risk management and internal control systems. Such review was carried out on the basis of ongoing daily monitoring and specific supervision of internal control, with the reference date being December 31, 2025 (the end of the Reporting Period).

The review was conducted using a risk-oriented approach to determine the major entities, business activities and matters to be included in the scope of assessment, as well as the high-risk areas. The scope of assessment covers the Group, and the entities within the scope of assessment account for 100% of the Group's total consolidated assets and 100% of the Group's total consolidated revenue.

The major business activities and matters covered by the review include: organizational structure, development strategies, human resources, social responsibility, corporate culture, capital activities, procurement, asset management, sales, research and development, engineering projects, financial reporting, contract management and information systems. The key high-risk areas focused on include: sales risks, R&D risks, product quality risks, production management risks, financial reporting risks, human resources risks and safety risks.

The assessment was conducted in accordance with relevant rules and guidelines as well as the Company's internal control policies and procedures.

The Group will continue to closely monitor changes in the operating environment to timely adopt appropriate risk management measures and countermeasures. The management of the Group will also maintain regular communication with the management of its subsidiaries to ensure in-depth discussions and a more comprehensive understanding of the potential risks faced by the Group.

Based on the above findings, the Board considers that the Group's risk management and internal control systems during the Reporting Period were effective and appropriate.

Procedures and Internal Control for Handling and Dissemination of Inside Information

The Company has formulated the Information Disclosure Policies, which set out comprehensive guidelines for the handling and dissemination of inside information. The Information Disclosure Policies provide detailed guidance on the appropriate timing, content, format, internal review procedures and dissemination procedures of information under different circumstances, including the review and disclosure procedures for periodic reports, special announcements and results announcements, as well as binding confidentiality obligations on all persons entitled to obtain undisclosed information. The Company maintains complete internal records of all persons entitled to obtain information at each stage of deliberation, review and disclosure, and prepares progress memoranda in relation to material transactions.

The Board is responsible for formulating and implementing the Information Disclosure Policies to ensure the timeliness, fairness, truthfulness, accuracy and completeness of the Company's disclosures. The Information Disclosure Policies apply to (among others) the Company, the Directors and senior management of the Company, Shareholders of the Company holding 5% or more of its Shares and its subsidiaries, as well as persons who may obtain inside information of the Company by virtue of their positions with the Company or through business dealings with the Company.

The Company has designated the secretary of the Board to be responsible for information disclosure and handling investor visits and enquiries, with the Securities Affairs Department serving as the administrative department for information disclosure matters.

ANTI-MONEY LAUNDERING, ANTI-CORRUPTION AND ANTI-BRIBERY POLICIES

To ensure compliance with regulatory requirements, we have implemented anti-money laundering, anti-corruption and anti-bribery policies and procedures. Our policies prohibit any form of bribery, corruption or improper payments in our business operations. Such prohibition applies to all employees and extends to all external stakeholders, including customers, suppliers and other third parties involved in our business activities. Prohibited improper payments include bribes, excessive gifts or any form of valuable items or benefits intended to obtain improper commercial benefits. In addition, prohibited misconduct includes engaging in money laundering schemes, falsified expenses, illegal tax evasion or supporting any illegal activities.

The internal control measures we have implemented to ensure compliance in these areas include: (i) conducting regular internal audits focusing on business ethics, anti-money laundering, anti-corruption and anti-bribery policies; (ii) providing regular compliance training courses for employees to enhance their awareness of ethical standards and responsibilities; and (iii) maintaining multiple channels through which employees may report issues, complaints or suspected illegal activities, including designated compliance email, hotline and direct reporting to the secretary of the Board.

In particular, we encourage employees, business partners and other stakeholders to report any suspected corruption, bribery, fraud, conflicts of interest or other potential misconduct. Our Board Office will investigate such reports in accordance with our internal procedures to assess whether any misconduct has occurred. Upon the completion of the investigation, a comprehensive report will be issued detailing the investigation findings and any necessary corrective actions. In addition, we are committed to protecting whistleblowers and their relevant information in accordance with applicable laws and regulations. The identity of a whistleblower shall not be disclosed without the whistleblower's consent, except as otherwise required by applicable laws or orders or directives issued by courts or regulatory authorities.

SANCTIONS AND EXPORT CONTROL POLICIES

To comply with applicable laws and regulations relating to sanctions and export control, we have formulated a dedicated compliance policy, which sets out standard operating procedures for risk screening, identification, reporting and assessment, the compliance governance structure, as well as enquiry and reporting mechanisms. We have integrated such policy into our business processes, in particular into the initiation of new businesses and customer engagement.

SHAREHOLDERS' RIGHTS

Convening of Interim Shareholders' Meetings and Proposing of Resolutions at Shareholders' Meetings

According to the provisions of Article 52 of the Articles of Association, Shareholders individually or jointly holding more than 10% of the Shares of the Company shall submit a written request to the Board to convene an interim shareholders' meeting. The Board shall, within ten days upon receipt of the request, give written feedback on whether it agrees or disagrees to convene the interim shareholders' meeting, in accordance with the provisions of laws, administrative regulations, the securities regulatory rules of the place where the Company's Shares are listed, the stock exchange and the Company's Articles of Association.

If the Board agrees to convene an interim shareholders' meeting, it shall issue a notice convening the shareholders' meeting within five days from the date on which the resolution of the Board is passed. Any amendment to the original request in the notice shall be subject to the consent of the relevant shareholders. If the Board disagrees to convene an interim shareholders' meeting or fails to give feedback within ten days upon receipt of the request, Shareholders individually or jointly holding more than 10% of the Shares of the Company shall have the right to propose to the Audit Committee to convene an interim shareholders' meeting, and shall submit a written request to the Audit Committee. If the Audit Committee agrees to convene an interim shareholders' meeting, it shall issue a notice convening the shareholders' meeting within five days from the date of receipt of the request. Any amendment to the original request in the notice shall be subject to the consent of the relevant shareholders. If the Audit Committee fails to issue a notice convening the shareholders' meeting within the prescribed time limit, the Audit Committee shall be deemed to have failed to convene and preside over the shareholders' meeting, and Shareholders individually or jointly holding more than 10% of the Shares of the Company for 90 consecutive days or more may convene and preside over the interim shareholders' meeting in their own right.

Shareholders individually or jointly holding more than 1% of the Shares of the Company may submit interim proposals to the convener ten days prior to the convening of the Shareholders' meeting. The convener shall, within two days from the date of receipt of the proposals, issue a supplementary notice of the Shareholders' meeting and announce the contents of the interim proposals, and submit the interim proposals to the Shareholders' meeting for deliberation, except where the interim proposals violate the provisions of laws, administrative regulations or the Articles of Association, or fall outside the terms of reference of the shareholders' meeting. If the shareholders' meeting is required to be postponed as a result of the issuance of a supplementary notice of the shareholders' meeting pursuant to the Listing Rules, the shareholders' meeting shall be postponed in accordance with the Listing Rules.

Submitting Inquiries to the Board

Shareholders who wish to submit any inquiries to the Board may send a written inquiry request to the Company. The Company generally will not process oral or anonymous inquiry requests.

Contact Information

Shareholders may submit inquiries to the following addresses through the methods described above:

Address:	
A Shares:	32/F, Building B Shenzhen International Innovation Center, Futian Technology Plaza, No. 1006 Shennan Avenue, Xintian Community, Huafu Street, Futian District, Shenzhen, Guangdong, PRC
H Shares:	40/F, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong
Email:	ir@meigsmart.com

For the avoidance of doubt, Shareholders shall deposit and send the original of the duly signed written application, notice, statement or inquiry (as the case may be) to the above address and provide their full name, contact information and identification document number for such documents to take effect. Shareholders' information may be disclosed in accordance with legal requirements.

AMENDMENTS TO CONSTITUTIONAL DOCUMENTS

From the Listing Date (March 10, 2026) to the date of this report, the Company has not made any amendments to its Articles of Association.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company has adopted a Shareholder Communication Policy, which aims to ensure that Shareholders and the investment community as a whole (where applicable) have equal and timely access to balanced and understandable information about the Company (including its financial results, strategic objectives and plans, material developments, governance and risk profile, etc.), so that Shareholders may exercise their rights on an informed basis and Shareholders and the investment community may actively participate in the affairs of the Company. A copy of the Shareholder Communication Policy is available for inspection on the Company's website.

The Company has established multiple channels to maintain an ongoing dialogue with Shareholders, details of which are as follows:

Corporate Communications

Corporate Communications refer to any documents issued or to be issued by the Company for the reference or action of holders of any of its securities, including but not limited to copies of the Directors' Report and annual accounts, the Auditors' Report, Interim Report, notice of meeting, circular and form of proxy.

Corporate Communications will be made available to Shareholders in plain language and in both Chinese and English versions, or, where permitted, in a single language in accordance with the Listing Rules, to facilitate Shareholders' understanding. Shareholders have the right to choose the language (English or Chinese) and the format (hard copy or electronic) of receiving Corporate Communications.

In accordance with the provisions of the Listing Rules and the Articles of Association, the Company will send future Corporate Communications to Shareholders by electronic means and will only send printed copies of Corporate Communications to Shareholders upon receipt of a written request.

Shareholders are encouraged, among other things, to provide their email addresses to the Company to facilitate timely and effective communication.

Corporate Website

The dedicated investor relations section is available on the Company's website (http://www.meigsmart.com).

Information published by the Company on Hong Kong Stock Exchange is also promptly posted on the Company's website in accordance with the Listing Rules. Such information may include financial statements, results announcements, other announcements, circulars, notices of shareholders' meetings and related explanatory documents.

Shareholders' Meetings

In accordance with the notice periods from time to time prescribed under any applicable provisions of the Company's Articles of Association, the Company shall ensure that Shareholders receive adequate notice of Shareholders' meetings. Shareholders are encouraged to attend Shareholders' meetings or, if unable to attend, appoint proxies to attend and vote on their behalf. In addition, the chairman of the meeting shall ensure that detailed procedures for voting are explained and answer any questions raised by Shareholders in respect of voting. Appropriate arrangements for Shareholders' meetings shall be made to encourage Shareholder participation.

The procedures governing the Company's Shareholders' meetings will be regularly monitored and reviewed, and revised as necessary to ensure that the needs of Shareholders are best met. The Chairman of the Board and other members of the Board (in particular, chairmen of Board committees or their proxies, appropriate senior management and external auditors) shall attend the annual general meeting and answer questions from Shareholders.

Shareholders are encouraged to participate in Shareholder events organised by the Company, at which information in relation to the Company, including its latest strategic plans and services, will be conveyed.

From the Listing Date up to the date of this report, the Company has ensured that all Shareholders (in particular, minority Shareholders) enjoy equal status and may fully exercise their rights. The Company has convened and held Shareholders' meetings in strict accordance with the provisions of its Articles of Association, and selected venues that allow the maximum number of Shareholders to attend and exercise their voting rights at such meetings.

Investment Market Communications

Investor/analyst briefings, one-on-one meetings, roadshows (domestic and international), media interviews, investor marketing events, professional industry forums and other similar events may be held on a regular basis to facilitate communication between the Company and its Shareholders and the investment community.

Directors and employees who communicate or engage in dialogues with investors, analysts, the media or other external stakeholders shall comply with the disclosure obligations and requirements stipulated under the Company's disclosure policy.

General Provisions

During the Reporting Period, the Company maintained active and open communication with investors through a variety of engagement channels. The Company engaged with investors via the online interactive platform of the Shenzhen Stock Exchange, results briefings, email communication, investor hotlines and investor meetings, ensuring that Shareholders and the investment community received timely information and had sufficient opportunities to interact with the Company's management.

In respect of enquiries addressed to the Board and the Company concerning corporate governance or other matters, the Company generally does not handle oral or anonymous enquiries, except for reports or concerns relating to potential misconduct or wrongdoing in matters involving the Company.

Shareholders may send written enquiries to the Board by email or post in accordance with the provisions set out in the section headed "Contact Information". Shareholders with enquiries regarding their shareholdings may contact the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, by email at ir@meigsmart.com, by calling the Company's hotline at +86 0755 83218588, or in person at Shop 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

The Board has reviewed the implementation and effectiveness of the Shareholder Communication Policy. Having considered various communication channels, the Board is satisfied that an effective Shareholder Communication Policy has been properly implemented since the Listing Date up to the date of this report.

The Board is pleased to present this report and the audited consolidated financial statements of the Group for the year ended December 31, 2025.

PRINCIPAL ACTIVITIES

We are a leading provider of wireless communication modules and solutions, with a focus on smart modules, particularly high-computing-power smart modules. Our modules and solutions are widely applied across the general internet of things ("IoT"), Intelligent Connected Vehicle ("ICV") and wireless broadband sectors.

Operating segment information of the Company for the year ended December 31, 2025 is presented in Note 4 to the consolidated financial statements. Details of the (1) names, (2) places and dates of incorporation/registration and places of operations, (3) nominal value of issued ordinary/registered share capital, (4) percentage of equity attributable to the Company, and (5) principal activities of the Company's principal subsidiaries are set out in Note 1 to the financial statements. There are no substantial changes in the principal business of the Group during the Reporting Period

RESULTS

The operating results of the Group for the year ended December 31, 2025 and the financial positions of the Group as at the same date are set out on pages 73 to 76 of the consolidated financial statements of this report.

DIVIDENDS

Pursuant to the resolutions of the shareholders of the Company dated May 19, 2025, the Company declared final dividends of RMB1.3 (tax inclusive) per ten Shares for the year ended December 31, 2024, amounting to a total of approximately RMB33.93 million. The distribution of such cash dividend was completed on May 30, 2025.

For the year ended December 31, 2025, the Board proposed to declare a final dividend of RMB1.00 (tax inclusive) per ten Shares to all Shareholders based on the share capital of the Company as of the record date for dividend distribution, excluding Shares held in the stock repurchase account (if any). Based on the number of Shares entitled to dividends as of March 31, 2026 (being 302,006,700 Shares), the aggregate amount of final dividends proposed for distribution is RMB30.20 million. In the event of any change in the Company's total share capital at the record date for dividend distribution, the Company intends to maintain the distribution ratio per Share unchanged and adjust the total distribution amount accordingly.

The aforesaid proposed dividend distribution is subject to the consideration and approval at the Annual General Meeting. If the distribution proposal is approved at the Annual General Meeting, it is expected that the final dividend for the year ended December 31, 2025 will be paid to the Shareholders within 2 months after the 2025 Annual General Meeting in accordance with the Articles of Association.

Please refer to the 2025 Annual General Meeting circular of the Company to be published on the Hong Kong Stock Exchange's website for details. The Company will announce further details regarding other specific matters on dividend distribution (including the record date, the period for closure of register of members, and the expected payment date for the dividends) upon approval at the Annual General Meeting.

There is no arrangement under which a Shareholder has waived or agreed to waive any dividends.

Business Review

Details of the business review and performance of the Group during the Reporting Period (including the description of the Group's achievements, the main risks and uncertainties faced by the Group, material events affecting the Company that have occurred since the end of the Reporting Period, the key financial performance and prospects) are set out in the sections headed "Financial Highlights", "Chairman's Statement" and "Management Discussion and Analysis".

SUMMARY OF FINANCIAL INFORMATION

A summary of the consolidated results and the consolidated assets, liabilities and equity of the Group for the last five financial years sets out in the section headed "Financial Highlights". This summary does not form part of the audited consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of changes in the property, plant and equipment of the Group during the Reporting Period are set out in Note 13 to the consolidated financial statements.

SHARE CAPITAL

Since the Listing Date and as of the date of this report, the Company's total number of issued Shares was 302,007,700 Shares (including 261,757,700 A Shares and 40,250,000 H Shares).

ISSUANCE OF SECURITIES AND USE OF NET PROCEEDS FROM THE GLOBAL OFFERING

The Company was listed on the Hong Kong Stock Exchange on the Listing Date (i.e. March 10, 2026). After deducting the underwriting commission and listing expenses, the net proceeds from the Global Offering received by the Company amounted to RMB973 million, which will be used for the purposes set out in the prospectus.

To the best knowledge of the Directors, there has neither been any material change nor delay in the use of proceeds from the Listing Date (March 10, 2026) to March 31, 2026. The following table sets forth a summary of the utilization of the net proceeds from the Global Offering as of March 31, 2026:

Purpose	Percentage of the total amount	Net proceeds from the Global Offering[1] *(RMB million)*	Utilized amount during the Reporting Period *(RMB million)*	Actual use of proceeds up to March 31, 2026 *(RMB million)*	Unutilized amount as of March 31, 2026 *(RMB million)*	Expected timeline for fully utilizing the unutilized amount[2]
Enhancing our R&D and innovation capabilities	55%	534.94	N/A	0	0	2030
Expanding our overseas sales network and promoting our products in overseas markets	10%	97.26	N/A	0	0	2030
Strategic investments and/or acquisition	10%	97.26	N/A	0	0	N/A
Repayment of certain interest-bearing bank borrowings	15%	145.89	N/A	0	0	N/A
Working capital and general corporate uses	10%	97.26	N/A	0	0	N/A
Total	100%	972.61	N/A	0	0	—

To the extent that the net proceeds are not immediately used for the intended use, the Company will place the net proceeds in short-term interest-bearing accounts with licensed commercial banks and/or other authorized financial institutions (as defined in the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) or applicable laws and regulations of other jurisdictions).

ISSUE SHARES

During the Reporting Period, a total of 565,700 A Shares were issued upon the voluntary exercise of share options by the participants of the Company's A share option incentive scheme, which have been registered.

Save as disclosed above, the Company did not issue any other Shares during the Reporting Period.

ISSUE DEBENTURE

The Group did not issue any debenture during the Reporting Period.

PRE-EMPTIVE RIGHT

There are no provisions for pre-emptive rights under applicable laws of the PRC where the Company is incorporated or the Articles of Association.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities listed on the Hong Kong Stock Exchange (including sale of treasury Shares).

During the Reporting Period, the Company repurchased 505,700 A Shares listed on the Shenzhen Stock Exchange. The details are as follows: in April 2025, the number of A Shares repurchased was 229,800 Shares, with the highest transaction price for the repurchased Shares being RMB34.67 per share and the lowest transaction price being RMB34.49 per share; in October 2025, the number of A Shares repurchased was 275,900 Shares, with the highest transaction price for the repurchased Shares being RMB45.68 per share and the lowest transaction price being RMB45.22 per Share.

Save as disclosed above, neither the Company nor any of its subsidiaries repurchased, redeemed or sold any of the Company's listed securities (including treasury Shares) during the Reporting Period.

TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief and exemption available to the Shareholders due to their holding of the Company's securities. Shareholders are advised to consult their professional advisers if they are in any doubt about the taxation implications of purchasing, holding, disposing of, dealing in, or exercising any rights in respect of the Company's securities.

RESERVES

Details of movements in the reserves of the Group and the Company during the Reporting Period are set out in the consolidated statement of changes in equity and Note 31 to the consolidated financial statements, respectively.

RESERVES AVAILABLE FOR DISTRIBUTION

The amount of the Company's retained profits available for distribution as of December 31, 2025 was RMB664.32 million (December 31, 2024: RMB559.23 million).

MAJOR CUSTOMERS AND SUPPLIERS

During the Reporting Period, the Group's largest customer accounted for 21.77% of the Group's total revenue. The Group's five largest customers accounted for 43.68% of the Group's total revenue.

During the Reporting Period, the Group's largest supplier accounted for 36.45% of the Group's total purchase. The Group's five largest suppliers accounted for 54.89% of the Group's total purchase.

None of the Directors or any of their close associates (as defined under the Listing Rules) or any Shareholders (which, to the best knowledge of the Directors, owns more than 5% of the Company's issued share capital) has any beneficial interest in the Group's five largest suppliers or the Group's five largest customers.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Company's environmental protection measures mainly include: (i) establishing a standardized, science-based, and rational environmental management system; (ii) regularly conducting internal and external environmental monitoring and audit to ensure compliance with applicable environmental standards and mitigate the environmental impact of the Group's operations; (iii) implementing effective environmental emergency response plans and on-site management; and (iv) providing regular training sessions for employees to enhance their environmental awareness.

Our environmental policy also places a strong emphasis on addressing the impacts of climate change. Recognizing the significant impact that climate change can have on long-term business sustainability, we incorporate climate-related issues into our governance and decision-making processes. We proactively identify and mitigate climate-related risks, while tailoring our strategies to enhance our adaptability.

Moreover, we have integrated ESG into our employee management practices to ensure that our employees contribute to our sustainability goals. For instance, to effectively manage ESG issues, mitigate risks, and achieve sustainable growth, we tie executive and managerial compensation to performance metrics related to safety, environment protection, quality, and compliance.

For details on environmental policies and performance, please refer to the section headed "Environmental, Social and Governance Report" of this report.

RELATIONSHIP WITH STAKEHOLDERS

In terms of relationship with its employees, the Company places strong emphasis on talent development. In 2025, the Company fully promoted the implementation of Individual Development Plans ("IDP"), completing IDP formulation for over 90% of core backbone employees and all succession pipeline candidates. Furthermore, the Company views campus recruitment as a key part of its talent strategy and innovation ecosystem.

In terms of relationship with its customers, the Company conducted 39 quality audits during the Reporting Period, including 4 inspections required by regulatory authorities, such as those at the tertiary administrative level and primary accreditation level, as well as 28 quality audits requested by customers. We also organized no fewer than seven internal quality reviews during the Reporting Period, promptly implementing corrective and preventative measures to address issues identified during audits, ensuring that product quality consistently meets high standards. As a result, the Company's overall customer satisfaction rate reached 97.19% for the year ended December 31, 2025.

In terms of relationship with its suppliers, the Group carried out a special initiative during the Reporting Period to reduce the number of sole-source suppliers, introducing at least one new qualified supplier for two categories of critical materials to replace the original sole-source supply, actively promoting supply chain diversification. The Company also deployed a supplier management system, building a digitalized procurement management platform covering the full process of supplier management, sourcing, contracts, orders, delivery, and financial collaboration.

The Group understands the importance of maintaining a good relationship with its employees, customers and suppliers to meet its immediate and long-term business goals. During the Reporting Period, there was no material and significant dispute between the Group and its employees, customers and suppliers.

Our Group fully respects and safeguards the legitimate rights and interests of relevant stakeholders, actively cooperates with them, and builds customer and supplier relationships based on the principle of integrity and mutual benefit. We remain committed to a people-oriented approach, attach great importance to human resources development and the protection of employees' interests, and strive to achieve a balance among the interests of shareholders, employees, society and other parties, so as to promote the sustainable, stable and healthy development of the Company.

COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS

As the Group mainly operates in China, it is subject to relevant PRC laws and regulations, including but not limited to those on quality, safety, environmental protection, intellectual property, labor and human resources. As a company incorporated in the PRC and listed on the Shenzhen Stock Exchange and the Hong Kong Stock Exchange, the Company is also governed by the PRC Company Law, the Civil Code of the PRC, the Listing Rules, the SFO, the Listing Rules of the Shenzhen Stock Exchange, and other applicable regulations, policies and regulatory legal documents promulgated pursuant thereto.

During the year ended December 31, 2025, to the best knowledge of the Board, the Group does not have any incidence of non-compliance with the relevant laws and regulations that would have a significant impact on the Group's business.

DIRECTORS

The Directors during the Reporting Period and as at the date of this report are as follows:

Executive Directors

Mr. WANG Ping *(Chairman of the Board, and General Manager)*
Mr. DU Guobin *(Vice chairman of the Board)*
Mr. XIA Youqing *(Vice General Manager and Chief Financial Officer)*
Mr. HUANG Min *(Secretary of the Board, Vice General manager, and Joint Company Secretary)*

Independent Non-executive Directors

Mr. YANG Zheng
Dr. MA Lijun
Ms. LIU Jia

BIOGRAPHIES OF DIRECTORS AND MEMBER OF SENIOR MANAGEMENT

Biographical details of the Directors and the member of senior management of the Group are set out on section headed "Biographical Details of Directors and Senior Management" of this report.

MANAGEMENT CONTRACT

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the Reporting Period (other than the service contracts with any Directors or any of the full-time employees).

PENSION SCHEME

The employees of the Company and its subsidiaries which operate in Chinese mainland are required to participate in a central pension scheme operated by the local municipal government. The Company and the 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.

CHANGE IN DIRECTORS' INFORMATION

There is no change in the Directors' information which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules during the Reporting Period.

SERVICE CONTRACTS OF DIRECTORS

None of the Directors has entered into any unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation other than statutory compensation.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE AS WELL AS COMPETING BUSINESS

Save as disclosed in the headed "Related Party Transactions" set out in Note 37 to the consolidated financial statements, none of the Directors nor any entity connected with the Directors had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party subsisting during the Reporting Period.

None of our Directors has any interest in a business which competes or is likely to compete with our Group's business and would require disclosure under Rules 8.10(2) of the Listing Rules.

RELATED PARTY TRANSACTIONS/CONNECTED TRANSACTIONS/ CONTINUING CONNECTED TRANSACTIONS

Details of related party transactions are set out in Note 37 to the consolidated financial statements, none of such related party transactions constitutes a connected transaction or continuing connected transaction (as the case may be) pursuant to Chapter 14A of the Listing Rules. Our Company had complied with the disclosure requirements under Chapter 14A of the Listing Rules.

Save as disclosed above, as of December 31, 2025, there were no material contracts subsisting between the Company or its subsidiaries and the controlling shareholders of the Company or its subsidiaries.

OTHER INFORMATION

The Company does not have any other disclosure obligations pursuant to Rules 13.20, 13.21 and 13.22 of the Listing Rules. All references to other sections, reports or notes in this report form part of this Report of the Board.

SUBSEQUENT EVENTS

As at March 10, 2026, H Shares were listed on the Main Board of the Hong Kong Stock Exchange, and 40,250,000 H Shares were issued and subscribed by way of initial public offering to investors in Hong Kong and overseas at the offer price of HK$28.86 per Class A ordinary share. The net proceeds from the issue amounted to HK$1,091 million.

Save as disclosed above, the Company is not aware of any material subsequent events occurring from December 31, 2025 and up to the date of this report.

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND THE CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

Since the Listing Date and as of the date of this report, the interests or short positions of the Directors or chief executive in the Shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or (ii) required to be entered into the register required to be kept by the Company pursuant to Section 352 of the SFO, or (iii) otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code set out in Appendix C3 of the Listing Rules were as follows:

1. Interest in Shares or underlying shares of our Company

Name of Director or chief executive	Nature of interest[1]	Class of Shares	Number of Shares or underlying shares directly or indirectly held	Approximate percentage of shareholding in the relevant class of Shares (%)[2]	Approximate percentage of shareholding in the Company's issued share capital (%)[2]
Mr. WANG Ping	Beneficial owner	A Shares	102,417,560	39.13%	33.91%
	Interest in controlled corporation [3]	A Shares	26,248,240	10.03%	8.69%
Mr. DU Guobin	Beneficial owner	A Shares	390,000	0.15%	0.13%
Mr. XIA Youqing	Beneficial owner	A Shares	104,000	0.04%	0.03%
Mr. HUANG Min	Beneficial owner	A Shares	78,000	0.03%	0.03%

Notes:

(1) All interests stated are long positions.

(2) The calculation is based on the total issued Shares of 302,007,700 Shares since the Listing Date and as of the date of this report (including 261,757,700 A Shares and 40,250,000 H Shares).

(3) Since the Listing Date and as of the date of this report, 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.

2. Interest in Shares of associated corporations of our Company

Name of Director or chief executive	Nature of interest	Name of associated corporation	Approximate percentage 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**")	10.7%

Note:

(1) Since the Listing Date and as of the date of this report, Shenzhen Meige Zhilian Information Technology Co., Ltd. (深圳市美格智聯信息技術有限公司)* ("**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 10.7%. As such, Mr. Wang is deemed to be interested in the shares held by Gaoxin VC.

Save as disclosed above, since the Listing Date and as of the date of this report, so far as the Directors and the chief executive of the Company are aware, none of the Directors or the chief executive had or were deemed to have any interest or short position in any Shares or underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which was required (i) to be notified to the Company and the Hong Kong Stock Exchange under Divisions 7 and 8 of Part XV of the SFO; (ii) to be recorded in the register required to be kept by the Company under Section 352 of the SFO; or (iii) as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND/OR SHORT POSITIONS IN SHARES AND DEBENTURES OF THE COMPANY

Since the Listing Date and as of the date of this report, the interests of relevant persons (other than a Director) who had interests or short positions in the Shares or the underlying shares, which were required to be notified under Divisions 2 and 3 of Part XV of the SFO or recorded in the register required to be kept by the Company under Section 336 of the SFO, were as follows:

Name of Shareholder	Capacity/ Nature of interest	Class of Shares	Long position/ Short position/ Shares available for lending	Number of Shares or underlying Shares directly or indirectly held	Approximate shareholding percentage in the relevant class of Shares (%)(1)	Approximate shareholding percentage in the issued share capital of the Company (%)(1)
Shanghai ZhaoGe Enterprise Management Center (Limited Partnership)	Beneficial owner	A Shares	Long position	26,248,240	10.03%	8.69%

Note:

(1) The calculation is based on the total number of issued Shares of 302,007,700 Shares (comprising 261,757,700 A Shares and 40,250,000 H Shares) since the Listing Date and as of the date of this report.

Save as disclosed above, since the Listing Date and as of the date of this report, so far as the Directors are aware, no other person (other than the Directors, former supervisors or chief executive) had or was deemed to have an interest or short position in any Shares or underlying Shares of the Company which would be required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which would be required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying shares and debentures of the Company and its associated corporations, the sections headed 2024 Stock Option Incentive Plan and 2024 Restricted Share Incentive Plan and note 33 to the consolidated financial statements, neither the Company nor any of its subsidiaries has entered into any arrangement that would enable the Directors and the chief executive to benefit by acquiring Shares in, or debentures of, the Company or any other existing body corporate.

PERMITTED INDEMNITY PROVISION

The indemnity provisions and directors' liability insurance were not applicable during the year ended December 31, 2025.

SUFFICIENT PUBLIC FLOAT

As at the date of this report, the Company's total number of issued Shares was 302,007,700 Shares (including 261,757,700 A Shares and 40,250,000 H Shares).

Pursuant to the minimum public float requirements for share classes as set out in Rule 19A.28B of the Main Board Listing Rules, the applicable public float threshold for the Company is the "percentage threshold applicable to a PRC issuer with other listed shares", meaning that a portion of H Shares held by the public must represent at least 5% of the Company's total number of issued shares in the class to which H Shares belong (excluding treasury Shares). Based on publicly available information and to the best of the directors' knowledge, as at March 30, 2026, the public float percentage of the Company is 13.33%, and the Company has maintained a sufficient public float as required under the Listing Rules.

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 Listing, 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 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 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.

(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 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 not 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 December 31, 2025, the number of A Shares underlying the outstanding options granted under the 2024 Stock Option Incentive Plan amounted to 1,497,300 A Shares, no changes to our issued and outstanding shares and the Offer Size Adjustment Option is not exercised. As of December 31, 2025, among the outstanding options, 387,800 were held by six connected persons and 1,109,500 were held by 144 employees of our Company, none of whom was a Director or senior management.

The table below sets forth the details of the options granted to (i) connected persons who are not the Directors or senior management and (ii) grantees with options for 20,000 A Shares or more under the 2024 Stock Option Incentive Plan which were outstanding as of December 31, 2025:

Name of grantee	Position in our Group	Address	Date of grant	Number of shares under options granted	Exercise price	Exercise period	Approximate shareholding percentage in the issued share capital of the Company
Connected Persons							
ZHOU Zhou	Supervisor of MeiG Investment and the Company's vice finance manager	Room 1702, Building 7, Phase 1, Zhongzhou Huafu, Xin'an Subdistrict, Bao'an District, Shenzhen, China	July 1, 2024	25,000	20.97	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	0.01%
LI Xiaobing	General manager and vice president of Xi'an ZhaoGe	Unit 1, 13th Floor, Building 1, No. 39 Keji Road, Yanta District, Xi'an, Shaanxi Province, China	July 1, 2024	18,000	20.97	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	0.01%
			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	0.03%
ZHANG Qiuyue	Supervisor and vice president of Xi'an ZhaoGe	No. 68 Keji 2nd Road, Yanta District, Xi'an, Shaanxi Province, China	July 1, 2024	12,000	20.97	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	0.00%
YU Ying	Supervisor of ZhongGe Nantong and manager of human resource of ZhongGe Shanghai	No. 50 Luoqiao Subdistrict Office, Shangrao County, Shangrao, Jiangxi Province, China	July 1, 2024	7,800	20.97	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	0.00%

Name of grantee	Position in our Group	Address	Date of grant	Number of shares under options granted	Exercise price	Exercise period	Approximate shareholding percentage in the issued share capital of the Company
ZHANG Shulin	Executive director of ZhongGe Nantong and head of R&D department of ZhongGe Shanghai	No. 63 Beijing East Road, Nanjing, Jiangsu Province, China	July 1, 2024	9,000	20.97	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	0.00%
			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	0.05%
LI Peng	Supervisor of Shanghai Meixiao, supervisor and senior vice president of ZhongGe Shanghai	Room 102, No. 39, Lane 168 Qinchun Road, Minhang District, Shanghai, China	July 1, 2024	66,000	20.97	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	0.02%
Grantees with options for 20,000 A Shares or more							
GUO Jinhuan	Deputy finance manager of the Company	Group 6, Rengang Village, Xinshi Town, Zaoyang City, Hubei Province, China	July 1, 2024	20,000	20.97	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	0.01%
GUO Qianghua	Vice president of product planning department of ZhongGe Shanghai	Room 502, No. 32, Lane 2999, Qixin Road, Minhang District, Shanghai, China	July 1, 2024	45,000	20.97	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	0.01%

Name of grantee	Position in our Group	Address	Date of grant	Number of shares under options granted	Exercise price	Exercise period	Approximate shareholding percentage in the issued share capital of the Company
FAN Dian	Senior vice president of sales department of ZhongGe Shanghai	Room 401, No. 18, Lane 1199, Xingmei Road, Minhang District, Shanghai, China	July 1, 2024	130,000	20.97	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	0.04%
			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	0.03%
HUANG Dequan	Operations management center head of ZhongGe Shanghai	Room 1203, No. 1, Lane 59, Pingyang Road, Minhang District, Shanghai, China	July 1, 2024	6,000	20.97	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	0.00%
			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	0.05%

The table below sets forth the details of options granted to other grantees under the 2024 Stock Option Incentive Plan, categorized by the number of underlying A Shares, which were outstanding as of December 31, 2025:

Category by number of underlying A Shares	Number of grantees	Date of grant	Number of shares under options granted	Exercise price	Exercise period	Approximate shareholding percentage in the issued share capital of the Company
1–5,000	93	July 1, 2024	295,200	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	0.10%
5,001–10,000	38	July 1, 2024	245,700	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	0.08%
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	0.03%
15,001–19,999	1	July 1, 2024	19,200	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	0.01%

Notes:

(1) The calculation is based on the assumption that 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 Listing but is partially funded by our treasury Shares which are not listed on the Hong Kong 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 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 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. The number of Company's Shares granted to any participant under this Incentive Plan through all equity incentive plans within their respective validity periods does not exceed 1% of the Company's total share capital as at the date of announcement of the draft of this Incentive Plan.

(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.

(iii) the Plan does not set out any conditions regarding the amount payable (if any) in respect of the application for or acceptance of the awards, nor the time period for payment or notification of payment.

(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 not 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 December 31, 2025, the number of outstanding restricted Shares granted under the 2024 Restricted Share Incentive Plan as resolved by our Board was 2,565,200, representing approximately 0.86% of the total issued Shares immediately following completion of the Global Offering (assuming (i) no additional Shares are issued pursuant to our 2024 Restricted Share Incentive Plan and (ii) the Offer Size Adjustment Option is not exercised). As of December 31, 2025, a total of 2,565,200 outstanding restricted Shares were granted to 261 grantees, among which: (a) none of the grantees were Directors or senior management; (b) the five highest paid individuals during the year included two Directors and three other persons: Mr. LI Peng (李鵬), Mr. FAN Dian (范典) and Mr. GUO Qianghua (郭強華).

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 as of December 31, 2025:

Name of grantee	Position in the Group	Date of outstanding restricted Shares	Number of outstanding restricted Shares	Grant price	Lock-up period	Approximate percentage of the Company's issued share capital
ZHANG Shulin (張樹林)	Executive director of ZhongGe Nantong and head of R&D department of ZhongGe Shanghai	July 1, 2024	48,000	10.55	From July 1, 2024 to June 30, 2025	0.02%
		June 10, 2025	25,000	22.84	12 months from the registration date of restricted Shares	0.01%
LI Xiaobing (李小兵)	General manager and vice president of Xi'an ZhaoGe	July 1, 2024	30,000	10.55	From July 1, 2024 to June 30, 2025	0.01%
		June 10, 2025	20,000	22.84	12 months from the registration date of restricted Shares	0.01%
ZHOU Zhou (周舟)	Supervisor of MeiG Investment and the Company's vice finance manager	July 1, 2024	36,000	10.55	From July 1, 2024 to June 30, 2025	0.01%
		June 10, 2025	7,500	22.84	12 months from the registration date of restricted Shares	0.00%
ZHANG Qiuyue (張秋月)	Supervisor and vice president of Xi'an ZhaoGe	July 1, 2024	25,200	10.55	From July 1, 2024 to June 30, 2025	0.01%

Name of grantee	Position in the Group	Date of outstanding restricted Shares	Number of outstanding restricted Shares	Grant price	Lock-up period	Approximate percentage of the Company's issued share capital
YU Ying (俞英)	Supervisor of ZhongGe Nantong and manager of human resource of ZhongGe Shanghai	July 1, 2024	7,200	10.55	From July 1, 2024 to June 30, 2025	0.00%
LI Peng (李鵬)	Supervisor of Shanghai Meixiao, supervisor and senior vice president of ZhongGe Shanghai	July 1, 2024	120,000	10.55	From July 1, 2024 to June 30, 2025	0.04%
FAN Dian (范典)	Senior vice president of sales department of ZhongGe Shanghai	July 1, 2024	78,000	10.55	From July 1, 2024 to June 30, 2025	0.03%
		June 30, 2025	10,000	22.84	12 months from the registration date of restricted Shares	0.00%
GUO Qianghua (郭強華)	Vice president of product planning department of ZhongGe Shanghai	July 1, 2024	102,000	10.55	From July 1, 2024 to June 30, 2025	0.03%

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 December 31, 2025:

Number of grantees	Date of grant	Lock-up period	Grant price	Number of outstanding restricted Shares	Approximate percentage of the Company's issued share capital
191(2)	July 1, 2024	From July 1, 2024 to June 30, 2025	RMB10.55	1,798,800	0.61%
92(3)	June 10, 2025	June 10, 2025 to June 9, 2026	RMB22.84	447,500	0.15%

Note:

(1) The calculation is based on the assumption that no additional Shares are issued pursuant to our 2024 Equity Incentive Plans.

(2) Included 92 grantees who were granted restricted Shares on June 10, 2025.

(3) Subject to a lock-up period of 12 months from the registration date of restricted Shares.

CORPORATE GOVERNANCE

Details of the corporate governance practices as adopted by the Company are set out in the section headed "Corporate Governance Report" of this report.

AUDITOR

The Company's H Shares were listed on the Hong Kong Stock Exchange on March 10, 2026.

For the year ended December 31, 2025, the Company's domestic auditor was Pan-China Certified Public Accountants LLP; the overseas auditor was Ernst & Young.

For the year ended December 31, 2024, the Company's domestic auditor was Pan-China Certified Public Accountants LLP.

For the year ended December 31, 2023, the Company's domestic auditor was ShineWing Certified Public Accountants (Special General Partnership).

Save as disclosed above, the Company has not changed its auditors in the past three years.

By order of the Board
Mr. WANG Ping *(Chairman)*
March 30, 2026

EXECUTIVE DIRECTORS

Mr. WANG Ping (王平), aged 47, 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 correspondence education in the PRC in June 2000.

Mr. DU Guobin (杜國彬), aged 46, 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 R & D director and 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 degree from Zhengzhou University (鄭州大學) in the PRC in July 2003 and his master of electronic and communication engineering 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 50, 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 40, has been our executive Director and the joint company secretary 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 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 72, 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 (深圳市日浩智能財經研究院) 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 Stock 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 47, 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 39, was appointed as our independent non-executive Director on June 5, 2025 with effect from March 10, 2026. 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 whose shares are listed on the Hong Kong Stock Exchange (stock code: 03887.HK), 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 (EXCLUDING DIRECTORS)

Our senior management team is responsible for the day-to-day management and operation of our business. Mr. WANG Ping, Mr. XIA Youqing and Mr. HUANG Min, our executive Directors, are also members of our senior management. For their biographies, please see "Biographical Details of Directors and Senior Management — Executive Directors" in this section.

JOINT COMPANY SECRETARIES

Mr. HUANG Min (黃敏), 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 "Biographical Details of Directors and Senior Management — Executive Directors" in this section.

Mr. AU Kai Yin (歐啟賢) was appointed as one of our joint company secretaries on February 12, 2026. He is currently a company secretarial assistant manager at SWCS Corporate Services Group (Hong Kong) Limited.

Mr. Au has over 10 years of experience in the field of corporate secretaries, with extensive experience in handling corporate secretarial and corporate governance affairs for both listed and private companies. He is an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. He holds a bachelor of science degree in accounting from the University of Hull and a master of science degree in corporate governance and compliance from Hong Kong Baptist University.

Environmental, Social and Governance Report

The Board is pleased to present the Environmental, Social and Governance Report of the Company for the period ended December 31, 2025 and up to the date of this report.

ABOUT THIS REPORT

Report Overview

This report is the annual Sustainability and Environmental, Social and Governance Report of MeiG Smart Technology Co., Ltd. (hereinafter referred to as "**MeiG Smart**", the "**Company**" or "**we**"). The report provides a systematic disclosure of the Company's practices, initiatives and performance in environmental management, social responsibility and corporate governance, with a view to enhancing communication with stakeholders including governments and regulators, shareholders and investors, customers, employees, suppliers and partners, as well as communities and the public, and responding to their concerns and expectations regarding the Company's sustainable development.

Reporting Boundary

This is an annual report covering MeiG Smart Technology Co., Ltd. and its subsidiaries included in the scope of the Company's consolidated financial statements. The report focuses on management practices and performance relating to environmental, social and governance matters in connection with the operating activities of the Company's principal businesses. To enhance the completeness, comparability and forward-looking nature of the report, certain content has been appropriately extended beyond the reporting period where necessary. In the event of any inconsistency with the disclosure basis of individual sections, the specific explanations in those sections shall prevail.

Reporting Period

This report covers the period from January 1, 2025 to December 31, 2025. To enhance the completeness and continuity of disclosure, certain content has been appropriately extended based on actual circumstances.

Basis of Preparation

This report has been prepared in light of the Company's actual circumstances and with reference to relevant domestic and international sustainability rules and standards, including but not limited to the Shenzhen Stock Exchange Self-Regulatory Guidelines for Listed Companies No. 17 — Sustainability Reports (Trial), the Shenzhen Stock Exchange Self-Regulatory Guide No. 3 — Preparation of Sustainability Reports, and Appendix C2 Environmental, Social and Governance Reporting Code to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The report has been prepared in accordance with the principles of materiality, quantitative, balance and consistency.

References

For ease of reference and reading, the terms "MeiG Smart", the "Company", the "Company" and "we" in this report all refer to MeiG Smart Technology Co., Ltd. and its subsidiaries included within the scope of this report. The Company's Chinese name is "美格智能技術股份有限公司" and its English name is "MeiG Smart Technology Co., Ltd.".

Sources of Data

The information and data disclosed in this report are primarily derived from the Company's official documents, internal statistical statements, reviewed management materials and publicly disclosed documents. Financial data referred to in this report are subject to the Company's annual financial report and information disclosed in accordance with statutory procedures. Unless otherwise specified, all monetary amounts in this report are denominated in RMB.

Access to this Report

This report is published in electronic form, and investors and other stakeholders may publicly access this report and related announcement documents.

Feedback

The Company values the opinions and suggestions of stakeholders regarding its sustainability efforts. If you have any suggestions or feedback on the content of this report, please contact us through the Company's investor relations contact details. The investor relations email disclosed in the Company's annual report is ir@meigsmart.com.

BOARD STATEMENT ON ESG GOVERNANCE

We are committed to building a sustainable business and attach great importance to environmental, social and governance ("**ESG**") matters. We have integrated sustainability and other ESG elements into all parts of our business. On the one hand, we have incorporated ESG considerations into our research and development and daily operations. On the other hand, we continue to improve our social responsibility framework, fulfil our environmental responsibilities, and promote green office practices and low-carbon initiatives. We recognize that we have established adequate policies to ensure compliance with all health, safety, social and environmental protection laws and regulations. We continue to refine our ESG strategy, and our Directors actively participate in the formulation of ESG strategy and targets, as well as the assessment, identification and response to ESG-related risks.

We fully recognize our responsibility to protect the environment and fulfil our social responsibilities, and we understand the various ESG-related matters that may affect our business operations. Since listing, we have been committed to strict compliance with ESG disclosure requirements and to reducing our negative environmental impact by delivering on our energy-saving commitments and sustainability philosophy. We have formulated our ESG policies in accordance with the standards set out in Appendix C2 to the Listing Rules, covering, among other things: (i) the process for establishing our ESG governance structure and ESG strategy; (ii) ESG risk management and monitoring; and (iii) the identification of key performance indicators, relevant measurement standards and mitigation measures.

We have established a governance structure led by the Board to identify and address ESG risks that may have a material impact on our business, financial position or operating results. The Board has overall responsibility for overseeing and determining the environmental, social and climate-related risks and opportunities affecting the Group, formulating and adopting the Group's ESG policies and targets, and reviewing the Group's performance against such targets on an annual basis. Where material deviations from the targets are identified, the ESG strategy is revised accordingly, where applicable. We have also established an ESG Working Group composed of employees from the General Management Center to implement routine monitoring and execution and to report progress to the Board on a regular basis. Under the oversight of the Board, we actively identify and monitor the actual and potential impacts of ESG-related risks on our business, strategy and financial performance, and incorporate such considerations into our business, strategic and financial planning.

We actively benchmark ourselves against international standards and leverage EcoVadis to continuously manage and enhance our sustainability capabilities. The Company's management system for environmental, social and governance matters has become increasingly mature. We will continue to refine our management processes and advance towards higher-level sustainability goals.

STAKEHOLDER ENGAGEMENT

We attach great importance to ongoing communication with stakeholders and regard it as an important foundation for improving our management measures and the quality of our disclosures. Based on our business model, industry characteristics, regulatory requirements of our listing venues and operating practices, we have identified governments and regulators, shareholders and investors, customers, employees, suppliers and partners, and communities and the public as our principal stakeholders, and we continue to understand their key concerns and evolving expectations through diversified channels.

- Governments and regulators: focus on compliant operations, environmental compliance, data security, product quality, tax compliance and risk control. The Company maintains communication through information disclosure, special reports, routine communication and on-site visits.

- Shareholders and investors: focus on corporate governance, operational resilience, quality of information disclosure, risk management and long-term value creation. The Company maintains transparent communication through periodic reports, ad hoc announcements, general meetings, performance briefings, the Interactive Easy platform, investor hotlines and the Company's website.

- Customers: focus on product and service safety and quality, data security and privacy protection, customer service, technological innovation and delivery reliability. The Company responds promptly through customer visits, technical exchanges, satisfaction surveys, complaint handling and routine business communication.

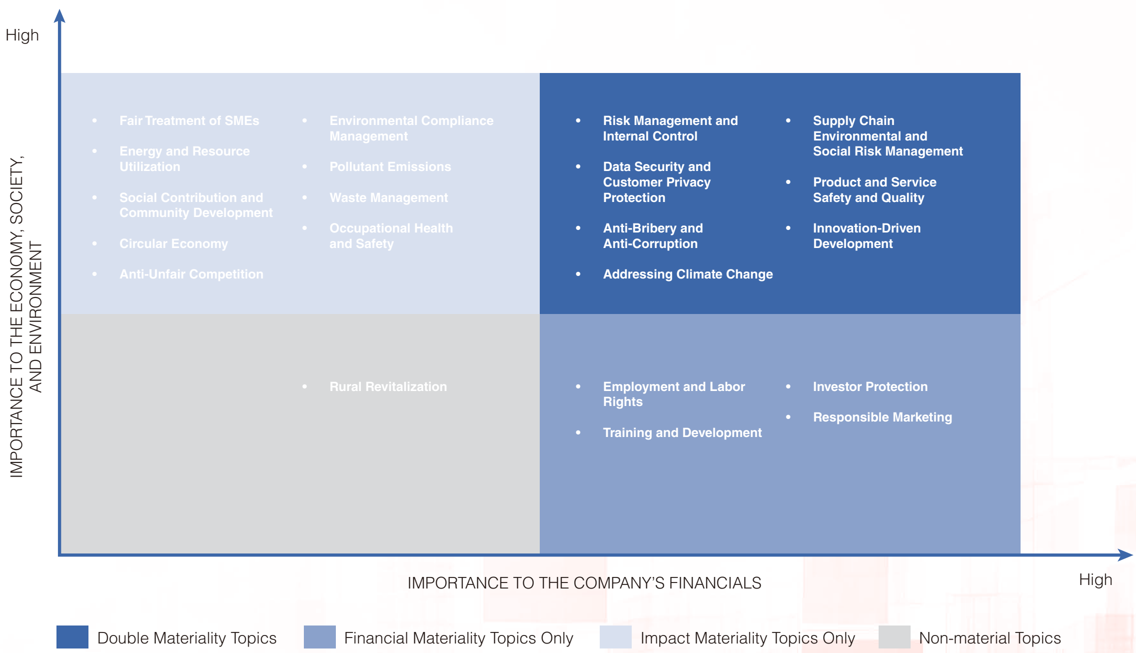
- Employees: focus on recruitment and employment, labor standards, occupational health and safety, training and development, and employee rights and welfare. The Company continues to listen to employees through staff training, performance communication, grievance and feedback channels, internal communication platforms and team communication mechanisms.

- Suppliers and partners: focus on fair cooperation, supply chain responsibility, anti-bribery, delivery and quality management, environmental protection and social responsibility requirements. The Company advances collaborative management through supplier onboarding assessment, on-site audits, contractual commitments, training and routine coordination meetings.

- Communities and the public: focus on the Company's environmental and social impacts, public welfare and charity, employment creation and corporate responsibility image. The Company engages through its official website, public disclosures, public welfare activities, community communication and media outreach.

MATERIALITY ASSESSMENT

Taking into account global sustainable development priorities, international best practice, our own operational risks and stakeholder feedback, we completed the identification and assessment of material ESG topics for 2025. With reference to the latest domestic and international disclosure rules, including the Shenzhen Stock Exchange Self-Regulatory Guidelines for Listed Companies No. 17 — Sustainability Reports (Trial), the Shenzhen Stock Exchange Self-Regulatory Guide No. 3 — Preparation of Sustainability Reports, and Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (Environmental, Social and Governance Reporting Code), we carried out a double materiality assessment to identify sustainability issues with material impacts on our long-term value and stakeholders. In this process, we collected stakeholder views from the perspectives of financial materiality to the Company and external impact materiality on the environment and society. Based on the assessment results of financial materiality and impact materiality, we identified a total of 21 relevant topics, of which 20 were determined to be material topics. The latest results of this assessment are summarised in the matrix below.



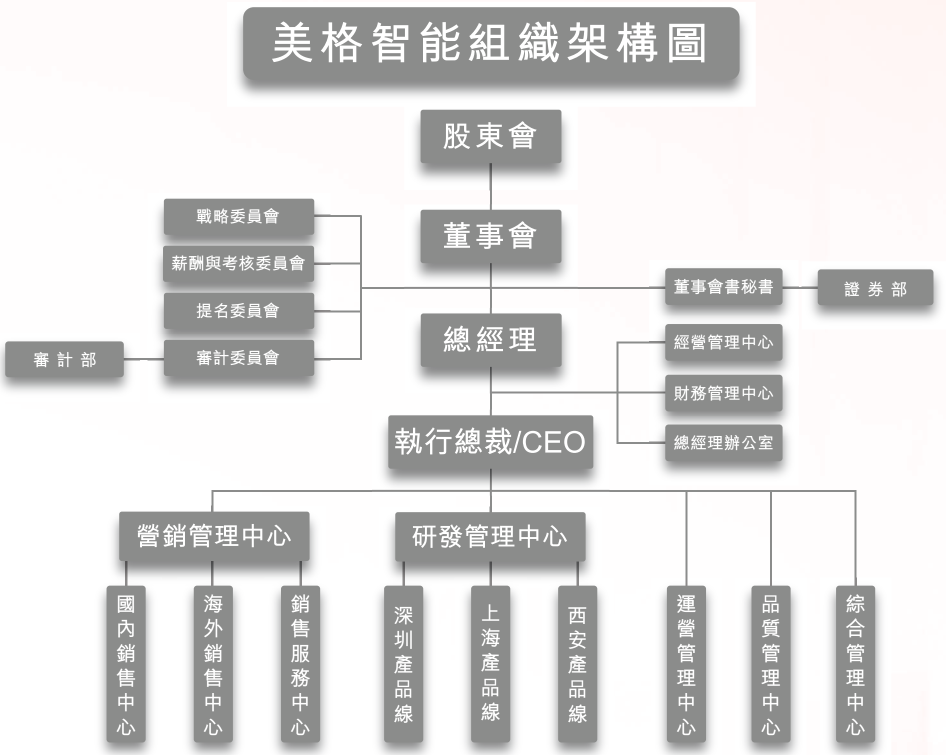
The Company responds to each identified topic in the relevant sections of this report. To ensure the comprehensiveness and timeliness of the topics, the Company has established and continues to improve its stakeholder engagement mechanism. Through in-depth, ongoing communication, we dynamically monitor and update the results of the material ESG topic assessment to ensure that matters material to the Group's development and stakeholders are appropriately disclosed.

CORPORATE GOVERNANCE

As a public company listed in both Mainland China and Hong Kong, the Company strictly complies with the requirements of the laws, regulations and normative documents of its domestic and overseas listing venues, including but not limited to the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Code of Corporate Governance for Listed Companies, the Shenzhen Stock Exchange Listing Rules, the Shenzhen Stock Exchange Self-Regulatory Guidelines No. 1 — Standardized Operation of Main Board Listed Companies, and the Environmental, Social and Governance Reporting Code. The Company has established a modern corporate governance structure centered on the general meeting and the Board and has formulated and continuously refined corporate governance systems such as the Articles of Association in light of its own operating characteristics, thereby forming an operating mechanism with clear division of powers and responsibilities, effective communication and sound checks and balances.

In 2025, the Company lawfully abolished its Supervisory Committee and transferred the supervisory function to the Audit Committee of the Board, thereby centralizing and professionalizing the supervisory function. In addition, the Company continued to optimize its internal rules and regulations. During the reporting period, it newly formulated two policies, namely the Board Member and Employee Diversity Policy and the Confidentiality and Archives Management Policy Relating to Overseas Securities Issuance and Listing. It also revised and improved 27 policies, including the Articles of Association, the Rules of Procedure for Shareholders Meeting and the Rules of Procedure for Board Meetings, and simultaneously issued the corresponding policies applicable to its Hong Kong listing, so as to ensure the timeliness, adaptability and compliance of the Company's management systems.

The Company currently has a Shareholders Meeting and a Board. The Supervisory Committee has been abolished, and the Audit Committee of the Board has assumed the supervisory function. The Company has established an Audit Committee responsible for communication, supervision and review relating to internal and external audits; a Strategy Committee responsible for studying and making recommendations on the Company's long-term development strategy and major investment decisions; a Remuneration and Appraisal Committee responsible for formulating and assessing appraisal standards for directors and senior management and for developing and reviewing remuneration policies and plans for directors and senior management; and a Nomination Committee responsible for the selection of directors and senior management, the formulation of standards and procedures, and making proposals accordingly.



Type of Meeting	Number of Meetings Held	Number of Motions Considered and Reviewed
Board Meetings	8	49
General Meetings	4	25
Audit Committee Meetings	6	22
Remuneration and Appraisal Committee Meetings	5	10
Nomination Committee Meetings	1	1
Strategy Committee Meetings	2	6
Independent Directors' special Meetings	3	10

The Company attaches great importance to the guiding role of Party building in corporate culture and long-term development. By improving the Party organization structure, we actively carry out public welfare, poverty alleviation and employee training activities, transforming the organizational strengths of Party building into development momentum for the enterprise and promoting alignment between Party building and production and operations.

Investor Protection

Governance and Strategy

The Company attaches great importance to information disclosure, which is uniformly led and managed by the Board. The Chairman is the first person responsible for information disclosure, the Board Secretary is the direct person responsible for information disclosure, and the Securities Affairs Representative assists the Board Secretary in the relevant work. The Company is committed to strict compliance with laws, regulations, rules and normative documents including the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Code of Corporate Governance for Listed Companies, the Shenzhen Stock Exchange Listing Rules and the Shenzhen Stock Exchange Self-Regulatory Guidelines No. 1 — Standardized Operation of Main Board Listed Companies. The Company has formulated and strictly implemented the Information Disclosure Management Measures to standardize the transmission process, review management, disclosure procedures, confidentiality measures, archives management and accountability relating to information disclosure, duly fulfil its disclosure obligations, and properly prepare, approve and disclose ad hoc announcements and periodic reports in a true, accurate, complete and timely manner, thereby continuously improving the quality of information disclosure. During the reporting period, the Company did not have any false records, misleading statement, material omission or other improper disclosure in its information disclosure.

Impacts, Risks and Opportunities Management

We systematically identify various risks and opportunities relating to investor protection and adopt targeted management measures to guard against related risks and capture the development opportunities arising from long-term trust. The Company continues to strengthen its investor relations management system and has formulated and strictly implemented the Investor Relations Management Policy. The Board Secretary is responsible for the Company's investor relations management affairs, and the Securities Department serves as the functional department for investor relations management, being responsible for developing a comprehensive and in-depth understanding of the Company's operation and management, business status and development strategy, as well as planning, arranging and organizing various investor relations activities and routine matters. The Company attaches great importance to investor communication and has established multi-channel and diversified communication platforms for investors, including but not limited to periodic reports and ad hoc announcements, performance briefings, general meetings, Investor Relations Interactive Platform, investor hotlines, the Company's website, the Company's WeChat official account, on-site visits, analyst meetings and roadshows. Through these channels, the Company communicates with investors in a timely, in-depth and extensive manner to enhance their understanding of the Company. In 2025, the Company actively responded to stakeholder concerns, further enhancing the transparency of its information disclosure and investor confidence.

To regulate connected transactions and reduce unnecessary connected transactions, safeguard the lawful rights and interests of the Company's shareholders, and ensure that connected transactions between the Company and its connected persons comply with the principles of fairness and impartiality, the Company has formulated and continuously improved systems including the Articles of Association, the Rules of Procedure for Shareholders Meetings and the Connected Transaction Decision-Making Policy. These systems set out detailed provisions on the scope, review, disclosure and abstention mechanisms for connected transactions, to ensure fairness and impartiality in the Company's connected transaction decision-making for all shareholders and to promote orderly and standardized connected transaction management.

During the reporting period, all connected transactions entered by the Company were based on the needs of its normal production, operation and business development, constituted ordinary commercial transactions, followed the principle of fair market dealing, and were priced on fair and reasonable terms. All such transactions fulfilled the necessary decision-making procedures and disclosure obligations. The Company's independent director conducted prior review and issued independent opinions on the connected transaction matters, ensuring that such matters were handled in accordance with the principle of serving the overall interests of the Company's shareholders.

While striving to achieve rapid growth in business scale and steady improvement in economic performance, the Company also pays attention to providing investors with reasonable returns based on its profitability and the needs of its production, operations and development. The Company adopts a prudent dividend distribution policy, maintains continuous and stable dividend payments, actively rewards shareholders, and protects and enhances the investment value of long-term investors.

Metrics and Targets

In 2025, the Company held two investor communication activities such as performance briefings, disclosed 177 announcements and related documents, and responded to 42 questions on the Investor Relations Interactive Platform. As of the end of 2025, the Company had not been penalized by any regulatory authority for violations relating to information disclosure.

While ensuring the reasonable needs of the development of its principal business, the Company balances performance growth and shareholder return in light of its actual operating conditions and development plans, and actively provides investors with long-term and stable investment returns through profit distribution methods such as cash dividends, enabling investors to share in its development achievements. The proposed profit distribution plan for 2025 is a cash dividend of RMB1.00 (tax inclusive) for every 10 shares. Upon completion of the 2025 dividend distribution, the total cash dividends for the most recent three financial years will be no less than 30% of the average net profit for the most recent three financial years, as set out below:

Year	Item	Amount (RMB)
2023	Total Cash Dividends	25,800,970
2024	Total Cash Dividends	33,929,467
2025	Total Share Repurchase and Cancellation	30,494,562
2025	Estimated Total Cash Dividends	30,200,670

Risk Management and Internal Control

Governance and Strategy

In accordance with laws and regulations, as well as relevant guidance under quality, environmental, occupational health and social responsibility management system standards, the Company has formulated the Procedure for Organizational Context Analysis and Control of Relevant Parties' Needs and the Procedure for Management of Measures for Addressing Risks and Opportunities, refining risk management into key elements such as risk assessment, risk management strategies, risk monitoring and oversight, and regular reporting.

To standardize all aspects of operation and management, ensure that the integrated management system achieves its intended results, prevent or reduce undesired impacts while capturing opportunities, improve the Company's operating performance and achieve continuous improvement, the Company has established comprehensive risk and opportunity management measures and formulated the Procedure for Management of Measures for Addressing Risks and Opportunities. The responsible departments and their respective duties are as follows:

1. CEO: responsible for providing the resources required for risk and opportunity management, including personnel qualifications, necessary training and access to information; responsible for determining the policy on acceptable criteria for risks and opportunities, and for maintaining review of risk and opportunity management in accordance with the prescribed review cycle.

2. Operations Management Centre: responsible for establishing and maintaining the control procedures for addressing risks and opportunities; responsible for organizing and implementing reviews of risks and opportunities, following up on the completion of measures adopted in the assessment of risks and opportunities and the effectiveness of their implementation, and preparing evaluation records for risk and opportunity control measures; responsible for risk assessment of its own department and for planning, executing and supervising measures addressing risks and opportunities.

3. Marketing Management Center: responsible for collecting information on risks and opportunities arising in the product sales process and identifying risks and opportunities for its own department, and for formulating and implementing corresponding measures to avoid or mitigate risks.

4. Operations Management Center: responsible for collecting information on risks and opportunities in supplier and outsourcing factory processes and identifying risks and opportunities for its own department, and for formulating and implementing corresponding measures to avoid or mitigate risks.

5. All departments: responsible for assessing risks and opportunities in their respective departments and for formulating and implementing corresponding measures to avoid or mitigate risks.

Impacts, Risks and Opportunities Management

The Company has established the Procedure for Organizational Context Analysis and Control of Relevant Parties' Needs. By regularly analyzing internal and external organizational circumstances and the needs and expectations of internal and external stakeholders, the Company determines important compliance boundaries and potential material compliance risks and establishes corresponding preventive measures to mitigate such risks in advance. The Company has also established the Social Responsibility Risk Assessment Management Procedure, which applies to the management of labor, ethics, health and safety and environmental risks within the Company, and also to the assessment and management of social responsibility risks relating to suppliers and subcontractors. The Human Resources and Administration Department organizes the identification, assessment and control of labor, ethics, health and safety and environmental risks, formulates management plans, and follows up on corrective and preventive measures adopted by each department, while all departments implement the risk management plans.

In addition, the Company has established a comprehensive risk management training system for employees at different stages, continuously enhancing employees' awareness of risk control by integrating internal and external training resources. All new employees are required to receive risk control awareness training and pass the relevant assessment. For incumbent employees, the Company has developed dedicated training courses on risk management and internal control to provide guidance on effectively responding to various risks. The Company also engages external experts to conduct specialized training on corporate risk management and internal control, thereby enhancing management's awareness of internal control compliance and risk management. No material risk event occurred during the reporting period.

Metrics and Targets

During the reporting period, the Company completed internal audits and management reviews in accordance with its policies. Based on internationally recognized management standards, the Company obtained multiple management system certifications, including ISO 9001, ISO 14001, ISO 45001 and SA 8000.

We built upon these certifications to establish a risk management and internal control system covering key business links such as operations and management, R&D and design, quality and safety, environmental protection, occupational health and compliant operation.

We continue to optimize management processes to ensure sound corporate governance and operational excellence. The Company has established and implemented control procedures such as the Internal Audit Control Procedure and the Management Review Control Procedure and carries out internal audits and management reviews in accordance with annual plans at least once each year.

Each year, before the management review, the management representative organizes a comprehensive identification and review of internal and external environmental factors, reviews risks and opportunities annually, and conducts investigation, identification and assessment of social responsibility risks at least once a year.

In addition, when changes in internal or external circumstances come to our attention, we will, as appropriate, increase the frequency of reviews.


BENCHMARKS
Since 1993 Your Partner in the Supply Chain

本臻力行有限公司

SA8000 社会责任管理体系认证

证　书

证书编号: BM-CN-20240108-CN

兹颁证证明

美格智能技术股份有限公司（母公司）
深圳市美格智联信息技术有限公司（子公司）
(ORG09383)

美格智能技术股份有限公司（母公司）注册地址：
中国深圳市宝安区福永街道凤凰社区岭下路 5 号办公楼 2 层
美格智能技术股份有限公司（母公司）实际经营地址：
中国深圳市福田区华富街道新田社区深南大道 1006 号深圳国际创新中心（福田科技广场）B 栋三十二层
深圳市美格智联信息技术有限公司（子公司）地址：
中国深圳市福田区华富街道新田社区深南大道 1006 号深圳国际创新中心（福田科技广场）B 栋三十二层

符合社会责任管理体系标准：

SA8000:2014

本证书所述的认证范围涉及在上述地址为该组织提供产品或服务的所有人员的赋权和保护包括该组织为下列活动雇佣的人员

移动无线终端、移动产品(智能家电控制设备)物联网无线终端、移动通讯模块的研发和销售

证书签发日：
2024 年 01 月 08 日

证书签发地：
中国深圳

有效期：
2027 年 01 月 07 日

谨代表本臻力行有限公司

SOCIAL ACCOUNTABILITY ACCREDITATION SERVICES

SA 8000

主任审核员
方锦荣

总经理：苏晓霞

社会责任国际和 SA8000 过程中的其他利益相关者只承认由 SAAS 授予认可的合格认证审核机构颁发的 SA8000 证书，不承认未经认可的组织或由 SAAS 以外的任何实体认可的组织颁发的 SA8000 证书的有效性。此外，所有 SA8000 证书应包含 SAI 网站(https://sa-intl.org/sa8000-search/)的地址，利益相关方可以在该网站确认经认可的 SA8000 证书的有效性。

http://www.benchmarks.com.hk

本证书签发机构为 SAAS 认可审核机构：本臻力行有限公司

(*Note:* The above is the certificate for the SA8000:2014 Social Accountability Management System issued by the certification body.)

Anti-Bribery and Anti-Corruption

Governance and Strategy

The Company upholds integrity in operation as a core value, firmly opposes all forms of corruption, conflicts of interest, money laundering and fraud, and is committed to fostering a transparent, fair and honest business environment to safeguard its reputation and market order. Through the Commercial Ethics and Code of Ethics Management Procedure and the Integrity and Clean Conduct Control Procedure, the Company expressly prohibits bribery, improper transfer of benefits, money laundering and fraud, and sets out standards of employee conduct in commercial activities and the consequences of violations. New employees are required to sign a Clean Self-Discipline Undertaking upon onboarding. Each year, all employees participate in business ethics training, using real case studies and interpretation of laws and regulations to reinforce legal awareness and ethical standards. Training covers relevant provisions of the Anti-Unfair Competition Law of the People's Republic of China, the Criminal Law of the People's Republic of China, and the Company's internal whistle-blowing procedures, ensuring that employees are familiar with and comply with the relevant requirements.

Impacts, Risks and Opportunities Management

We continue to foster a corporate culture of integrity, advocate a "bottom line of honesty", and maintain a consistent zero-tolerance approach toward any corrupt conduct that crosses red lines or harms the Company's image and interests. Every case discovered is investigated and dealt with strictly without indulgence. By continuously improving the anti-corruption prevention framework, strengthening case-based training and communications, and conducting various forms of warning and educational initiatives such as face-to-face exchanges, real case analyses and interpretation of laws and regulations, we enhance employees' awareness of integrity and cultivate a clean and upright team culture, while reinforcing the law-abiding and compliance awareness of management at all levels and all employees.

With respect to whistle-blower protection, the Company has established multiple policies to protect the rights and interests of whistle-blowers. The Integrity and Clean Conduct Control Procedure expressly sets out protection and reward measures for whistle-blowers as follows: (1) the Company strictly prohibits disclosure of a whistle-blower's name, department, company name or other identifying information, and strictly prohibits disclosing the reporting information to the reported person or department; during investigation and verification, original or copied whistle-blowing materials must not be shown, the whistle-blower's identity must not be exposed, handwriting analysis must not be conducted on anonymous whistle-blowing letters and materials, and whistle-blowing materials must not be casually lent externally; and (2) every employee has the right to report unethical conduct by employees to the Integrity and Clean Conduct Committee, and the Company undertakes to provide identity protection or appropriate rewards to the reporter.

To standardize complaint and reporting management, the Company provides clear reporting channels such as telephone lines and suggestion boxes, encouraging employees to report improper matters relating to corruption in the operation of the enterprise or individuals, including bribery, extortion, fraud and money laundering. Employees may file reports through the internal OA employee suggestion box, or directly submit their opinions, grievances or reports to the Human Resources Department or relevant departments by letter, fax or email, and such departments will assign dedicated personnel to handle the matter promptly. Employees may also directly submit opinions, appeals and reports to the Finance Department via email, staff suggestion boxes, letters, fax, OA system and other channels. The Finance Department shall assign dedicated personnel to handle such matters in a timely manner. During the reporting period, the Company received zero whistle-blowing cases, and the number of concluded corruption litigation cases brought against the Company and its employees was zero.

Metrics and Targets

During the reporting period, the Company treated ethical standards such as anti-corruption, anti-bribery, anti-fraud and anti-money laundering as key topics and conducted both online and offline training. Online training topics covered codes of conduct under ethical standards and interpretation of anti-corruption and anti-bribery laws and regulations. Participants included the Company's directors, management personnel and staff in key positions, and the training duration was one hour. Offline training included organizing employees to visit the integrity education base at Shenzhen Prison to strengthen the Company's culture of integrity. A total of 103 employees participated in the training, representing 10.5% of the workforce.

The Company continuously strengthens and improves its effective internal controls. Each year, the Company conducts risk assessments, grading and dynamic adjustment, focusing on important management systems, important internal controls and major risk areas, and carries out system inspections and routine scanning. Through digital means, the Company empowers anti-corruption work with technology to improve working efficiency and precision in combating misconduct, thereby achieving early detection and timely correction and promoting standardized operation and management enhancement.

During the reporting period, to the Company's knowledge, there have been no incidents of corruption, bribery, extortion, fraud or money laundering, nor any litigation arising from the aforesaid matters.

Anti-Unfair Competition

To protect its own intellectual property, the Company has formulated the Intellectual Property Management Measures to regulate and manage its patent rights, trademark rights and copyrights. By acquiring, maintaining and enforcing intellectual property rights, including patent rights, the Company protects its proprietary technologies as well as its products and solutions from competitive risks. The Company has consistently protected proprietary technologies that it considers commercially important by applying for patents in China and other jurisdictions. The Company has established a dedicated legal team responsible for monitoring potential intellectual property disputes and taking necessary legal action to enforce the Company's rights. The Company also continuously reviews and improves its intellectual property policies to strengthen protection of technology assets and maintain its competitive edge.

In protecting the intellectual property rights of partners and the wider public, the Company conducts due diligence or risk assessment prior to procurement, financing and other activities to avoid intellectual property infringement risks. In addition, the Company is committed to strict compliance with relevant laws and regulations such as the Anti-Unfair Competition Law of the People's Republic of China and the Anti-Monopoly Law of the People's Republic of China, and has established systems including the Anti-Money Laundering, Anti-Sanctions and Economic Sanctions Management Policy, the Conflict of Interest Declaration Management Policy, the Commercial Ethics and Code of Ethics Management Procedure and the Integrity and Clean Conduct Control Procedure. The Company upholds fair competition, has established a compliance review mechanism, and works to prevent risks such as monopoly agreements and abuse of market dominance and eliminate all types of unfair competition, thereby ensuring that business operations are lawful and compliant.

During the reporting period, the Company has not committed any irregular incidents, litigation or administrative penalties in connection with unfair competition, intellectual property infringement and other non-compliant acts, and has maintained compliant operations in full compliance with regulatory requirements.

ENVIRONMENT

Environmental Compliance Management

To ensure the effective implementation of the environmental management system, we have formulated the Environmental Operation Management Procedure as the institutional basis for day-to-day environmental management and operations, standardising environmental management activities throughout all operational links.

At the same time, relying on the Procedure for Identification and Evaluation Control of Hazard Sources, we have established a full-process mechanism for identifying and evaluating environmental hazard sources, systematically screening environmental risk sources arising in operations.

For positions and processes identified as medium-to high-risk, we formulate dedicated control measures and implement standardised management to ensure that related risks are effectively eliminated or reduced to an acceptable level.

We are committed to continuously enhancing our capabilities in identifying and managing environmental risks, thereby reducing the potential environmental impacts of our business operations.

We benchmark ourselves against international standards. We have obtained ISO 14001 Environmental Management System certification. Based on this system standard, we have established an environmental management system covering all operational links, systematically identifying and controlling environmental risks in operations and ensuring the compliance and effectiveness of environment-related management work.

In 2025, we did not receive any material administrative penalty from ecological and environmental or other competent authorities, nor were we subject to any criminal liability, in connection with environmental incidents.

注册号：00923E10946R4M

长城（天津）质量保证中心有限公司
环境管理体系认证证书

兹证明 美格智能技术股份有限公司（统一社会信用代码:91440300799218456D）

位于 注册地址：广东省深圳市宝安区福永街道凤凰社区岭下路5号办公楼2层
办公/服务地址：广东省深圳市福田区华富街道新田社区深南大道1006号深圳国际创新中心（福田科技广场）B栋三十二层
其子公司众格智能科技（上海）有限公司注册/办公/服务地址：上海市闵行区顾戴路2337号9幢（G栋）4层
其子公司深圳市美格智联信息技术有限公司注册/办公/服务地址：广东省深圳市福田区华富街道新田社区深南大道1006号深圳国际创新中心（福田科技广场）B栋三十二层
其子公司西安兆格电子信息技术有限公司注册/办公/服务地址：陕西省西安市高新区丈八四路20号神州数码西安科技园1号楼8层

其环境管理体系符合 GB/T24001-2016/ISO14001:2015 标准
该环境管理体系认证范围

美格智能技术股份有限公司：移动无线终端、移动产品（智能家电控制设备）、物联网无线终端、移动通讯模块的研发和销售。
其子公司众格智能科技（上海）有限公司：移动无线终端、移动产品（智能家电控制设备）、物联网无线终端、移动通讯模块的研发和销售。
其子公司深圳市美格智联信息技术有限公司：移动无线终端、移动产品（智能家电控制设备）、物联网无线终端、移动通讯模块的研发和销售。
其子公司西安兆格电子信息技术有限公司：移动无线终端、移动产品（智能家电控制设备）、物联网无线终端、移动通讯模块的研发和销售。

颁证日期 2023年10月20日 有效期至 2026年10月19日

注1：本证书覆盖的任何场所如不能保持认证的必要规定，认证文件将被整体撤销，本证书的有效性决定其子证书及分场所附件的有效性。
注2：其子公司名称及认证范围等信息见子证书。

长城（天津）质量保证中心有限公司 总经理

中国认可
国际互认
管理体系
MANAGEMENT SYSTEM
CNAS C009-M

本证书信息（包括证书有效性、监督保持注册资格等信息）可通过扫描本证书二维码查询，在本中心网站（www.isocgw.net），和国家认证认可监督管理委员会官方网站（www.cnca.gov.cn）上查询。
中心地址：天津市南开区水上北道津龙公寓4号 邮政编码：300074
中心网站：www.isocgw.net

(*Note:* The above is the ISO 14001:2015 Environmental Management System Certification Certificate issued by the certification body.)

Energy and Resource Utilization

We have established a series of measures to monitor electricity and water consumption and have taken steps to improve energy efficiency. During the reporting period, the total purchased electricity and water consumed at our principal operating locations were as follows:

Indicator		Year 2025
Electricity Consumption	Total Electricity Consumption (MWh)	**1,231.05**
Electricity Consumption Intensity	Electricity Consumption Intensity (MWh/total number of employees)	**1.25**
Water Consumption	Total Water Consumption (tonnes)	**4,354.00**
Water Consumption Intensity	Water Consumption Intensity (tonnes/total number of employees)	**4.43**

We have established clear targets for annual energy and resource efficiency: regarding energy utilization, we are committed to reducing consumption, optimizing resource use, and minimizing carbon emissions to the greatest extent possible. Our energy management strategy focuses on enhancing the energy efficiency of 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 mitigate our environmental impact; regarding water usage, we encourage innovation in water conservation across all departments to maintain stable water intensity, while consistently raising employee awareness through targeted water-saving campaigns and training.

Where targets are not achieved in the course of implementation, we will conduct systematic root-cause analysis and formulate and implement corresponding corrective and preventive measures, so as to promote continuous improvement of the environmental management system and steady fulfilment of our environmental commitments.

With respect to water use, our principal water source is municipal water supply, and water consumption mainly arises from office activities in daily operations. To implement the control requirements for efficient use of water resources, we have formulated the Resource and Energy Management Procedure and established a full-process water-saving management system across multiple dimensions including systems, operations, hardware and employee awareness. Specific control measures are as follows:

- Routine inspection and loss control: the Human Resources and Administration Department conducts regular inspections and supervision of water use in public areas. A response mechanism has been established for losses such as running, overflowing, dripping and leakage in water facilities. Once any abnormality is identified, the equipment department is immediately coordinated to carry out repairs, preventing unnecessary loss of water resources.

- Scenario-based standardised water use management: for water use in office and daily facilities such as pantry areas and restrooms, heads of business departments take the lead in implementing scenario-based water-saving management, including posting standardised water-saving signs in water-use areas to strengthen employees' water conservation awareness and providing dedicated training to help employees develop standardised water-use habits, follow the principle of turning off water when leaving, and avoid waste such as continuous running water.

- Recycling and full participation: during operations, we actively promote the recycling and reuse of water resources to maximise water-use efficiency. At the same time, we have established a channel for employee proposals on continuous improvement, encouraging all employees to put forward innovative ideas for optimising water conservation and fully mobilising participation in water-saving management.

- Water-saving hardware upgrades: the property management team has completed the upgrade and renovation of water-saving facilities in office areas, including low-flow taps, water-saving toilets and other high-efficiency water-saving devices, thereby reducing unit water-use losses at the hardware level and cutting water consumption at the source.

During the reporting period, the public water supply systems in our operating locations were stable and reliable, and regional water resources were sufficiently supplied. We did not encounter any difficulties or restrictions in sourcing water fit for purpose, and our daily operating water needs were fully met.

Through the implementation of the above water-efficiency improvement plan and measures, our water-saving results were significant:

Indicator	Year 2024	**Year 2025**
Water Consumption (tonnes)	4,968	**4,354**
Year-on-Year Change in Water Consumption	—	**(0.12)**

Pollutant Emissions

We are committed to strict compliance with the Water Pollution Prevention and Control Law of the People's Republic of China, the Integrated Wastewater Discharge Standard and other relevant laws, regulations and normative documents, and we manage wastewater discharge in accordance with the Resource and Energy Management Procedure. During the reporting period, we were not subject to any material administrative penalty or criminal liability arising from pollutant discharge, and there were no material defects in our environmental monitoring plan or risk management measures.

Our principal wastewater consists of domestic sewage generated during office operations. In strict compliance with the Water Pollution Prevention and Control Law of the People's Republic of China, the Regulations on Urban Drainage and Sewage Treatment and other relevant laws and regulations, domestic wastewater generated at office premises is discharged into the municipal pipeline network and sent to sewage treatment plants for centralised treatment before compliant discharge, thereby avoiding adverse impacts on the water environment from the Company's operations.

The Company's business model does not involve large-scale industrial production, and its environmental impacts are mainly concentrated in office and laboratory operations. During the reporting period, professional assessment indicated that waste gas emissions generated by the Company's laboratories were minimal and did not reach the statutory threshold for compliance declaration. The Company is committed to strict compliance with relevant environmental laws and regulations. During the reporting period, there was no record of wastewater or waste gas exceeding standards, and the Company did not pose any material impact on the surrounding atmospheric environment.

Waste Management

We are committed to strict compliance with and implementation of the Work Safety Law of the People's Republic of China, the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste and other relevant laws. In 2025, we did not receive any penalties arising from excessive pollutant discharge or non-compliant emissions.

During the reporting period, the total amount of waste generated and disposed of at our principal operating location (Mainland China) was as follows:

Indicator		Year 2025
Waste	Non-hazardous Waste Generated (tonnes)	**41.03**
Waste Emission Intensity	Non-hazardous Waste Emission Intensity (tonnes/total number of employees)	**0.04**

The main waste we generate consists of non-hazardous waste from office activities, such as cardboard boxes, old computers and used daily necessities. As we are not involved in production activities, we do not generate emissions relating to packaging materials, packaging waste management is not currently applicable, and we do not generate hazardous waste.

Our waste management objective is to achieve a steady improvement in waste emission intensity, on the basis of ensuring compliant waste disposal and the stable operation of the relevant management system, through process optimisation and source reduction.

Our objective for waste management is, on the premise of ensuring compliant full-process disposal of waste and the stable operation of the environmental management system, to steadily improve waste intensity and continuously enhance the level of resource utilisation of waste through optimisation of operating processes and measures to reduce waste at source.

Circular Economy

Taking into account the characteristics of the Company's business, which focuses on R&D, product management and supply chain collaboration and does not involve manufacturing activities, we place the management focus of the circular economy on resource conservation in office operations, the rational allocation and extended service life of office equipment, classified collection of recyclables, and compliant disposal and resource utilisation of domestic waste, thereby continuously reducing resource consumption and environmental impacts in daily operations.

At the same time, we extend circular economy principles to collaborative supply chain management, encouraging suppliers to improve material utilisation efficiency in production and operations and to promote energy conservation, water saving, waste reduction, efficiency enhancement and resource recycling. The Company will continue to implement paperless office practices, conservation of office consumables, refined asset management and standardised recovery of obsolete materials, continuously improving resource-use efficiency and supporting the achievement of low-carbon and sustainable operation goals.

Addressing Climate Change

Governance

The Company recognises the scientific consensus that human activity is a cause of climate change and supports China's strategic objectives of reaching peak carbon emissions by 2030 and carbon neutrality by 2060. The Company's overall policy on low-carbon development and climate change response aims to address the severe consequences of global climate change for us and, where feasible, to help the Company capture opportunities arising from the low-carbon transition through effective management measures, thereby ensuring business stability and growth and achieving green and sustainable development.

We have clearly defined the duties and authority of all relevant parties in managing climate-related matters and established a climate governance structure led by the Board of Directors. At the execution and oversight level, the responsibilities of each relevant party are as follows:

- Board of Directors: responsible for overseeing the Company's low-carbon and climate change management and ensuring the compliance and effectiveness of climate-related management work.

- ESG Working Group: responsible for continuously tracking national plans, policies and regulatory requirements relating to carbon peaking and carbon neutrality, studying and interpreting such policies, and regularly consolidating relevant information and reporting it to the General Management Center; assisting the General Management Center in coordinating and guiding the Company's low-carbon transition and climate change management work from the perspective of regulatory requirements, formulating and implementing relevant management measures, and assessing and summarising the Company's low-carbon and climate-related performance.

Strategy

Based on the Company's business development and expert opinions, we identified and analysed the potential impacts of climate risks and opportunities on the Company and plan to incorporate climate change risk management into overall operational risk management. The Company has identified and analysed types of climate risks and opportunities with relatively high likelihood or material impact, prioritised them through a climate risk and opportunity matrix, and taken proactive measures to manage climate risks and seize climate-related opportunities.

Risk Type	Value Chain Impact	Time Horizon[1]	Identified Specific Risk Description	Response Measures
Policy and Legal Risk	R&D, Market Access, Supply Chain	Short to Medium Term	Global energy efficiency standards for electronic products, such as standby power consumption for smart terminals, and green labelling standards are becoming increasingly stringent. Markets such as the European Union are also imposing increased disclosure requirements on full lifecycle carbon footprints for electronic products.	Improve product integration and energy-efficiency design; introduce energy consumption simulation testing at the R&D stage; and track global green trade barriers and carbon disclosure compliance requirements.
Technology Risk	R&D, Product Life Cycle	Medium to Long Term	Market demand for ultra-low-power modules and long-endurance AIoT terminals is increasing sharply. If the Company lags behind in the iteration of green technologies such as low-power wireless communication and edge computing, its competitiveness may decline.	Increase R&D investment in low-power, high-performance computing modules; optimise edge-side AI algorithms to reduce device-side energy consumption; and enhance hardware heat dissipation and environmental adaptability.
Physical Risk (Acute and Chronic)	Supply Chain, Logistics and Delivery	Short to Medium Term	Extreme weather such as typhoons and floods may cause upstream semiconductor wafer fabs or packaging and testing plants to suspend operations, or disrupt global logistics, thereby affecting the stability of the Company's chip procurement and module delivery.	Implement a dual-sourcing/multi-sourcing strategy to diversify the geographical distribution of the supply chain; establish long-cycle safety inventory warning mechanisms for key materials; and optimise logistics route planning.

Risk Type	Value Chain Impact	Time Horizon[1]	Identified Specific Risk Description	Response Measures
Market Risk	Product Sales, Customer Cooperation	Short, Medium and Long Term	Major customers in intelligent connected vehicles, new energy and other sectors are raising assessment standards for suppliers' green performance. If the Company cannot provide module products meeting low-carbon standards, it may face the risk of losing bids.	Advance green supply chain management and carry out supplier carbon reduction assessments; position green design as a core product selling point to meet downstream customers' low-carbon transition needs.

Opportunity Type	Value Chain Impact	Time Horizon[1]	Identified Specific Opportunity Description	Response Measures
Market Opportunity	Business Growth, Industry Enablement	Short, Medium and Long Term	Demand for "AIoT + green energy" is surging. The Company's smart modules can be widely applied in areas such as smart grids, photovoltaic monitoring and shared mobility, helping society as a whole reduce carbon emissions.	Develop customised industry solutions with high stability and low power consumption for segments such as smart power and smart energy management.
Resource Efficiency Opportunity	Operational Efficiency, R&D Cost	Short to Medium Term	Reduce waste of R&D resources and lower internal consumption in offices and laboratories by promoting cloud-based online debugging, computing power sharing platforms and agile R&D models.	Optimise energy management at R&D centres and use cloud platforms to reduce the carbon footprint arising from cross-border and cross-region travel.

Notes:

[1] The time horizons are defined with reference to the Ministry of Finance's Corporate Sustainability Disclosure Standards — Basic Standard (Trial Implementation) and set in light of the Company's operational realities. Short term means within one year after the end of the reporting period (inclusive); medium term means one to five years after the end of the reporting period (inclusive); and long term means more than five years after the end of the reporting period.

Risk and Opportunity Management

We have incorporated climate change risk management into the Company's overall operational risk management system. Under the oversight of the Board of Directors, we have formulated targeted response measures for identified high-priority risks and opportunities, achieving integrated management of climate risks and traditional operational risks and enabling effective full-process control of climate-related risks. For policy and legal risks, technology risks, physical risks and market risks, we effectively manage related risks through measures such as energy-efficiency design, green technology R&D, diversified supply chain deployment and green supply chain management. For development opportunities such as green energy IoT and improvements in R&D and operational efficiency, we optimise R&D energy use and remote collaboration models to fully capture market and efficiency opportunities arising from the low-carbon transition and achieve green and sustainable development.

Metrics and Targets

We regularly review and analyse carbon emissions arising from our business operations. Based on tracking and verification of emissions indicators, we actively take action and continuously explore solutions to reduce carbon emissions. At our principal operating location (Mainland China), we calculate Scope 1, Scope 2 and Scope 3 greenhouse gas emissions in accordance with the Corporate Accounting and Reporting Standard under the Greenhouse Gas Protocol framework.

Indicator		Year 2025
Greenhouse Gases[1]	Scope 1 Greenhouse Gas Emissions (tonnes CO_2e)[2]	**19.00**
	Scope 2 Greenhouse Gas Emissions (tonnes CO_2e)[3]	**653.20**
	Scope 3 Greenhouse Gas Emissions (tonnes CO_2e)[4]	**428.75**
	Total Greenhouse Gas Emissions (tonnes CO_2e)	**1,100.95**
	Greenhouse Gas Emissions Intensity (tonnes CO_2e/total number of employees)	**1.12**

Notes:

[1] We calculate total greenhouse gas emissions in Mainland China based on emission factors set out in PRC government publications, including the China Energy Statistical Yearbook and the Notice on the Release of 2023 Electricity Carbon Dioxide Emission Factors.

[2] Our direct greenhouse gas emissions primarily arise from gasoline combustion by the Company's seven company-owned fuel vehicles. There are no other sources of direct greenhouse gas emissions.

[3] Our indirect greenhouse gas emissions all arise from indirect emissions associated with purchased electricity, which is the core source of indirect emissions in our operations.

[4] We have completed the identification and calculation of Scope 3 greenhouse gas emissions relating to employee business air-travel, which is currently the principal source of our Scope 3 emissions. Going forward, we will gradually identify other categories of Scope 3 emissions and, once relevant data and capabilities are available, incorporate them into greenhouse gas accounting so as to continuously improve full-scope greenhouse gas accounting.

Our goal is to actively carry out carbon footprint tracking, explore decarbonisation potential across business processes, integrate a culture of energy saving and consumption reduction into day-to-day management, and reinforce the sustainability of our current relatively low emissions level through behavioural guidance and process optimisation. At the same time, we guide core suppliers to pay attention to carbon footprint management and promote a sound ecosystem of collaborative emission reduction across the upstream and downstream industrial chain, thereby contributing to the achievement of China's dual-carbon goals. We strive to reduce greenhouse gas emission intensity per unit output value and gradually move toward an industry-leading low-carbon operating model.

Compared with peer companies in the same industry, we have a relatively light carbon emissions structure due to the nature of our business, which does not involve independent industrial production. Based on our current business foundation, we are well prepared to continue improving carbon efficiency in the future and further optimise our carbon emissions performance. During the reporting period, the Company operated steadily and no climate-related asset impairment matters materially affecting financial status were identified. The Company is currently working to enhance its carbon management system and climate risk identification capabilities, with a view to establishing a quantitative analysis model that meets applicable standards and achieving a smooth transition from qualitative description to quantitative assessment.

The Company pays close attention to the implementation of new requirements such as Climate-Related Disclosure Requirements. Based on the principle of "undue cost or effort" and taking into account the Company's current state of data governance, we applied transitional exemption provisions in relation to scenario analysis and quantitative disclosure of financial impacts during the year.

We understand and value the important impact of biodiversity on terrestrial, marine and global ecosystems, and we also recognise the necessity for the Company to assume social responsibility for biodiversity protection and adopt corresponding protection measures. Therefore, we have formulated a Biodiversity Policy to strengthen awareness of biodiversity protection. To improve biodiversity management, we will issue a Biodiversity Statement when feasible and implement such statement in practice.

SOCIAL

Employment and Labor Rights

Governance and Strategy

We are committed to strict compliance with laws and regulations such as the Labour Law of the People's Republic of China and the Labour Contract Law of the People's Republic of China, uphold fair employment, implement the principle of equal pay for equal work. We ensure that no employees are subject to discrimination or differential treatment due to non-work-related factors such as age, gender, place of origin, religious belief, marital status or disability, and strictly prohibit child labour and forced labour.

Based on the SA8000 and ISO 45001 systems, we implement compliance management in areas including remuneration, dismissal, recruitment, promotion, working hours, leave, equal opportunity, diversity, anti-discrimination and benefits, safeguard employees' lawful rights and interests, uphold fairness and impartiality, prohibit discrimination, standardise employment practices, and continuously improve the level of protection of employee rights and interests.

Impacts, Risks and Opportunities Management

Focusing on compliance requirements throughout the full employee employment cycle, we identified risks such as employment discrimination, child labour and forced labour. Through institutional constraints and process controls, we have reinforced the protection of rights and interests, while using fair and inclusive employment practices to capture long-term opportunities for talent retention and stronger team cohesion.

We adhere to lawful employment and have established systems and management frameworks to prevent child labour and forced labour in line with labour standards. The Company has formulated the Control Procedure for Protection of Child Labour and Juvenile Workers, the Control Procedure for Prohibition of Child Labour and Child Labour Remediation, the Control Procedure for Management of Prohibition of Forced Labour, and the Employee Suggestions and Complaints Procedure, and is committed to prohibiting any act of employing or supporting the employment of child labour or forced labour. During the reporting period, all of our formal employees were workers aged 18 or above, and no incident of child labour or forced labour occurred.

We also aim to create a positive working environment for employees, promote a corporate culture of diversity, fairness, inclusion, respect and well-being, and stimulate employees' innovative vitality. To this end, we have formulated the Diversity, Equity and Inclusion Policy. Victims or witnesses who believe that they have been harassed in the workplace by the Company or other persons may report the facts of the harassment incident and the names of the persons involved to the head of their department. If the initial response is inadequate, unsatisfactory, or if the employee is dissatisfied with or has questions about the first response, the matter may be escalated to the General Manager's Office.

Metrics and Targets

During the reporting period, our employment practices were compliant, and there was no incident in which the Company was penalised by relevant authorities for violating laws and regulations relating to labour standards such as employee recruitment and dismissal, working hours and leave, promotion and equal opportunity. The employee rights protection system operated effectively.

Indicator		Year 2025
Employees	Number of Male Employees	**704**
	Number of Female Employees	**279**
By Geography	Number of Employees Working in the mainland of China	**980**
	Number of Employees Working in Hong Kong, Macao, Taiwan and Overseas	**3**
By Age	Number of Employees Aged Under 30	**352**
	Number of Employees Aged 30 to 50	**623**
	Number of Employees Aged Above 50	**8**
Employee Turnover	Number of Male Employee Departures	**141**
	Number of Female Employee Departures	**41**
	Number of Employee Departures Aged Above 50	**1**
	Number of Employee Departures Aged 30 to 50	**82**
	Number of Employee Departures Aged Under 30	**99**
	Number of Employee Departures in the mainland of China	**182**
	Number of Employee Departures in Hong Kong, Macao, Taiwan and Overseas	**0**

Training and Development

Governance and Strategy

In line with business development and organisational strategic needs, we have established a comprehensive employee training system focused on the knowledge and skills required for each position, providing tailored training programmes for employees in different roles to support capability enhancement and career development.

At the training planning stage, we organise training needs surveys at the beginning of each year to formulate annual training plans. Differentiated training arrangements are developed for different departments, positions, levels and business priorities, covering areas such as new employee induction, job skills training and business knowledge training.

Impacts, Risks and Opportunities Management

We focus on full-process talent development management, proactively identifying potential risks such as capability gaps, insufficient training and unclear development pathways. Through systematic training and development mechanisms, we strengthen organisational capability building and, by continuously empowering employees, seize key opportunities for talent retention, improved organisational efficiency and long-term business development.

- Risk control for capability alignment: to address the risk of mismatch between job capabilities and business needs, the Company has established demand-driven training planning and precisely allocates training content by level and position, so that employees' knowledge and skills continue to align with business development requirements.
- Assurance of training quality and effectiveness: to address the risk of training becoming merely formalistic or ineffective, we implement full-process management involving central coordination, departmental execution and post-training evaluation, ensuring that training is traceable and capable of continuous improvement.
- Capturing talent development opportunities: through a comprehensive and multi-level training system, we continuously enhance employees' professional competence and overall capabilities, strengthen their sense of belonging and dedication, and provide stable, high-quality talent support for the Company's high-quality development.

Metrics and Targets

At the execution level, our training activities are centrally coordinated and managed by the Human Resources Department, while specialised training within each department is carried out by department heads based on employee capability enhancement needs and business development plans. After training is completed, attendance sheets and effectiveness evaluation forms are prepared to ensure implementation and effectiveness. In 2025, employee training coverage reached 100%, cumulative training hours and layered training were completed as planned, and the employee development and training system was implemented in a compliant manner.

Indicator		Year 2025
Employee Training	Total Number of Employees Trained	**983**
	Percentage of Employees Trained	**100%**
	Number of Male Employees Trained	**704**
	Number of Female Employees Trained	**279**
	Number of Frontline Employees Trained	**861**
	Number of Frontline Management Employees Trained	**45**
	Number of Middle Management Employees Trained	**65**
	Number of Senior Management Employees Trained	**12**
	Average Training Hours Received per Employee (hours)[1]	**12**

Notes:

[1] During the reporting period, we were unable to conduct refined breakdown statistics on average training hours. Moving forward, we will further optimize our training ledger management system, and once we have established refined statistical capabilities, we will disclose the relevant data in future reports.

Occupational Health and Safety

During the reporting period, the Company remained committed to complying with relevant laws and regulations such as the Work Safety Law of the People's Republic of China and the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases. We have established a sound internal monitoring mechanism, and during the reporting period the Company did not incur any material administrative penalty for violation of the above laws and regulations. We have established a comprehensive occupational health and safety assurance system. The Employee Handbook sets out the occupational health and safety management policy and publicly undertakes to provide all employees with a safe and healthy working environment and protect them from workplace safety and health risks and harm.

Based on the ISO 45001 Occupational Health and Safety Management System standard, we have established a full-process occupational health and safety control system and formulated a systematic occupational health and safety plan, implementing management measures across multiple dimensions including risk identification, hazard control and personnel protection:

- Proactive risk control: we routinely carry out hazard identification and hidden danger investigation and remediation to identify safety risks at the source in operations, and promptly drive rectification of identified safety hazards to prevent safety incidents;

- Protection of health rights and interests: we provide employees with qualified labour protection equipment in accordance with standards and organise annual occupational health examinations for all employees to dynamically understand their health status and prevent occupational disease risks in advance;

- Safety capability enhancement: we include occupational safety and environmental training and emergency drills in the annual employee training plan and regularly carry out safety training and emergency drills to enhance employees' safety awareness and emergency response capabilities.

Through institutional standards, identification and management of occupational disease hazard factors and occupational health surveillance, we prevent occupational disease risks and safeguard employees' occupational health. No occupational disease case was recorded during the reporting period.

Indicator		Year 2023	Year 2024	**Year 2025**
Occupational Health and Safety	Number of Work-Related Fatalities	0	0	**0**
	Lost Days Due to Work-Related Injuries (days)	0.5	49	**91**

To ensure the compliance of all management activities, we have formulated the Control Procedure for Collection and Updating of Laws, Regulations and Other Requirements and established a regular regulatory compliance control mechanism. The Human Resources Department collects and updates occupational health and safety-related laws, regulations, standards and other external requirements every six months.

At the same time, we are commited to supervise and inspect the compliance of various targets, indicators and social responsibility activities every six months, preparing an applicable Legal and Regulatory Assessment Form for social responsibility and formulating dedicated control measures based on regulatory requirements to ensure that all management activities meet regulatory requirements.

Through the implementation of the above measures, we continuously optimise the working environment and effectively safeguard the health and safety rights and interests of all employees.


注册号：00923S10792R0M

长城（天津）质量保证中心有限公司

职业健康安全管理体系认证证书

兹证明 美格智能技术股份有限公司（统一社会信用代码:91440300799218456D）

位于 注册地址：广东省深圳市宝安区福永街道凤凰社区岭下路5号办公楼2层

办公/服务地址：广东省深圳市福田区华富街道新田社区深南大道1006号深圳国际创新中心（福田科技广场）B栋三十二层

其子公司众格智能科技（上海）有限公司注册/办公/服务地址：上海市闵行区顾戴路2337号9幢（G栋）4层

其子公司深圳市美格智联信息技术有限公司注册/办公/服务地址：广东省深圳市福田区华富街道新田社区深南大道1006号深圳国际创新中心（福田科技广场）B栋三十二层

其子公司西安兆格电子信息技术有限公司注册/办公/服务地址：陕西省西安市高新区丈八四路20号神州数码西安科技园1号楼8层

其职业健康安全管理体系符合

GB/T45001-2020/ISO 45001:2018 标准

该职业健康安全管理体系认证范围

美格智能技术股份有限公司：移动无线终端、移动产品（智能家电控制设备）、物联网无线终端、移动通讯模块的研发和销售。

其子公司众格智能科技（上海）有限公司：移动无线终端、移动产品（智能家电控制设备）、物联网无线终端、移动通讯模块的研发和销售。

其子公司深圳市美格智联信息技术有限公司：移动无线终端、移动产品（智能家电控制设备）、物联网无线终端、移动通讯模块的研发和销售。

其子公司西安兆格电子信息技术有限公司：移动无线终端、移动产品（智能家电控制设备）、物联网无线终端、移动通讯模块的研发和销售。

颁证日期 2023年10月20日 有效期至 2026年10月19日

注1：本证书覆盖的任何场所如不能保持认证的必要规定，认证文件将被整体撤销，本证书的有效性决定其子证书及分场所附件的有效性。

注2：其子公司名称及认证范围等信息见子证书。

长城（天津）质量保证中心有限公司 总经理

中国认可 国际互认 管理体系 MANAGEMENT SYSTEM CNAS C009-M

本证书信息（包括证书有效性、监督保持注册资格等信息）可通过扫描本证书二维码查询，在本中心网站（www.isocgw.net），和国家认证认可监督管理委员会官方网站（www.cnca.gov.cn）上查询。

中心地址：天津市南开区水上北道津龙公寓4号 邮政编码：300074

中心网站：www.isocgw.net

(*Note:* The above is the ISO 45001:2018 Occupational Health and Safety Management System Certification Certificate issued by the certification body.)

Product and Service Safety and Quality

Governance and Strategy

We have completed identification of laws and regulations relating to product quality, customer rights and interests, and data security. Relevant management activities strictly comply with legal and regulatory requirements including the Product Quality Law of the People's Republic of China, the Law of the People's Republic of China on the Protection of Consumer Rights and Interests, the Personal Information Protection Law of the People's Republic of China, the Data Security Law of the People's Republic of China, the Electronic Commerce Law of the People's Republic of China, the Measures for Penalties for Infringing Consumer Rights and Interests, and the Interim Measures for the Handling of Market Supervision Complaints and Reports. No related violations were recorded during the reporting period.

We have obtained ISO 9001:2015 Quality Management System certification and, based on that standard, established a quality control system covering the full product life cycle of R&D, procurement, production, inspection, delivery and after-sales service. With full-process traceability management and continuous improvement as the core control principles, we implement quality control requirements across all stages to ensure product compliance, safety and reliability, and continuously improve customer satisfaction through iterative optimisation of the quality system.

Impacts, Risks and Opportunities Management

Focusing on quality control throughout the entire product life cycle, we proactively identify risks such as product defects and inadequate services. Through a full-process quality assurance system, we strengthen the safety baseline and have established a comprehensive management mechanism for protecting customer rights and interests. Specialised policies are used to implement full-process controls over customer service and protection of trade secrets, while continuous quality improvement enables us to seize long-term opportunities to enhance customer satisfaction:

- By implementing the Customer Satisfaction Survey Management Procedure, we regularly conduct customer satisfaction surveys, systematically collect customers' opinions and suggestions on product and service quality, optimise service processes in a targeted manner, and continuously improve customer experience;

- We have formulated the Customer Complaint Handling Specification, which sets out a standardised process for handling customer complaints to ensure rapid response and appropriate remedial measures, thereby providing efficient and high-quality services to customers. At the same time, through reviews of customer complaints, we promptly identify root causes of internal non-conformities, introduce improvement measures and drive continuous optimisation of internal management;

Metrics and Targets

In 2025, the Company received 27 complaints relating to product quality and zero customer service complaints, with a complaint handling rate and case closure rate of 100%, indicating that product quality and services remained compliant. Based on the Non-conforming Product Control Procedure, we have established a systematic quality control and recall management system. During the reporting period, the Company maintained safe and stable operations, did not identify any major quality deviation requiring initiation of a product recall procedure, and no substantive product recall events took place.

Indicator		Year 2025
Product and Service Safety and Quality	Number of Complaints Received by Type: Product Quality[1]	**27**
	Number of Complaints Received by Type: Product Safety	**0**
	Number of Complaints Received by Type: Customer Service	**0**
	Complaint Handling Rate for Product and Service Complaints Received	**100%**
	Sales Value of Products Sold or Shipped Subject to Recall for Safety and Health Reasons (RMB)	**0**

Note:

[1] Upon receipt of a complaint, we promptly initiated a dedicated complaint-handling process, comprehensively reviewed the nature of the issues raised, and swiftly adopted targeted remedial and control measures based on the key concerns and underlying causes. We confirm that such complaints mainly related to routine operational issues, minor functional deficiencies and general technical optimisation feedback. We addressed them in a timely and appropriate manner, significantly improving customer satisfaction, with no repeat complaints or escalated complaints recorded.

Responsible Marketing

Governance and Strategy

Guided by the business philosophy of integrity, responsibility, innovation and sharing, we attach great importance to product and service promotion, advertising releases and product label management. We are committed to strict compliance with relevant laws and regulations such as the Advertising Law of the People's Republic of China, the Anti-Unfair Competition Law of the People's Republic of China and the Trademark Law of the People's Republic of China, adhere to the principles of truthful, accurate and compliant external communication, and continuously enhance the level of responsible marketing management.

Impacts, Risks and Opportunities Management

Focusing on compliance requirements in the marketing process, we proactively identify related risks such as inaccurate promotion and misleading information, strengthen the compliance baseline through full-process control measures, and reinforce consumer trust in the brand through transparent and compliant marketing practices.

(1) Tiered review mechanism: all external promotional materials, including product manuals, official website information, posters, short videos, press releases, product labels and packaging, are subject to prior review and tiered approval. Relevant content may only be released after preliminary review by the marketing department, rechecking by the product department and compliance review by the legal department, thereby ensuring that promotional content is truthful, accurate and complete and contains no false or misleading statements;

(2) Compliance training and self-inspection: during the reporting period, we regularly organised specialised training on compliance with the Advertising Law, product label standards and anti-unfair competition requirements, covering personnel in relevant positions including marketing, sales, legal, operations and quality. At the same time, we carried out quarterly self-inspections on marketing and promotional compliance, reviewed released advertisements, website content, product labels and relevant pages, and completed rectification of any non-standard expressions identified in a timely manner, forming a closed-loop management system of "self-inspection — rectification — review";

(3) Label and safety information disclosure: we uniformly design and print product labels in accordance with national product identification standards and relevant technical requirements, ensuring that information such as product name, specifications, production date, warning information and traceability information is complete, clear and identifiable;

(4) Promotional restrictions for partners: we expressly set out compliance requirements for third-party promotion in cooperation agreements, prohibiting distributors, partner platforms and others from using the Company's name without authorisation for exaggerated or false promotion, thereby jointly maintaining a standardised and orderly marketing environment.

Metrics and Targets

During the reporting period, all external promotional materials, advertising assets and product labels were reviewed and archived in accordance with the relevant procedures. No administrative penalty was imposed in connection with advertising, product labels or marketing conduct, and there were no related consumer complaints, false promotion disputes, unfair competition litigation or other material adverse incidents relating to responsible marketing. Responsible marketing management was conducted in compliant.

Data Security and Customer Privacy Protection

Governance and Strategy

We have obtained ISO 27001 Information Security Management System certification and, based on that standard, established a comprehensive group-level information security control system and implemented full-process information security management through dedicated policies. For data security and confidential project management, we have established dedicated control mechanisms and formulated specific policies including the Data Security Management Procedure and Information Security Management for Confidential Projects, implementing full-process confidentiality and data security controls. Based on the Information Security Personnel Management Specification, we have established an information security management mechanism covering the entire employee life cycle. Employees are required to complete dedicated information security training and assessment upon onboarding.

Impacts, Risks and Opportunities Management

Focusing on security management requirements across the full data life cycle, we proactively identify related risks such as data leakage and loss of access control. Through dual controls combining technology and policy, we strengthen our security defences and, through compliant information security capabilities, reinforce customers' trust in the Company's data handling:

- Full-cycle control over confidential projects: for confidential projects, we have established personnel and access control mechanisms covering the entire project lifecycle. Before project commencement, all project-related personnel receive dedicated security training and sign confidentiality agreements. During project execution, supplementary security training is provided in response to personnel changes, and system access for transferred or departing personnel is promptly revoked to prevent information leakage risks.

- Encryption protection for sensitive data: for R&D-sensitive information, all of our R&D office computers and servers are equipped with encryption systems to protect core sensitive information such as R&D data and source code, thereby safeguarding data security from a technical perspective.

- Emergency response and supervision controls: we have formulated the Information Security Incident Emergency Response Policy and established an emergency response mechanism for information security incidents. At the same time, we conduct quarterly spot checks of information security work by department to promptly identify and eliminate potential security risks.

- Our Trade Secret Management Specification clearly stipulates full-process management requirements for trade secrets, covering classification of confidentiality levels, periodic inspection and assessment of confidentiality measures, and establishment of oversight and post-incident recovery mechanisms for confidentiality incidents, thereby effectively protecting the trade secrets of both the Company and its customers.

Metrics and Targets

During the reporting period, information security training covered all employees, no material data security or customer privacy leakage incident occurred, and the information security management system operated in compliance. In routine management, we organise annual refresher training on information security for all employees and conduct monthly information security awareness and education activities to continuously enhance employees' awareness of information security. Our information security training covers all dimensions, including basic information security, personnel security, information asset security and office endpoint security, and clearly requires employees to strictly comply with the Company's information security policies, not to disclose the Company's proprietary information without authorisation, and not to use proprietary information from customer cooperation projects beyond the business scope, thereby effectively safeguarding information security for both the Company and its customers.


注册号：I24CC001

长城（天津）质量保证中心有限公司

信息安全管理体系认证证书

兹证明 美格智能技术股份有限公司

（统一社会信用代码:91440300799218456D）

位于 注册地址：深圳市宝安区福永街道凤凰社区岭下路5号办公楼2层

办公/服务地址：广东省深圳市福田区华富街道新田社区深南大道1006号

深圳国际创新中心（福田科技广场）B栋三十二层

其信息安全管理体系符合

ISO/IEC 27001:2022 标准

该信息安全管理体系适用于

移动无线终端、移动产品（智能家电控制设备）、物联网无线终端、移动通讯模块的研发和销售所涉及的信息安全管理活动。

颁证日期 2024年1月3日

换证日期 2025年1月8日 有效期至 2027年1月2日

注1：本证书覆盖的任何场所如不能保持认证的必要规定，认证文件将被整体撤销，本证书的有效性决定其子证书及分场所附件的有效性。

注2：其子公司名称及认证范围等信息见子证书。

长城（天津）质量保证中心有限公司 总经理

本证书信息（包括证书有效性、监督保持注册资格等信息）可通过扫描本证书二维码查询，在本中心网站（www.isocgw.net），和国家认证认可监督管理委员会官方网站（www.cnca.gov.cn）上查询。

中心地址：天津市南开区水上北道津龙公寓4号 邮政编码：300074

中心网站：www.isocgw.net

(*Note:* The above is the ISO/IEC 27001:2022 Information Security Management System Certification Certificate issued by the certification body.)

Supply Chain Environmental and Social Risk Management

Governance and Strategy

We regard environmental and social risk management in the supply chain as a core component of sustainable development and have established a full-process supply chain ESG management system covering supplier admission, ongoing management and supplier empowerment.

- Green procurement: we have established a hazardous substances control mechanism for the supply chain and implement environmental controls over procured materials through dedicated policies to ensure green compliance across the supply chain.

- Supplier sample environmental verification: under the Supplier Management Procedure, the sample approval step in the supplier onboarding stage is clearly defined, and suppliers are required to provide documents such as product ingredient lists, MSDS, test reports and RoHS declarations of conformity, thereby verifying environmental compliance of products at the source;

- Environmental risk review for admission of new materials: based on the Hazardous Substances Control Procedure, we have established an admission mechanism for environmental risks relating to new materials. When a code is applied for a new material, the Document Control Center (DCC) must first confirm the supplier's rating in the Supplier Environmental Risk Rating Assessment Form, and only materials corresponding to suppliers rated as low environmental risk will be assigned codes, ensuring that all procured materials are low environmental risk;

- Control of environmental labels on incoming materials: for the incoming materials stage, the above procedure expressly requires that the outer cartons of incoming materials bear environmental labels such as RoHS, enabling internal personnel to conduct rapid identification and control, and supporting full-process environmental traceability management.

Impacts, Risks and Opportunities Management

We actively identify environmental and social risks throughout the entire supply chain and, through targeted management measures, prevent related risks and capture opportunities arising from the green transformation of the supply chain. With respect to supplier environmental and social assessment, we have formulated the Supplier Management Procedure and established a sound supply chain social responsibility control mechanism, clearly setting out full-process ESG assessment requirements for supplier admission:

- Supplier admission risk assessment: before a supplier is introduced, we require the supplier to complete self-assessment in areas such as corporate social responsibility and green environmental protection. On that basis, we conduct internal specialised assessment and, where necessary, on-site audits. We also verify risks relating to the supplier's financial condition and CSR compliance status through multiple channels, including industry and commerce authorities, tax authorities, labour regulators, public online sources and local communities. Cooperation proceeds only after the risk assessment is completed.

- Compliance agreement requirements: suppliers that pass assessment must, before being included in the Qualified Supplier List, sign with us dedicated agreements and declarations including but not limited to the Integrity and Clean Conduct Guarantee Agreement, CSR Notification Letter, Agreement on Restriction of Environmentally Hazardous Substances, Undertaking on Non-use of Hazardous Substances and REACH Declaration Letter, thereby clearly setting out compliance requirements relating to social responsibility, environmental protection and integrity in the supply chain and ensuring the compliance and sustainability of the supply chain. We also provide online training to suppliers through the SRM system.

For ongoing management of suppliers after cooperation begins, we have established routine supplier review and audit mechanisms. Our suppliers primarily cover two categories, namely raw materials and packaging/accessory materials. Based on the Supplier Management Procedure, we formulate an Annual Audit Plan for key suppliers and carry out annual on-site audits of such suppliers according to plan, screening for environmental and social risks at each stage and ensuring that environmental and social management across the supply chain remains at a low-risk level.

Metrics and Targets

We have established a supplier empowerment mechanism and, through dedicated online training, help suppliers improve their management capabilities and jointly promote sustainable development of the supply chain. Our dedicated control target is to achieve a 100% completion rate for annual on-site assessments of suppliers and subcontractors, thereby ensuring full coverage of supply chain ESG controls.

Indicator		Year 2025
Suppliers	Number of Suppliers in the mainland of China	**532**
	Number of Suppliers in Hong Kong, Macao and Taiwan	**88**
	Number of Overseas Suppliers	**23**

Fair Treatment of SMEs

The Company attaches great importance to supply chain fairness and cooperation with SMEs and strictly implements management principles of fair procurement, equal cooperation, non-discrimination and transparent admission. In supplier admission, tendering and business cooperation, we do not impose additional scale, qualification or other discriminatory restrictions on SMEs. Admission review is carried out solely according to uniform standards, including lawful and valid production or business qualifications, products or services meeting technical standards and quality requirements, good records in work safety, environmental protection and compliance, and the ability to ensure performance and delivery.

We have identified risks such as discriminatory treatment in cooperation and delayed payments, and through fair full-process controls we protect the lawful rights and interests of SME suppliers. At the same time, through collaborative empowerment practices, we capture long-term opportunities to enhance supply chain resilience. The Company is committed to strict compliance with contractual arrangements and national requirements on safeguarding payment to SMEs, has established standardised payment approval and payment procedures, and makes full and timely payments to suppliers in accordance with agreed payment terms. The Company also supports SME suppliers in continuously improving their quality, delivery and compliance management capabilities through supplier training and empowerment mechanisms, promoting sustained and stable cooperative relationships and fostering a mutually beneficial and long-term collaborative supply chain ecosystem.

During the reporting period, we did not unreasonably withhold or delay payments to SME suppliers. The Company uses unified, standardised and fair standard contract templates for all suppliers, with no discriminatory terms targeting SMEs, including more onerous breach liabilities, unreasonable price suppression terms or unequal warranty or compensation requirements. During the reporting period, the Company did not receive any formal complaint from SME suppliers regarding unfair treatment, discriminatory terms or unreasonable price suppression, nor did any material litigation, arbitration or regulatory penalty occur.

Innovation-Driven Development

Governance and Strategy

The Company has consistently upheld the business philosophy of integrity, responsibility, innovation and sharing, adhered to a development strategy driven by R&D, treated R&D capability as the core driving force for business development, prioritised R&D and continuously invested resources in building an industry-leading R&D team in wireless communications and IoT technologies. At the same time, starting from market demand and industry pain points, the Company allocates R&D resources in a targeted manner, taking the resolution of customer pain points and the creation of value for customers as the core criterion for R&D investment.

The Legal Department is the competent department in charge of the Company's intellectual property affairs and exercises centralized management over the Company's intellectual property work. Its principal responsibilities include formulating standardised documents, policies and procedures relating to the Company's intellectual property; managing the operation of the Company's intellectual property, including the identification, control, review, application, examination, response and routine maintenance of patents, trademarks, integrated circuit layout designs and other rights; and undertaking qualification review for the Company's intellectual property awards and bonuses, while coordinating with the Human Resources Department for bonus distribution.

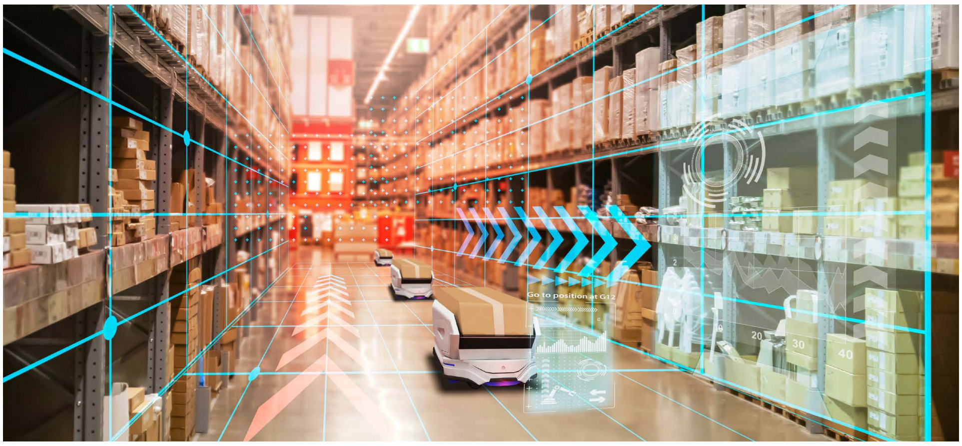
Impacts, Risks and Opportunities Management

Focusing on full-process management of R&D innovation, we proactively identify risks such as technology iteration and ethical compliance. Through a sound R&D management system, we reinforce the compliance baseline, while responsible innovation practices allow us to seize long-term opportunities arising from technological upgrading and industry development:

- R&D team building: R&D employees account for more than 80% of our workforce, and we adhere to the team-building philosophy of being people-oriented and R&D-first, always treating the development of the R&D team as a core component of the Company's business development. After years of accumulation and cultivation, the Group has established a high-quality R&D and management team that is youthful and capable, united and enterprising, with forward-looking vision, innovative capability and fighting spirit. We have also established an R&D management process centred on IPD management and suited to the Company's own development. Our professional and efficient R&D and management team is the Group's most valuable resource and the core competitiveness supporting the Company's sustained development.

- Responsible innovation and scientific ethics: while pursuing technological breakthroughs, we always treat scientific ethics and compliant operations as the baseline for development and uphold the principle that technology should be used for good. The Company adheres to research integrity and has established a rigorous R&D compliance system to ensure the authenticity, accuracy and completeness of R&D data and resolutely eliminate any academic misconduct. In the R&D of artificial intelligence and IoT technologies, we remain people-oriented and attach great importance to data ethics and privacy protection. In key processes such as data collection, algorithm deployment and edge-cloud integration, we are committed to strict compliance with relevant laws and regulations and to effectively safeguarding user privacy and data security. At the same time, when promoting the application of high-computing-power modules and generative algorithms, we emphasise the safety and controllability of technology and strive to address social pain points through responsible innovation, thereby achieving harmony between technological progress and social responsibility.

In scientific research, technology development and other scientific and technological activities, we adhere to the fundamental principles of research integrity, legal compliance and technology for good, and integrate requirements of technology ethics into the management of the entire R&D process. The Company attaches great importance to matters such as data ethics, algorithm application, privacy protection and compliant use of R&D outcomes, and continuously strengthens management requirements relating to the authenticity, accuracy and completeness of R&D activities.



Metrics and Targets

In 2025, the Company obtained 21 patent grants, two approved trademarks and 13 software copyrights, with R&D personnel accounting for more than 80% of the workforce. No recorded incident or penalty relating to technology ethics non-compliance occurred, and innovation management remained compliant and orderly. The Company encourages inventions, creations and other intellectual labour achievements and provides rewards for employees' work-related intellectual achievements. The Legal Department compiles statistics on the number of patent applications and grants of each department at mid-year and year-end, while departments are required to truthfully report the promotion and use of patents to the Legal Department. The Legal Department consolidates the reported data and arranges bonus payments after confirming outstanding teams and individuals in patent-related work.

Indicator		Year 2025
Intellectual Property	Number of patents granted	**21**
	Number of trademarks approved	**2**
	Number of software copyrights registered	**13**
	Number of software copyrights per RMB million of revenue[1]	**0.027**
	Number of valid patents per RMB million of revenue	**0.082**

Note:

[1] Calculation formula is: cumulative balance (as of the end of 2025)/revenue for the year. The same calculation formula applies to "valid patents per RMB million of revenue" below.

(*Note:* The above is the certificate of Specialised, Refined, Distinctive and Innovative "Little Giant" Enterprise issued by the Ministry of Industry and Information Technology.)

Social Contribution and Community Development

While pursuing economic benefits and maximising shareholder value, we actively fulfil the social responsibilities expected of a corporate citizen. Focusing on issues of public concern, we seek to contribute to building a harmonious society through diversified public welfare practices.

In the locations where we operate, we prioritize local hiring. During the reporting period, local employees accounted for more than 30% of our total recruitment. We firmly believe that maintaining stable operations, providing high-quality employment opportunities, and empowering both the upstream and downstream sectors of the industrial chain are the fundamental and long-lasting ways for the Company to contribute to the community as a corporate citizen.

We are committed to responding to community needs and, through our stakeholder engagement mechanism, to aligning with the livelihood needs of the communities in which we operate. In step with the advancement of our operational footprint, we will, in due course, coordinate human, material and financial resources to carry out community service initiatives across a range of areas, including education support, health and care, cultural co-development and volunteer services. Through these efforts, we will continue to improve community support, empower neighbourhood co-development, and help foster an inclusive, harmonious and sustainable community ecosystem, so that, while achieving our own development, we can also fully safeguard and give back to the interests of the communities we serve.

We are committed to establishing meaningful, constructive and positive dialogue with local communities, listening to their voices and demands so as to minimise or mitigate risks arising from our operations to the greatest extent possible. We widely listen to and respond to the expectations and demands of stakeholders and lawfully resolve complaints and dissatisfaction from communities through transparent and open communication and grievance mechanisms.

Rural Revitalization

The Company pays close attention to social issues such as rural revitalisation, coordinated regional development and public welfare support, and recognises the positive significance of education support, talent cultivation, employment promotion and livelihood improvement for the sustainable development of rural areas. We actively respond to the national strategy for rural revitalisation and, in line with the progress of our own capacity building, will in due course carry out support initiatives across multiple dimensions, including industrial assistance, talent development, education empowerment and consumption-based support for agriculture. Through these efforts, we aim to help underdeveloped areas improve infrastructure, stimulate endogenous development momentum, and promote coordinated urban-rural and regional development, thereby contributing our corporate strength to consolidating and expanding poverty alleviation achievements and comprehensively advancing rural revitalisation.

In the future, the Company will, in light of its business characteristics and resource conditions, actively explore feasible paths to participate in initiatives relating to rural revitalization and regional development in areas such as educational support, talent development, employment promotion and community co-construction, and continue to deepen its social responsibility practices on a lawful and compliant basis.

APPENDIX I: INDEX TABLE FOR THE SHENZHEN STOCK EXCHANGE SELF-REGULATORY GUIDELINES FOR LISTED COMPANIES NO. 17 — SUSTAINABILITY REPORTS (TRIAL)

Dimension	Disclosure Topics/ Requirements	Relevant Section
Environment	Addressing Climate Change	Addressing Climate Change
	Pollutant Emissions	Pollutant Emissions
	Waste Management	Waste Management
	Ecosystems and Biodiversity Protection	Addressing Climate Change
	Environmental Compliance Management	Environmental Compliance Management
	Energy Use	Energy and Resource Utilization
	Water Resource Use	Energy and Resource Utilization
	Circular Economy	Circular Economy

Dimension	Disclosure Topics/ Requirements	Relevant Section
Social	Rural Revitalization	Rural Revitalization
	Social Contribution	Rural Revitalization; Social Contribution and Community Development
	Innovation-Driven Development	Innovation-Driven Development
	Technology Ethics	Innovation-Driven Development
	Supply Chain Security	Supply Chain Environmental and Social Risk Management
	Fair Treatment of SMEs	Fair Treatment of SMEs
	Product and Service Safety and Quality	Product and Service Safety and Quality
	Data Security and Customer Privacy Protection	Data Security and Customer Privacy Protection
	Employees	Employment and Labor Rights; Training and Development; Occupational Health and Safety
Sustainability Governance	Stakeholder Engagement	Stakeholder Engagement; Investor Protection
	Due Diligence	Materiality Assessment
	Anti-Bribery and Anti-Corruption	Anti-Bribery and Anti-Corruption
	Anti-Unfair Competition	Anti-Unfair Competition
Self-identified Disclosure Topic	Responsible Marketing	Responsible Marketing

APPENDIX II: INDEX TABLE FOR APPENDIX C2 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING CODE TO THE MAIN BOARD LISTING RULES OF THE HONG KONG STOCK EXCHANGE

Part B: Mandatory Disclosure Requirements

Mandatory Disclosures	Reporting Chapters
Governance Structure	Board Statement on ESG Governance; Corporate Governance
Reporting Principles	About this Report
Reporting Boundary	About this Report

Part C: "Comply or Explain" Provisions

Aspect, General Disclosures and KPIs		Relevant Section
	A. Environmental	
A1	Emissions	Relevant content in the Environment section
A1.1	Types of emissions and respective emissions data	Pollutant Emissions; Waste Management
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions and intensity	Addressing Climate Change
A1.3	Total hazardous waste produced and intensity	Waste Management
A1.4	Total non-hazardous waste produced and intensity	Waste Management
A1.5	Emissions targets and steps taken to achieve them	Waste Management
A1.6	Waste reduction targets and steps taken to achieve them	Waste Management
A2	Use of Resources	Relevant content in the Environment section
A2.1	Direct and/or indirect energy consumption by type and intensity	Energy and Resource Utilization
A2.2	Total water consumption and intensity	Energy and Resource Utilization
A2.3	Energy use efficiency targets and steps taken to achieve them	Energy and Resource Utilization
A2.4	Whether there is any issue in sourcing water that is fit for purpose, and water efficiency targets and steps taken to achieve them	Energy and Resource Utilization
A2.5	Total packaging material used for finished products and per unit produced, if applicable	Waste Management
A3	The Environment and Natural Resources	Relevant content in the Environment section
A3.1	Significant impacts of activities on the environment and natural resources and the actions taken to manage them	Relevant content in the Environment section

Aspect, General Disclosures and KPIs		Relevant Section
	B. Social	
	Employment and Labor Practices	
B1	Employment	Employment and Labor Rights
B1.1	Total workforce by gender, employment type, age group and geographical region	Employment and Labor Rights
B1.2	Employee turnover rate by gender, age group and geographical region	Employment and Labor Rights
B2	Health and Safety	Occupational Health and Safety
B2.1	Number and rate of work-related fatalities in each of the past three years	Occupational Health and Safety
B2.2	Lost days due to work injury	Occupational Health and Safety
B2.3	Occupational health and safety measures, and how they are implemented and monitored	Occupational Health and Safety
B3	Development and Training	Training and Development
B3.1	Percentage of employees trained by gender and employee category	Training and Development
B3.2	Average training hours completed per employee by gender and employee category	Training and Development
B4	Labor Standards	Employment and Labor Rights
B4.1	Measures to review employment practices to avoid child and forced labor	Employment and Labor Rights
B4.2	Steps taken to eliminate such practices when discovered	Employment and Labor Rights
	Operating Practices	
B5	Supply Chain Management	Supply Chain Environmental and Social Risk Management; Fair Treatment of SMEs
B5.1	Number of suppliers by geographical region	Supply Chain Environmental and Social Risk Management
B5.2	Practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored	Supply Chain Environmental and Social Risk Management
B5.3	Practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	Supply Chain Environmental and Social Risk Management
B5.4	Practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	Supply Chain Environmental and Social Risk Management

Aspect, General Disclosures and KPIs		Relevant Section
B6	Product Responsibility	Product and Service Safety and Quality
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Product and Service Safety and Quality
B6.2	Number of products and service related complaints received and how they are dealt with	Product and Service Safety and Quality
B6.3	Practices relating to observing and protecting intellectual property rights	Data Security and Customer Privacy Protection; Innovation-Driven Development
B6.4	Quality assurance process and recall procedures	Product and Service Safety and Quality
B6.5	Consumer data protection and privacy policies, and how they are implemented and monitored	Data Security and Customer Privacy Protection; Responsible Marketing
B7	Anti-corruption	Anti-Bribery and Anti-Corruption
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees and the outcomes	Anti-Bribery and Anti-Corruption
B7.2	Preventive measures and whistle-blowing procedures, and how they are implemented and monitored	Anti-Bribery and Anti-Corruption
B7.3	Anti-corruption training provided to Directors and employees	Anti-Bribery and Anti-Corruption
	Community	
B8	Community Investment	Rural Revitalization; Social Contribution and Community Development
B8.1	Focus areas of contribution	Rural Revitalization; Social Contribution and Community Development
B8.2	Resources contributed to the focus areas	Rural Revitalization; Social Contribution and Community Development

Part D: Climate-Related Disclosures

Climate-Related Disclosures		Relevant Section
		(i) Governance
19.	Governance	Board Statement on ESG Governance; Addressing Climate Change
		(ii) Strategy
20.	Climate-related risks and opportunities	Addressing Climate Change
21.	Business model and value chain	Addressing Climate Change
22–23.	Strategy and decision-making	Addressing Climate Change
24–25.	Financial position, financial performance and cash flows	Addressing Climate Change As assessment of expected financial impacts involves long-term macroeconomic variables, uncertainty in the policy environment and complex model assumptions, the Company did not conduct a complete quantitative assessment of financial impacts during the reporting period.
26.	Climate resilience	Addressing Climate Change Climate resilience assessment generally relies on scenario analysis and medium-to long-term assumptions and requires a high degree of data completeness, methodological consistency and analytical capability. During the reporting period, the Company had not yet formed relevant information that could be obtained without undue cost or effort and that would be reasonable and supportable. Based on the "reasonable and supportable information" relief, the Company has not yet conducted quantitative climate scenario analysis. The Company is assessing the feasibility of gradually introducing climate scenario analysis in light of its own business characteristics, data foundation and resource conditions.
		(iii) Risk Management
27.	Risk Management	Risk Management and Internal Control; Addressing Climate Change

Climate-Related Disclosures		Relevant Section
		(iv) Metrics and Targets
28–29.	Greenhouse gas emissions	Addressing Climate Change; relevant data tables and notes
30.	Climate-related transition risks	Addressing Climate Change
31.	Climate-related physical risks	Given that the impacts of climate-related transition risks, physical risks and opportunities on assets or business activities involve multiple factors such as policy changes, market responses and technological development, there remains significant uncertainty in assessing the amount and proportion of such impacts on specific assets or business activities. Based on the "reasonable and supportable information" relief, the Company has not yet made quantitative disclosure of such impacts and has instead made qualitative disclosure on the nature of the risks and the direction of management. The Company is gradually advancing the relevant assessment work and will prudently consider further disclosure in due course, taking into account management requirements, data availability and internal management progress.
32.	Climate-related opportunities	
33.	Capital deployment	Addressing Climate Change The Company does not yet separately aggregate or quantitatively disclose capital expenditure, financing or investment used for climate-related risks and opportunities. Such expenditures are mainly implemented as part of overall production and operations, technology upgrades, and energy conservation and environmental protection projects, making it difficult at the current stage to accurately distinguish the standalone climate-related financial amounts. The Company will continue to assess the feasibility of establishing relevant statistics and disclosure mechanisms in light of the gradual enhancement of management capabilities and the continuous improvement of its data foundation.
34.	Internal carbon pricing	The Company has not yet implemented or applied carbon pricing in its decision-making processes.
35.	Remuneration	During the reporting period, the Company had not yet incorporated climate-related considerations into its remuneration policies, including the remuneration of Directors and senior management. The Board will continue to monitor the impact of climate-related issues on the Company's business and assess, at an appropriate time, the feasibility of incorporating climate-related performance indicators into remuneration policies.
36.	Industry-based metrics	Addressing Climate Change
37–40.	Climate-related targets	Addressing Climate Change
41.	Cross-industry metrics and applicability of industry metrics	Addressing Climate Change

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道979號
太古坊一座27樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

To the members of MeiG Smart Technology Co., Ltd.
(Incorporated in the People's Republic of China with limited liability)

Opinion

We have audited the consolidated financial statements of MeiG Smart Technology Co., Ltd. (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 120 to 210, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board ("**IASB**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") as issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "**Code**"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition During the year ended 31 December 2025, the Group's revenue was amounted to RMB3,747,132,000. The revenue was mainly derived from the sales of wireless communication modules and solutions, which accounted for 96.3% of the Group's total revenue. Revenue is one of the Group's key performance indicators and has significant impact on the financial statement, there is an inherent risk of being manipulated to achieve the forecast objectives. Therefore, we identified revenue recognition as a key audit matter. Relevant disclosures are included in notes 2.4, 4, and 5 to the Group's consolidated financial statements.	The audit procedures performed in relation to the revenue recognition in our audit mainly included: • Obtained an understanding of the Group's revenue recognition process, evaluated and tested the design and implementation effectiveness of management's key controls over revenue recognition; • Inspected key sales contracts, identified contract terms, reviewed accounting treatments and evaluated the appropriateness of the Group's accounting policies; • Implemented analytical procedures for revenue and gross profit margin by product line, by customers and by other relevant analytical perspective; • Performed test of details on a sample basis, inspected supporting documents related to revenue recognition, including sales orders, receipts, customer account statements, customs export declarations, bill of landings, project completion confirmations, and other relevant supporting documents; • Performed confirmation procedures on a sample basis for the trade receivables balances as at the balance sheet date and sales transactions during the period, and conducted alternative test on samples without reply; • Checked whether there was any significant reversal or sales return after the reporting period; • Reviewed the disclosures of revenue in the consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Impairment of trade receivables As at 31 December 2025, the Group had trade receivables of RMB497,293,000, representing approximately 20.1% of the Group's current assets. The Group recognises impairment allowances of trade receivables based on the expected credit loss ("**ECL**") approach under IFRS 9 *Financial Instruments*. The measurement of ECL requires the application of significant judgement and estimates such as the staging, groupings of the debtor segments and provision rates. In determining the amount of expected credit loss for trade receivables, management is required to assess the creditworthiness of the relevant customers, considering factors such as the status of available collateral or pledged assets and customer's repayment history. Given the significant estimates and judgements involved in assessing the expected recoverable amount of trade receivables, and the amounts involved are material, we identified the impairment of trade receivables as a key audit matter. Relevant disclosures are included in notes 2.4, 3, 20 and 40 to the Group's consolidated financial statements.	The audit procedures performed in relation to the expected credit losses on trade receivables in our audit mainly included: • Understood, evaluated, and tested the design and operating effectiveness of internal controls related to the estimation of expected credit losses on trade receivables; • Re-assessed the outcome of management's prior-year estimate of expected credit losses, and evaluated any subsequent re-estimations made by management; • Discussed with management on the groupings of credit risk characteristics and the estimates of expected credit losses, and evaluated the reasonableness of management's expected credit loss model in consideration of current economic conditions; • For trade receivables with individual bad debt provision, discussed with management on the reasonableness of identification and analysed the recoverability of such receivables; • For trade receivables for which expected credit losses have been made on group basis by credit risk characteristics, evaluated the reasonableness of key assumptions for expected credit losses based on the nature of customers, historical loss rate and industry and macroeconomic indicators; • Tested the ageing analysis of trade receivables on a sampling basis, by tracing the data back to the source documents; • Examined the subsequent settlements of trade receivables; • Reviewed the disclosure of expected credit losses for trade receivables in the consolidated financial statements.

Other information included in the Annual Report

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Leung Yat Him (practising certificate number: P08017).

Ernst & Young
Certified Public Accountants
Hong Kong
30 March 2026

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
REVENUE	5	**3,747,132**	2,941,374
Cost of sales		**(3,238,218)**	(2,456,712)
Gross profit		**508,914**	484,662
Other income and gains	5	**32,416**	20,015
Selling and marketing expenses		**(67,462)**	(59,190)
Administrative expenses		**(79,118)**	(70,676)
Research and development expenses		**(226,107)**	(208,136)
Reversal of impairment losses on financial assets		**6,255**	6,556
Other expenses		**(35)**	(29,947)
Finance costs	7	**(9,487)**	(6,297)
Share of profits and losses of joint ventures	16	**(547)**	(860)
Share of profits and losses of associates	17	**(8,941)**	(11,986)
PROFIT BEFORE TAX	6	**155,888**	124,141
Income tax (charge)/credit	10	**(13,167)**	10,234
PROFIT FOR THE YEAR		**142,721**	134,375
Attributable to:			
Owners of the parent		**142,721**	135,572
Non-controlling interests		**—**	(1,197)
		142,721	134,375
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	12		
Basic (RMB per share)		**0.54**	0.52
Diluted (RMB per share)		**0.54**	0.52

	Notes	2025 RMB'000	2024 RMB'000
PROFIT FOR THE YEAR		**142,721**	134,375
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(3,245)**	1,877
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods		**(3,245)**	1,877
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**(3,245)**	1,877
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**139,476**	136,252
Attributable to:			
Owners of the parent		**139,476**	137,449
Non-controlling interests		**—**	(1,197)
		139,476	136,252

Consolidated Statement of Financial Position

31 December 2025

	Notes	31 December 2025 RMB'000	31 December 2024 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**16,215**	17,885
Other intangible assets	14	**111,475**	109,078
Right-of-use assets	15	**15,848**	9,405
Investment in joint ventures	16	**2,281**	1,479
Investment in associates	17	**51,355**	46,181
Equity investments at fair value through profit or loss ("**FVTPL**")	18	**181,966**	189,971
Prepayment, other receivables and other assets	22	**23,644**	16,536
Deferred tax assets	29	**92,000**	88,410
Total non-current assets		**494,784**	478,945
CURRENT ASSETS			
Inventories	19	**900,900**	650,552
Trade and bills receivables	20	**619,444**	1,016,069
Prepayments, other receivables and other assets	22	**581,678**	254,122
Debt investments at fair value through other comprehensive income ("**FVOCI**")	21	**58,810**	9,992
Restricted cash	23	**1,817**	7,998
Cash and cash equivalents	23	**309,614**	341,879
Total current assets		**2,472,263**	2,280,612
CURRENT LIABILITIES			
Trade and bills payables	24	**552,282**	579,916
Other payables and accruals	25	**91,974**	109,140
Interest-bearing bank borrowings	27	**385,880**	352,606
Lease liabilities	15	**7,214**	8,592
Contract liabilities	26	**192,095**	109,344
Tax payable		**2,633**	8,311
Total current liabilities		**1,232,078**	1,167,909
NET CURRENT ASSETS		**1,240,185**	1,112,703
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,734,969**	1,591,648

	Notes	**31 December 2025** **RMB'000**	31 December 2024 RMB'000
NON-CURRENT LIABILITIES			
Deferred income	28	**2,925**	3,875
Lease liabilities	15	**9,827**	1,417
Deferred tax liabilities	29	**19,741**	19,243
Total non-current liabilities		**32,493**	24,535
Net assets		**1,702,476**	1,567,113
EQUITY			
Equity attributable to owners of the parent			
Share capital	30	**261,757**	261,802
Treasury shares	30	**(48,540)**	(79,286)
Reserves	31	**1,489,259**	1,384,597
		1,702,476	1,567,113
Non-controlling interests		**—**	—
Total equity		**1,702,476**	1,567,113

WANG Ping
Director

XIA Youqing
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2025

	Attributable to owners of the parent								
	Share capital RMB'000 (note 30)	Treasury Shares RMB'000 (note 30)	Capital reserve RMB'000 (note 31)	Statutory surplus reserve RMB'000 (note 31)	Exchange fluctuation reserve RMB'000 (note 31)	Retained profits RMB'000 (note 31)	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
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 year	–	–	–	–	–	142,721	142,721	–	142,721
Other comprehensive income for the year:									
Exchange differences on translation of foreign operations	–	–	–	–	(3,245)	–	(3,245)	–	(3,245)
Total comprehensive income for the year	–	–	–	–	(3,245)	142,721	139,476	–	139,476
Equity-settled share-based compensation expenses	–	–	23,489	–	–	–	23,489	–	23,489
Shares issued and granted for restricted share incentive plan	263	(5,997)	5,734	–	–	–	–	–	–
Exercise of restricted shares units	–	25,730	(11,226)	–	–	–	14,504	–	14,504
Exercise of share options	566	–	11,296	–	–	–	11,862	–	11,862
Transfer from retained profits	–	–	–	3,704	–	(3,704)	–	–	–
Dividend	–	456	–	–	–	(33,929)	(33,473)	–	(33,473)
Shares repurchased	–	(20,495)	–	–	–	–	(20,495)	–	(20,495)
Others**	(874)	31,052	(30,178)	–	–	–	–	–	–
At December 31, 2025	**261,757**	**(48,540)**	**797,241***	**27,537***	**163***	**664,318***	**1,702,476**	**–**	**1,702,476**

	Attributable to owners of the parent								
	Share capital RMB'000 (note 30)	Treasury Shares RMB'000 (note 30)	Capital reserve RMB'000 (note 31)	Statutory surplus reserve RMB'000 (note 31)	Exchange fluctuation reserve RMB'000 (note 31)	Retained profits RMB'000 (note 31)	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
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	—	—	—	—	—	(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

* These reserve accounts comprised the consolidated reserves of RMB1,489,259,000 in the consolidated statements of financial position as at 31 December 2025 (2024: RMB1,384,597,000), respectively.

** Others mainly represent the equity impact on the deregistration of previously repurchased shares.

Consolidated Statement of Cash Flows

Year ended 31 December 2025

	Notes	**2025 RMB'000**	2024 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**155,888**	124,141
Adjustments for:			
Finance costs	7	**9,487**	6,297
Interest income	5	**(2,910)**	(2,497)
Share of profits and losses of joint ventures and associates		**9,488**	12,846
Gain on disposal of a subsidiary	5, 32	**—**	(4,906)
Reversal of impairment of trade and bills receivables	20	**(4,194)**	(7,638)
(Reversal of)/provision for impairment of prepayments, other receivables and other assets	22	**(2,061)**	1,082
Write-down of inventories to net realisable value	19	**20,232**	16,342
Depreciation of property, plant and equipment	13	**5,450**	6,137
Depreciation of right-of-use assets	15(a)	**6,623**	14,647
Amortisation of other intangible assets	14	**38,884**	38,287
Losses on disposal of items of property, plant and equipment	6	**18**	13
Gain on early termination of a lease	6	**—**	(78)
Gain on sublease of right-of-use assets	6	**(989)**	—
Fair value gains on financial assets measured at FVPL	5/6	**(4,664)**	(1,725)
Government grants		**(1,900)**	—
Equity-settled share-based payment expense	33	**21,256**	11,118
Foreign exchange difference, net		**(7,159)**	(9,612)
		243,449	204,454
Increase in inventories		**(270,337)**	(145,808)
Decrease/(increase) in trade and bills receivables		**171,807**	(358,800)
(Increase)/decrease in debt investments at fair value through other comprehensive income		**(48,818)**	28,435
Increase in prepayments, other receivables and other assets		**(315,245)**	(24,694)
Increase in trade and bills payables		**204,718**	114,889
(Decrease)/increase in other payables and accruals		**(17,346)**	13,833
Increase in contract liabilities		**82,751**	57,997
Increase in deferred income		**950**	—
Increase in restricted cash		**(1,814)**	—
Cash generated from/(used in) operation		**50,115**	(109,694)
Interest received		**2,740**	2,497
Income tax paid		**(20,360)**	(22,693)
Net cash flows from/(used in) operating activities		**32,495**	(129,890)

	Notes	2025 RMB'000	2024 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of items of property, plant and equipment		**10**	20
Proceeds from disposals of equity investments at fair value through profit or loss		**10,000**	12,000
Investment income from equity investments at fair value through profit or loss		**2,669**	34,000
Purchases of items of property, plant and equipment, other intangible assets, and other assets		**(37,248)**	(14,049)
Capitalized development costs		**(8,814)**	(13,469)
Proceed from sublease of right-of-use assets		**5,503**	—
Net cash outflows in respect of the deemed disposal of a subsidiary		**—**	(1,294)
Purchase of a shareholding in joint ventures		**(1,350)**	(450)
Purchase of a shareholding in associates		**(14,309)**	—
Net cash flows (used in)/from investing activities		**(43,539)**	16,758
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of ordinary shares		**11,867**	3,810
Proceeds from subscription of restricted shares		**11,103**	37,031
New bank borrowings		**910,000**	729,500
Repayment of bank borrowings		**(877,500)**	(382,000)
Cash received from the release of restricted cash for issuance of bank acceptance notes		**—**	36,568
Restricted cash paid for issuance of bank acceptance notes		**(5,305)**	(34,980)
Payment of listing expense		**(11,993)**	—
Principal portion of lease payments		**(11,829)**	(15,001)
Interest paid		**(8,295)**	(5,366)
Payment for repurchase of own shares		**(12,499)**	(37,287)
Dividends paid		**(33,929)**	(25,802)
Net cash flows (used in)/from financing activities		**(28,380)**	306,473
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(39,424)**	193,341
Cash and cash equivalents at beginning of year		**341,879**	138,926
Effect of foreign exchange rate changes, net		**7,159**	9,612
CASH AND CASH EQUIVALENTS AT END OF YEAR		**309,614**	341,879
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	23	**311,431**	349,877
Less: restricted cash	23	**1,817**	7,998
Cash and bank balances as stated in the consolidated statements of financial position and statements of cash flows		**309,614**	341,879

1. CORPORATE AND GROUP 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 September 2017. The Company's H shares were listed on the Main Board of the Hong Kong Stock Exchange (stock code: 03268.HK) on 10 March 2026. 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 year, 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 31 December 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 (c))*	PRC/Chinese mainland, 15 October 2018	RMB80,000,000	100%	—	R&D and design
Zhongge Intelligent Technology (Shanghai) Co., Ltd. (眾格智能科技(上海)有限公司)* ("**ZhongGe Shanghai**") *(note (c))*	PRC/Chinese mainland, 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
Forge International Co., Ltd. ("**Forge International**") *(note (b))*	Hong Kong, 16 December 2014	HKD100,000	100%	—	Sales and supply chain
MeiG Smart Technology France	France, 15 April 2025	EUR400,000	—	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/Chinese mainland, 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 (c))*	PRC/Chinese mainland, 15 August 2023	RMB200,000,000	100%	—	R&D and design
Zhongge Intelligent Technology (Nantong) Co., Ltd. (眾格智能技術(南通)有限公司)* ("**ZhongGe Nantong**") *(note (c))*	PRC/Chinese mainland, 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 (c))*	PRC/Chinese mainland, 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.

1. CORPORATE AND GROUP INFORMATION (Continued)

Notes:

(a) The statutory financial statements of this entity for the year ended 31 December 2024 prepared under China Accounting Standards of Business Enterprises was audited by Beijing Hexin Certified Public Accountants LLP (北京荷信會計師事務所(普通合夥)), certified public accountants registered in the PRC. As at the date of this report, no audited financial statements have been prepared for this entity for the year ended 31 December 2025.

(b) The statutory financial statements of this entity for the year ended 31 December 2024 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. As at the date of this report, no audited financial statements have been prepared for this entity for the year ended 31 December 2025.

(c) As at the date of this report, no audited financial statements have been prepared for these entities for the year ended 31 December 2024 and 2025.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2. ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board ("**IASB**") and the disclosure requirements of the Hong Kong Companies Ordinance.

These financial statements have 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. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial information of the Group for the year ended 31 December 2025. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

2. ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

Basis of consolidation (Continued)

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 Changes in accounting policies and disclosures

The Group has adopted amendments to IAS 21 *Lack of Exchangeability* for the first time for the current year's financial statements. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted in and the functional currencies of overseas subsidiaries, joint ventures and associates for translation into the Group's presentation currency were exchangeable, the adoption of the amendment did not have any impact on the Group's financial statements.

2. ACCOUNTING POLICIES (Continued)

2.3 Issued but not yet effective HKFRs 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 financial statements. 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 and its amendments	*Subsidiaries without Public Accountability: Disclosures*[3]
Amendments to IAS 21	*Translation to a Hyperinflationary Presentation Currency*[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 period 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. ACCOUNTING POLICIES (Continued)

2.4 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.

2. ACCOUNTING POLICIES (Continued)

2.4 Material accounting policies (Continued)

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.

2. ACCOUNTING POLICIES (Continued)

2.4 Material accounting policies (Continued)

Business combinations and goodwill (Continued)

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 reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2. ACCOUNTING POLICIES (Continued)

2.4 Material accounting policies (Continued)

Fair value measurement (Continued)

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 reporting period.

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 reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

2. ACCOUNTING POLICIES (Continued)

2.4 Material accounting policies (Continued)

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.

2. ACCOUNTING POLICIES (Continued)

2.4 Material accounting policies (Continued)

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.

2. ACCOUNTING POLICIES (Continued)

2.4 Material accounting policies (Continued)

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 reporting period, the Group conducts an impairment test on development expenditure items.

2. ACCOUNTING POLICIES (Continued)

2.4 Material accounting policies (Continued)

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.

2. ACCOUNTING POLICIES (Continued)

2.4 Material accounting policies (Continued)

Leases (Continued)

Group as a lessee (Continued)

(b) Lease liabilities (Continued)
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.

2. ACCOUNTING POLICIES (Continued)

2.4 Material accounting policies (Continued)

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:

2. ACCOUNTING POLICIES (Continued)

2.4 Material accounting policies (Continued)

Investments and other financial assets (Continued)

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.

2. ACCOUNTING POLICIES (Continued)

2.4 Material accounting policies (Continued)

Derecognition of financial assets (Continued)

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 each of reporting period, 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 reporting period 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.

2. ACCOUNTING POLICIES (Continued)

2.4 Material accounting policies (Continued)

Impairment of financial assets (Continued)

General approach (Continued)

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 reporting period (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 reporting period. 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.

2. ACCOUNTING POLICIES (Continued)

2.4 Material accounting policies (Continued)

Financial liabilities (Continued)

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.

2. ACCOUNTING POLICIES (Continued)

2.4 Material accounting policies (Continued)

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 reporting period based on historical data, current conditions, and all relevant factors and market changes.

2. ACCOUNTING POLICIES (Continued)

2.4 Material accounting policies (Continued)

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 reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries, 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.

2. ACCOUNTING POLICIES (Continued)

2.4 Material accounting policies (Continued)

Income tax (Continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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 is recorded at the fair value of the non-monetary assets and released to the statement of 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.

2. ACCOUNTING POLICIES (Continued)

2.4 Material accounting policies (Continued)

Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

(a) Sale of products

For domestic sales in Chinese mainland, 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 reporting period 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.

2. ACCOUNTING POLICIES (Continued)

2.4 Material accounting policies (Continued)

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 financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to 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.

2. ACCOUNTING POLICIES (Continued)

2.4 Material accounting policies (Continued)

Share-based payments (Continued)

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 financial statements.

Other employee benefits

Pension scheme

The employees of the Company and the Group's subsidiaries which mainly operate in Chinese mainland 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 — Chinese mainland

The Group has participated in defined social security contribution schemes for its employees pursuant to the relevant laws and regulations of the PRC. These include housing fund, basic medical insurance, unemployment insurance, injury insurance and maternity insurance. The Group makes monthly contributions to the housing fund and other social insurances. The contributions are charged to profit or loss on an accrual basis. The Group's liability in respect of these funds is limited to the contributions payable in each reporting period.

2. ACCOUNTING POLICIES (Continued)

2.4 Material accounting policies (Continued)

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 financial statements.

Foreign currencies

The financial statements are presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each reporting period. 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.

2. ACCOUNTING POLICIES (Continued)

2.4 Material accounting policies (Continued)

Foreign currencies (Continued)

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 reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of each reporting period, 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 financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, 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 financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, 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 financial statements:

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.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Judgements (Continued)

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 financial statements.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Share-based payment

The Group makes the best estimate of the number of exercisable equity instruments at the end of each reporting period 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 financial statements.

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.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

Provision for expected credit losses on trade and other receivables (Continued)

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 financial statements.

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 reporting period and makes a provision against obsolete and slow-moving items. Management reassesses the estimation at the end of each reporting period. 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 reporting period is disclosed in note 19 to the financial statements.

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 financial statements. 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 reporting period. Further details are included in notes 18 and 39 to the financial statements.

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 reporting period. 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.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

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 reporting period are presented as follows:

	2025 ***RMB'000***	2024 *RMB'000*
Geographical markets		
Chinese mainland	**2,346,246**	2,138,448
East Asia *(note)*	**821,075**	285,931
United States	**314,051**	222,264
Europe	**117,313**	107,625
Others	**148,447**	187,106
Total	**3,747,132**	2,941,374

Note: not including Chinese mainland.

4. OPERATING SEGMENT INFORMATION (Continued)

Geographical information (Continued)

(b) Non-current assets

Almost all the non-current assets of the Group are physically located in Chinese mainland and therefore no further geographical information on the Group's non-current assets is presented. 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 reporting period is as follows:

	2025 ***RMB'000***	2024 *RMB'000*
Customer A	**815,564**	955,098

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2025 ***RMB'000***	2024 *RMB'000*
Revenue from contracts with customers		
Wireless communication modules and solutions	**3,608,768**	2,808,563
Sales of electronic components	**138,364**	123,279
Subtotal	**3,747,132**	2,931,842
Revenue from other sources		
Gross rental income:		
Other lease payments, including fixed payments	**—**	9,532
Total	**3,747,132**	2,941,374

5. REVENUE, OTHER INCOME AND GAINS (Continued)

Revenue from contracts with customers

(a) Disaggregated revenue information

	2025	2024
	RMB'000	*RMB'000*
Types of goods or services		
Wireless communication modules and solutions	**3,608,768**	2,808,563
Sales of electronic components	**138,364**	123,279
Total	**3,747,132**	2,931,842
Geographical markets		
Chinese mainland	**2,346,246**	2,128,916
East Asia *(note)*	**821,075**	285,931
United States	**314,051**	222,264
Europe	**117,313**	107,625
Others	**148,447**	187,106
Total	**3,747,132**	2,931,842
Timing of revenue recognition		
Goods and services transferred at a point in time	**3,747,132**	2,931,842
Total	**3,747,132**	2,931,842

Note: not including Chinese mainland.

The following table shows the amounts of revenue recognised in the reporting period that were included in the contract liabilities at the beginning of each reporting period and recognised from performance obligations satisfied in previous periods:

	2025	2024
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Wireless communication modules and solutions	**109,344**	52,328

5. REVENUE, OTHER INCOME AND GAINS (Continued)

Revenue from contracts with customers (Continued)

(b) Performance obligations

Information about the Group's performance obligations is summarized below:

Sale of products

For domestic sales in Chinese mainland, the performance obligation is normally satisfied upon the customer's 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 reporting period.

5. REVENUE, OTHER INCOME AND GAINS (Continued)

Other income and gains

An analysis of other income and gains is as follows:

	2025 RMB'000	2024 RMB'000
Other income		
Interest income	**2,910**	2,497
Government grants*	**19,333**	10,696
Total other income	**22,243**	13,193
Gains		
Gain on early termination of a lease	**—**	78
Gain on sublease of right-of-use assets *(note 15)*	**989**	—
Gains on equity investments at FVTPL	**4,664**	1,725
Gain on deemed disposal of a subsidiary *(note 32)*	**—**	4,906
Foreign exchange gains, net	**4,464**	—
Others	**56**	113
Total gains	**10,173**	6,822
	32,416	20,015

* 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	2025 RMB'000	2024 RMB'000
Cost of sales*		**3,238,218**	2,456,712
Research and development costs:			
Deferred expenditure amortised*		**15,547**	14,690
Current year expenditures		**226,107**	208,136
Depreciation of property, plant and equipment**	13	**5,450**	6,137
Depreciation of right-of-use assets**	15	**6,623**	14,647
Amortisation of other intangible assets**	14	**38,884**	38,287
Loss on disposal of items of property, plant and equipment***		**18**	13
Gain on early termination of a lease***		**—**	(78)
Gain on sublease of right-of-use assets***	15	**(989)**	—
Gain on deemed disposal of a subsidiary***	32	**—**	(4,906)
Foreign exchange (gains)/losses, net***		**(4,464)**	28,472
Expenses relating to short-term leases	15	**1,994**	1,970
Reversal of impairment of trade and bills receivables	20	**(4,194)**	(7,638)
(Reversal of impairment)/Impairment of other receivables	22	**(2,061)**	1,082
Gains on equity investments at FVTPL***		**(4,664)**	(1,725)
Share of profits and losses of joint ventures	16	**547**	860
Share of profits and losses of an associate	17	**8,941**	11,986
Auditor's remuneration		**900**	600
Listing expenses		**1,024**	—
Write-down of inventories to net realisable value*	19	**20,232**	16,342
Employee benefit expenses (excluding directors', supervisors' and chief executive's remuneration *(note 8)*):			
– Wages and salaries		**223,761**	215,761
– Pension scheme contributions		**19,113**	18,704
– Share-based payments expenses		**21,256**	11,118
Total employee benefit expenses		**264,130**	245,583

* 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 reporting period 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:

	2025 RMB'000	2024 RMB'000
Interest on bank loans and other borrowings	**8,991**	5,456
Interest on lease liabilities	**496**	841
Total	**9,487**	6,297

8. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors', supervisors' and chief executive's remuneration during the reporting period, is set out as follows:

	2025 RMB'000	2024 RMB'000
Fees	**300**	250
Other emoluments:		
Salaries, bonuses, allowances and benefits in kind	**6,282**	5,439
Pension scheme contributions	**115**	131
Share-based payment expenses	**—**	—
Subtotal	**6,397**	5,570
Total	**6,697**	5,820

During the reporting period, 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 financial statements. 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 financial statements for the reporting period is included in the above remuneration disclosures.

8. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

(a) Independent non-executive directors

The independent non-executive directors' fees during the reporting period were as follows:

	2025 RMB'000	2024 RMB'000
Mr. YANG Zheng	**150**	125
Dr. MA Lijun	**150**	125
Ms. LIU Jia *(note)*	**—**	—
Total	**300**	250

Note: Ms. LIU Jia was appointed as the Company's independent non-executive director on 5 June 2025, with effective upon the listing date of the Company's H shares.

There were no other emoluments payable to the independent non-executive directors during the reporting periods.

(b) Executive directors, a non-executive director and the chief executive

	Fees RMB'000	Salaries, bonuses, allowances and benefits in kind RMB'000	Pension scheme contributions RMB'000	Share-based payment expenses RMB'000	Total RMB'000
Year ended 31 December 2025					
Executive director and chief executive:					
Mr. WANG Ping	—	2,141	23	—	2,164
Mr. DU Guobin	—	1,639	32	—	1,671
Mr. XIA Youqing	—	1,212	18	—	1,230
Mr. HUANG Min	—	910	18	—	928
	—	5,902	91	—	5,993
Supervisor:*					
Mr. NING Huan	—	190	10	—	200
Mr. NING Jian	—	113	6	—	119
Ms. FU Zhiyi	—	77	8	—	85
	—	380	24	—	404
	—	6,282	115	—	6,397

8. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

(b) Executive directors, a non-executive director and the chief executive (Continued)

	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

* The Company dissolved the supervisory committee in 2025 and these supervisors resigned from their position as supervisors accordingly.

There was no arrangement under which the executive directors, supervisors and the chief executive waived or agreed to waive any remuneration during the reporting period.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year ended 31 December 2024 and 2025 included two and two directors and chief executive, respectively, details of whose remuneration are set out in note 8 above. Details of the remuneration for the remaining three and three highest paid employees who are neither a director nor chief executive of the Company during the year ended 31 December 2024 and 2025:

	2025 **RMB'000**	2024 RMB'000
Salaries, bonuses, allowances and benefits in kind	**3,714**	2,759
Pension scheme contributions	**97**	92
Share-based payment expenses	**2,102**	1,680
	5,913	4,531

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2025	2024
HK$500,000 to HK$1,000,000	**—**	—
HK$1,000,001 to HK$1,500,000	**—**	—
HK$1,500,001 to HK$2,000,000	**1**	3
HK$2,000,001 to HK$2,500,000	**2**	—
	3	3

During the reporting period, 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 financial statements. 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 financial statements during the reporting period 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.

Chinese mainland

The provision for corporate income tax in Chinese mainland 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.

Xi'an ZhaoGe, ZhongGe Shanghai and MeiG Zhilian were qualified as High and New Technology Enterprise ("**HNTE**") and were entitled to a preferential income tax rate of 15% during the reporting period. 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 an effective tax rate of 5% for the year ended 31 December 2024 and 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 year ended 31 December 2024.

Hong Kong

During the reporting period, 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 reporting period.

France

The Company's subsidiary incorporated in France is subject to France profits tax at the statutory rate of 15% on any estimated assessable profits arising in France during the reporting period.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

10. INCOME TAX (Continued)

The income tax charge/(credit) of the Group for the reporting period is analysed as follows:

	2025 *RMB'000*	2024 *RMB'000*
Current income tax	**14,022**	26,678
Deferred income tax *(note 29)*	**(855)**	(36,912)
Total tax charge/(credit)	**13,167**	(10,234)

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:

	2025 *RMB'000*	2024 *RMB'000*
Profit before tax	**155,888**	124,141
Tax charge at the preferential tax rate of 15%	**23,383**	18,621
Effect of different applicable tax rates for specific jurisdictions or enacted by local authority	**(2,776)**	(718)
Adjustments in respect of current tax of previous periods	**2,293**	284
Expenses not deductible for tax	**3,318**	1,830
Profits and losses attributable to joint ventures and associates***	**2,404**	3,161
Deductible temporary differences and tax losses not recognised	**2,167**	2,031
Additional deductible allowance for qualified research and development expenses*	**(17,622)**	(22,012)
Effect on opening deferred tax of increase in rates**	**—**	(13,442)
Others	**—**	11
Income tax charge/(credit) at the Group's effective tax rate	**13,167**	(10,234)

* 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 reporting period.

** The Company was previously qualified as HNTE but failed to enjoy the preferential tax rate of 15% in 2024 and thereafter 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 and thereafter.

*** The share of tax attributable to associates of RMB2,250,000 (2024: RMB3,995,000) during the operating periods, 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 RMB129,000 (2024: RMB271,000) during the reporting period, respectively, 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

	2025 RMB'000	2024 RMB'000
Cash dividends	**33,929**	25,802

The final dividend of RMB1.0 per 10 shares (tax inclusive) in respect of the year ended 31 December 2023 with an aggregate distribution of RMB25,802,000 was approved by the Company's Annual General Meeting on 16 May 2024 and subsequently paid in 2024.

The final dividend of RMB1.3 per 10 shares (tax inclusive) in respect of the year ended 31 December 2024 with an aggregate distribution of RMB33,929,000 was approved by the Company's Annual General Meeting on 19 May 2025 and 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 reporting period.

The calculation of the diluted earnings per share amounts for the years ended 31 December 2024 and 2025 is based on the profit for the year 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, 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.

	2025	2024
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation *(RMB'000)*	**142,554**	135,572
Shares		
Weighted average number of ordinary shares in issue during the year, used in the basic earnings per share calculation*	**262,044,515**	260,522,025
Effect of dilution — weighted average number of ordinary shares:		
Restricted share awards and share options	**1,087,833**	680,385
Total	**263,132,348**	261,202,410

* The weighted average number of shares was after taking into account the effect of treasury shares held.

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings *RMB'000*	Machinery and equipment *RMB'000*	Motor vehicles *RMB'000*	Electronic equipment and others *RMB'000*	Leasehold improvements *RMB'000*	Total *RMB'000*
31 December 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	—	—	273	3,790	—	4,063
Depreciation provided during the year	(203)	(65)	(197)	(5,073)	(167)	(5,705)
Disposal	—	—	—	(28)	—	(28)
At 31 December 2025, net of accumulated depreciation	2,335	1,174	1,833	10,776	97	16,215
At 31 December 2025:						
Cost	4,521	5,340	6,588	39,505	3,959	59,913
Accumulated depreciation	(2,186)	(4,166)	(4,755)	(28,729)	(3,862)	(43,698)
Net carrying amount	2,335	1,174	1,833	10,776	97	16,215

13. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Buildings *RMB'000*	Machinery and equipment *RMB'000*	Motor vehicles *RMB'000*	Electronic equipment and others *RMB'000*	Leasehold improvements *RMB'000*	Total *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

Notes:

(a) As at 31 December 2025, the Group had not obtained building ownership certificates for all buildings with a net book value of approximately RMB2,335,000 (2024: RMB2,538,000) respectively.

(b) During the year ended 31 December 2025, depreciation of property, plant and equipment of RMB5,450,000 (2024: RMB6,137,000) were included in the consolidated statements of profit or loss and other comprehensive income, and the remaining amount of RMB255,000 (2024: RMB733,000) were capitalised in other intangible assets, respectively.

(c) As at 31 December 2024 and 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.

14. OTHER INTANGIBLE ASSETS

	Software *RMB'000*	License rights *RMB'000*	Total *RMB'000*
31 December 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	10,232	31,854	42,086
Amortisation provided during the year	(15,593)	(24,096)	(39,689)
At 31 December 2025, net of accumulated amortisation	43,199	68,276	111,475
At 31 December 2025			
Cost	94,114	170,069	264,183
Accumulated amortisation	(50,915)	(101,793)	(152,708)
Net carrying amount	43,199	68,276	111,475

14. OTHER INTANGIBLE ASSETS (Continued)

	Software *RMB'000*	License rights *RMB'000*	Total *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 December 2024, net of accumulated amortisation	48,560	60,518	109,078
At 31 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

Note:

(a) During the year ended 31 December 2025, amortization of other intangible assets of RMB38,884,000 (2024: RMB38,287,000) were included in the consolidated statements of profit or loss and other comprehensive income, and the remaining amount of RMB805,000 (2024: Nil) were capitalised, respectively.

15. LEASES

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 reporting period are as follows:

	Buildings and premises *RMB'000*
At 1 January 2025	**9,405**
Additions	**17,728**
Depreciation charge	**(6,623)**
Sublease of right-of-use assets*	**(4,662)**
At 31 December 2025	**15,848**
At 1 January 2024	24,037
Additions	946
Depreciation charge	(14,647)
Early termination of a lease	(931)
At 31 December 2024	9,405

* 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 year ended 31 December 2025, which is included in the consolidated financial statement of profit or loss.

15. LEASES (Continued)

As a lessee (Continued)

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the reporting period are as follows:

	2025 RMB'000	2024 RMB'000
Carrying amount at the beginning of the year	**10,009**	25,770
New leases	**17,728**	946
Accretion of interest recognised during the year	**496**	841
Early termination of a lease	**—**	(1,009)
Lease payments	**(11,192)**	(16,539)
Carrying amount at the end of the year	**17,041**	10,009
Analysed into:		
Current portion	**7,214**	8,592
Non-current portion	**9,827**	1,417
Total	**17,041**	10,009

The maturity analysis of lease liabilities is disclosed in note 40 to the financial statements.

(b) The amounts recognised in profit or loss in relation to leases are as follows:

	2025 RMB'000	2024 RMB'000
Expenses relating to short-term leases	**1,994**	1,970
Interest on lease liabilities	**496**	841
Depreciation charge of right-of-use assets	**6,623**	14,647
Gains on early termination of a lease	**—**	(78)
Gains on sublease of right-of-use assets	**(989)**	—
Total amount recognised in profit or loss	**8,124**	17,380

(c) The total cash outflow for leases are disclosed in notes 34(c) to the financial statements.

16. INVESTMENTS IN JOINT VENTURES

The Group

	2025 RMB'000	2024 RMB'000
Share of net assets	**2,281**	1,479

The Group's trade receivable and payable balances with joint ventures are disclosed in notes 37 to the financial statements.

At 31 December 2024 and 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 Ownership interest	Percentage of Voting power	Percentage of Profit sharing	Principal activity
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/Chinese mainland	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:

	2025 RMB'000	2024 RMB'000
Share of the joint ventures' losses for the year	**(547)**	(860)
Share of the joint ventures' total comprehensive losses	**(547)**	(860)
Aggregate carrying amount of the Group's investments in the joint ventures at the end of the year	**2,281**	1,479

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.

17. INVESTMENTS IN ASSOCIATES

	2025 RMB'000	2024 RMB'000
Share of net assets	**51,355**	46,181

The Group's trade receivable and payable balances with associates are disclosed in notes 37 to the financial statements.

At 31 December 2024 and 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/Chinese mainland	36.0%	Manufacture and sales
Pinsu Zhilian*	Registered capital of RMB1 each	PRC/Chinese mainland	37.5%	Manufacture and sales
Sigbeat Inc	Registered capital of USD0.001 each	USA	40.0%	Sales

* In 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 financial statements.

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:

	2025 RMB'000	2024 RMB'000
Share of the associate' loss for the year	**(8,941)**	(11,986)
Share of the associate' total comprehensive loss	**(8,941)**	(11,986)
Aggregate carrying amount of the Group's investments in the associate at the end of the year	**51,355**	46,181

18. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS

	2025	2024
	RMB'000	*RMB'000*
Unlisted equity investments, at fair value	**181,966**	189,971

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

	2025	2024
	RMB'000	*RMB'000*
Raw materials	**695,516**	387,127
Finished goods	**134,341**	70,616
Goods in transit	**8,157**	113,192
Work in process	**18,803**	29,608
Contract performance cost	**44,083**	50,009
Total	**900,900**	650,552

As at 31 December 2024 and 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:

	2025	2024
	RMB'000	*RMB'000*
Carrying amount at the beginning of the year	**33,807**	26,266
Impairment losses recognised, net	**20,232**	16,342
Write-off	**(12,962)**	(8,801)
Carrying amount at the end of the year	**41,077**	33,807

20. TRADE AND BILLS RECEIVABLES

	2025 RMB'000	2024 RMB'000
Bills receivables*		
Bank acceptance bills:		
Third parties	**96,676**	2,283
Commercial acceptance bills:		
Third parties	**25,995**	5,833
Less: impairment of bills receivables	**520**	117
Bills receivables, net	**122,151**	7,999
Trade receivables:		
Third parties	**580,504**	1,101,709
Due from related parties	**15,884**	10,053
Less: impairment of trade receivables	**99,095**	103,692
Trade receivables, net	**497,293**	1,008,070
Total trade and bills receivables	**619,444**	1,016,069

* 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 reporting period, the Group had certain concentrations of credit risk. As at 31 December 2025, 10.1% (2024: 60.0%), respectively, of the Group's trade receivables were due from the Group's largest debtor, and 34.9% (2024: 69.0%), 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 RMB15,161,000 as at 31 December 2025 (2024: RMB9,736,000), respectively, which are repayable on credit terms similar to those offered to the major customers of the Group (note 37).

20. TRADE AND BILLS RECEIVABLES (Continued)

An ageing analysis of the trade and bills receivables as at the end of each reporting period, based on the invoice date and net of loss allowance, is as follows:

	2025 RMB'000	2024 RMB'000
Within 6 months	**535,077**	964,576
7 months to 1 year	**18,208**	6,662
1 year to 2 years	**28,072**	2,465
2 years to 3 years	**805**	1,375
3 years to 4 years	**48**	538
4 years to 5 years	**493**	1,249
Over 5 years	**36,741**	39,204
Total	**619,444**	1,016,069

The movements in the loss allowance for impairment of trade and bills receivables are as follows:

	2025 RMB'000	2024 RMB'000
At beginning of year	**103,809**	111,447
Impairment losses, net	**(4,194)**	(7,638)
At end of year	**99,615**	103,809

The Group applies the simplified approach in calculating ECLs for trade and bills 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 reporting period 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 reporting period about past events, current conditions and forecasts of future economic conditions.

20. TRADE AND BILLS RECEIVABLES (Continued)

Set out below is the information about the credit risk exposure on the Group's trade and bills receivables using a provision matrix:

At 31 December 2025

	Gross carrying amount *RMB'000*	**Expected credit loss rate**	**Expected credit losses** *RMB'000*
On an individual basis:			
(i) Individual assessed	**113,921**	**67%**	**76,501**
On a collective basis:			
Within 6 months	**544,024**	**2%**	**8,947**
7 months to 1 year	**19,167**	**5%**	**958**
1 year to 2 years	**31,182**	**10%**	**3,118**
2 years to 3 years	**1,349**	**50%**	**675**
3 years to 4 years	**475**	**100%**	**475**
4 years to 5 years	**73**	**100%**	**73**
Over 5 years	**8,868**	**100%**	**8,868**
	719,059	**14%**	**99,615**

At 31 December 2024

	Gross carrying amount *RMB'000*	Expected credit loss rate	Expected credit losses *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

21. DEBT INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2025 RMB'000	2024 RMB'000
Bank acceptance bills	**58,810**	9,992

The above bank acceptance bills are issued by reputable banks in Chinese mainland. 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 reporting period 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

	2025 RMB'000	2024 RMB'000
Current		
Value-added tax recoverable	**134,615**	75,170
Prepaid income tax	**661**	1
Rebate receivable from a supplier	**318,369**	154,232
Deferred listing expenses	**15,566**	—
Prepayments	**102,757**	16,780
Other receivables	**29,627**	30,426
Impairment of other receivables	**(20,744)**	(22,806)
Other receivables, net	**8,883**	7,620
Due from related parties	**740**	1,059
Impairment of related parties	**(740)**	(740)
Due from related parties, net *(note 37)*	**—**	319
Current portion of receivables from sublease of right-of-use assets *(note 15)*	**827**	—
	581,678	254,122
Non-current		
Prepayments for other intangible assets	**870**	849
Prepayments for other non-current assets	**2,025**	2,025
Non-current portion of other receivables	**3,906**	—
Development expenditure	**7,527**	7,705
Deferred expenses	**6,694**	4,598
Deferred mould cost	**2,622**	1,359
	23,644	16,536

22. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS (Continued)

Other receivables are unsecured and non-interest-bearing.

As of 31 December 2024 and 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 of 31 December 2025, amounts of RMB1,134,000 (2024: RMB1,134,000) were provided for the default other receivables for which the counterparty has individually credit risk, amounts of RMB17,558,000 (2024: 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:

	2025 ***RMB'000***	2024 *RMB'000*
At beginning of the year	**23,545**	22,784
Impairment losses, net	**(2,061)**	1,082
Disposal of a subsidiary	**—**	(321)
At the end of the year	**21,484**	23,545

23. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

	2025 ***RMB'000***	2024 *RMB'000*
Cash and bank balances	**311,431**	349,877
Less: restricted cash	**1,817**	7,998
Cash and cash equivalents	**309,614**	341,879
Denominated in		
RMB	**116,437**	187,141
USD	**178,674**	122,415
EUR	**14,486**	32,292
HKD	**17**	31
	309,614	341,879

23. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH (Continued)

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 2024 and 31 December 2025 the Group has assessed the credit risk of cash and cash equivalents, restricted cash to be minimal as they were placed in reputable financial institutions.

As at 31 December 2025, the restricted cash represented the balances restricted for the use of share repurchase and judicial freezing of funds. As at 31 December 2024, the restricted cash represented the balances restricted for the use of share repurchase.

The RMB is not freely convertible into other currencies, however, under Chinese mainland's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

24. TRADE AND BILLS PAYABLES

	2025 ***RMB'000***	2024 *RMB'000*
Bills payables		
Due to third parties	**—**	—
Trade payables		
Due to third parties	**547,562**	574,033
Due to related parties *(note 37)*	**4,720**	5,883
Total	**552,282**	579,916

An ageing analysis of the trade and bills payables as at the end of each reporting period, based on the invoice date, is as follows:

	2025 ***RMB'000***	2024 *RMB'000*
Within 1 year	**515,400**	554,495
Over 1 year	**36,882**	25,421
Total	**552,282**	579,916

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 reporting period approximated to their carrying amount due to their relatively short maturity terms.

25. OTHER PAYABLES AND ACCRUALS

	2025 *RMB'000*	2024 *RMB'000*
Payroll payable	**17,635**	16,193
Other tax payables	**5,044**	3,559
Value-added tax payable	**20,001**	27,213
Other payables	**14,930**	22,903
Due to related parties *(note 37)*	**41**	11
Accruals	**1,146**	2,230
Restricted shares repurchase obligation*	**33,177**	37,031
	91,974	109,140

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

	2025 *RMB'000*	2024 *RMB'000*
Advances received from customers for wireless communication modules and solutions:		
From related parties *(note 37)*	**242**	799
From others	**191,853**	108,545
	192,095	109,344
Analysed into:		
Current portion	**192,095**	109,344
Total	**192,095**	109,344

Contract liabilities mainly include advances received to deliver products. The changes in contract liabilities in the reporting period were mainly due to the changes in advances received from customers.

27. INTEREST-BEARING BANK AND OTHER BORROWINGS

	31 December 2025			31 December 2024		
	Effective Interest rate (%)	Maturity	RMB'000	Effective Interest rate (%)	Maturity	RMB'000
Current						
Bank loans — unsecured	2.11%–2.15%	2026	335,880	1.95%–3.20%	2025	122,606
Discounted bill receivables	1.2%	2026	50,000	1.30%–2.20%	2025	230,000
Total			385,880			352,606

	2025 RMB'000	2024 RMB'000
Analysed into:		
Bank borrowings repayable:		
Within one year or on demand	385,880	352,606

Notes:

(i) All interest-bearing bank borrowings are denominated in RMB.

(ii) As at 31 December 2025, the Group discounted certain bills received by the Company from its subsidiaries to a bank in exchange for cash, with amounts of RMB50,000,000 (2024: RMB230,000,000) respectively.

28. DEFERRED INCOME

	2025 RMB'000	2024 RMB'000
Government grant*	2,925	3,875
At beginning of the year	3,875	3,875
Released to the profit or loss during the year	(950)	—
At the end of the year	2,925	3,875

* 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 2024 and 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 reporting period are as follows:

Deferred tax assets

	Leases liabilities *RMB'000*	Impairment of financial assets *RMB'000*	Inventory provisions *RMB'000*	Losses available for offsetting against future taxable profits *RMB'000*	Share-based payment *RMB'000*	Non-current assets *RMB'000*	Total *RMB'000*
At January 1, 2025	**2,149**	**29,468**	**8,436**	**49,532**	**780**	**—**	**90,365**
Deferred tax credited/(charged) to profit or loss	**579**	**(244)**	**1,818**	**(549)**	**(1,348)**	**1,802**	**2,058**
Deferred tax credited to other reserve	**—**	**—**	**—**	**—**	**2,238**	**—**	**2,238**
Gross deferred tax assets at 31 December 2025	**2,728**	**29,224**	**10,254**	**48,983**	**1,670**	**1,802**	**94,661**
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

Deferred tax liabilities

	Right-of-use assets *RMB'000*	Fair value changes of equity investments at FVTPL *RMB'000*	Finance lease receivables *RMB'000*	Total *RMB'000*
At 1 January 2025	**1,956**	**19,243**	**—**	**21,199**
Deferred tax charged to profit or loss	**498**	**498**	**207**	**1,203**
Gross deferred tax liabilities as at 31 December 2025	**2,454**	**19,741**	**207**	**22,402**
As at 1 January 2024	3,606	27,309	—	30,915
Deferred tax 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

29. DEFERRED TAX (Continued)

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 reporting period for financial reporting purposes:

	2025 RMB'000	2024 RMB'000
Net deferred tax assets recognised in the consolidated statements of financial position	**92,000**	88,410
Net deferred tax liabilities recognised in the consolidated statements of financial position	**19,741**	19,243

Deferred tax assets have not been recognised in respect of the following items:

	2025 RMB'000	2024 RMB'000
Tax losses	**26,919**	15,745
Deductible temporary differences	**40**	18
	26,959	15,763

30. SHARE CAPITAL AND TREASURY SHARES

The Group and the Company

A summary of movements in the Group's and the Company's share capital and treasury shares are as follows:

	Number of shares in issue *(in thousand)*	Share capital *RMB'000*	Treasury shares *RMB'000*	Total *RMB'000*
At 1 January 2025	**261,802**	**261,802**	**(79,286)**	**182,516**
Shares repurchased*	**—**	**—**	**(20,495)**	**(20,495)**
Exercise of share options	**566**	**566**	**—**	**566**
Shares issued and granted for restricted share incentive plan	**263**	**263**	**(5,997)**	**(5,734)**
Exercise of restricted shares	**—**	**—**	**25,730**	**25,730**
Dividends of lapsed restricted shares	**—**	**—**	**456**	**456**
Others**	**(874)**	**(874)**	**31,052**	**30,178**
At 31 December 2025	**261,757**	**261,757**	**(48,540)**	**213,217**
At 1 January 2024	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

* During the year ended 31 December 2025, the Company repurchased an aggregate of 768,256 shares (2024:1,822,850 shares) at a consideration of RMB20,495,000 (2024:RMB37,287,000), respectively. The aforesaid 1,746,706 repurchased shares will be used for restricted share incentive plan and the remaining 844,400 repurchased shares will be cancelled. During the year, the Company cancelled 30,000 treasury shares repurchased for restricted share incentive plan and 844,400 treasury shares repurchased for cancellation.

31. RESERVES

The amounts of the Group's reserves and the movements therein for the reporting period are presented in the consolidated statements of changes in equity of the financial statements.

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 financial statements;

(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 Chinese mainland 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.

32. DEEMED DISPOSAL OF A SUBSIDIARY

In 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:

	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 RMB18,407,000 under the Restricted Share Incentive Plan was recognized by the Group during the years ended 31 December 2025 (2024:RMB10,132,000), respectively.

33. SHARE-BASED PAYMENTS (Continued)

Restricted Share Incentive Plan (Continued)

The following table summarises the movement of the Group's Restricted Share Incentive Plan during the reporting periods:

	Weighted average exercise price per share* *RMB per share*	Number of restricted shares
At 1 January 2025	**10.55**	**3,491,000**
Granted during the year	**22.84**	**500,000**
Vested during the year	**10.42**	**1,392,000**
Forfeited during the year	**11.73**	**37,800**
At 31 December 2025	**12.10**	**2,561,200**
At 1 January 2024	—	—
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

* 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 2025 was 0.92 years (2024: 1.40 years).

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 RMB45.67 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.

33. SHARE-BASED PAYMENTS (Continued)

Stock Option Incentive Plan (Continued)

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 RMB3.37, 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 RMB2,849,000 was recognized by the Group during the years ended 31 December 2025 (2024: RMB986,000), respectively.

The following table summarises the movement of the Group's Stock Option Incentive Plan during the reporting period:

	Weighted average exercise price per share* *RMB per share*	**Number of Share Options**
At 1 January 2025	**21.10**	**1,591,000**
Granted during the year	**45.67**	**500,000**
Vested during the year	**20.97**	**565,700**
Forfeited during the year	**20.97**	**31,000**
At 31 December 2025	**29.37**	**1,494,300**
At 1 January 2024	18.38	198,580
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	1,591,000

* 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.

This adjustment was primarily attributable to the implementation of the Company's 2021 annual profit distribution in June 2022, which was effected through a capitalization of capital reserves. Pursuant to the Stock Option Incentive Plan, the Board of Directors approved a corresponding adjustment to the number of shares exercisable under the outstanding stock options.

33. SHARE-BASED PAYMENTS (Continued)

Stock Option Incentive Plan (Continued)

The weighted average remaining contractual life for the outstanding share options granted as at 31 December 2025 was 0.97 years (2024: 1.33 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	**44.90**
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 STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the years ended 31 December 2025, the Group had non-cash additions of right-of-use assets and lease liabilities of RMB17,728,000 (2024: RMB946,000) respectively, in respect of the Group's lease arrangements for buildings and premises.

During the years ended 31 December 2025, the Group had non-cash reductions of trade payables settled by endorsement of bills receivable of RMB229,012,000 (2024: RMB75,876,000), respectively.

(b) Changes in liabilities arising from financing activities

	Interest bearing bank borrowings *RMB'000*	**Lease liabilities** *RMB'000*	**Total** *RMB'000*
At 1 January 2025	**352,606**	**10,009**	**362,615**
Changes from financing cash flow	**26,811**	**(11,192)**	**15,619**
New lease	**—**	**17,728**	**17,728**
Interest accretion	**6,463**	**496**	**6,959**
At 31 December 2025	**385,880**	**17,041**	**402,921**
At 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	352,606	10,009	362,615

34. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(c) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statements of cash flows is as follows:

	2025 RMB'000	2024 RMB'000
Within operating activities	**1,994**	1,970
Within financing activities	**11,192**	16,539
	13,186	18,509

35. PLEDGE OF ASSETS

At the end of each reporting period, the Group's pledge of assets is included in notes 23 and 27 to the financial statements.

36. COMMITMENTS

The Group had no capital commitments at the end of each reporting period.

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 reporting period.

(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 Fenghuang Joint-Stock Cooperative Company (深圳市鳳凰股份合作公司) ("**Fenghuang 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
Tiancheng Holdings (Shenzhen) Co., Ltd. (天誠控股(深圳)有限公司) ("**Tiancheng**")	Company controlled by the controlling shareholder Wang Ping
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
Shenzhen Yue Chu Wei Lai Xuan Catering Management Co., Ltd. (深圳市粵楚味來軒餐飲管理有限公司) ("**Yuechuwei**")	The company actually controlled by the controlling shareholder Wang Ping

* Pinsu Zhilian was deconsolidated by the Group in 2024 and accounted for as an associate of the Group. The balance due from/to Pinsu Zhilian as at 31 December 2024 and 2025 was presented as related parties transactions and balances.

37. RELATED PARTY TRANSACTIONS (Continued)

(b) **The Group had the following transactions with related parties during the reporting period:**

	2025 RMB'000	2024 RMB'000
Sales of products and services to:		
株式會社 MeiLink	**39,683**	7,389
ShuoGe Intelligent	**83**	484
LianDong Gezhi	**4,614**	792
Pinsu Zhilian	**6,288**	—
	50,668	8,665
Purchase of processing services from:		
ShuoGe Intelligent	**29,822**	25,398
Pinsu Zhilian	**5**	—
	29,827	25,398
Expenses relating to other services purchased from:		
Chuyue	**40**	227
Yuechuwei	**186**	—
	226	227
Lease payments made to:		
Fenghuang Joint-Stock	**1,575**	1,521
Mingcheng	**3,855**	8,075
Increased principal amount of lease liabilities		
Tiancheng	**343**	—
	5,773	9,596
Finance cost on lease liabilities from:		
Fenghuang Joint-Stock	**45**	105
Mingcheng	**109**	346
Tiancheng	**1**	—
	155	451

37. RELATED PARTY TRANSACTIONS (Continued)

(c) Outstanding balances with related parties:

The Group

	2025	2024
	RMB'000	*RMB'000*
Amounts due from related parties:		
株式會社 MeiLink *(a)*	**2,738**	—
LianDong GeZhi *(b)*	**3,534**	19
Pinsu Zhilian *(c)*	**8,849**	9,717
ShuoGe Intelligent *(a)*	**40**	48
ShuoGe Intelligent *(f)*	**—**	319
	15,161	10,103
Amounts due to related parties:		
ShuoGe Intelligent *(f)*	**4,720**	5,883
Chuyue *(g)*	**—**	11
Yuechuwei *(i)*	**41**	—
株式會社 MeiLink *(a)*	**242**	799
Fenghuang Joint-Stock *(d)*	**239**	1,637
Mingcheng *(e)*	**586**	4,014
Tiancheng *(h)*	**305**	—
	6,133	12,344

(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" 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 "Lease liabilities" in the consolidated statements of financial position.

(e) Trade in nature, included in "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.

(h) Trade in nature, included in "Lease liabilities" in the consolidated statements of financial position.

(i) Trade in nature, included in "Other payables and accruals" in the consolidated statements of financial position.

37. RELATED PARTY TRANSACTIONS (Continued)

(d) Compensation of key management personnel of the Group

	2025 RMB'000	2024 RMB'000
Salaries, bonuses, allowances and benefits in kind	**6,282**	5,439
Pension scheme contributions	**115**	131
	6,397	5,570

Further details of directors' and the chief executive's remuneration are included in note 8 to the financial statements.

38. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the each reporting period are as follows:

Financial assets

	2025 RMB'000	2024 RMB'000
Financial assets at amortised cost:		
Trade and bills receivables	**619,444**	1,016,069
Financial assets included in prepayments, other receivables and other assets	**328,079**	162,171
Restricted cash	**1,817**	7,998
Cash and cash equivalents	**309,614**	341,879
Financial assets at FVOCI:		
Debt investments	**58,810**	9,992
Financial assets at FVTPL:		
Equity investments	**181,966**	189,971
	1,499,730	1,728,080

Financial liabilities

	2025 RMB'000	2024 RMB'000
Financial liabilities at amortised cost:		
Trade and bills payables	**552,282**	579,916
Financial liabilities included in other payables and accruals	**49,294**	62,175
Lease liabilities	**17,041**	10,009
Interest-bearing bank borrowings	**385,880**	352,606
	1,004,497	1,004,706

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 lease liabilities 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 lease liabilities were assessed to be insignificant.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy (Continued)

Assets measured at fair value:

As at 31 December 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	—	29,106	152,860	181,966
Debt investments at FVOCI	—	58,810	—	58,810
Total	—	87,916	152,860	240,776

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

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).

39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy (Continued)

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 reporting period:

As at 31 December 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	10.28	5% increase/decrease in multiple would result in increase/decrease in fair value by RMB851,000
		Average P/E multiple of peers	26.49 to 39.72	5% increase/decrease in multiple would result in increase/decrease in fair value by RMB3,580,000
		Average P/RR multiple of peers	51.36	5% increase/decrease in multiple would result in increase/decrease in fair value by RMB578,000
		Discount for lack of marketability	34% to 36%	5% increase/decrease in discount would result in decrease/increase in fair value by RMB2,574,000

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

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 reporting period 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 2025			
If RMB weakens against the USD	**5**	**5,713**	**5,713**
If RMB strengthens against the USD	**(5)**	**(5,713)**	**(5,713)**
If RMB weakens against the EUR	**5**	**684**	**684**
If RMB strengthens against the EUR	**(5)**	**(684)**	**(684)**
If RMB weakens against the HKD	**5**	**1**	**1**
If RMB strengthens against the HKD	**(5)**	**(1)**	**(1)**
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)

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

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 reporting period.

The amounts presented are gross carrying amounts for financial assets.

At 31 December 2025

	12-month ECLs	Lifetime ECLs			
	Stage 1 *RMB'000*	Stage 2 *RMB'000*	Stage 3 *RMB'000*	Simplified approach *RMB'000*	Total *RMB'000*
Trade and bills receivables*	—	—	—	719,059	719,059
Debt investments at FVOCI	58,810	—	—	—	58,810
Financial assets included in prepayments, other receivables and other assets					
— Normal**	329,927	—	—	—	329,927
— Doubtful**	—	—	22,715	—	22,715
Restricted cash	1,817	—	—	—	1,817
Cash and cash equivalents	309,614	—	—	—	309,614
	700,168	—	22,715	719,059	1,441,942

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk (Continued)

Maximum exposure and year-end staging (Continued)

At 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total 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

* For trade and bills receivables at the end of each reporting period, the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 20 to the financial statements.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

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.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity risk (Continued)

The maturity profile of the Group's financial liabilities as at the end of each reporting period, based on the contractual undiscounted payments, is as follows:

At 31 December 2025

	Less than 12 months or on demand *RMB'000*	**1 to 5 years** *RMB'000*	**Total** *RMB'000*
Trade and bills payables	**552,282**	**—**	**552,282**
Financial liabilities included in other payables and accruals	**49,294**	**—**	**49,294**
Lease liabilities	**7,801**	**10,248**	**18,049**
Interest-bearing bank borrowings	**389,271**	**—**	**389,271**
	998,648	**10,248**	**1,008,896**

At 31 December 2024

	Less than 12 months or on demand *RMB'000*	1 to 5 years *RMB'000*	Total *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

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

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 reporting 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 reporting period were as follows:

	2025	2024
	RMB'000	*RMB'000*
Total liabilities	**1,264,571**	1,192,444
Total assets	**2,967,047**	2,759,557
Debt-to-asset ratio	**43%**	43%

41. TRANSFERS OF FINANCIAL ASSETS

(a) Transferred financial assets that are not derecognised in their entirety

At 31 December 2025, the Group endorsed certain bills receivables accepted by banks in Chinese mainland (the "**Endorsed Bills**") with a carrying amount of RMB60,164,000 (2024: RMB1,315,000) 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.

41. TRANSFERS OF FINANCIAL ASSETS (Continued)

(b) Transferred financial assets that are derecognised in their entirety

As at 31 December 2025, the Group endorsed certain bills receivable accepted by banks in Chinese mainland (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 RMB59,026,000 (2024: RMB49,380,000). The Derecognised Bills had a maturity of one to six months at the end of each reporting period. 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 2024 and 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 REPORTING PERIOD

As at March 10, 2026, the Company's H Shares were listed on the Main Board of the Hong Kong Stock Exchange, and 40,250,000 H Shares were issued and subscribed by way of initial public offering to investors in Hong Kong and overseas at the offer price of HK$28.86 per Class A ordinary share. The net proceeds from the issue amounted to HK$1,091 million.

Save as disclosed above, there were no other significant events that required additional disclosure or adjustments occurred after the end of the reporting period.

43. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2025 *RMB'000*	2024 *RMB'000*
NON-CURRENT ASSETS		
Property, plant and equipment	**5,327**	3,897
Other intangible assets	**24,359**	38,494
Right-of-use assets	**298**	4,662
Investment in subsidiaries	**216,642**	190,416
Investments in a joint venture	**1,505**	257
Investments in associates	**36,936**	46,181
Prepayment, other receivables and other assets	**12,211**	8,831
Deferred tax assets	**42,890**	35,140
Total non-current assets	**340,168**	327,878
CURRENT ASSETS		
Inventories	**791,369**	536,969
Trade and bills receivables	**610,284**	1,104,824
Prepayment, other receivables and other assets	**679,767**	189,152
Debt investments at FVOCI	**10,590**	8,012
Restricted cash	**1,647**	7,998
Cash and cash equivalents	**161,670**	241,722
Total current assets	**2,255,327**	2,088,677
CURRENT LIABILITIES		
Trade and bills payables	**803,902**	834,702
Other payables and accruals	**83,854**	69,207
Interest-bearing bank borrowings	**385,880**	352,606
Lease liabilities	**881**	4,826
Contract liabilities	**216,150**	79,756
Tax payable	**—**	2,984
Total current liabilities	**1,490,667**	1,344,081
NET CURRENT ASSETS	**764,660**	744,596
TOTAL ASSETS LESS CURRENT LIABILITIES	**1,104,828**	1,072,474

43. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Information about the statement of financial position of the Company at the end of the reporting period is as follows: (continued)

	2025 RMB'000	2024 RMB'000
NON-CURRENT LIABILITIES		
Interest-bearing bank borrowings	—	—
Deferred income	2,925	2,925
Lease liabilities	250	825
Total non-current liabilities	3,175	3,750
Net assets	1,101,653	1,068,724
EQUITY		
Share capital	261,756	261,802
Treasury shares	(48,540)	(79,286)
Reserves	888,437	886,208
Total equity	1,101,653	1,068,724

WANG Ping
Director

XIA Youqing
Director

43. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note:

A summary of the Company's reserves is as follows:

Year ended 31 December 2025

	Share reserve *RMB'000*	Statutory surplus reserve *RMB'000*	Retained profits *RMB'000*	Total *RMB'000*
At 1 January 2025	**798,126**	**23,833**	**64,249**	**886,208**
Total comprehensive loss for the period	**—**	**—**	**37,043**	**37,043**
Dividends	**—**	**—**	**(33,929)**	**(33,929)**
Share-based compensation expenses	**23,489**	**—**	**—**	**23,489**
Shares issued and granted for restricted share incentive plan	**5,734**	**—**	**—**	**5,734**
Exercise of restricted shares	**(11,226)**	**—**	**—**	**(11,226)**
Exercise of share options	**11,296**	**—**	**—**	**11,296**
Transfer to reserves	**—**	**3,704**	**(3,704)**	**—**
Others	**(30,178)**	**—**	**—**	**(30,178)**
At 31 December 2025	**797,241**	**27,537**	**63,659**	**888,437**

Year ended 31 December 2024

	Share reserve *RMB'000*	Statutory surplus reserve *RMB'000*	Retained profits *RMB'000*	Total *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

44. 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 31 December 2025.

45. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 30 March 2026.

In this report, unless the context otherwise requires, the following expressions have the following meaning:

"A Share(s)"	ordinary share(s) issued of our Company, with a nominal value of RMB1.00 each, which are traded in Renminbi and listed on the Shenzhen Stock Exchange
"AI"	artificial intelligence
"AI agent"	a software entity that perceives its environment, processes information, and takes actions to achieve specific goals autonomously
"AI Research and Development and Advanced Manufacturing Industry Project"	AI Research and Development and Advanced Manufacturing Industry Project, including the construction of a research and development center for high-computing-power AI modules, ASIC servers, high-computing-power in-vehicle SIP modules, embodied intelligence, 5G+AIoT modules and other directions, as well as the construction of pilot testing and manufacturing bases for advanced processes such as SIP packaging
"Articles of Association"	the articles of association of the Company as amended from time to time
"ASIC"	application specific integrated circuit
"Audit Committee"	the audit committee under the Board
"Board"	the Company's board of Directors
"CES"	Consumer Electronics Show
"China" or "PRC"	the People's Republic of China excluding, for the purposes of this report, Hong Kong, Macau Special Administrative Region of China and Taiwan, China
"Company" or "our Company"	MeiG Smart Technology Co., Ltd. (美格智能技術股份有限公司), a joint stock company incorporated under the laws of the PRC on May 14, 2015, whose H Shares listed on the Main Board of the Hong Kong Stock Exchange (stock code: 3268) and A Shares have been listed on the Shenzhen Stock Exchange (stock code: 002881)
"CSRC"	China Securities Regulatory Commission
"Director(s)"	the director(s) of our Company
"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

"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
"Employee Diversity Policy"	the Employee Diversity Policy of the Company
"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
"general internet of things (IoT)"	general internet of things; covering the IoT in various scenarios, such as smart retail, logistics, sharing economy, consumer and industrial IoT
"Group," "our Group," "we," "our" or "us"	our Company and our subsidiaries
"H Share(s)"	overseas listed foreign ordinary shares of our Company, with a nominal value of RMB1.00 each, which are listed on the Main Board of the Hong Kong Stock Exchange
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Information Disclosure Policies"	the Information Disclosure Management Measures and the Inside Information Persons Registration Management System
"intelligent connected vehicle (ICV)"	Intelligent Connected Vehicle; vehicles equipped with advanced sensor, communication, and processing capabilities to enable smart and connected driving features
"Investment Agreement"	the investment agreement entered into by the Company and Nantong City North Hi-Tech Zone in relation to the AI Research and Development and Advanced Manufacturing Industry Project on 15 April 2026
"IoT"	the Internet of Things; a network of interconnected devices that communicate and exchange data with each other over the internet
"Listing Date"	March 10, 2026, the date on which the H Shares were listed in Hong Kong and on which dealings are to be permitted to take place on the Hong Kong Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange and/or the Listing Rules of the Shenzhen Stock Exchange (as the case may be)

"MBB"	mobile broadband; refers to wireless internet access via mobile networks, such as a portable modem, wireless modem, smartphone or other mobile 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 in the context of wireless communication
"Nantong City North Hi-Tech Zone"	the Administrative Committee of Nantong City North Hi-Tech Zone, Jiangsu Province
"Nomination Committee"	the nomination committee under the Board
"NR"	new radio; the radio access technology developed for 5G mobile networks and the global standard for the air interface in 5G networks
"PDA"	personal digital assistant; a multi-purpose mobile device which functions as a personal information manager
"POS"	point of sale
"R&D"	research and development
"Remuneration and Appraisal Committee"	the remuneration and appraisal committee under the Board
"Renminbi" or "RMB"	the lawful currency of China
"Reporting Period"	for the year ended December 31, 2025
"Share(s)"	A Share(s) and/or H Share(s) (as the case may be)
"Shareholder Communication Policy"	the Shareholder Communication Policy of the Company
"Shareholder(s)"	the shareholder(s) of our Company
"SIP"	system-in-package
"smart module(s)"	module product that are equipped with SoC processors and smart operating systems, capable of supporting custom software and multi-media functions, as well as complex algorithms and on-device AI applications
"SoC"	system-on-chips; an integrated circuit that integrates most or all components of a computer or other electronic system

"Strategy Committee"	the strategy committee under the Board
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"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 a wider range of coverage than higher frequency bands
"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
"TOPS"	tera operations per second; a metric used to measure the computational performance of hardware
"Wi-Fi 7"	an upcoming wireless networking standard that offers higher speeds and better performance in dense environments. It is still under development and not yet widely available over previous Wi-Fi generations
"Wi-Fi"	a wireless networking technology that uses radio waves to provide wireless internet access
"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
"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"	fifth generation wireless mobile telecommunications technology
"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
"%"	percent