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Application Proof of

RIGOL Technologies Co., Ltd.
普源精電科技股份有限公司

(the "**Company**")

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

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RIGOL Technologies Co., Ltd.
普源精電科技股份有限公司

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

[REDACTED]

Number of [REDACTED] under the [REDACTED]	**:**	**[REDACTED] H Shares (subject to [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to reallocation)**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to reallocation and the [REDACTED])**
Maximum [REDACTED]	**:**	**HK$[REDACTED] per H Share plus brokerage of 1%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal value	**:**	**RMB1.00 per H Share**
[REDACTED]	**:**	**[REDACTED]**

Sole Sponsor, [REDACTED], [REDACTED], [REDACTED], [REDACTED] and [REDACTED]

CITIC SECURITIES

[REDACTED], [REDACTED], [REDACTED] and [REDACTED]

CMBI 招銀国际　　ICBC 工银国际

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The [REDACTED] (for themselves and on behalf of the [REDACTED]) may, where considered appropriate and with our consent, reduce the number of [REDACTED] being offered under the [REDACTED] and/or the [REDACTED] range below that stated in this document at any time on or prior to the morning of the last day for [REDACTED] under the [REDACTED]. Please refer to the sections headed "Structure and Conditions of the [REDACTED]" in this document and "How to Apply for [REDACTED]" in this document for further details.

The obligations of the [REDACTED] under the [REDACTED] are subject to termination by the [REDACTED] (for themselves and on behalf of [REDACTED]) if certain grounds arise prior to 8:00 a.m. on the [REDACTED]. Please refer to the section headed "[REDACTED] — [REDACTED] — Grounds for Termination" in this document for further details.

PRIOR to making an [REDACTED] decision, prospective [REDACTED] should consider carefully all of the information set out in this document, including the risk factors set out in the section headed "Risk Factors" in this document.

The [REDACTED] have not been and will not be registered under the U.S. Securities Act or any state securities laws of the United States and may not be offered or sold within or to the United States, or to or for the account or benefit of any U.S. person (as defined in Regulation S), except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act. The [REDACTED] are being offered and sold only outside the United States in offshore transactions in accordance with Regulation S.

IMPORTANT

[REDACTED]

IMPORTANT

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

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SUMMARY

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

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

OVERVIEW

We are a leading electronic test and measurement instrument company in the PRC with advanced technology capabilities and extensive global footprint. According to Frost & Sullivan, we are the largest PRC electronic test and measurement instrument provider and ranked eighth globally in terms of revenue in 2024. We design, develop, manufacture and deliver a comprehensive suite of electronic test and measurement instruments and solutions that power scientific discovery and industrial innovation. Under the "RIGOL" brand, we serve a diverse customer base of over 100,000 end customers across more than 90 countries and regions, addressing complex test challenges across communications, new energy, semiconductors, and education and research sectors. We are committed to innovation and in-house mastery of core technologies. Through sustained advances in hardware, software and algorithms, we have built a proprietary core technology platform and established ourselves as a leading electronic test and measurement enterprise.

At RIGOL, we believe that "science begins with measurement." Electronic test and measurement instruments are devices designed for observing, testing, measuring and calculating a wide range of physical parameters. These instruments offer capabilities such as detection and measurement, signal transmission and data processing, and can be used to diagnose, test and verify the performance of other electronic devices or components. Electronic test and measurement instruments are fundamental to the advancement of modern science and technology. Through years of dedicated research and development and innovation, we have established a comprehensive electronic test and measurement offering built on two pillars: (i) a core-technology-driven product matrix, encompassing digital oscilloscopes, microwave and radio frequency ("**RF**", the range of electromagnetic frequencies used for wireless communication) instruments, direct current ("**DC**", the flow of electric charge in a constant direction) and precision instruments, and modular instruments, and (ii) a suite of multi-scenario solutions, primarily serving high-growth industries including communications, new energy, semiconductors, and education and research.

Our commitment to technological innovation has established us as one of the few companies in the PRC with full-stack, proprietary technology innovation capabilities in the electronic test and measurement instrument industry, according to Frost & Sullivan. Through sustained investment and continuous advancement, we have built a self-developed and scalable technology platform integrating hardware, software and algorithms that improves customer efficiency and accelerates innovation.

MARKET OPPORTUNITIES

The global market of electronic test and measurement instruments and solutions is experiencing robust growth, propelled by rapid technological advancements such as 5G, 6G and optical communications, artificial intelligence and intelligent robotics. As electronic devices and systems become increasingly complex, there is a heightened need for high-speed, multi-functional, high-precision test and measurement solutions to ensure performance, safety and regulatory compliance. According to Frost & Sullivan, the global market size of electronic test and measurement instruments and solutions achieved approximately RMB110 billion in 2024 and is expected to maintain strong momentum, with a projected CAGR of 8.6% to reach approximately RMB170 billion in 2029.

SUMMARY

Our products and solutions primarily serve the following end markets: communications, new energy, semiconductors, and education and research. These end markets are large, diverse and poised for growth from sustained tailwinds in electrification and digitization, which we expect to further propel our growth. The increasing demand for sophisticated test and measurement instruments across these sectors position test and measurement companies, including us, to capture substantial growth across a broad spectrum of downstream markets.

OUR PRODUCTS AND SOLUTIONS

We offer a wide range of test and measurement tools designed to help engineers and researchers observe, measure and analyze electrical signals. Our product portfolio include (i) digital oscilloscopes, which act like an "engineer's eye" by displaying how electrical signals change over time, making it easier to measure, diagnose and troubleshoot electronic devices, (ii) microwave and RF instruments, which are used to generate and analyze high-frequency signals, essential for wireless communications technologies, (iii) DC and precision instruments, such as waveform generators, DC power supplies and digital multimeters, which allow for source, accurate measurement and control of electrical signals like voltage and current, and (iv) modular instruments, which can be customized and combined to create flexible testing systems, ideal for complex tasks like automated production testing and scientific experiments. Beyond general-purpose instruments, we offer flexible, one-stop test and measurement solutions tailored to the needs of various industries. We primarily serve communications, new energy, semiconductors, and education and research sectors.

OUR CORE TECHNOLOGIES

With over two decades of dedicated research and development, we have established a vertically integrated technology platform and developed significant in-house capabilities across our electronic test and measurement instruments and solutions:

- **Hardware Architecture:** Our hardware strategy is to build on three core pillars: (i) our proprietary Application Specific Integrated Circuits ("**ASICs**", integrated circuits designed for specific purposes) technology platforms, which form the foundation of our products' core competency; (ii) standardized interfaces, which facilitate the rapid development of new instruments by allowing the combination and configuration of existing modules, rather than initiating each design from scratch; and (iii) a Common Building Blocks approach, which provides exceptional scalability and efficiency, allowing us to quickly develop not only traditional benchtop instruments but also complex, industry-specific solutions.
- **Software Architecture:** We have adopted a unified and layered software architecture specifically designed to maximize reusability and accelerate the pace of development, which comprises the RIGOL Operating System as the base, with standardized middleware and drivers layered on top. The entire architecture is completed by a unified application framework, which incorporates a common user interface library to ensure a consistent user experience across all products.
- **Algorithms:** Algorithms serve as the "brain" of our technology system. Our approach to algorithm development focuses on three key areas: (i) hardware level algorithms, which enable us to optimize designs and identify potential risks early in the development process, before physical prototypes are produced; (ii) product level algorithms, which help ensure superior accuracy and stability of generated signals; and (iii) application level algorithms, which convert high-fidelity data into meaningful insights for users, addressing specific challenges.

OUR COMPETITIVE STRENGTHS

We believe the following strengths position us well to capitalize on future industry opportunities and achieve sustained growth:

- Leader in the PRC electronic test and measurement industry, bridging product gaps and shaping industry standards;

- Full-stack, proprietary technology capabilities with robust IP portfolio and extensive R&D investments;
- Global customer reach through internationally recognized "RIGOL" brand and global sales, manufacturing and R&D footprint;
- Differentiated product mix and solution offerings with market leading positions across multiple instrument categories;
- Robust global supply chain underpinned by lean production and intelligent manufacturing; and
- Visionary management team and long-term engineering-driven culture driving innovation and growth.

OUR STRATEGIES

We plan to pursue the following strategies:

- Build customer-centric global sales, marketing and service networks for sustainable growth;
- Strengthen global supply chain with enhanced manufacturing intelligence and excellence;
- Globalized approach to R&D for next-generation products and solutions; and
- Explore global strategic investments and acquisitions opportunities to solidify market position.

SALES AND MARKETING

We have established multiple sales channels which include distributor sales and direct sales to effectively serve a diverse range of customers. We strategically collaborate with distributors who possess extensive sales channels to expand our market reach and effectively serve the needs of customers in various regions. In our distributor sales model, we sell products to distributors on a buyout basis, and they handle sales to end customers through their offline sales networks or e-commerce platforms. As of December 31, 2023, 2024, and 2025, we had 127, 125 and 124 distributors, respectively. In 2023, 2024 and 2025, our sales generated from distributor sales amounted to RMB485.9 million, RMB500.9 million and RMB586.0 million, respectively, accounting for 72.5%, 64.6% and 65.1% of our total revenues for these periods. See "Business — Distributor Sales" for more details. In our direct sales model, we have a comprehensive key account and online sales network in the Chinese mainland and overseas markets. Key account sales are primarily direct sales to enterprise customers who purchase our high-performance products or high value customers. Direct online sales include (i) sales to end customers through stores we operate on third-party online platforms, (ii) sales to end customers through our own official website, and (iii) sales to an E-commerce customer.

PRODUCTION AND R&D CAPABILITIES

We have developed a manufacturing framework that strategically integrates global and domestic resources primarily through in-house production. As of the Latest Practicable Date, we had one production facility in Suzhou and one production facility in Penang, with a total GFA of 14,587.04 sq.m., which enable us to efficiently serve customers in our target markets worldwide.

Furthermore, we have established a R&D network with four R&D centers in Suzhou, Beijing, Shanghai and Xi'an in the PRC, and one R&D center in Malaysia. Our domestic R&D centers primarily focus on R&D projects for advancing key technologies such as high-performance digital oscilloscopes, high-frequency microwave and RF technology and wireless communication protocol analysis. Our Malaysia R&D center primarily engages in research into the development of hardware modules, solutions, and localized product improvements. As of December 31, 2025, we maintained a R&D team of 327 personnel, with approximately 52.3% of our R&D personnel held a master's or doctoral degree.

We actively contribute to the development of both international and national industry standards. We are a member of the LAN eXtensions for Instrumentation ("**LXI**") Consortium, a global industry consortium that develops and maintains the LXI standard, and serve as a committee

member of the National Technical Committee on Standardization of Electronic Measuring Instruments (全國電子測量儀器標準化技術委員會). We participated in the drafting and formulation of one national standard and three industry general specifications. The engagement ensures our technologies align with latest market trend and evolve with emerging needs.

OUR CUSTOMERS AND SUPPLIERS

During the Track Record Period, our customers are primarily distributors, and to a lesser extent, we sell directly to end customers. Our customers encompass a wide range of industries, including communications, new energy, semiconductors, and education and research. In 2023, 2024 and 2025, revenue contributed from our five largest customers in each year/period of the Track Record Period accounted for 31.9%, 30.4% and 30.6% of our total revenue, respectively. Revenue from our largest customer in each year/period of the Track Record Period accounted for 11.3%, 10.3% and 12.5% of our total revenue, respectively. See "Business — Our Customers" for more details. During the Track Record Period, our suppliers primarily are suppliers in the global mechanical and electronic industry. The major raw materials supplied by our suppliers mainly include IC chips, electronic components, structural parts, PCBs, displays and other auxiliary materials. We typically engage reputable suppliers to ensure the quality of our products. In 2023, 2024 and 2025, our purchases from our five largest suppliers in each year/period of the Track Record Period accounted for 45.7%, 34.3% and 30.9% of our total purchases, respectively. In addition, purchases from our largest supplier in each year/period during the Track Record Period accounted for 18.0%, 14.0% and 11.2% of our total purchases in 2023, 2024 and 2025, respectively. See "Business-Our Suppliers" for more details.

COMPETITION

The electronic test and measurement instrument and solution industry in which we operate is competitive and evolving with technological innovations, changes in customer demands and preferences, frequent introduction of new products and application fields. We face intense competition with global leading players in various aspects of our business, including technology capability, product design, manufacture and consumer experience. Staying aligned with evolving industry trends and customer expectations is crucial. By proactively focusing on R&D and customer-centric product and solution innovations, we believe we are well-positioned to strengthen our market leadership. Benefitting from the growth potential of electronic test and measurement instrument and solution market, we believe our well-established brand and global presence, high-quality and diverse products and solutions, proprietary and advanced technology, efficient supply chain management, and streamlined manufacturing capabilities, will enable us to grasp the global market potential and achieve continuous growth. For further details, please refer to the section headed "Industry Overview."

RISK FACTORS

Our business and the [REDACTED] involve certain risks, which are set out in the section headed "Risk Factors." You should read that section in its entirety carefully before you decide to invest in our Shares. Some of the major risks we face include: (i) The markets for our products and solutions are evolving, and changing market conditions, such as introduction of new technologies, or changes in customer preferences may negatively affect demand for our products and solutions. If we fail to properly anticipate or respond to changing market conditions, our business prospects and results of operations will suffer; (ii) Our operating history may not be indicative of our prospects and future results of operations; (iii) We face competition and expect competition to increase in the future. If we fail to compete effectively, our revenue growth and results of operations will be materially and adversely affected; (iv) We are exposed to risks associated with our global presence and will continue to be subject to such risks when we further expand our business overseas; (v) We may be unable to match production with customer demand for a variety of reasons including our inability to accurately forecast customer demand, which could adversely affect our operating results; (vi) Our growth is affected by the growth and development of the markets served by our customers. If the underlying market does not develop as we expect, our business prospects may be harmed; (vii)

We have been investing, and intend to continue to invest, heavily in our R&D but such investments may not yield the results we expect; (viii) A fluctuation in prices of raw materials may disrupt our supply chain and affect our selling prices, which could affect our business, financial condition and results of operations; (ix) If we fail to acquire new customers or retain existing customers, our business, financial condition and results of operations may be materially and adversely affected; and (x) The complexity of our products may lead to errors, defects and bugs, and we may be subject to warranty, product recalls or product liability claims, which could negatively impact our reputation with customers and result in legal liabilities.

SUMMARY OF HISTORICAL AND FINANCIAL INFORMATION

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

Summary of Consolidated Statements of Profit or Loss

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

	Year ended December 31,		
	2023	**2024**	**2025**
	(RMB in thousands)		
Revenue	670,538	775,826	900,234
Cost of sales	(312,252)	(349,868)	(424,517)
Gross profit	**358,286**	**425,958**	**475,717**
Other income	21,918	23,163	19,918
Impairment losses under expected credit loss model, net of reversal	(2,870)	2,448	(1,515)
Other gains and losses	53,732	47,967	54,412
Selling expenses	(102,941)	(102,537)	(122,459)
Administrative expenses	(66,882)	(104,591)	(100,380)
R&D expenses	(142,851)	(206,665)	(225,895)
Finance costs	(4,550)	(8,794)	(8,745)
Share of results of associate	(4)	(131)	—
Profit before tax	**113,838**	**76,818**	**91,053**
Income tax (expense) income	(5,885)	15,485	(4,970)
Profit for the year	**107,953**	**92,303**	**86,083**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations	739	1,181	5,655
Other comprehensive income for the year	**739**	**1,181**	**5,655**
Total comprehensive income for the year	**108,692**	**93,484**	**91,738**

SUMMARY

For a detailed discussion of the major components of our consolidated statements of profit or loss during the Track Record Period, see "Financial Information — Description of Major Components of Our Results of Operations."

Non-IFRS Financial Measures

To supplement our consolidated financial statements, which are presented in accordance with IFRS, we also use adjusted net profit and adjusted EBITDA as additional financial measures, which are not required by, or presented in accordance with IFRS. We believe these non-IFRS measures facilitate comparisons of operating performance from year to year and company to company by eliminating potential impacts of certain items. We believe these measures provide useful information to investors and others in understanding and evaluating our combined results of operations in the same manner as they help our management. However, such non-IFRS financial measures we presented may not be directly comparable to similar measures presented by other companies. The use of these non-IFRS measures should not be considered as substitute for analysis of, our results of operations or financial condition as reported under IFRS.

The following table reconciles our adjusted net profit and adjusted EBITDA presented to the most directly comparable financial measure calculated and presented in accordance with IFRS, which is profit for the year.

	Year ended December 31,		
	2023	**2024**	**2025**
	(RMB in thousands)		
Profit for the year	107,953	92,303	86,083
Add:			
Share-based compensation expense[(1)]	14,974	11,032	5,705
Adjusted net profit (non-IFRS measure)	**122,927**	**103,335**	**91,788**
Add:			
Income tax expense (income)[(2)]	5,885	(15,485)	4,970
Depreciation and amortization[(3)]	35,897	68,540	84,295
Finance costs[(2)]	4,550	8,794	8,745
Subtract:			
Interest income from banks[(2)]	6,960	2,713	3,116
Adjusted EBITDA (non-IFRS measure)	**162,299**	**162,471**	**186,682**

Notes:

(1) Share-based compensation expenses mainly represent the consideration in the form of equity instruments for services performed by our employees, which are not expected to result in future cash payments, and are therefore non-cash in nature.

(2) Income tax expense (income), finance costs and interest income from banks are non-operating in nature.

(3) Depreciation and amortization are non-cash in nature.

Revenue Breakdown by Product Type and Solutions

During the Track Record Period, our revenue was primarily derived from the sale of electronic test and measurement instruments. The following table sets forth our revenue breakdown by product type and solutions in absolute amount and as a percentage of our total revenue for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentage)					
Products						
Digital oscilloscopes	345,202	51.5	365,788	47.1	400,223	44.5
Microwave and RF instruments	90,704	13.5	99,665	12.8	113,648	12.6
DC and precision instruments	168,049	25.1	168,393	21.7	191,913	21.3
Modular instruments	—	—	—	—	28,002	3.1
	603,955	90.1	633,846	81.6	733,786	81.5
Solutions	57,571	8.6	130,021	16.8	150,877	16.8
Others[(1)]	9,012	1.3	11,959	1.6	15,571	1.7
Total	**670,538**	**100.0**	**775,826**	**100.0**	**900,234**	**100.0**

Note:
(1) Others primarily included rental income and revenue from the sale of raw materials.

The following table sets out a breakdown of our revenue by geographical location, in absolute amount and as a percentage of our total revenue, for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentage)					
Chinese mainland	412,488	61.5	501,678	64.7	582,923	64.8
Overseas	258,050	38.5	274,148	35.3	317,311	35.2
North America	84,742	12.6	95,237	12.2	101,245	11.1
Europe	99,852	14.9	95,334	12.3	108,570	12.1
Asia[(1)]	62,126	9.3	69,717	9.0	90,573	10.1
South America	6,123	0.9	6,100	0.8	9,933	1.1
Oceania	4,653	0.7	6,822	0.9	6,104	0.7
Africa	554	0.1	938	0.1	886	0.1
Total	**670,538**	**100.0**	**775,826**	**100.0**	**900,234**	**100.0**

Note:
(1) The revenue from Chinese mainland is excluded.

The following table presents a breakdown of our sales volume by product type during the Track Record Period:

	For the year ended December 31,		
	2023	2024	2025
	(thousand units)		
Digital oscilloscopes	65.1	68.2	76.8
Microwave and RF instruments	4.9	5.2	5.4
DC and precision instruments	53.6	53.4	61.6
Modular instruments	—	—	0.2
Total	123.6	126.8	144.0

The following table presents a breakdown of our average selling prices by product type during the Track Record Period:

	For the year ended December 31,		
	2023	2024	2025
		(RMB)	
Digital oscilloscopes	5,301.7	5,363.9	5,209.8
— Entry-level	3,789.2	3,678.5	3,682.8
— Mid-range	59,602.8	56,400.2	49,743.5
— High-performance	178,789.3	438,924.5	358,014.7
Microwave and RF instruments	18,583.0	19,041.9	21,034.2
— Entry-level	15,448.3	15,338.4	15,610.0
— High-performance	62,526.8	65,950.0	104,865.3
DC and precision instruments	3,133.7	3,154.1	3,112.7
Modular instruments	—	—	171,792.3

Our revenue increased by 16.0% from RMB775.8 million in 2024 to RMB900.2 million in 2025, primarily attributable to the steady growth in sales volume and the successful launch of new products across our core product lines, as well as the expansion of our solutions business. Our revenue from the sales of electronic test and measurement products increased by 15.8% from RMB633.8 million in 2024 to RMB733.8 million in 2025, primarily due to (i) an increase of sales of digital oscilloscopes from RMB365.8 million in 2024 to RMB400.2 million in 2025, primarily due to the ramp-up of our new generation high-resolution digital oscilloscopes launched in 2024 and new high-performance digital oscilloscopes launched in late 2023 to enter into the high-performance digital oscilloscopes market to capture more market shares; (ii) an increase of sales of microwave and RF instruments from RMB99.7 million in 2024 to RMB113.6 million in 2025, primarily due to an adjustment of our marketing strategy to increase our price competitiveness, which increased our sales volume with higher affordability; (iii) an increase of sales of DC and precision instruments from RMB168.4 million in 2024 to RMB191.9 million in 2025, primarily due to steady sales growth; and (iv) an increase of sales of modular instruments from nil in 2024 to RMB28.0 million in 2025. Our revenue from the sales of solutions also increased by 16.1% from RMB130.0 million in 2024 to RMB150.9 million in 2025, primarily due to the synergies of technologies and sales and marketing as a result of our acquisition of Naishu Electronics Group.

Our revenue increased by 15.7% from RMB670.5 million in 2023 to RMB775.8 million in 2024, primarily attributable to the rapid increase in sales of products. Our revenue from the sales of electronic test and measurement products increased by 4.9% from RMB604.0 million in 2023 to RMB633.8 million in 2024, primarily due to (i) the increase of sales of digital oscilloscopes from RMB345.2 million in 2023 to RMB365.8 million in 2024, primarily due to the strong growth of our high-performance digital oscilloscopes launched in late 2023; (ii) the increase of sales of microwave and RF instruments from RMB90.7 million in 2023 to RMB99.7 million in 2024, primarily due to continued industry growth; and (iii) the stable sales of DC and precision instruments, which was RMB168.0 million in 2023 and RMB168.4 million in 2024. Our revenue from the sales of solutions also increased by 125.8% from RMB57.6 million in 2023 to RMB130.0 million in 2024 attributable to our acquisition of Naishu Electronics Group, which contributed significantly to our solutions revenue.

Gross Profit and Gross Profit Margin

Our gross profit represents our revenue less our cost of sales, and our gross margin represents gross profit divided by our revenue, expressed as a percentage. The following table sets forth our gross profit and gross profit margin breakdown by product type and solutions:

	Year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentage)					
Products						
Digital oscilloscopes	190,970	55.3	197,604	54.0	206,740	51.7
Microwave and RF instruments	59,851	66.0	66,373	66.6	77,240	68.0
DC and precision instruments	68,779	40.9	65,625	39.0	75,039	39.1
Modular instruments	—	—	—	—	22,739	81.2
	319,600	52.9	329,602	52.0	381,758	52.0
Solutions	35,137	61.0	94,072	72.4	90,192	59.8
Others	3,549	39.4	2,284	19.1	3,767	24.2
Total	**358,286**	**53.4**	**425,958**	**54.9**	**475,717**	**52.8**

Our gross profit margin decreased from 54.9% in 2024 to 52.8% in 2025 mainly due to an increase in manufacturing costs at our Penang Production Center as it was put into operation in the second half of 2024 and increased prices of direct materials.

Our gross profit margin increased from 53.4% in 2023 to 54.9% in 2024 primarily due to an increase in the proportion of sales revenue from high-performance digital oscilloscopes and solutions.

Profit for the Year

Our profit for the year decreased by 6.7% from RMB92.3 million in 2024 to RMB86.1 million in 2025 mainly due to (i) an increase in our selling expenses from RMB102.5 million in 2024 to RMB122.5 million in 2025 mainly due to increased staff costs as a result of revenue growth and expansion of our sales team, as well as higher service fees from the expansion of overseas e-commerce channels to enhance brand influence; and (ii) an increase in our R&D expenses from RMB206.7 million in 2024 to RMB225.9 million in 2025, which was primarily due to increases in labor cost, material cost, depreciation and amortization attributable to increases in R&D personnel and R&D projects, partially offset by (i) an increase in our gross from RMB426.0 million in 2024 to RMB475.7 million in 2025; and (ii) an increase in our net gains under the item of other gains and losses from RMB48.0 million in 2024 to RMB54.4 million in 2025 primarily due to net foreign exchange gains.

Our profit for the year decreased by 14.5% from RMB108.0 million in 2023 to RMB92.3 million in 2024 mainly due to an increase in our R&D expenses from RMB142.9 million in 2023 to RMB206.7 million in 2024, which was primarily due to increases in labor costs and depreciation and amortization, attributable to increases in R&D personnel and R&D projects.

Summary of Consolidated Statements of Financial Position

The following table sets forth selected information from our consolidated statements of financial position as of the dates indicated, which has been extracted from our audited consolidated financial statements included in Appendix I to this document.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Total current assets	2,427,448	2,668,031	2,404,762
Total non-current assets	838,235	1,184,891	1,179,824
Total assets	**3,265,683**	**3,852,922**	**3,584,586**
Total current liabilities	331,279	624,927	369,887
Total non-current liabilities	45,174	60,255	53,881
Total liabilities	**376,453**	**685,182**	**423,768**
Net assets	**2,889,230**	**3,167,740**	**3,160,818**
Share capital	185,124	194,104	193,874
Reserves	2,704,106	2,973,636	2,966,944
Total equity	**2,889,230**	**3,167,740**	**3,160,818**
Total liabilities and equity	**3,265,683**	**3,852,922**	**3,584,586**

For a detailed discussion of our current assets and current liabilities during the Track Record Period, see "Financial Information — Discussion of Key Items of our Consolidated Statements of Financial Position."

Summary of Consolidated Statements of Cash Flows

The following table sets forth a summary of our cash flow for the periods indicated:

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Net cash from/(used in) operating activities	(28,671)	105,125	85,311
Net cash from/(used in) investing activities	(270,292)	(166,191)	265,069
Net cash from/(used in) financing activities	270,080	202,582	(432,000)
Net increase/(decrease) in cash and cash equivalents	(28,883)	141,516	(81,620)
Cash and cash equivalents at beginning of year	297,965	271,004	412,370
Effect of foreign exchange rate changes	1,922	(150)	(184)
Cash and cash equivalents at end of year	**271,004**	**412,370**	**330,566**

In 2023, we had net cash used in operating activities of RMB28.7 million, as compared to profit before tax of RMB113.8 million. The principal items accounting for the difference were the adjustments for gain on fair value changes of financial assets at FVTPL of RMB53.5 million, partially offset by depreciation of property, plant and equipment of RMB27.3 million. The amount

was further adjusted by the changes in working capital, which primarily consisted of increase in trade and other receivables and prepayments of RMB67.4 million, increase in inventories of RMB43.5 million and decrease in trade and other payables of RMB25.0 million.

For details, see "Financial Information — Liquidity and Capital Resources — Cash Flow."

Key Financial Ratios

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

	As of/For the year ended December 31,		
	2023	2024	2025
Revenue growth rate[(1)]	6.3%	15.7%	16.0%
Current ratio[(2)]	7.3	4.3	6.5
Quick ratio[(3)]	6.7	3.8	5.5
Gearing ratio[(4)]	3.5%	12.4%	2.8%

Notes:

(1) Calculated by dividing the difference between revenue for the current year and revenue for the previous year by revenue for the previous year, and multiplying by 100%.

(2) Calculated by dividing total current assets by total current liabilities as of the end of the year.

(3) Calculated by dividing total current assets minus inventory, prepayments to suppliers, prepaid expenses and deferred issue cost by total current liabilities as of the end of the year.

(4) Calculated by dividing total interest-bearing bank borrowings and lease liabilities by total equity as of the end of the year multiplied by 100%.

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Dr. Wang Yue was entitled to exercise an aggregate of approximately 61.07% of the voting rights at the general meetings of our Company through the Shares held directly by him and the Shares held by RIGOL Investment, Ruige Hezhong, Ruijin Hezhong, Mr. Wang Tiejun and Mr. Li Weisen.

Upon the completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no additional Shares are issued pursuant to our Restricted A Share Incentive Schemes), Dr. Wang Yue will be directly and indirectly entitled to exercise an aggregate [REDACTED]% of the voting rights at the general meetings of our Company. As each of RIGOL Investment, Ruige Hezhong and Ruijin Hezhong are entities controlled by Dr. Wang Yue; and Dr. Wang Yue, Mr. Wang Tiejun and Mr. Li Weisen are parties acting in concert pursuant to the Concert Party Agreement dated 27 October 2021, each of Dr. Wang Yue, RIGOL Investment, Ruige Hezhong, Ruijin Hezhong, Mr. Wang Tiejun and Mr. Li Weisen will constitute a group of Controlling Shareholders of our Company after the [REDACTED]. See "Relationship with Our Controlling Shareholders" for further details.

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

Since April 8, 2022, our A Shares have been listed on the Shanghai Stock Exchange's STAR Market with the stock code of 688337. During the Track Record Period and up to the Latest Practicable Date, our Directors confirmed that we complied with the rules of the Shanghai Stock Exchange and other applicable securities laws and regulations of the PRC in all material respects and, to the best knowledge of our Directors having made all reasonable enquiries, there was no material matter that should be brought to the investors' attention in relation to our compliance record on the Shanghai Stock Exchange. Following online regulatory searches conducted by our PRC Legal Advisor regarding our compliance with laws and regulations during the Track Record Period, as of the Latest Practicable Date, we have not been in breach of relevant laws and regulations such as the Securities Law and the Shanghai Stock Exchange Listing Rules. Therefore, nothing has come to the PRC Legal Advisor's attention that, as of the Latest Practicable Date, we had any instance of material non-compliance with the rules of the Shanghai Stock Exchange and other applicable securities laws and regulations in any material respect.

SUMMARY

Based on the independent due diligence conducted by the Sole Sponsor, nothing has come to the Sole Sponsor's attention that would cause them to disagree with our Directors' confirmation with regard to the compliance records of our Company on the Shanghai Stock Exchange.

Our Company is seeking a [REDACTED] of its H Shares on the Stock Exchange in order to provide further capital for the development and expansion of our Company's business, to strengthen our Company's working capital and to further raise our business profile and global presence. For further details of our future plans, see "Future Plans and Use of [REDACTED]."

[REDACTED]

[REDACTED]

FUTURE PLANS AND USE OF [REDACTED]

We estimate that we will receive net [REDACTED] from the [REDACTED] of approximately HK$[REDACTED] million, after deducting [REDACTED] commissions, fees and estimated expenses payable by us in connection with the [REDACTED], assuming no [REDACTED] is exercised and an [REDACTED] of HK$[REDACTED] per [REDACTED], being the midpoint of the indicative [REDACTED] range stated in this document. In line with our strategies, we intend to use the net [REDACTED] for the following purposes, subject to changes in light of our evolving business needs and changing market conditions: (a) approximately [REDACTED]%, or approximately HK$[REDACTED] million, of the net [REDACTED] will be allocated over the next five years for enhancing our R&D capabilities, aiming to drive technological innovation and iteration, (b) approximately [REDACTED]%, or approximately HK$[REDACTED] million, of the net [REDACTED] will be allocated over the next five years for expanding our overall production capacity and enhancing automation across our product lines, (c) approximately [REDACTED]%, or approximately HK$[REDACTED] million, of the net [REDACTED] will be allocated over the next five years for strategic investments and acquisition to fulfill our long-term growth objectives. As of the Latest Practicable Date, we had not identified any specific targets for acquisitions or investments, or entered into any investment agreement, to which we will apply these [REDACTED], (d) approximately [REDACTED]%, or approximately HK$[REDACTED] million, of the net [REDACTED] will be allocated over the next five years for enhancement of

global sales, marketing and service network, and (e) approximately [REDACTED]%, or approximately HK$[REDACTED] million, of the net [REDACTED] will be allocated as a supplement to the working capital and other general corporate purposes.

For further details, please refer to the section headed "Future Plans and Use of [REDACTED]" in this document.

[REDACTED]

[REDACTED] represent professional fees, [REDACTED] commissions and other fees incurred in connection with the [REDACTED]. We estimate that our [REDACTED] will be approximately RMB[REDACTED] million (assuming an [REDACTED] of HK$[REDACTED] per [REDACTED] (being the mid-point of the indicative [REDACTED] range) and no exercise of the [REDACTED]), representing [REDACTED]% of the gross [REDACTED] (based on the mid-point of our indicative price range for the [REDACTED] and assuming that the [REDACTED] is not exercised) of the [REDACTED]. During the Track Record Period, we incurred [REDACTED] of RMB21.2 million which was recognized as deferred expenses in the consolidated statements of financial position as of December 31, 2025 to be charged against equity upon the [REDACTED], and we also incurred [REDACTED] of RMB323,000 which was recognized as [REDACTED] in the consolidated statements of profit or loss as of December 31, 2025. We expect to incur additional [REDACTED] of RMB[REDACTED] million, of which RMB[REDACTED] million is expected to be recognized in the consolidated statements of profit or loss as [REDACTED] and RMB[REDACTED] million is expected to be recognized as a deduction in equity directly upon the [REDACTED]. Our Directors do not expect such expenses to materially impact our results of operations in 2026. By nature, our [REDACTED] are composed of (i) underwriting commission of RMB[REDACTED] million, and (ii) non-[REDACTED] related expenses of RMB[REDACTED] million, which consist of fees and expenses of legal advisors and Reporting Accountants of RMB[REDACTED] million and other fees and expenses of RMB[REDACTED] million.

DIVIDENDS

Dividend distribution to our Shareholders is recognized as a liability in the period in which the dividends are approved by our Shareholders or Directors, as appropriate. During the Track Record Period, we declared dividends of RMB143.1 million in the combination of cash dividends and share bonus, RMB92.6 million in cash and RMB77.5 million in cash in 2023, 2024 and 2025, respectively. The source of funding was from our internal resources. We currently do not have any dividend policy or fixed dividend pay-out ratio. See "Financial Information — Dividends."

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that as of the date of this document, there has been no material adverse change in our financial, operational or trading position, indebtedness, contingent liabilities or prospects since December 31, 2025, being the end date of our latest audited financial statements, and there has been no event since December 31, 2025 that would materially affect the information shown in the Accountants' Report set out in Appendix I to this document.

DEFINITIONS

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

"A Share(s)"	ordinary shares issued by our Company, with a nominal value of RMB1.00 each, which are listed on the Science and Technology Innovation Board of the Shanghai Stock Exchange and traded in Renminbi
"A Shareholder(s)"	holder(s) of the A Share(s)
"Accountants' Report"	the accountants' report of our Company for the Track Record Period, as included in Appendix I to this document
"affiliate(s)"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AFRC"	the Accounting and Financial Reporting Council of Hong Kong
"Articles" or "Articles of Association"	the articles of association of our Company, as amended, which shall become effective on the [REDACTED], a summary of which is set out in Appendix V to this document
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Board" or "Board of Directors"	the board of Directors of our Company
"business day"	a day on which banks in Hong Kong are generally open to the public for normal banking business and which is not a Saturday, Sunday or public holiday in Hong Kong
[REDACTED]	the [REDACTED] as named in the section headed "Directors and Parties Involved in the [REDACTED]"
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"China" or "the PRC"	the People's Republic of China, excluding, for the purpose of this document only, except where the context requires otherwise, Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan, China
"close associate(s)"	has the meaning ascribed to it under the Listing Rules
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

DEFINITIONS

"Companies (Winding Up and Miscellaneous Provisions) Ordinance" or "CWUMPO"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company", "our Company", or "the Company"	RIGOL Technologies Co., Ltd. (普源精電科技股份有限公司) (formerly known as Suzhou RIGOL Technology Co., Ltd. (蘇州普源精電科技有限公司)), a PRC company established on April 27, 2009 and converted into a joint stock limited liability company on December 31, 2019, the A Shares of which have been listed on the STAR Market of the Shanghai Stock Exchange (stock code: 688337) since April 8, 2022
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"connected transaction(s)"	has the meaning ascribed to it under the Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules, and unless the context otherwise requires, refers to Dr. Wang Yue, Mr. Wang Tiejun, Mr. Li Weisen, RIGOL Investment, Ruige Hezhong and Ruijin Hezhong. For further details, please refer to the section headed "Relationship with our Controlling Shareholders"
"core connected person(s)"	has the meaning ascribed to it under the Listing Rules
"CSRC"	the China Securities Regulatory Commission (中國證券監督管理委員會)
"Director(s)"	the director(s) of our Company
"EBITDA"	earnings before interest, taxes, depreciation and amortization
"EIT"	the enterprise income tax
"EIT Law"	the PRC Enterprise Income Tax Law (《中華人民共和國企業所得税法》), which was promulgated on March 16, 2007, came into effect on January 1, 2008, and was most recently amended on December 29, 2018 becoming effective on the same date
"euro" or "EUR"	the lawful currency of the European Union
"Extreme Conditions"	extreme conditions caused by a super typhoon as announced by the government of Hong Kong
[REDACTED]	[REDACTED]
"Frost & Sullivan" or "Industry Consultant"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an Independent Third Party, and a market research firm engaged by our Company to prepare an industry report, the details of which are set out in the section headed "Industry Overview"

DEFINITIONS

"Frost & Sullivan Report"	an independent market research report commissioned by our Company and prepared by Frost & Sullivan for the purpose of this document
"GDP"	gross domestic product
"General Rules of HKSCC"	the General Rules of HKSCC as may be amended or modified from time to time and where the context so permits, shall include the HKSCC Operational Procedures
[REDACTED]	the [REDACTED] and the [REDACTED]
"Group", "our Group", "the Group", "we", "us", or "our"	our Company and our subsidiaries from time to time, and where the context requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
"Guide for New Listing Applicants"	the Guide for New Listing Applicants issued by the Hong Kong Stock Exchange in December 2023, and as amended, supplemented or otherwise modified from time to time
[REDACTED]	[REDACTED]
"H Share(s)"	shares in the share capital of our Company with a nominal value of RMB1.00 each, to be listed and traded on the Hong Kong Stock Exchange
"HK" or "Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"HK$", "HK dollars" or "Hong Kong dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

DEFINITIONS

[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
"Hong Kong Takeovers Code" or "Takeovers Code"	Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
"IFRS"	International Financial Reporting Standards
"Independent Third Party(ies)"	person(s) or company(ies), who/which, to the best of our Directors' knowledge, information and belief, is/are not our connected persons
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

DEFINITIONS

[REDACTED]	[REDACTED]
"IT"	information technology
[REDACTED]	[REDACTED]
"Latest Practicable Date"	March 25, 2026, being the latest practicable date for ascertaining certain information in this document before its publication
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
"Listing Rules" or "Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Main Board"	the stock exchange (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operates in parallel with the Growth Enterprise Market of the Hong Kong Stock Exchange
"Ministry of Finance" or "MOF"	Ministry of Finance of the PRC (中華人民共和國財政部)
"Naishu Electronics"	RIGOL Beijing Naishu Electronics Co., Ltd. (formerly known as Beijing Naishu Electronics Co., Ltd.), a company established under the laws of the PRC on April 19, 2012
"Naishu Electronics Group"	Naishu Electronics and its subsidiary Naishu Information
"Naishu Information"	Beijing Naishu Information Co., Ltd., a company established under the laws of the PRC on April 20, 2020
"Nomination Committee"	the nomination committee of the Board

[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
"PRC Company Law"	the Company Law of the PRC, as amended, modified and/or otherwise supplemented from time to time
"PRC GAAP"	generally accepted accounting principles of the PRC
"PRC government" or "State"	the central government of the PRC and all governmental subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof or, where the context requires, any of them
"PRC Legal Advisor"	Jingtian & Gongcheng, our legal advisor as to PRC laws
[REDACTED]	[REDACTED]
"province"	a province or, where the context requires, a provincial level autonomous region or municipality, under the direct supervision of the central government of the PRC
"R&D"	research and development
"Regulation S"	Regulation S under the U.S. Securities Act

"Remuneration and Evaluation Committee"	the remuneration and evaluation committee of the Board
"Restricted A Share Incentive Schemes"	the 2024 Restricted A Share Incentive Scheme and 2025 Restricted A Share Incentive Scheme, as adopted by shareholders on June 13, 2024 and September 1, 2025, respectively
"RIGOL Investment"	Suzhou RIGOL Investment Co., Ltd. (蘇州普源精電投資有限公司) (formerly known as RIGOL Beijing Investment Co., Ltd. (北京普源精電投資有限公司))
"RMB" or "Renminbi"	Renminbi, the lawful currency of Chinese mainland
"Ruige Hezhong"	Suzhou Ruige Hezhong Management Consulting Partnership (Limited Partnership)* (蘇州銳格合眾管理諮詢合夥企業(有限合夥))
"Ruijin Hezhong"	Suzhou Ruige Hezhong Management Consulting Partnership (Limited Partnership)* (蘇州銳進合眾管理諮詢合夥企業(有限合夥))
"SAFE"	the State Administration for Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"SAMR"	the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)
"SAT"	the State Administration of Taxation of the PRC (中華人民共和國國家税務總局)
"SFC"	Securities and Futures Commission of Hong Kong
"SFO" or "Securities and Futures Ordinance"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shanghai-Hong Kong Stock Connect"	a securities trading and clearing links program developed by the Hong Kong Stock Exchange, Shanghai Stock Exchange, HKSCC and China Securities Depository and Clearing Corporation Limited for mutual market access between Hong Kong and Shanghai
"Share(s)"	ordinary share(s) in the share capital of our Company, with a nominal value of RMB1.00 each, comprising A Shares and H Shares
"Shareholder(s)"	holder(s) of the Share(s)
"Shenzhen-Hong Kong Stock Connect"	a securities trading and clearing links program developed by the Hong Kong Stock Exchange, Shenzhen Stock Exchange, HKSCC and China Securities Depository and Clearing Corporation Limited for mutual market access between Hong Kong and Shenzhen
"Sole Sponsor"	the sole sponsor as named in the section headed "Directors and Parties Involved in the [REDACTED]"
[REDACTED]	[REDACTED]

DEFINITIONS

[REDACTED]	[REDACTED]
"STAR Market"	Science and Technology Innovation Board of the Shanghai Stock Exchange
"State Council"	the State Council of the PRC (中華人民共和國國務院)
"Stock Exchange" or "Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Strategy Committee"	the strategy committee of the Board
"subsidiary" or "subsidiaries"	has the meaning ascribed to it in section 15 of the Companies Ordinance
"substantial shareholder(s)"	has the meaning ascribed to it in the Listing Rules
"Track Record Period"	the years ended December 31, 2023, 2024 and 2025
"Trial Measures"	the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies ("境內企業境外發行證券和上市管理試行辦法"), promulgated by the CSRC on February 17, 2023, as amended, supplemented or otherwise modified from time to time
"U.S.", "US", "USA" or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdictions
"U.S. dollars", "US dollars" or "US$"	United States dollars, the lawful currency of the United States
"U.S. Securities Act"	United States Securities Act of 1933, as amended from time to time. and the rules and regulations promulgated thereunder
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
"VAT"	value-added tax
"%"	per cent

Unless otherwise specified, in this document:

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

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

GLOSSARY OF TECHNICAL TERMS

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

"A"	ampere, a unit of current used to measure the flow of electric charge
"ADC"	analog-to-digital converter, a device that converts a continuous analog signal into a discrete digital signal
"AFG"	arbitrary function generator, a signal source that can create standard arbitrary and function waveforms, allowing users to define precise parameters like frequency, amplitude, and phase for testing and circuit stimulus
"AGVs"	automated guided vehicles, driverless vehicles capable of using various navigation technologies and autonomously following predetermined routes to perform tasks such as material handling, loading, unloading, and delivery, thereby improving automation and operational efficiency while reducing the need for manual labor
"AM"	amplitude modulation, a technique used in electronic communication for transmitting information via a radio carrier wave
"ASIC"	application-specific integrated circuit, an integrated circuit designed for specific purposes
"AWG"	arbitrary waveform generator, a signal source that can create custom waveforms defined by the user, enabling precise control over parameters such as waveform shape, frequency, amplitude, and phase
"bandwidth"	the range of frequencies within a given band that a transmission medium can carry. In the context of data communication, bandwidth is often used to describe the data transfer rate or capacity of a network, indicating the maximum amount of data that can be transmitted over a network connection in a given amount of time, usually measured in bits per second (bps)
"bit"	a basic unit of data in computing and digital communications. It can have a value of either 0 or 1, representing the two binary states
"CAGR"	compound annual growth rate
"CE certification"	Conformité Européenne certification, which indicates that a product meets the European Union's health, safety, and environmental protection standards. The CE marking is required for certain products sold within the European Economic Area (EEA) and is also recognized in other markets. It ensures that the product can be legally sold and used in the EEA
"Common Building Blocks"	standardized components that can be used interchangeably across different systems or projects. These components serve as the fundamental parts or units that can be combined in various ways to create more complex structures or systems, allowing for efficiency, compatibility, and ease of assembly or integration

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"cTUVus"	the North American certification mark of TUV Rheinland, Germany, indicating that a product has been tested and meets the safety standards required by both Canadian and United States regulations. Products that pass cTUVus certification can enter the US and Canadian markets
"DAQ system"	data acquisition system
"DC"	direct current, which refers to the flow of electric charge in a constant direction, typically from the positive to the negative terminal
"DDR"	double data rate, a type of memory technology used in computers and other digital devices, which can transfer data on both the rising and falling edges of the clock signal, effectively doubling the data rate without increasing the clock frequency
"dynamic range"	the magnitude of the maximum and minimum signal difference that can be measured simultaneously. A larger dynamic range allows for a wider variety of applications
"EMI"	electromagnetic interference, the disturbance that electromagnetic radiation can cause to electronic devices or systems, potentially affecting their normal operation
"end customers"	customers that actually deploy our electronic test and measurement instruments and solutions, including those who directly purchase such instruments and solutions from us or through distributors. For the avoidance of doubt, the number of "end customers" presented in this document does not include the number of distributors
"ERP software"	enterprise resource planning ("ERP") software, a type of software used by organizations to manage and integrate the essential parts of their businesses, including planning, purchasing, inventory, sales, marketing, finance and human resources
"FPGA"	field programmable gate array, a type of integrated circuit that can be configured by the customer or designer after manufacturing. As a semi-customized circuit in the field of application-specific integrated circuits, it addresses the limitations of fully custom circuits while overcoming the gate count restrictions of earlier programmable devices
"GB"	gigabyte, a unit of digital information storage equal to one billion bytes, commonly used to quantify data storage capacity in computers and other electronic devices
"GFA"	gross floor area
"GHz"	gigahertz, a unit of frequency used to measure billions of cycles per second. One gigahertz equals approximately one billion hertz
"GIS"	gas-insulated switchgear, a compact, metal-enclosed system that uses sulfur hexafluoride gas to provide electrical insulation for high-voltage components like circuit breakers and disconnectors, offering increased safety and reliability in space-constrained or harsh environments

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"Gpts"	gigapoints, an absolute length unit used to measure one billion points. One gigapoint equals approximately one thousand megapoints or one billion points
"GSa/s"	gigasamples per second, a unit used to measure billions of samples collected each second
"Hz"	hertz, a unit of frequency used to measure the number of cycles per second
"integrated circuit" or "IC"	integrated circuit, a type of miniature electronic device or component, manufactured using semiconductor techniques, integrating all the necessary transistors, resistors, capacitors, inductors and their connecting wires for a circuit onto a small semiconductor wafer (such as a silicon chip or substrate), which is then soldered and encapsulated within a casing to form an electronic device with the desired circuit functions
"IoT"	internet of things, a network of interconnected devices that communicate and exchange data with each other over the internet
"IQ modulation"	a method of modulating a carrier signal by modifying the amplitude of two orthogonal components, the in-phase (I) and quadrature (Q) components, thereby encoding information into both the amplitude and phase of the carrier
"ISM system"	integrated sales management system, a system utilized for sales management, encompassing modules such as opportunity management, sales management, customer service, contract management, etc., which supports multiple language versions for unified global management. Distributors can utilize the ISM system for direct business communication and information management, ensuring seamless interaction and coordination
"kHz"	kilohertz, a unit of frequency used to measure thousands of cycles per second. One kilohertz equals approximately one thousand hertz
"kW"	kilowatt, used to measure power, particularly in the context of output power
"kWh"	kilowatt-hour, a unit of energy equivalent to one kilowatt of power sustained for one hour, commonly used to measure electricity consumption
"LXI"	the LAN eXtensions for Instrumentation
"mA"	milliampere, a unit of current used to measure one-thousandth of an ampere, one ampere equals approximately one thousand milliamperes
"memory depth"	the maximum number of data points that the oscilloscope can capture

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"MES"	manufacturing execution system, a system designed to optimize and streamline the manufacturing processes, enhancing production efficiency and quality control, which integrates various aspects of production management, including scheduling, resource allocation, and workflow optimization
"MHz"	megahertz, a unit of frequency used to measure millions of cycles per second. One megahertz equals approximately one million hertz
"Mpts"	megapoints, an absolute length unit used to measure one million points, one megapoint equals approximately one million points
"mV"	millivolt, a unit of electric potential used to measure one-thousandth of a volt
"nA"	nanoampere, a unit of electrical current equal to one billionth of an ampere
"ODM"	original design manufacturer, a company that designs and manufactures a product or component as specified and eventually rebranded by another company for sale
"on-board chargers"	devices integrated into an electric vehicle that convert alternating current from an external power source into direct current to charge the vehicle's battery
"OQC"	outgoing quality control, also known as pre-shipment inspection, is the final stage of quality control before products are shipped to customers, which involves inspecting finished goods after they have been packaged to ensure they meet quality standards and specifications
"OTDR"	optical time-domain reflectometer, a crucial measurement instrument in the fields of fiber optic communication and sensing
"output power range"	the power range of the output signal, and a larger output range broadens the scope of application scenarios
"PCB"	printed circuit board, a board used in electronics to connect electronic components using conductive pathways, tracks, or signal traces etched from copper sheets laminated onto a non-conductive substrate
"PCBA"	printed circuit board assembly, which is formed after electronic components are assembled onto the PCB
"PCIe"	peripheral component interconnect express, a high-speed interface standard used to connect various hardware components to a computer's motherboard
"phase noise"	a type of noise found in oscillators and signal sources, characterized by the rapid, short-term fluctuations in the phase of a waveform, which can affect the performance of the modulated signal
"ps"	picosecond, one trillionth of a second

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"Pts"	points, an absolute length unit used to measure data points
"RBW"	resolution bandwidth, a parameter used in spectrum analysis to define the smallest frequency difference that can be distinguished by the analyzer
"Real-time eye diagram and jitter analysis"	a technique used in signal integrity testing to evaluate the quality of high-speed digital signals. An eye diagram is a visual representation of a digital signal from an oscilloscope, showing the signal's voltage over time and revealing any potential issues with timing, noise, or distortion. Jitter analysis measures the variations in signal timing, which can affect the performance of digital communication systems
"real-time sampling rate"	the frequency at which an analog signal is sampled to convert it into a digital signal in real-time applications. A higher real-time sampling rate allows for more precise and detailed digital representation, which is crucial in applications like digital oscilloscopes, audio processing, and communication systems
"RF"	radio frequency
"Sa/s"	samples per second, a unit used to measure the number of samples collected each second
"SMT"	surface-mount technology, a technology where packaged electronic components are precisely mounted onto printed circuit boards
"sq.m."	square meters, used to measure area, particularly in the context of property and facility size
"uVrms"	microvolts root mean square, a unit of measurement used to express the effective value of an AC voltage signal, particularly when dealing with very small voltages
"V"	volt, a unit of electric potential or electromotive force used to measure the difference in electric potential between two points
"vertical resolution"	a measure of the smallest voltage difference that can be distinguished by a digital oscilloscope or other data acquisition systems. It is determined by the number of bits in the analog-to-digital converter (ADC) used in the device
"W"	watt, a unit of power used to measure the rate of energy transfer or conversion
"waveform capture rate"	the speed at which an oscilloscope or similar device can acquire and display successive waveform images, typically measured in waveforms per second (wfms/s)
"wfms/s"	waveforms per second, a unit used to measure the rate at which an oscilloscope can capture and display waveforms

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"WMS"	warehouse management system, a system employed to manage and optimize warehouse operations, ensuring efficient storage, retrieval, and distribution of goods, which provides comprehensive functionalities for inventory tracking, order fulfillment, and warehouse space utilization

FORWARD-LOOKING STATEMENTS

Certain statements in this document are forward-looking statements that are, by their nature, subject to significant risks and uncertainties. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions, future events, or performance (often, but not always, through the use of words or phrases such as "aim", "anticipate", "aspire", "believe", "could", "estimate", "expect", "goals", "going forward", "intend", "may", "objective", "ought to", "outlook", "plan", "project", "projection", "seek", "schedules", "should", "target", "vision", "will", "would") are not historical facts, are forward-looking and may involve estimates and assumptions and are subject to risks (including but not limited to the risk factors detailed in this document), uncertainties and other factors some of which are beyond our Company's control and which are difficult to predict. Accordingly, these factors could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements.

Our forward-looking statements have been based on assumptions and factors concerning future events that may prove to be inaccurate. Those assumptions and factors are based on information currently available to us about the businesses that we operate. The risks, uncertainties and other factors, many of which are beyond our control, that could influence actual results include, but are not limited to:

- our mission, goals and strategies;
- our future business development, financial conditions and results of operations;
- future developments, trends and conditions in the industry and markets in which we operate;
- our expectations regarding demand for and market acceptance of our products and services;
- our expectations regarding our relationships with customers, business partners, suppliers and other partners;
- changes in the macro environment, regional and global economy, as well as industry trends related to our operations;
- our ability to adequately protect our reputation and brand image, as well as our intellectual property rights;
- our ability to obtain adequate capital resources to fund future development plans;
- our ability to control costs, as well as to achieve and maintain operational efficiency;
- our ability to attract and retain qualified personnel;
- competition in the industries and markets in which we operate or into which we intend to expand;
- our proposed use of [REDACTED];
- rapid developments in technology and our ability to successfully keep up with technological advancement;
- changes in currency exchange rates;
- relevant government policies and regulations relating to industries which we operate in; and
- all other risks and uncertainties described in "Risk Factors".

Since actual results or outcomes could differ materially from those expressed in any forward-looking statements, we strongly caution investors against placing undue reliance on any such forward-looking statements. Any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by the Listing Rules, we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. Statements of, or references to, our intentions or those of any of our Directors are made as of the date of this document. Any such intentions may change in light of future developments.

All forward-looking statements in this document are expressly qualified by reference to this cautionary statement.

RISK FACTORS

An [REDACTED] in our H Shares involves a high degree of risk. You should carefully consider the following information about risks, together with the other information contained in this document, including our consolidated financial statements and related notes, before you decide to [REDACTED] our H Shares. If any of the circumstances or events described below actually arises or occurs, our results of operations, financial performance and business prospects may suffer. In any such case, the [REDACTED] of our H Shares could decline and you may lose all or part of your [REDACTED]. This document also contains forward-looking information that involves risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of many factors, including the risks described below.

RISKS RELATING TO OUR BUSINESS AND OUR INDUSTRY

The markets for our products and solutions are evolving, and changing market conditions, such as introduction of new technologies, or changes in customer preferences may negatively affect demand for our products and solutions. If we fail to properly anticipate or respond to changing market conditions, our business prospects and results of operations will suffer.

The electronic test and measurement instrument and solution industry is subject to constant changes in technology, product and technology upgrade, frequent new product and solution introductions and evolving technical standards. New technologies may be introduced that make the current technologies on which our products and solutions are based less competitive or even obsolete or require us to make changes to our technology that could be expensive and time-consuming to implement. Due to the evolving nature of our markets, our future success depends on our ability to accurately anticipate and respond to changes in industry standards, technological requirements, customer preferences and other market conditions. Our technologies could also become obsolete sooner than we expect because of faster than anticipated, or unexpected, changes in one or more of the industry standards and technological requirements. In addition, we may be unable to develop or introduce new or enhanced technologies that satisfy customer requirements and achieve market acceptance in a timely manner or at all, succeed in commercializing the technologies on which we have focused our R&D expenditures to develop, or anticipate new industry standards and technological changes. If we fail to adapt successfully to technological changes or fail to obtain access to important new technologies, we may be unable to retain customers or attract new customers. Any decrease in demand for our products and solutions, due to the emergence of competing technologies, changes in customer preferences and requirements or otherwise, could adversely affect our business, results of operations and prospects.

Our operating history may not be indicative of our prospects and future results of operations.

We have experienced growth and expansion since our inception and over the Track Record Period. Our revenues increased from RMB670.5 million in 2023 to RMB775.8 million in 2024, and further increased to RMB900.2 million in 2025. We recorded net profits of RMB108.0 million, RMB92.3 million and RMB86.1 million in 2023, 2024 and 2025, respectively. Our historical results may not provide a meaningful basis for evaluating our business, results of operations, financial condition and prospects. We may encounter unforeseen difficulties, complications, delays and other known and unknown factors, and may not be able to achieve satisfactory results in future periods. We cannot assure you that we will be able to achieve similar results or grow at the same rates as we did in the past. Our revenue growth may slow down or even decline in the future for a number of reasons, including slowing demand for our products and solutions, intensified competition, material changes in technology, declining growth rate of our total addressable market and our failure to continue to take advantage of growth opportunities. Our future operating results will depend to a large extent on our ability to manage our expansion and growth successfully.

Our net profits decreased from RMB108.0 million in 2023 to RMB92.3 million in 2024, and further decreased by 6.7% to RMB86.1 million in 2025, primarily due to the increases in selling expenses and R&D expenses as we expanded our business and operations and continuously invested in R&D activities in the rapidly growing market. Our future profitability will depend on a variety of factors, including the expansion of our business, product mix, performances of our products and

solutions, price of raw materials, depreciation and amortization, competitive landscape, customer preference and macroeconomic and regulatory environment. Our net profits may decrease in the future due to slower growth or increased expenses such as R&D expenses for new product launch and we cannot assure you that we will achieve our intended profitability in the future.

We face risks in undertaking business expansion which include, among others, managing a larger organization with a greater number of employees in different geographic locations; managing our supply chain to support fast business growth; controlling expenses and investments in anticipation of expanded operations; establishing or expanding R&D, sales and production facilities; implementing and enhancing administrative structure systems and processes; executing our strategies and business initiatives successfully; fluctuations in the selling prices of our products and solutions; and unforeseen challenges in new markets.

If we fail to efficiently manage the expansion of our business or improve our operational efficiency, our costs and expenses may increase faster than we planned and we may not respond timely to competitive challenges or otherwise successfully execute our business strategies. Our product portfolio may continue to change in the future, affecting our revenue mix and profit margin. Our growth requires significant financial resources and places significant demands on our management. If we fail to effectively manage the growth of our business and operations, our reputation, overall prospects and results of operations could be negatively impacted.

We face competition and expect competition to increase in the future. If we fail to compete effectively, our revenue growth and results of operations will be materially and adversely affected.

We face fierce competition from other electronic test and measurement instrument and solution providers. We expect competition to increase and intensify as more companies enter our markets. Some of our competitors may have greater financial and other resources with which to pursue technology development, product design, manufacturing, marketing of their products. Increased competition could result in price pressure, reduced profitability and loss of market share, any of which could materially and adversely affect our business, revenue and operating results. Currently, our competitors include large, established and international companies which offer a wide range of electronic test and measurement instrument products, solutions and technologies, as well as smaller, specialized companies that focus on specific applications within the electronic test and measurement field. In addition, as the electronic test and measurement instrument and solution market grows, we expect that new entrants will enter these markets and existing competitors may increase their investments in order to compete more effectively against us. These competitors could develop technologies that would render our products and solutions or technologies uncompetitive or obsolete.

Our ability to compete successfully depends on factors both within and outside of our control, including:

- the functionality, performance and pricing of our products and solutions relative to those of our competitors;
- our relationship with our customers and other industry participants;
- our ability to develop high-performance products and solutions;
- our ability to retain talent;
- the actions of our competitors, including merger and acquisition activity, new product and solution launches and other actions that could change the competitive landscape; and
- the success of our R&D.

In the event of a market downturn, competition in the markets in which we operate may intensify as our customers reduce their purchase orders. Our competitors that are significantly larger and have greater financial resources may be better positioned to withstand adverse economic or market conditions. If we fail to increase our competitiveness or achieve technology innovation to meet our customers' needs, our industry position, market share, business, financial condition and results of operations will be adversely affected.

We are exposed to risks associated with our global presence and will continue to be subject to such risks when we further expand our business overseas.

We have operating subsidiaries in Chinese mainland, the United States, Germany, Japan, Hong Kong, Singapore, South Korea and Malaysia. As of December 31, 2025, our sales had spread to more than 90 countries and regions around the world, providing our products and solutions to more than 100,000 end customers globally. In 2023, 2024 and 2025, our revenue from Chinese mainland amounted to RMB412.5 million, RMB501.7 million and RMB583.0 million, representing approximately 61.5%, 64.7% and 64.8% of our total revenue, respectively. In the same period, our respective overseas sales amounted to approximately RMB258.0 million, RMB274.1 million and RMB317.3 million, representing approximately 38.5%, 35.3% and 35.2% of our total revenue, respectively. See "Financial Information — Description of Major Components of Our Results of Operations — Revenue — Revenue by Geographic Markets" for more information relating to our overseas sales. As we expand our business overseas, we may be subject to the following risks:

- challenges in providing products and solutions, recruiting personnel in international markets, and managing sales channels and distribution networks effectively;
- revenue fluctuation due to unfavorable market conditions, intensified competition, unattractive products and solutions, downward pressure on our selling price and other inherent risks associated with our international business operations;
- challenges in commercializing our products and solutions in new markets where we have limited experience and no existing sales network;
- difficulties in dealing with regulatory regimes, regulatory bodies and government policies with which we may be unfamiliar, in order to obtain permits, licenses and approvals necessary to manufacture or sell our products and solutions in various jurisdictions;
- potentially reduced protection for our intellectual property rights and potential breach of third-party intellectual rights;
- differences in accounting treatment in different jurisdictions, potential adverse tax implications and foreign exchange losses;
- inability to effectively enforce contractual or legal rights;
- changes in laws, regulations and policies as well as political, economic and market instability or civil unrest in the relevant jurisdictions;
- inflation risks in the regions where we have operations; and
- foreign currency exchange rate risks.

If we are unable to effectively avoid or mitigate these risks, our ability to expand in international markets will be impaired. In addition, our international business may not be able to achieve or sustain profitability, which could have a material and adverse effect on our business, financial condition, results of operations and prospects.

During the Track Record Period, we carried out certain intra-group transactions among our subsidiaries in the PRC and overseas. We have adopted transfer pricing arrangements to regulate these transactions. We have determined transfer prices that our Directors believe are comparable prices that would be charged by unrelated third parties dealing with each other on an arm's length basis. See "Business — Transfer Pricing Arrangements" for more details. However, these transactions and cross border business arrangements during the ordinary course of business may introduce uncertainty over our Group's profit allocation and its respective tax position across different jurisdictions or different provinces within the PRC. The tax treatments of these transactions or arrangements may be subject to the interpretation by respective tax authorities in different countries, regions or different provinces in the PRC. There is no assurance that tax authorities would share the same view, or such laws and regulations will not be modified. In the event that an authority of any relevant jurisdiction determines that such intra-group transactions were not on an arm's length basis that affect taxable income, such authority could require our relevant subsidiaries to re-determine the transfer prices and thereby adjust revenue, deduct costs and

expenses or adjust taxable income of the relevant subsidiary in order to accurately reflect the taxable income. Any such adjustment could result in higher overall tax liability for us, which may adversely affect our business, financial condition and results of operations.

We may be unable to match production with customer demand for a variety of reasons including our inability to accurately forecast customer demand, which could adversely affect our operating results.

We make planning and spending decisions, including production levels, production schedules, component procurement commitments, personnel needs and other resource requirements, based on our estimates of product demand and customer requirements. Our products are typically purchased pursuant to purchase orders. While our customers may provide us with their demand forecasts, they may not contractually be committed to buy any quantity of products beyond purchase orders. The possibility of unexpected changes in the demand for their products could reduce our ability to accurately estimate future customer requirements. In addition, in recent years, we have strengthened the deployment of high-performance products and have been consolidating our core competitiveness to meet the major demand for electronic test and measurement instruments and solutions. Customers may require rapid increases in production, which could strain our resources, necessitating more onerous procurement commitments. If we overestimate customer demand, we may accumulate excess inventory, which could result in decreases in our prices or write-downs of unsold inventory. Conversely, if we underestimate customer demand or are unable to secure sufficient production capacity, we could miss the sales opportunities, lose the market share or damage our customer relationships. The rapid pace of innovation in our industry could also render significant portions of our inventory obsolete. Excess or obsolete inventory levels could result in unexpected expenses or inventory write-downs that could adversely affect our business, operating results and financial condition.

Our growth is affected by the growth and development of the markets served by our customers. If the underlying market does not develop as we expect, our business prospects may be harmed.

Demand for our products and solutions is dependent upon, among other things, the growth of the markets served by our customers, including but not limited to the communications, new energy, semiconductors, and education and research industries. We are currently focusing on these underlying industries, which are nascent and characterized by constantly changing and evolving technologies and industry standards and customer demands. The proliferation of AI technologies, among other things, have fueled the global demand for electronic test and measurement instruments and solutions.

Such growth is influenced by various factors, including innovations in technology and the ongoing development of industry standards. Additionally, evolving business practices and changing consumer preferences may also slow down the growth and development of these industries. Since our revenue growth ultimately depends on the success of these sectors, our business may suffer if there is a slowdown or decline in their adoption. Even if these industries do develop, we may not be well-positioned or able to penetrate and capitalize on these new markets. If the industries or the market for test and measurement that we focus on do not develop as we expect, our business prospects may be harmed.

We have been investing, and intend to continue to invest, heavily in our R&D but such investments may not yield the results we expect.

We are in a technology-intensive industry with rapid technological development. We invested heavily in R&D in the past. Our R&D expenses amounted to RMB142.9 million, RMB206.7 million and RMB225.9 million in 2023, 2024 and 2025, respectively, accounting for 21.3%, 26.6% and 25.1%, respectively, of our revenue in the corresponding periods.

The electronic test and measurement instrument and solution industry is experiencing technological changes. We may need to invest significant resources in R&D to advance our technologies to remain competitive in the market. In the future, we will continue to invest in multiple

R&D projects in electronic test and measurement instruments, such as high-performance digital oscilloscopes and microwave and RF instruments. These R&D projects are characterized by large capital investment, high technical difficulty and long project cycle.

We may encounter challenges in adapting our products and solutions to new technologies or in designing and producing high-performance products. We may face difficulties and delays and incur increased expenses as we migrate to new designs and production processes, which in turn may result in delays in product deliveries. Therefore, we expect our R&D expenses continue to be significant. Furthermore, R&D activities are inherently uncertain. There can be no assurance that we will continue to achieve technological breakthroughs and successfully commercialize such breakthroughs. As a result, our significant expenditures on R&D may not generate corresponding benefits. If our R&D efforts fail to keep up with the latest technological developments, we would suffer a decline in our competitive position. In addition, if we fail to accurately predict the market development trend or meet the needs of our customers, or our future R&D investment is insufficient, our R&D projects may be unable to yield the results we expect. This may materially and adversely affect our business development, financial condition and results of operations.

A fluctuation in prices of raw materials may disrupt our supply chain and affect our selling prices, which could affect our business, financial condition and results of operations.

Raw materials of our products mainly include IC chips, electronic components, structural parts, PCBs, displays and other auxiliary materials. Changes in the availability and prices of raw materials may have a significant impact on our results of operations. In 2023, 2024 and 2025, costs of raw materials accounted for 72.3%, 67.8% and 72.5% of our cost of sales, respectively. The current or expected supply of our key raw materials may fluctuate depending on a number of factors beyond our control, including but not limited to the availability of resources in the raw materials market, market demand, potential speculation, market disruptions, natural disasters and other factors. We cannot assure that we will not experience any price fluctuations in the future, which could materially and adversely affect our production costs and results of operations.

In addition, some of our suppliers may import raw materials and components from overseas regions. These imports are inherently subject to various external risks beyond our control, including but not limited to changes in international trade policies, customs procedures, tariffs, foreign exchange volatilities and geopolitical tensions. Any disruption, delay, or increased cost associated with such imported materials could erode the cost efficiency of our supply chain and thus may compromise our production schedules, increase our manufacturing costs, and adversely affect our business operations and financial position.

If we fail to acquire new customers or retain existing customers, our business, financial condition and results of operations may be materially and adversely affected.

Our products and solutions cover a diversified range of industries across scientific research, product development and production testing for communications, new energy, semiconductors, and education and research.

We have invested in branding, sales and marketing to acquire and retain customers since our inception. We incurred selling expenses of RMB102.9 million, RMB102.5 million and RMB122.5 million in 2023, 2024 and 2025, respectively. There is no assurance that we are able to attract and retain new customers or that the net profits from new customers will be able to cover the expenses of acquiring them.

Revenue generated from our five largest customers in each year/period of the Track Record Period accounted for 31.9%, 30.4% and 30.6% of our total revenue, and revenue generated from our largest customers in each year/period of the Track Record Period accounted for 11.3%, 10.3% and 12.5% of our total revenue, in 2023, 2024 and 2025, respectively. See "Business — Our Customers" for more details.

Any significant reduction in sales to our customers could have a material negative impact on our business, financial condition and operating results. Furthermore, changes in forecasts or the timing of orders from our customers, which may be out of our control, could cause our operating results to fluctuate. Our existing customers may decline materially and their orders or their demand may fluctuate as a result of many factors, including, among other things, dissatisfaction with the performance, quality or price of our products and solutions, negative publicity related to our brand, or alternative products and solutions offered by our competitors. If we are unable to retain our existing customers or acquire new customers in a cost-effective manner, our business, financial condition and results of operations may be materially and adversely affected.

The complexity of our products may lead to errors, defects and bugs, and we may be subject to warranty, product recalls or product liability claims, which could negatively impact our reputation with customers and result in legal liabilities.

Products as complex as ours may contain errors, defects and bugs when first introduced to customers or when new versions are released. Delivery of products with production defects or reliability, quality or compatibility problems could significantly delay or hinder market acceptance of our products, result in a costly recall, damage our reputation, and adversely affect our ability to retain existing customers and attract new customers. Errors, defects or bugs could cause problems with the functionality of our products, resulting in interruptions, delays or cessation of sales of these products to our customers. We may also be required to make significant expenditures of capital and resources to resolve such problems. We cannot assure you that problems will not be found in our new products both before and after commencement of our commercial production, despite the testing by us, our suppliers or our customers. Any such problems could result in delays in development, production and roll-out of new products; additional development costs; loss of, or delays in, market acceptance; diversion of technical and other resources from our other development efforts; claims for damages or product liability claims by our customers or others against us; and loss of credibility with our current and prospective customers. If any of our products contain defects, or have reliability, quality or compatibility problems not capable of being resolved, our reputation may be damaged, which could make it more difficult for us to offer our products to downstream customers. Any such event could have a material adverse effect on our business, financial condition and results of operations.

Any significant disruption in the supply of raw materials could adversely impact our business, financial condition and operating results.

Our raw materials include IC chips, electronic components, structural parts, PCBs, displays and other auxiliary materials. Our purchases from our five largest suppliers in each year/period of the Track Record Period accounted for 45.7%, 34.3% and 30.9% of our total purchases in 2023, 2024 and 2025, respectively. Our purchase from the largest supplier in each year/period of the Track Record Period accounted for 18.0%, 14.0% and 11.2% of our total purchases in 2023, 2024 and 2025, respectively. Any interruptions in these suppliers' operations, any failure to accommodate our fast-growing business scale, termination or suspension of supply arrangements, change in procurement terms, deterioration of cooperative relationships, or disputes with our third-party suppliers may materially and adversely affect our results of operations. Furthermore, supply may also be interrupted by accidents, disasters, geopolitical instability, sanctions or export control measures imposed by foreign governments or other unforeseen events beyond our control. We may not be able to identify and secure alternative sources on a timely basis or on commercially reasonable terms to deliver products and solutions to customers in the required quantities and at commercially viable prices and there is no guarantee that we will be able to pass on the increase in costs to customers. If we could not address the impact of interruption to the operations of our third-party suppliers or service providers, our business operations and financial results may be materially and adversely affected.

Our distributors' performance is beyond our control. Their improper conduct or any changes in their business relationship with us may adversely affect our business, financial condition and results of operations.

During the Track Record Period, we generated substantial revenue from sales to our distributors. See "Business — Sales and Marketing — Distributor Sales" for more details. If our distributors face financial difficulties or operational challenges, they could decrease their purchase orders of our products and their ability to effectively market and sell our products could be adversely affected. We could also lose our distributors without a corresponding increase in sales from other distributors due to the changes in the distributors' business models or for any other reasons or any disruption in our relationship with these partners, whether due to contractual disputes, competitive pressures or other unforeseen circumstances. All these could result in a significant decline in our sales and materially and adversely impact our business, results of operations, financial condition and cash flows.

Although we have entered into agreements with our distributors to govern the business conducts of these distributors, among other things, we have limited control over the operations and actions of our distributors. We cannot assure that we will be able to effectively manage our distributors, or that our distributors would not breach our agreements and policies. Furthermore, some of our distributors may use sub-distributors. They typically further enter into agreements with the sub-distributors, and we generally do not enter into agreements or directly establish relationships with the sub-distributors. Consequently, we have no control over the sub-distributors. We cannot assure you that our distributors or sub-distributors will always be compliant with relevant laws, regulations or distribution agreements. If our distributors fail to manage their sub-distributors effectively, or our distributors or sub-distributors breach the distribution agreements, fail to maintain the requisite licenses, permits or approvals or to comply with applicable regulatory requirements when selling our products, or improperly use our brand, products or intellectual property rights, it could damage our reputation and brand image, undermine customers' confidence in us, reduce customers' long-term demands for our products and negatively affect our product promotion and lower the growth of sales. Furthermore, some of these distributors or sub-distributors may also sell our competitors' products and may compete with us directly. We cannot assure you that our distributors or sub-distributors will be successful in marketing, selling and supporting our products. If they favor our competitors' products for any reason, they may fail to market our products effectively.

Our distributors or sub-distributors may also subject us to lawsuits, potential liability and reputational harm if they misrepresent the functionality of our products to customers or violate laws or our corporate policies. In addition, we cannot assure that we will retain our existing distributors or that we will be able to secure additional products or substitutes for them. Our distributors or sub-distributors may also devote more resources to the marketing, sales and support of our competitors' products. All these could adversely affect our business, financial condition and results of operations.

We may fail to successfully make desirable acquisitions or investments, and we may not be able to achieve the benefits we expect from past and future acquisitions or investments.

In the past, we have grown our business through acquisitions and we may in the future seek to acquire or invest in businesses, products, solutions or technologies that we believe could complement or expand our business, enhance our technical capabilities or otherwise offer growth opportunities. During the Track Record Period, we acquired 100% equity interests in Naishu Electronics Group. However, such acquisitions or investments could create risks for us, including:

- difficulties in integrating acquired personnel, operations and technologies or realizing synergies expected in connection with an acquisition, particularly with acquisitions of companies with large and widespread operations, complex products and solutions or that operate in markets in which we historically have had limited experience;

- unanticipated costs or liabilities, including possible litigation, associated with the acquisition;
- incurrence of acquisition-related costs;
- diversion of management's attention from other business concerns;
- use of resources that are needed in other parts of our business; and
- use of substantial portions of our available cash to consummate an acquisition.

A significant portion of the purchase price of companies we acquire may be allocated to acquired goodwill, which must be assessed for impairment at least annually. If such acquisitions do not yield expected returns, we may be required to recognize impairment loss for goodwill based on impairment assessment process, which could harm our results of operations. International acquisitions would involve unique risks in addition to those mentioned above, including those related to integration of operations across different cultures and languages, currency risks and the particular economic, political and regulatory risks associated with specific countries or regions.

Any future investment or acquisition could be material to our business, financial condition and results of operations. We may be unable to complete acquisitions at all or on commercially reasonable terms, which could limit our future growth. Acquisitions could also result in dilutive issuances of equity securities or the incurrence of additional debt, which could adversely affect our operating results and result in a decline in our stock price and further restrict our ability to pursue business opportunities, including potential acquisitions. In addition, if an acquired business fails to meet our expectations, our operating results may suffer.

We engaged third-party service providers and business partners, which exposes us to a number of risks, including reduced control over delivery timing and increased costs of operations, which could result in a loss of revenue or reduced profitability.

During the Track Record Period, we engaged third-party service providers for services in connection with our business, such as logistics, warehouse management and calibration services. We obtain services from third-party service providers who we believe are able to meet our specifications and requirements. However, any natural or man-made disasters or other unanticipated catastrophic events, including but not limited to adverse weather, fires, technical or mechanical difficulties, storms, explosions, earthquakes, strikes, acts of terrorism and wars could impair the operations of our suppliers and/or disrupt our transportation channels, and impede our ability to manufacture and deliver our products and solutions to customers in a timely manner. If the third-party service providers do not perform satisfactorily, substantially reduce the amount and scope of services provided to us, substantially increase the prices of their services or terminate their business relationship with us, we may need to replace the third-party service providers or take other remedial actions which could increase our costs of operations. As we do not have direct control over the third-party service providers, if they become involved in the unauthorized provision of services not complying with our requirements or that of our customers, our reputation in the industry will be affected. Our reputation in the industry will also be adversely affected if the third-party service providers have any wrongdoing or misconduct or do not comply with applicable laws and regulations. In addition, we incorporate components manufactured by third parties into our products. If there are quality issues with respect to these third-party components included in our products, we may not discover the issue until after our products have been shipped and installed. Further, we may have little or no recourse against these third-party suppliers arising out of warranty claims made by our customers. If the components manufactured by third parties could not satisfy our specification and quality standards, or if there is any delay in delivering such components to us on time which may in turn delay our shipments of products, our business, reputation and results of operations may be materially and adversely affected.

We may incur additional impairment loss on our assets.

During the Track Record Period, we conducted regular review and impairment assessment on carrying amounts of our property, plant and equipment, right-of-use assets and intangible assets with finite useful lives and contract costs to determine whether there is any indication that these

assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any. Our impairment losses under expected credit loss model, net of reversal amounted to RMB2.9 million and RMB1.5 million in 2023 and 2025, respectively. We had reversal of impairment losses under expected credit loss model of RMB2.4 million in 2024. In particular, according to our accounting policies, if the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. Such test involves business judgement of our management, which is subjective in nature and subject to inherent limitations and risks. See Note 4 to the Accountants' Report in Appendix I to this document.

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

As of December 31, 2024 and December 31, 2025, we recorded goodwill of RMB322.2 million, which primarily arose from the acquisition of Naishu Electronics Group in 2024. The value of goodwill is based on a number of assumptions made by the management. If any of these assumptions does not materialize, or if the performance of our business is not consistent with such assumptions, we may be required to have a significant write-off of our goodwill and record a significant impairment loss. Any significant impairment of intangible assets could have a material adverse effect on our results of operations and financial position. If we determine our goodwill to be impaired, our results of operations and financial condition may be adversely affected.

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

In order to operate our business effectively and meet the procurement demands and expectations of our end customers, we need to maintain a certain level of inventory to meet the needs of production and ensure timely delivery of our products. When market demand increases, we correspondingly raise our inventory levels to ensure supply stability. However, such an approach is inherently uncertain, and the demand for our products could change significantly between the order date and the projected delivery date. We cannot assure you that we are able to always maintain optimal inventory levels in the future.

If we fail to accurately assess the demand, we may experience inventory backlog and obsolescence or inventory shortage risk. Inventory levels in excess of demand, or substantial decrease in the expected market price of our products, may result in inventory write-downs or write-offs and we may sell the excess inventory at discounted prices, which would have an adverse effect on our profitability. If we underestimate the demand for our products, we may not be able to produce a sufficient number of products to meet such unanticipated demand, which could result in delays in the delivery of our products and negatively affect our reputation.

As of December 31, 2023, 2024 and 2025, we recorded provision for inventory write-down of RMB16.3 million, RMB17.7 million and RMB18.8 million, respectively. As of December 31, 2023, 2024 and 2025, our inventory turnover days were 219 days, 248 days and 255 days, respectively. Demand forecasts are inherently uncertain despite supply chain management mechanisms due to a number of factors, such as launch of new products, pricing, changes in customer procurement decisions and evolving preferences of consumers of electronic test and measurement instruments and solutions, each of which may affect the accuracy of any forecast. We may record impairment losses from time to time in accordance with our impairment policies. Any of the above may materially and adversely affect our business, results of operations and financial condition. As we plan to continue to expand our production capacities, we may continue to face challenges in effectively managing our inventory.

Our global operations expose us to numerous and different legal and regulatory requirements, and violation of these regulations could harm our business.

We are subject to numerous legal regimes on matters as diverse as anti-corruption, import or export controls, trade restrictions, tariffs, taxation, sanctions, immigration, internal and disclosure control obligations, securities regulation, anti-competition, cybersecurity and data privacy, and labor relations. We are operating and in the future may operate in emerging markets where legal systems may be less developed or familiar to us. In particular, the legal framework can vary significantly across jurisdictions and regulations are highly complex. The interpretation and implementation of relevant laws and regulations and the enforcement practices by relevant governmental authorities are still in development. See "Regulatory Overview" for more information relating to the legal and regulatory requirements from different jurisdictions. Compliance with diverse legal requirements is costly, time consuming and requires significant resources. Violations of one or more of these regulations in the conduct of our business could result in significant fines, criminal sanctions against us or our officers, prohibitions on doing business and damage to our reputation. Violations of these regulations in connection with the performance of our obligations to our customers or suppliers also could result in liability for significant monetary damages, fines and/or criminal prosecution, unfavorable publicity and other reputational damage, restrictions on our ability to process information and allegations by our customers or suppliers that we have not performed our contractual obligations. Due to the varying degrees of development of the legal systems of the countries in which we operate or sell, local laws might be insufficient to protect our rights.

The global economic conditions, political instability, and changes in diplomatic and trade relationships could negatively affect our operating results and cause fluctuations in demand for our products and solutions.

Our operating results are directly affected by the general global economic conditions of the industries in which we or our major customers operate. In addition, the recent tensions have led to the introduction of higher tariffs on various goods traded in multilateral trade, including high-technology goods, semiconductors and electronics. In April 2025, the United States announced broad tariffs on imports from all countries, comprising a 10% so-called "baseline" tariff on all countries, varying so-called "reciprocal" tariffs on certain trade partners, and a so-called "fentanyl-related" tariff of 20% on goods from China, Mexico and Canada. For details, see "Business — Impact of Trade Restrictions and Tariffs". Although the two countries' trade negotiations are continuing, there is substantial uncertainty regarding any final tariff rates. It remains uncertain whether increased tariffs and trade tensions will create further disruptions and uncertainties to the international trade and lead to a downturn to the global economy. It is possible that additional trade policy measures including new tariffs, import/export restrictions, or technology controls may be implemented. Any such developments could create additional challenges for a business involving cross-border trade like ours. There is a possibility that the trade restrictions could expand if an agreement to resolve the issues cannot be reached. There is no assurance as to how the trade tensions might develop or whether there will be any changes to the scope and extent of goods that are or will be subject to such export controls, sanctions, tariffs, or new trade policies. We cannot predict the implications of the ongoing trade tensions and the resulting impact on our industry and the global economy. These conditions affect our business by reducing prices that our customers may be able or willing to pay for our products and solutions or by reducing the demand for our products and solutions, which could in turn negatively impact our sales and materially and adversely affect our business, cash flows, results of operations and financial condition.

In addition, our business operations and financial performance could be adversely affected by the political climate and diplomatic relationships in the regions where we operate. Political instability, such as government upheaval, civil unrest, or changes in leadership, can create an unpredictable environment that may disrupt our supply chain, operations, and customer base. Any shifts in diplomatic relationships between countries can lead to changes in trade policies, tariffs, and sanctions, which could adversely affect our ability to import or export goods and solutions.

We are subject to the risks associated with sanctions and export controls laws and regulations, international trade policies, and developing domestic and foreign laws and regulations, and our business, financial condition and results of operations could be adversely affected.

Our operations may be negatively affected by trade policies, sanctions and export controls regulations administered by the government authorities in the countries in and with which we operate, including, but not limited to, increased duties, taxes and other costs. Margins on sales of our products in certain countries and on sales of products that include components obtained from certain foreign suppliers could be materially and adversely affected by international trade regulations, including custom duties, tariffs and anti-dumping penalties. During the Track Record Period, our revenue generated from the U.S. amounted to RMB79.0 million, RMB90.0 million, RMB101.0 million, representing 11.8%, 11.6% and 11.3% of our total revenues, respectively. In addition to trade policy measures, the United States and certain other governments have imposed sanctions and export controls measures that directly or indirectly affect China-based technology companies. See "Regulatory Overview — Laws and Regulations Related to Our Business in the U.S." for more details. These types of laws and regulations may be subject to frequent changes, and their implementation, interpretation and enforcement involve substantial uncertainties, which may be heightened by potential national security concerns or other factors that are out of our control. Similar or more expansive restrictions may be imposed by different jurisdictions in the future. We will need to maintain heightened internal control and risk management policies to ensure sound compliance with such restrictions, which requires significant resources and efforts. Furthermore, such potential restrictions may materially and adversely affect our and our technology partners' abilities to acquire technologies, systems, devices or components that may be critical to our products and our business operations. Any of these developments could affect us, our customers and/or suppliers generally, any of which could adversely affect our business and financial condition.

In addition to the restrictions introduced by the rules imposed by the United States Bureau of Industry and Security ("**BIS**"), BIS maintains lists of persons that are subject to enhanced export control restrictions. Such list, known as the Entity List, includes a list of foreign persons, including business, research institutions, government and private organizations, individuals and other types of legal persons, on which certain trade restrictions and licensing requirements for certain technologies and goods are imposed. The United States in recent years has placed an increasing number of entities, including a number of entities in China, on the Entity List and other restricted or prohibited parties lists. Given the discretionary, sudden and unpredictable nature of these determinations, it is difficult to predict developments in this area and we have no ability to influence such determinations. For example, on September 29, 2025, the BIS issued an immediately effective interim final rule that extended Entity List and Military End-User List restrictions to entities that are 50% or more owned, directly or indirectly, by shareholders on those lists; however, on November 10, 2025, BIS announced that such rule will be suspended for one year till November 9, 2026, following the China-U.S. trade negotiations on October 30, 2025.

As the Entity List and other sanctions and export controls laws and regulations continue to expand and evolve, future sanctions and export controls may materially affect or target some of our significant customers or suppliers, raw materials or key components or technologies necessary for our operations, or some of our customers and suppliers may be listed on the Entity List in the future, in which event our business may be affected if we fail to promptly secure alternative customers or sources of supply on terms acceptable to us. These export controls could adversely affect us and/or

our supply chain, business partners, or customers, and our business, financial condition, and results of operations may be significantly affected by the continued international trade and political tensions.

If new sanctions and export controls measures were to include a complete or more restrictive ban on products sales to certain entities, it could impact not only our ability to continue supplying our products to affected customers, but could also negatively affect our customers' demand for our products, and could even lead to changes in supply chains of our products, to the extent they involve the use of items subject to the United States Export Administration Regulations (the "**EAR**") or other applicable regulations. As our products become more technologically advanced, there is also a greater likelihood of sanctions and export controls regulations restricting our ability to obtain the components or technologies necessary to produce them or otherwise to export or transfer our products. During the Track Record Period, we have sold our self-manufactured and self-designed products to certain entities that have been designated by the BIS to the Entity List. As advised by our international sanctions legal advisor, Hogan Lovells International LLP, the products sold to our customers listed on the Entity List maintained by the BIS were not subject to the EAR. Therefore, our sales did not require a license nor otherwise represent a violation to the export control restrictions applicable to these customers during the Track Record Period. We have also sourced certain components classified as ECCN 3A991 and 5A991 which are only controlled for anti-terrorism reasons and therefore only subject to a license requirement under certain circumstances. Based on consultation with our International Sanction Legal Advisor, such procurements did not represent a violation of the applicable U.S. export controls. Please see "Business — Business Activities in relation to Entities and Countries subject to International Sanctions" While we believe that the products we provide to customers are not subject to the EAR, if the U.S. government imposes more stringent restrictions, or if relevant government authorities interpret the current regulations differently from our view, we may face penalties or our sales may be negatively affected. Even if our products are not directly targeted by these types of sanctions and export controls, we may nonetheless face higher costs and expenses in our supply chain due to new sanctions and export controls measures as our customers and business partners may be negatively affected by sanctions and export controls measures directed at China.

Moreover, in response to Russia's conflict with Ukraine, the United States, the European Union, and various other jurisdictions have imposed far-reaching sanctions and export controls restrictions on Russia and many Russian entities and individuals such that sales to or other business in Russia or with such restricted entities or individuals are subject to heightened regulatory risks. These measures, as well as other economic and trade sanctions measures maintained by the United States, the European Union, and other jurisdictions, may prohibit or restrict our ability to, directly or indirectly, conduct activities or dealings in or with certain targeted countries and territories or involving certain targeted persons, or otherwise affect our business. New measures imposed by the United States, the European Union, or others could restrict certain of our operations and adversely affect our business, results of operations, and financial condition. Our failure to successfully comply with applicable sanctions or export controls rules may expose us to negative legal and business consequences, including civil or criminal penalties, the loss of access to controlled technologies, and government investigations, all of which could materially and adversely affect our business, results of operations, and financial condition.

We are exposed to risks associated with Outbound Investment Rule that prohibit or require notification by U.S. persons for certain investments.

On October 28, 2024, the U.S. Department of the Treasury ("**Treasury**") issued a final rule, codified in the United States Code of Federal Regulations at 31 C.F.R. part 850, to implement the Executive Order 14105 of August 9, 2023 (the "**Outbound Investment Rule**"), which became effective on January 2, 2025. The Outbound Investment Rule imposes investment prohibition and notification requirements on U.S. persons for a wide range of investments in entities associated with China (including Hong Kong and Macau) that are engaged in activities relating to three sectors: (i) semiconductors and microelectronics, (ii) quantum information technologies, and (iii) artificial

intelligence systems, collectively defined as "Covered Foreign Persons." U.S. persons subject to the Outbound Investment Rule are prohibited from making, or required to report, certain investments in Covered Foreign Persons, which are defined as "Covered Transactions," and include certain acquisitions of an equity interest, certain debt financing, joint ventures, and certain investments as a limited partner in a non-U.S. person pooled investment fund. The Outbound Investment Rule contains exceptions for certain investments, including those in publicly traded securities, except when the U.S. person investor secures rights that go beyond standard minority shareholder protections. The Outbound Investment Rule may introduce new hurdles and uncertainties for cross-border collaborations, investments, and funding opportunities of China-based issuers including us. On February 21, 2025, the U.S. President issued a memo entitled the "America First Investment Policy", indicating that Executive Order 14105 is under review and the U.S. government will consider new or expanded restrictions, such as broadening the sectors.

As advised by our international sanctions legal advisor, Hogan Lovells International LLP, we do not believe that we are a Covered Foreign Person within the meaning of the Outbound Investment Rule because we do not engage in a "covered activity" (as defined in the Outbound Investment Rule) or otherwise meet the definition of Covered Foreign Person provided in the Outbound Investment Rule. However, there is no assurance that the Treasury will take the same view as ours. If we were to be deemed a "Covered Foreign Person," and if U.S. persons engaged in a "Covered Transaction" (each as defined under the Outbound Investment Rule) that involves the acquisition of our equity interests, such U.S. persons may need to make a notification pursuant to the Outbound Investment Rule, or may be prohibited to invest entirely. As the Outbound Investment Rule regulates U.S. person investment, determining whether any specific U.S. person's [REDACTED] in us would be a "notifiable" or a "prohibited" transaction is the responsibility of the U.S. person. U.S. persons are advised to consult independent legal advice to conduct diligence to determine their obligations under the Outbound Investment Rule prior to making an investment in us. In addition, even though U.S. persons' acquisitions of certain publicly traded securities (such as our H Shares) will be exempted from the scope of Covered Transactions under the Outbound Investment Rule, the Outbound Investment Rule could still limit our ability to raise capital or contingent equity capital from U.S. investors after this offering given that relevant laws, regulations, and policies continue to evolve and we cannot rule out the possibility of being deemed a Covered Foreign Person in the future due to different views taken by the Treasury, potential amendments to the Outbound Investment Rule or the introduction of similar regulations. If our ability to raise such capital is significantly and negatively affected, it could be detrimental to our business, financial condition and prospects. In such case, the [REDACTED] of our H Shares may significantly decline, or in extreme cases, become worthless.

Any failure by us or our business partners to comply with applicable anti-money laundering, anti-terrorism, anti-bribery and similar laws could lead to significant penalties and damages to our reputations, adversely affecting our operating performance, financial condition and results of operations.

Any failure by us or our business partners who work with us to comply with applicable anti-money laundering ("**AML**"), anti-terrorism, anti-bribery laws and regulations could lead to significant penalties and damage to our reputation. We and our business partners who work with us are often required to comply with certain AML requirements set out by regulators in the jurisdictions where we and our business partners operate. We are also subject to various AML, anti-terrorism, anti-bribery, export controls and economic and trade sanctions laws and regulations that prohibit, among other things, any involvement in transferring the proceeds of criminal activities and the import and export of controlled products and technologies. To comply effectively with such laws and regulations, we and our business partners must establish sound internal control policies and procedures with respect to AML, anti-terrorism, anti- bribery, export controls, economic and trade sanctions, which can require significant resources and expenditures.

The policies and procedures we and our business partners have adopted may not be effectively implemented in protecting our products from being exploited for money laundering, terrorist financing, bribery and corruption, terrorism, economic and trade sanctions and other illegal purposes. If we fail to comply with AML, anti-terrorism, anti-bribery, export controls and economic and trade sanction laws and regulations, we could be subject to fines, enforcement actions, regulatory sanctions, additional compliance requirements, increased regulatory scrutiny of our business, or other penalties levied by government authorities, and damages to our reputation, all of which may adversely affect our business, results of operations and financial condition. Similarly, if any of our subsidiaries, employees, business partners or other persons engage in fraudulent, corrupt or other unfair business practices or otherwise violate applicable laws, regulations or internal control policies, we could become subject to one or more enforcement actions or otherwise be found to be in violation of such laws, which may result in penalties, fines or sanctions and in turn adversely affect our reputation, business, financial condition and results of operations.

We have recorded net operating cash outflow in the past, and our liquidity, financial condition and prospects may be adversely affected if we continue to record net operating cash outflow in the future.

For the year ended December 31, 2023, we had net cash outflow used in operating activities of RMB28.7 million. See "Financial Information — Liquidity and Capital Resources — Cash Flow" for more details. There is no assurance that we will not experience net cash outflows from our operating activities in the future. In the event that we are unable to generate sufficient cash flow for our operations or otherwise unable to obtain sufficient funds to finance our business, our liquidity, financial condition and prospects may be adversely affected. If we resort to other financing activities to obtain additional cash, we will incur additional financing costs, and we cannot assure you that we will be able to obtain the financing on terms acceptable to us, or at all.

Our sales are subject to seasonal fluctuations.

Our sales are affected by seasonal fluctuation due to customers' purchasing practices. The seasonal ordering trends often result in a higher volume of orders in the second half of the year since major customers tend to concentrate their order placements toward the end of the fiscal year driven by their annual budget practices. The degree of seasonality may vary each year, making it difficult for us to accurately project demand levels. If seasonal demand exceeds our expectations, we may not have sufficient inventory or may be unable to arrange production and delivery in a timely manner. If seasonal demand is lower than expected, we may face risks of excess inventory, increased working capital and liquidity needs and inventory impairment losses. Furthermore, our operating and financial results for an interim period may not be representative of our overall performance for a year.

We are subject to various risks relating to third-party payments.

During the Track Record Period, certain of our customers settled their payments with us through third-party payors (the "**Third-Party Payment Arrangement(s)**"). During the Track Record Period, the aggregate amount of third-party payments accounted for less than 1% of the total payments we received from all customers for the same periods, respectively. For details, see "Business — Third Party Payment" in this document.

We were subject to various risks relating to such Third-Party Payment Arrangements, such as (i) possible claims from third-party payors for return of funds as they were not contractually indebted to us and possible claims from liquidators of third-party payors and (ii) potential money-laundering risks as we have limited knowledge about the source of the funds utilized by the third-party payors and their identities. In the event of any claims from third-party payors or their liquidators, or legal proceedings, including civil, criminal or regulatory actions, instituted or brought against us to demand return of the relevant payment or for violation or non-compliance of laws and regulations, we will have to spend significant financial and managerial resources to defend against such claims, legal proceedings or regulatory actions, and we may be forced to comply with the court ruling or order and return the payment for the products that we sold and services that we provided.

Our customers may require our products to undergo a qualification process. If we are unsuccessful or delayed in obtaining the qualifications for our products, our business and results of operations may be impaired.

Prior to selecting and purchasing our products, our customers may require that our products undergo extensive qualification processes including testing for reliability. However, obtaining the requisite qualifications for an electronic test and measurement instrument product does not ensure any sales of the product. After our products are qualified and selected, it may take a period of time before our customers place order to us. Despite these uncertainties, we devote substantial resources, including design, engineering, sales, marketing and management efforts, to ensure our products meet the customer requirements and are ready for future sales. If we are unsuccessful or delayed in obtaining the qualification for our products, we may lose the sales opportunities, which may impede our growth, harm our business and materially and adversely affect our results of operations.

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

Industry standards and technical requirements for electronic test and measurement instruments and solutions are subject to frequent updates and revisions. This is primarily driven by advancements in technology, evolving industry needs, the continuous pursuit of improved accuracy, precision and reliability, increased demand for traceability and safety and regulatory considerations.

Our ability to compete in the future will depend on our ability to identify and comply with evolving industry standards and technical requirements. The emergence of new industry standards and technical requirements could render our products incompatible with products developed by other suppliers or make it difficult for our products to meet the requirements from our customers. As a result, we could be required to invest significant time and efforts and to incur significant expenses to redesign our products to ensure compliance with relevant standards and requirements. If our products are not in adherence to prevailing industry standards and technical requirements for a significant period of time, we may lose the market opportunities, our revenue may decline and we may incur significant expenses to redesign our products to meet the relevant standards, which could adversely affect our business, financial condition, results of operations and prospects.

Failure to effectively utilize our production facilities or successfully execute our equipment maintenance and upgrades or capacity expansion plans may have a material adverse effect on our business, financial condition and results of operations.

Our growth prospects and future profitability depend on, among other things, our ability to upgrade the production capability and increase production capacity. For details on utilization rate of each of our production facilities, see "Business — Production — Our Production Facility." To successfully upgrade our production capability and expand production capacity, we need to make cost-effective and efficient upgrade, and hire and train professionals necessary to operate such facilities or equipment, all of which may be affected by several factors including, but not limited to, the following:

- availability of working capital for constructing facilities or purchasing equipment;
- delays in completion of construction and shortages or delays in the delivery of equipment;
- difficulties or delays which may arise in installing the equipment; and
- implementation of new production processes.

We cannot guarantee that our upgrade or expansion plan, if implemented, will be operationally or financially successful and substantiated by sufficient market demand for or profit margin of our products. If we are unable to implement the upgrade or expansion plan cost-effectively and efficiently, our business and profitability may be adversely affected. In addition, if we do not receive sufficient orders from our customers to effectively utilize our production facilities, we may be subject to low utilization rates of production capacity, which may hurt our profitability and results of operations. Furthermore, if market demand declines in the future, we may not be able to recoup the

costs incurred for construction of any new facilities or expansion of any existing facilities and maintenance of expanded production capacity. As a result, our business, financial condition, results of operations and prospects may be materially and adversely affected.

We may be unable to fund our operations, make scheduled debt payments, pay dividend and make adequate capital investments.

To develop new products, solutions and technologies, support future growth and achieve operating efficiencies in order to generate operating cashflows, we must make significant capital investments in procurements of equipment and R&D. From time to time, we may experience volatility in our cash flows and operating results. We have utilized external sources of financing when needed. We may need additional capital in the future to fund our continued operations, in addition to the use of our cash inflows from our operating activities. However, we may be unable to raise additional funds, whether through equity or debt financing, when needed on favorable terms or at all. If we do raise additional capital through public or private equity offerings, the ownership interest of our existing Shareholders, including investors in this offering, will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect our Shareholders' rights. If we raise additional capital through debt financing, we may be subject to covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. In addition, our credit rating may be affected by our liquidity, financial results, economic risk or other factors, which may increase the cost of future borrowings and make it difficult for us to obtain financing on terms acceptable to us or at all. There can be no assurance that we will be able to generate sufficient cash flows, access capital or credit markets, or find other sources of financing to fund our operations, make debt payments, pay dividend, and make adequate capital investments to remain competitive in terms of technology development and cost efficiency. Any failure to raise capital as and when needed could have a negative impact on our financial condition and on our ability to pursue our business plans and strategies.

We are exposed to credit risk of our customers. Failure to collect our trade and bills receivables in a timely manner may affect our financial condition and results of operations.

As of December 31, 2023, 2024 and 2025, our trade and other receivables amounted to RMB140.8 million, RMB165.0 million and RMB194.3 million, respectively. Our trade receivables turnover days were 65 days, 72 days and 73 days in 2023, 2024 and 2025, respectively.

If the creditworthiness of our customers deteriorate, or if our customers delay payments beyond their respective credit period or if a significant number of our customers fail to settle our accounts receivables in full for any reason, we may incur bad debt expenses or even recognize an allowance for doubtful accounts and our results of operations and financial position could be materially and adversely affected. There is no assurance that we will be able to fully recover our accounts receivables from the customers or that they will settle our accounts receivables in a timely manner. In the event that settlements from customers are not made on a timely manner, or at all, our financial position and results of operations may be materially and adversely affected.

Our financial results are affected by fluctuations in foreign currency exchange rates.

Our revenue from overseas sales represented 38.5%, 35.3% and 35.2% of our total revenues in 2023, 2024 and 2025, respectively. Our overseas procurement and sales business are usually priced and settled in the bookkeeping currency of each subsidiary, such as euros, U.S. dollar and Japanese yen. The reporting currency of our consolidated financial statements is in Renminbi. Gains and losses on the conversion to RMB of such revenue and of other associated monetary assets and liabilities, as well as profits and losses incurred in certain countries, may contribute to fluctuations in the value of our assets and our results of operations. We also have costs and expenses that are denominated in foreign currencies. Decreases in the value of RMB could result in increases in such costs that could have a significant negative impact on our results of operations. In addition, fluctuating values between the RMB and other currencies can result in currency gains which are used

in the computation of foreign taxes and can increase foreign taxable income. As we continue to expand our international operations, we will become increasingly exposed to the effects of fluctuations in currency exchange rates. In 2023 and 2025, we recorded net foreign exchange gains of RMB1.2 million and RMB4.2 million, respectively. In 2024, we recorded net foreign exchange losses of RMB6.1 million.

In addition, as the net [REDACTED] from the [REDACTED] will be in Hong Kong dollars, fluctuations in the exchange rate between the Renminbi and the Hong Kong dollar will affect the relative purchasing power in Renminbi in terms of the [REDACTED] from the [REDACTED]. In addition, appreciation or depreciation in the value of the Renminbi relative to the Hong Kong dollar or U.S. dollar would affect our financial results in Hong Kong dollar or U.S. dollar without giving effect to any underlying change in our business or results of operations.

Movements in Renminbi exchange rates are affected by, among other things, changes in political and economic conditions and China's foreign exchange regime and policy. With the development of the foreign exchange market and progress towards the market-based interest rate and Renminbi internationalization, the PRC government may in the future announce further changes to the exchange rate system, and we cannot assure you that the Renminbi will not appreciate or depreciate significantly in value against other currencies in the future. It is difficult to predict how market forces or relevant government policies may impact the exchange rate between the Renminbi and other currencies in the future.

Fluctuations in changes in fair value of financial assets and liabilities measured at fair value through profit or loss may adversely affect our financial results.

We recorded financial assets at fair value through profit or loss ("**FVTPL**") of RMB1,764.4 million, RMB1,781.2 million and RMB1,485.2 million as of December 31, 2023, 2024 and 2025, respectively. Our financial assets at FVTPL mainly consist of large-denominated bank deposits and structured deposits. See "Financial Information — Discussion of Key Items of our Consolidated Statements of Financial Position — Financial Assets at FVTPL" for more details. The fair value change of financial assets and liabilities measured at FVTPL may significantly affect our financial position and results of operations. The determination of the fair value of such financial assets and liabilities requires us to make significant estimates, which may be subject to material changes, and therefore inherently involves a certain degree of uncertainty. Factors beyond our control can significantly influence and cause adverse changes to the estimates we use and thereby affect the fair value of such financial assets and liabilities. These factors include, but are not limited to, general economic condition, changes in market interest rates and the stability of capital markets. Any of these factors, as well as others, could cause our estimates to vary from actual results, which could materially and adversely affect our results of operations and financial condition.

Share-based payment may have a material and adverse effect on our financial condition.

We operate share award schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of our operations. Employees (including Directors) of us receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments. In 2023, 2024 and 2025, we incurred equity-settled share-based payment expenses of RMB15.0 million, RMB11.2 million and RMB5.6 million, respectively. To further incentivize employees and consultants, we may grant additional share-based compensation in the future, which may increase our operating expenses and adversely affect our financial condition. In addition, the issuance of additional Shares for share-based awards could dilute the ownership percentage of our existing shareholders.

Our success depends on our ability to attract and retain key employees. Our failure to do so could harm our ability to grow our business and execute our business strategies.

Our business depends on the continuing efforts of our management team to oversee and execute our business plans and identify and pursue new opportunities and product innovations. Any loss of service of our management can significantly delay or prevent us from achieving our strategic

business objectives, and adversely affect our business, financial condition and operating results. From time to time, there may be changes in our management team, resulting from the hiring or departure of executives, which could also disrupt our business. Hiring suitable replacements and integrating them into our existing teams also require a significant amount of time, training and resources, and may impact our existing corporate culture.

Additionally, our future success also depends on our ability to attract, recruit and train qualified employees and retain existing key personnel. Electronic test and measurement instruments and solutions are high-tech products and solutions. Companies with R&D capabilities in the electronic test and measurement instrument and solution industry, like us, are intellectually intensive enterprises. Excellent and high-end R&D talents are the key to our competitive advantage. We rely on our top R&D team to develop our core technologies, products and solutions. We also need our experienced sales and marketing personnel to maintain relationships with our customers and end customers of our products and solutions. Competition for personnel in the electronic test and measurement instrument and solution technology field is intense, and the availability of suitable and qualified candidates is limited. We compete to attract and retain qualified R&D personnel with our competitors. In order to compete for talents, we may need to offer higher compensation, better trainings and more attractive career opportunities, employees share incentives schemes and other benefits to our employees, which may be costly and time-consuming. If we lose the services of any key senior management member or employee, we may not be able to locate suitable or qualified replacements, and may incur additional expenses to recruit and train new personnel, which could severely impact our business and prospects. The loss of the services of one or more of our key employees, especially our key technical personnel with the appropriate qualifications and experience, or our inability to attract and retain qualified technical personnel, could harm our business, financial condition and results of operations.

If we are unable to protect or promote our brand and reputation, our business could be materially and adversely affected. Negative publicity or rumors about us, our products and solutions, our management, Directors, employees, Shareholders, customers, business partners or their affiliates or our industry in general may adversely affect our reputation and business.

We need to maintain and enhance our brand identity while increasing market awareness of the reputation of our business, products and solutions. The successful promotion of our brand will depend on our efforts to achieve widespread acceptance of our products and solutions, attract and retain customers, maintain our current market leadership, and successfully differentiate our offerings from those of competitors. These efforts require substantial expenditures, and we anticipate expenses will increase as our market becomes more competitive and as we expand into new markets. Furthermore, these investments in brand promotion and thought leadership may not yield increased revenue. To the extent they do, the resulting revenue still may not be enough to offset the increased expenses we incur.

In addition, adverse publicity, with or without merits, relating to events or activities attributed to us, our management, Directors, employees, Shareholders, business partners or their affiliates, industry, or productions or services similar to ours, may tarnish our reputation and reduce the value of our brand. For instance, unfounded and adversarial statements or opinions could be misleading and harm our business and reputation. Given the delicate and complex nature of the industry that we operate in, we are vulnerable to such statements or opinions. If we fail to respond to such statements or opinions in a proper manner, our business reputation, financial condition and results of operations may be adversely affected. Moreover, our brand value depends on our ability to provide products and solutions that meet industry standards in our markets. Damage to our reputation and loss of brand equity may reduce demand for our products and solutions, have an adverse effect on our future financial results, or reduce the trading price of our Shares. If we are unable to successfully enhance and protect our reputation, our business operations, results of operations, and financial condition could be materially and adversely affected.

Failure to protect our intellectual property or our proprietary technology could substantially harm our business. If we are unable to protect the confidentiality of our proprietary information and know-how, the value of our technology and products could be harmed significantly.

Our success and ability to compete depend in part upon our ability to protect our intellectual property. We rely on a combination of intellectual property rights, including patents, copyrights, trademarks, trade secrets and know-how, in China and other jurisdictions. See "Business — Intellectual Property" for details of our intellectual property. The steps we take to protect our intellectual property rights may not be adequate, particularly in foreign jurisdictions. The laws of some foreign countries do not protect our intellectual property rights as fully as the laws of other countries, and our ability to protect our intellectual property rights will differ per jurisdiction. Any patents we hold may not adequately protect our intellectual property rights or our products against competitors, and third parties may challenge the scope, validity or enforceability of our issued patents. Changes in either the patent laws or their interpretation in the relevant jurisdictions may diminish our ability to protect our inventions, obtain, maintain, defend and enforce our intellectual property rights and, more generally, could affect the value of our intellectual property or narrow the scope of our patent rights. In addition, other parties may independently develop similar or competing technologies designed around any patents or patent applications that we hold. There is no assurance that we are able to successfully apply and be granted new intellectual property rights in a timely and cost-effective manner in the future, as such applications are expensive and time consuming. Any failure to timely seek patent protection on products or technologies generally precludes us from seeking future patent protection on these products or technologies.

We cannot assure you that these contractual protections and security measures will not be breached, that we will have adequate remedies for any such breach or that our customers, suppliers, distributors, employees or consultants will not assert rights to intellectual property or damages arising out of such contracts. The risk that other parties may breach confidentiality agreements or that our trade secrets become known or independently discovered by competitors could harm us by enabling our competitors, who may have greater experience and financial resources, to copy or use our trade secrets and other proprietary information in the advancement of their products, methods or technologies. The unauthorized use or disclosure of our trade secrets would impair our competitive position, thereby weakening demand for our products and harming our ability to maintain or increase our customer base.

We may initiate claims against third parties to protect our intellectual property rights if we are unable to resolve matters satisfactorily through negotiation. Litigation brought to protect and enforce our intellectual property rights could be costly, time-consuming and distracting to management. It could also result in the impairment or loss of portions of our intellectual property, as an adverse decision could limit our ability to assert our intellectual property rights, limit the value of our technology or otherwise negatively impact our business, financial condition and results of operations. Additionally, any enforcement of our patents or other intellectual property may provoke third parties to assert counterclaims against us. Our failure to secure, protect and enforce our intellectual property rights could materially harm our business.

We may face claims of intellectual property infringement, which could be time-consuming and costly to defend or settle, result in the loss of significant rights, harm our relationships with our customers and distributors, or otherwise materially and adversely affect our business, financial condition and results of operations.

The electronic test and measurement industry is characterized by companies that hold patents and other intellectual property rights and that vigorously pursue, protect and enforce intellectual property rights. These companies include patent holding companies or other adverse patent owners who have no relevant product revenue and against whom our own patents may provide little or no deterrence. From time to time, third parties may assert against us and our customers' patent and other intellectual property rights to technologies that are important to our business.

Claims that our products, processes or technology infringes third-party intellectual property rights, regardless of their merit or resolution, could be costly to defend or settle and could divert the efforts and attention of our management and technical personnel. We may also be obligated to indemnify our customers or business partners in connection with any such litigation, which could result in increased costs. Infringement claims also could harm our relationships with our customers or distributors and might deter future customers from doing business with us. If any such proceedings result in an adverse outcome, we could be required to: cease the production, use or sale of the infringing products, processes or technology; pay substantial damages for infringement; expend significant resources to develop non-infringing products, processes or technology, which may not be successful; license technology from the third-party claiming infringement, which license may not be available on commercially reasonable terms, or at all; cross-license our technology to a competitor to resolve an infringement claim, which could weaken our ability to compete with that competitor; or pay substantial damages to our customers to discontinue their use of or to replace infringing technology sold to them with non-infringing technology, if available. Any of the foregoing results could have a material adverse effect on our business, financial condition and results of operations.

Furthermore, our exposure to the foregoing risks may also be increased as a result of acquisitions of other companies or technologies. For example, we may have a lower level of visibility into the development process with respect to intellectual property or the care taken to safeguard against infringement risks with respect to the acquired company or technology. In addition, third parties may make infringement and similar or related claims after we have acquired technology that had not been asserted prior to the acquisition.

If licenses of third-party technology are inadequate, our ability to develop and commercialize our products, solutions or product enhancements could be negatively impacted.

During the Track Record Period, we did not have technologies licensed from third parties to develop our products and solutions. From time to time, we may be required to license additional technology from third parties to develop our products and solutions or product enhancements or to pursue our current strategies. However, these third-party licenses may not be available to us on commercially reasonable terms or at all. Our inability to obtain third-party licenses necessary to develop products, solutions and product enhancements could require us to obtain substitute technology at a greater cost or of lower quality or performance standards or delay product development. Any of these results may limit our ability to develop new products and solutions, which could harm our business, financial condition and results of operations.

We may use artificial intelligence in our business, products and solutions. Challenges with properly managing its use could result in reputational harm, and legal liability, and adversely affect our results of operations.

We may leverage AI in our product development, our operations, our software programming and our website's intelligent customer service. Our competitors or other third parties may incorporate AI into their products or operational processes more quickly or more successfully than us, which could impair our ability to compete effectively and adversely affect our results of operations.

In addition, there are significant risks involved in developing and deploying AI. There can be no assurance that the usage of AI will enhance our products or solutions or be beneficial to our business, including our efficiency or profitability. For example, our AI-related efforts subject us to risks related to accuracy, intellectual property infringement or misappropriation, data privacy, and cybersecurity, among others. There remains uncertainty regarding the applicable legal framework for our AI-related business operations, as new AI-related legislation has been continuously introduced and enacted in recent years. AI also presents emerging ethical issues, and if our use of AI becomes controversial, we may experience brand or reputational harm or legal liability. The rapid

evolution of AI, including the regulation of AI by government or other regulatory agencies, will require significant resources to develop, test and maintain our platforms, offerings, services, and features to implement AI ethically and minimize any unintended harmful impacts.

Any disruption to the operation of our production facilities or interruptions in our IT systems could adversely affect our business.

We conduct the core production processes of our products in our facilities in Suzhou and Penang. The operation of our facilities may be disrupted by physical damage from fires, floods, earthquakes, typhoons, power outages, mechanical breakdowns, telecommunications failures, loss of licenses, certifications and permits, changes in governmental planning for the underlying land, and the regulatory development, many of which are beyond our control. Any power outage, disruption or shortage in power supply could have a materially adverse impact on our production and employee safety.

We rely on the efficient and uninterrupted operation of complex IT systems and networks to operate our business. Any significant disruption to our systems or networks, including, but not limited to, new system implementations, computer viruses, security breaches, facility issues, natural disasters, terrorism, war, telecommunication failures or energy blackouts, could have a material adverse impact on our operations and financial results. Such disruption could result in a loss of our intellectual property or the release of sensitive competitive information or supplier, customer or employee personal data. Any loss of such information could harm our competitive position, result in a loss of customer confidence, and cause us to incur significant costs to remedy the damages caused by any such disruptions or security breaches. Additionally, any failure to properly manage the collection, handling, transfer or disposal of personal data of employees and customers may result in regulatory penalties, enforcement actions, remediation obligations, litigation, fines and other sanctions.

We may experience attacks on our data, attempts to breach our security and attempts to introduce malicious software into our IT systems. If attacks are successful, we may be unaware of the incident, its magnitude, or its effects until significant harm is done. Any such attack or disruption could result in additional costs related to rebuilding our internal systems, defending litigation, responding to regulatory actions, or paying damages. Such attacks or disruptions could have a material adverse impact on our business, operations and financial results.

Third-party service providers may have access to certain portions of our and our customers' sensitive data. In the event that these service providers do not properly safeguard the data that they hold, security breaches and loss of data could result. Any such loss of data by our third-party service providers could negatively impact our business, operations and financial results, as well as our relationship with our customers.

In order to comply with environmental laws and regulations, we may need to modify our activities or incur substantial costs, and if we fail to comply with environmental regulations we could be subject to substantial fines or be required to have our suppliers alter their processes.

To identify, manage, and mitigate environmental, social and governance ("**ESG**") risks, we may incur additional costs and expenses which could impact our financial performance. Given the nature of our business, we do not produce any material generation of emissions and wastes or heavy pollutions. Nonetheless, we monitor environmental and climate-related risks that may impact our business, strategy and financial performance and evaluate the magnitude of the resulting impact over the short-, medium- and long-term horizons. We monitor a wide range of indicators such as power consumption, emission of greenhouse gas, water consumption and waste generation to manage our environmental and climate-related risks arising from our operations and are committed to providing adequate support to our employees to nurture a friendly and inspirational corporate culture. This commitment may entail incurring substantial additional costs and would potentially impact our profitability. See "Business — Environmental, Social and Governance Matters."

In addition, the increasing ESG-related regulatory requirements, including various ESG disclosure mandates in the jurisdictions where we operate, may lead to rising compliance costs and cost of sales may rise. Failure to adapt to new regulations or meet evolving industry expectations and standards could result in consumers choosing products and solutions from other companies, which may materially and adversely affect our results of operations and financial condition.

Any failure to obtain requisite approvals, licenses or permits applicable to our business operation may have a material and adverse impact on our business, financial condition and results of operations.

In accordance with the laws and regulations in the jurisdictions in which we operate, we are required to maintain various approvals, licenses, permits and certifications in order to operate our business. Complying with such laws and regulations may require substantial expense and may impose a significant burden, while any non-compliance may expose us to liability. There is no assurance that we can successfully update or renew the licenses, permits, certificates and approvals required for our business in a timely manner or at all, or that these licenses, permits, certificates and approvals are sufficient to conduct all of our present or future business. There are uncertainties regarding the interpretation and implementation of existing and future laws and regulations governing our business activities. If we fail to complete, obtain or maintain any of the required licenses, permits, certificates and approvals or make the necessary filings, we may be subject to various penalties, such as imposition of fines and the discontinuation or restriction of our operations. Any such penalties may disrupt our business operations and materially and adversely affect our business, financial condition and results of operations.

Legal proceedings and claims could have a material adverse effect on our business, results of operations, or financial condition.

We may be subject to or involve in lawsuits, contract disputes, employment-related controversies, and other legal and administrative proceedings or fines relating to our business operations inside and outside China. Lawsuits and other administrative or legal proceedings that may arise during our operations can involve substantial costs, including the costs associated with investigation, litigation and possible settlement, judgment, penalty or fine. Lawsuits and other legal and administrative proceedings may be costly and time consuming and may require a commitment of management and personnel resources that will be diverted from our normal business operations. There may also be negative publicity associated with litigation that could decrease consumer acceptance of our products and solutions, regardless of whether the allegations are valid or whether we are ultimately found liable. If any of these happens, our business, financial condition, results of operations or liquidity could be materially and adversely affected. In addition, our Directors, management, Shareholders and employees and their affiliates may from time to time be subject to litigation, regulatory investigations, proceedings and/or negative publicity or otherwise face potential liability and expense in relation to commercial, labor, employment, securities or other matters, which could adversely affect our reputation and results of operations.

We or certain of our Directors or officers may be a target for lawsuits, including putative class action lawsuits brought by Shareholders and lawsuits against our Directors and officers as a result of their position in other public companies. We cannot assure you that we or our Directors or officers will be able to prevail in their defense or reverse any unfavorable judgment on appeal, and we and our Directors or officers may decide to settle lawsuits on unfavorable terms. Any adverse outcome of these cases, including any plaintiffs' appeal of the judgment in these cases, could result in payments of substantial monetary damages or fines, or changes to our business practices, and thus materially and adversely affect our business, financial condition, results of operations, cash flows and reputation. Moreover, even if we or our Directors or officers eventually prevail in these matters, we could incur significant legal fees or suffer significant reputational harm. We also may be subject to claims for indemnification related to these matters, and we cannot predict the impact that indemnification claims may have on our business or financial performance.

We are subject to anti-corruption, AML, anti-bribery and other relevant laws and regulations in the jurisdictions where we operate. We may be subject to investigations and proceedings by governmental authorities for alleged violations of these laws if our compliance processes or internal control systems are not conducted or are not operating properly. These proceedings may result in fines or other liabilities and could have a material adverse effect on our reputation, business, financial condition and results of operations. If any of our subsidiaries, employees or other persons engage in fraudulent, corrupt or other unfair business practices or otherwise violate applicable laws, regulations or internal controls, we could become subject to one or more enforcement actions or otherwise be found to be in violation of such laws, which may result in penalties, fines and sanctions and in turn adversely affect our reputation, business, financial condition and results of operations. Given the uncertainty, complexity and scope of many of these litigation matters, their outcome generally cannot be predicted with a reasonable degree of certainty. Therefore, our provision for such matters may be inadequate. Moreover, even if we eventually prevail in these matters, we could incur significant legal fees or suffer significant reputational harm, which could have a material and adverse effect on our prospects and future growth, including our ability to attract new business partners and customers, expand our relationships with governmental regulators and industry groups and recruit and retain employees and agents.

We may not have sufficient insurance coverage to cover our business risks.

We have obtained insurance to cover certain potential risks and liabilities, such as property damage insurance and product liability insurance. See "Business — Insurance" for more details. As a result, we may not be able to acquire any insurance for all types of risks we face in our operations in the PRC and overseas, and our coverage may not be adequate to compensate for all losses that may occur, particularly with respect to loss of business or operations. This potentially insufficient coverage could expose us to potential claims and losses. Any business disruption, litigation, regulatory action, outbreak of epidemic disease, adverse weather conditions or natural disasters could also expose us to substantial costs and diversion of resources. There can be no assurance that our insurance coverage will be sufficient to cover us for any loss or that we will be able to successfully claim our losses under our current insurance policy on a timely basis, or at all. If we incur any loss that is not covered by our insurance policies, or the compensation amount is significantly less than our actual loss, our business, financial condition and results of operations could be materially and adversely affected.

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

We seek to improve and update our risk management and internal control systems on a regular basis. See "Business — Risk Management and Internal Control" for more details. However, there is no assurance that they will be effective in safeguarding our risk management and internal control functions and fulfilling their purposes by ensuring, among other things, accurate reporting of our financial results and the prevention of fraud. Since our risk management and internal control systems depend on effective implementation by our employees, and even though we provide relevant internal trainings in this regard, we cannot assure you that our employees are sufficiently or fully trained to implement these systems, or that their implementation will be free from error or mistakes. If we fail to timely update, implement, and modify, or fail to deploy sufficient human resources to maintain our risk management policies and internal control procedures, our business, financial condition, results of operations and prospects could be materially and adversely affected.

Our operations in different parts of the world could be subject to natural disasters, health epidemics and other business disruptions, which could have a material adverse effect on our business, results of operations and financial condition.

Our business could be adversely affected by natural disasters or outbreaks of epidemics. These natural disasters, outbreaks of contagious diseases and other adverse public health developments in any market where we operate could severely disrupt our business operations by damaging our technology infrastructure or IT system or impacting the productivity of our workforce, which may adversely affect our financial condition and results of operations.

We may be subject to fines for failure to register some of our leases, and our legal right to use certain properties could be challenged or restricted.

We lease properties primarily for our offices. As of the Latest Practicable Date, two of our lease agreements had not been registered and filed with the relevant real estate administration bureaus in the PRC. Although failure to do so does not in itself invalidate the leases, the lessors and the lessees may be exposed to potential fines if they fail to rectify such non-compliance within the prescribed time frame after receiving notice from the relevant PRC government authorities. The relevant government authorities may impose a fine ranging from RMB1,000 to RMB10,000 for each unregistered lease. We cannot assure you that the lessors will cooperate and complete the registration in a timely manner once we are required to do so. In the event that any fine is imposed on us for our failure to register our lease agreements, we may not be able to recover such losses from the lessors. If our right to use these properties is challenged, we would need to seek alternative properties on short notice and incur relocation costs, and there is no guarantee that we would be able to find suitable alternative properties on reasonable commercial terms, or at all. Any relocation could lead to disruptions to our operations and may have an adverse effect on our business, financial condition, results of operations and prospects. See "Business — Properties" for more details.

Failure to fully comply with labor-related laws may expose us to potential liabilities and penalties.

We face the challenge of complying with a diverse array of labor-related laws and regulations across different countries. We cannot assure you that we will be able to comply with all labor-related laws and regulations, including those relating to obligations to make social insurance payments and contribute to the housing provident funds in the PRC. We had not been subject to any administrative penalties relating to social insurance and housing provident fund in the PRC during the Track Record Period and up to the Latest Practicable Date. As advised by our PRC Legal Advisor, the release of Interpretation No. 2 does not have any material adverse impact on our results of operations or financial condition and our compliance with the relevant laws and regulations. However, we cannot assure you that we will be able to meet the requisite requirements if any new laws, regulations, guidelines and interpretations that are promulgated in the future. Despite our compliance efforts, as the interpretation and implementation of labor-related laws and regulations are still evolving, our employment practices may violate labor-related laws and regulations in the jurisdictions where we operate, which may subject us to labor disputes or government investigations. In general, compliance with the different labor-related laws and their respective implementation rules may increase our operating expenses, in particular our personnel expenses. If we are deemed to have violated the relevant labor laws and regulations, we could be subject to fines and penalties or be required to provide additional compensation to our employees. Our business, financial condition, results of operations and reputation may be adversely affected as a result.

RISKS RELATING TO DOING BUSINESS IN THE MARKETS IN WHICH WE OPERATE

Changes in economic, political or social conditions or government policies in the markets in which we operate could have a material adverse effect on our business and results of operations.

We operate our business in the PRC and overseas, across Europe, North America and Asia. Accordingly, our business, financial condition and results of operations may be influenced to a significant degree by political, economic and social conditions in these markets. Geopolitical, economic and market conditions, including factors such as the liquidity of the global financial

markets, the level and volatility of debt and equity prices, interest rates, currency and commodities prices, inflation and the availability and cost of capital and credit have been and will continue to affect the markets where we operate. In some of these markets, governments continue to play a significant role in regulating industry development by imposing industrial policies. Additionally, as we are headquartered in the PRC and the majority of our assets are in the PRC, our financial condition, results of operations and prospects are subject to economic, political, and legal developments in the PRC. The ongoing trade tensions between the United States and the PRC may have tremendous negative impact on the economies of not merely the two countries concerned, but the global economy as a whole. The uncertainty surrounding U.S. government's tariff policy has created significant apprehension among global markets, as the potential for disrupted trade flows could have far-reaching economic consequences. It is unclear whether these challenges and uncertainties will be contained or resolved, and what effects they may have on the global political and economic conditions in the long term. Any changes in the global or local economy in the markets in which we operate may materially and adversely affect our business, results of operations and financial condition.

You should assess the legal protections you are entitled to under legal system in China.

The legal system in China is based on written statutes. Investors should be aware that the Chinese legal system differs from the common law system in several respects, including its legal origins and the role of judicial precedents. In addition, like other civil law countries, there is a limited volume of published court decisions in China, which may be cited for reference but are not binding on subsequent cases and have limited precedential value unless the Supreme People's Court otherwise provides. PRC laws, regulations, judicial interpretations, and regulatory practices may evolve with economic and social developments, and investors should take this evolving context into account when assessing the protection of their rights.

In addition, since PRC legislative, judicial, and administrative enforcement authorities have a certain degree of discretion under law in interpreting and applying statutory provisions and contractual terms, the outcomes of administrative and judicial proceedings may be subject to uncertainty. These uncertainties may affect our judgment on the relevance of legal requirements and our ability to enforce our contractual rights or tort claims. Any litigation or regulatory enforcement action in China may be protracted and may result in substantial costs and the diversion of resources and management attention.

We may be subject to additional regulatory requirements relating to new laws and regulations in connection with overseas listings issued by PRC government authorities.

On February 17, 2023, the CSRC issued the Trial Measures (which came into effect on March 31, 2023) and five supporting guidelines (which came into effect on February 17, 2023) (the "**Overseas Listing Regulations**"). The Overseas Listing Regulations are applicable to overseas securities offering and listing conducted by issuers who are (i) companies incorporated in the PRC ("**PRC domestic companies**") and (ii) companies incorporated overseas with substantial operations in the PRC. The Overseas Listing Regulations lay out the arrangements for regulatory filings for both direct and indirect overseas offerings, and clarify the determination criteria for indirect overseas offerings in overseas markets. The Overseas Listing Regulations stipulate that such issuer shall fulfill the filing procedures within three working days after it makes an application for offering and listing in an overseas stock market. See "Regulatory Overview — Laws and Regulations Related to Our Business in the PRC — Regulations on Overseas Listings" for more details.

The Overseas Listing Regulations may subject us to additional compliance requirements in the future, and we cannot assure you that we will be able to get clearance of our filing procedures under the Overseas Listing Regulations on a timely basis, or at all. Any failure on our part to fully comply with the new regulatory requirements may significantly limit or completely hinder our ability to continue to sell our securities to investors, cause significant disruption to our business operations, and severely damage our reputation, which could affect our financial condition and results of operations and cause our securities to decline in value or become worthless.

We may be subject to the approval, filing or other requirements of the CSRC or other PRC governmental authorities in connection with future capital raising activities.

We cannot assure you that any new rules or regulations promulgated in the future will not impose additional requirements or restrictions on us or our financing activities. If it is determined in the future that approval from or filing with the CSRC or other regulatory authorities or other procedures is required, we may fail to obtain such approval, perform such filing procedures or meet such other requirements in a timely manner or at all. We may face sanctions by the CSRC or other PRC regulatory authorities for failure to seek CSRC approval or other government authorization, or perform filing procedures, for this [REDACTED] or our future financing activities, and these regulatory authorities may impose fines and penalties on us, limit our operating activities in the PRC, limit our ability to pay dividends outside the PRC, delay or restrict the repatriation of the [REDACTED] from the [REDACTED] into the PRC or take other actions to restrict our financing activities, which could have a material adverse effect on our business.

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

We do not have access to or control over the data stored in our products once they are sold to customers. In the course of conducting our business, we primarily collect the following types of customer data: contact information, delivery addresses and purchase records. We collect their payment information as part of purchase records to complete the transactions when customers make purchases. In addition, we also collect the basic information of our distributors and their designated contacts to facilitate management. Adhering to the principle of data minimization, we collect only the essential personal information from our customers, distributors, suppliers and other third-party service providers solely to facilitate the marketing, sales, and delivery of our products, as well as to provide after-sales services. See "Business — Data Privacy and Security" for more details. We are subject to local and overseas laws relating to cybersecurity and data privacy. Several jurisdictions have enacted stringent laws governing data protection, and many others are actively considering imposing additional restrictions. These laws continue to develop and may be inconsistent from jurisdiction to jurisdiction. For instance, we are subject to various regulatory requirements relating to cybersecurity and data privacy, including the PRC Data Security Law (《中華人民共和國數據安全法》), the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》), the Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》) and Regulations on Network Data Security Management《網絡數據安全管理條例》(together known as the Data Security Regulations). If our data processing activities are subject to these laws and regulations, we are required to ensure that our data processing activities are carried out in a lawful, legitimate, specific and clear manner. Failure to comply with these regulations could expose us to severe penalties, legal liability, and reputational damage. Any failure by us to comply with local or overseas cybersecurity or data protection laws and regulations could result in proceedings against us by governmental entities or others.

As of the Latest Practicable Date, we had not been notified of being classified as a critical information infrastructure operator, we had not received any inquiry, notice, warning from any PRC government authorities, and had not been subject to any investigation, sanctions or penalties made by any PRC government authorities regarding national security risks caused by our business operations or the [REDACTED]. Our PRC Legal Advisor is of the view that we are not required to proactively apply for cybersecurity review for the purpose of the [REDACTED]. As the definitions

for terms such as "affect or may affect national security" are broad, and the enforcement of these rules depends on the interpretation applied at the time of their implementation, we cannot guarantee that the Data Security Regulations will not be interpreted in a way that will adversely affect us.

In addition, regulatory requirements on cybersecurity and data privacy are constantly evolving, with new regulations potentially being introduced or existing ones repealed, which makes the scope of our responsibilities in this area need to be dynamically determined in accordance with the laws and regulations effective at the relevant time. We may also be subject to additional or new laws and regulations regarding the protection of personal information and important data or privacy related matters in connection with our methods for data collection, analysis, storage and use. If we are unable to comply with the applicable laws and regulations or effectively address data privacy and protection concerns, such actual or alleged failure could damage our reputation, discourage customers from purchasing our products and subject us to significant legal liabilities.

Payment of dividends or gains from the sale or other disposition of our H Shares is subject to taxation under PRC law.

Non-PRC resident individual holders of H Shares whose names appear on the register of members of H Shares ("**Non-PRC Resident Individual Holders**") are subject to the PRC individual income tax on dividends received from us. Pursuant to the Circular on Questions Concerning the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 045 (Guo Shui Han [2011] No. 348) (《關於國税發[1993]045號文件廢止後有關個人所得税徵管問題的通知》) (國税函[2011]348號) dated June 28, 2011 and issued by the SAT of the PRC, the tax rate applicable to dividends paid to Non-PRC Resident Individual Holders of H Shares varies from 5.0% to 20.0%, depending on whether there is any applicable tax treaty between the PRC and the jurisdiction in which the Non-PRC Resident Individual Holder of H Shares resides, as well as the tax arrangement between the PRC and Hong Kong. Non-PRC Resident Individual Holders who reside in jurisdictions that have not entered into tax treaties with the PRC are subject to a 20.0% withholding tax on dividends received from us. In addition, under the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法》) and its implementation regulations, Non-PRC Resident Individual Holders of H Shares are subject to individual income tax at a rate of 20.0% on gains realized upon the sale or other disposition of H Shares. Based on our knowledge, as of the Latest Practicable Date, the PRC tax authorities had not in practice sought to collect individual income tax on such gains. If such tax is collected in the future, the value of such individual holders' investments in H Shares may be materially and adversely affected.

Under the EIT Law and its implementation regulations, a non-PRC resident enterprise is generally subject to EIT at a rate of 10.0% with respect to its PRC-sourced income, including dividends received from a PRC company and gains derived from the disposition of equity interests in a PRC company. This rate may be reduced under any special arrangement or applicable treaty between the PRC and the jurisdiction in which the non-PRC resident enterprise resides. Pursuant to the Circular on Questions Concerning Withholding of EIT for Dividends Distributed by Resident Enterprises in China to Non-resident Enterprises Holding H-shares of the Enterprises (Guo Shui Han [2008] No. 897) (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得税有關問題的通知》(國税函[2008]897號)) promulgated by the SAT on November 6, 2008, we intend to withhold tax at 10.0% from dividends payable to non-PRC resident enterprise holders of H Shares (including HKSCC Nominees). Non-PRC resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty or arrangement will be required to apply to the PRC tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refund will be subject to the PRC tax authorities' approval. There are uncertainties as to the interpretation and implementation of the EIT Law and its implementation rules by the PRC tax authorities, including whether and how EIT on gains derived upon the sale or other disposition of H Shares will be collected from non-PRC resident enterprise holders of H Shares. If such tax is collected in the future, the value of such non-PRC resident enterprise holders' investments in H Shares may be materially and adversely affected.

Expiration of, or changes to, certain government grants and preferential tax treatments which we are entitled to could adversely affect our financial condition and results of operations.

During the Track Record Period, some of our subsidiaries were entitled to preferential income tax rates pursuant to the relevant tax regulations. For example, during the Track Record Period, certain entities within our Group enjoyed preferential EIT tax rate of 15% as they were "high and new technology enterprises" (commonly known as HNTEs). For details, see Note 13 to the Accountants' Report in Appendix I to this document. Preferential tax treatments and other incentives granted to us by PRC governmental authorities are subject to review and renewal and may be adjusted or revoked in the future. We cannot guarantee that the preferential tax treatments and other incentives to which our PRC subsidiaries are currently entitled would be kept valid or successfully renewed. There can be no assurance that the local tax authorities will not, in the future, change their position and discontinue any of our current tax treatments. The discontinuation of any of our current tax treatments could materially increase our tax obligations and adversely impact our net income.

In addition, we recorded government grants of RMB12.7 million, RMB18.3 million and RMB14.5 million in 2023, 2024 and 2025, respectively. We cannot assure you that we will continue to receive and benefit from such grants in the future. If we are not qualified for receiving the government grants, our financial condition and results of operations may be materially and adversely affected.

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

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

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

We are a company incorporated under the laws of the PRC and a majority of our assets and subsidiaries are located in the PRC. The majority of our Directors and senior management reside within the PRC. The assets of these Directors and senior management also may be located within the PRC. As a result, it may not be possible to affect service of process upon most of our Directors and senior management outside the PRC. The PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts in the United States, the United Kingdom, Japan or most other western countries. However, judgments rendered by Hong Kong courts may be recognized and enforced in the PRC if the requirements set forth by the Arrangements for Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Cases between Courts of the Mainland and Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) are met. Under current PRC laws, the recognition and enforcement of court judgments rendered outside the PRC are subject to specific legal conditions, and there may be uncertainties in the relevant legal procedures.

Although we will be subject to the Listing Rules and the Hong Kong Takeover Codes upon the [REDACTED] of our H Shares on the Stock Exchange, the holders of H Shares will not be able to bring actions on the basis of violations of the Listing Rules and must rely on the Stock Exchange to enforce its rules.

We are subject to the currency exchange control system.

The conversion of RMB is subject to applicable laws and regulations in the PRC. It cannot be guaranteed that under a certain exchange rate, we will have sufficient foreign exchange to meet our foreign exchange requirements. Under the current PRC foreign exchange control system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from the SAFE, but we are required to present documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within China that have the licenses to carry out foreign exchange business.

Under existing foreign exchange regulations, following the completion of the [REDACTED], we will be able to pay dividends in foreign currencies without prior approval from the SAFE by complying with certain procedural requirements. However, there is no assurance that these foreign exchange policies regarding payment of dividends in foreign currencies will continue in the future. In addition, any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments to our Shareholders or to satisfy any other foreign exchange requirements, or to capitalize our capital expenditure plans, and even our business, operating results and financial condition, may be affected.

RISKS RELATING TO THE [REDACTED]

We will be concurrently subject to listing and regulatory requirements of China and Hong Kong.

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

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

Prior to the completion of the [REDACTED], there has been no [REDACTED] for our H Shares. There can be no guarantee that an active [REDACTED] for our H Shares will develop or be sustained after the completion of the [REDACTED]. The [REDACTED] is the result of negotiations between our Company and the Sole Sponsor, [REDACTED] and the [REDACTED] (for themselves and on behalf of the [REDACTED]), which may not be indicative of the [REDACTED] at which our H Shares will be [REDACTED] following completion of the [REDACTED]. The [REDACTED] of our H Shares may drop below the [REDACTED] at any time after completion of the [REDACTED].

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

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

and A Share markets, the historical prices of our A Shares may not be indicative of the performance of our H Shares. You should therefore not place undue reliance on the trading history of our A Shares when evaluating the [REDACTED] decision in our H Shares.

The [REDACTED] and [REDACTED] of our H Shares may be volatile, which could result in substantial losses to you.

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

You will incur immediate and significant dilution and may experience further dilution if we issue additional H Shares in the future.

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

Our historical dividends may not be indicative of our future dividend policy, and there can be no assurance that we will declare and distribute any dividends in the future.

Our ability to declare future dividends will depend on the availability of dividends, if any, received from us and our other PRC operating subsidiaries. Under PRC law and the constitutional documents of our PRC operating subsidiaries, dividends may be paid only out of distributable profits, which refer to after-tax profits as determined under PRC GAAP less any recovery of accumulated losses and required allocations to statutory capital reserve funds. Any distributable profits that are not distributed in a given year are retained and become available for distribution in subsequent years. The calculation of our distributable profits under PRC GAAP differs in certain respects from the calculation under IFRS. Our Company and our PRC operating subsidiaries may not be able to pay a dividend in a given year if our Company or our PRC operating subsidiaries do not have distributable profits as determined under PRC GAAP even if they have profits as determined under IFRS. See "Financial Information — Dividends" and Note 14 to the Accountants' Report in Appendix I to this document for more details.

There can be no assurance that future dividends will be declared or paid. The declaration, payment and amount of any future dividends are subject to the discretion of our Directors, after taking into account our results of operations, financial condition, cash requirements and availability and other factors as they may deem relevant, and subject to the approval at a Shareholders' meeting. We may not have sufficient or any profits to enable us to make dividend distributions to our Shareholders in the future, even if our financial statements indicate that our operations have been profitable.

RISK FACTORS

You should not place any reliance on any information released by us on the Shanghai Stock Exchange.

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

Future sales or perceived sales of substantial amounts of our H Shares in the [REDACTED] could have a material adverse effect on the price of our H Shares and our ability to raise additional capital in the future.

The [REDACTED] of our H Shares could decline as a result of future sales of a substantial number of our H Shares or other securities relating to our H Shares in the [REDACTED], or the issuance of new Shares or other securities, or the perception that such sales or issuances may occur. Future sales, or anticipated sales, of substantial amounts of our securities, including any future offerings, could also materially and adversely affect our ability to raise capital at a specific time and on terms favorable to us. In addition, our Shareholders may experience dilution in their holdings if we issue more securities in the future. New Shares or shares-linked securities issued by us may also confer rights and privileges that take priority over those conferred by the H Shares.

Our Controlling Shareholders may have substantial influence over the Company and their interests may not be aligned with the interests of other Shareholders.

Our Controlling Shareholders have significant influence over our operations and business strategies, and may have the ability to require our Group to effect corporate actions according to their own desires by virtue of their shareholding in our Group. The interests of our Controlling Shareholders may not always align with the best interests of other Shareholders. If the interests of any of our Controlling Shareholders conflict with the interests of other Shareholders, or if any of our Controlling Shareholders chooses to cause our business to pursue strategic objectives that conflict with the interests of other Shareholders, our Group or those other Shareholders' interests may be adversely affected as a result.

In addition, there is no guarantee that the Controlling Shareholders will not dispose of their Shares following the expiration of their respective lock-up periods after the [REDACTED]. We cannot predict the effect, if any, of any future sales of the Shares by any of the Controlling Shareholders, or that the availability of the Shares offered by any of the Controlling Shareholders for purchase may have on the [REDACTED] of the Shares. Sales of a substantial number of Shares by any of our Controlling Shareholders or the market perception that such sales may occur could materially and adversely affect the prevailing [REDACTED] of the Shares.

RISK FACTORS

Certain facts, forecasts and statistics contained in this document are derived from various government official sources and may not be accurate, reliable, complete or up to date.

Certain facts, forecasts and statistics in this document relating to the PRC and global economy and the industries in which we operate are obtained from official government publications that we believe are reliable. We believe that the sources of the said information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. However, there can be no guarantee of the quality or reliability of these sources. Neither we, the Sole Sponsor nor our or their respective affiliates or advisors have verified the facts, forecasts and statistics nor ascertained the underlying economic assumptions obtained from these sources. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics in this document relating to the PRC, the global economy and the industry in which we operate may be inaccurate or may not be comparable to statistics produced for other economies and should not be unduly relied upon. As such, no representation as to the accuracy of such facts, forecasts and statistics obtained from various sources is made. Moreover, these facts, forecasts and statistics involve risk and uncertainties and are subject to change based on various factors and should not be unduly relied upon. Furthermore, there can be no assurance that they are stated or compiled on the same basis, or with the same degree of accuracy. Therefore, you should not unduly rely upon the industry facts, forecasts and statistics contained in this document.

If securities or industry analysts do not publish research reports about our business, or if they adversely change their recommendations regarding our H Shares, the [REDACTED] and [REDACTED] of our H Shares may decline.

The [REDACTED] for our H Shares will depend in part on the research and reports that securities or industry analysts publish about us or our business. If research analysts do not establish and maintain adequate research coverage or if one or more of the analysts who cover us downgrade our H Shares or publishes inaccurate or unfavorable research about our business, the [REDACTED] for our H Shares would likely decline. If one or more of these analysts cease coverage of our Company or fail to publish reports on us regularly, we could lose visibility in the financial markets, which, in turn, could cause the [REDACTED] or [REDACTED] for our H Shares to decline.

You should read the entire document carefully and should not rely on any information contained in press articles or other media relating to us, our H Shares or the [REDACTED].

We strongly caution you not to rely on any information contained in press articles or other media regarding us and the [REDACTED]. Prior to the publication of this document, there has been press and media coverage regarding us, our business, our industry and the [REDACTED]. There may be additional media coverage regarding us, our business, our industry and the [REDACTED] subsequent to the date of this document but prior to the completion of the [REDACTED]. Such press and media coverage may include references to certain information that does not appear in this document, including certain operating and financial information and projections, valuations and other information. None of us or any other person involved in the [REDACTED] has authorized the disclosure of any such information in the press or media and none of us accepts any responsibility for any such press or media coverage or the accuracy or completeness of any such information or publication. Our Company, the Sole Sponsor, [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], any of our and their respective directors, supervisors, officers, representatives, employees, advisors or any other persons or parties involved in the [REDACTED] make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this document, our Company, the Sole Sponsor, the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], any of our and their respective directors, supervisors, officers, representatives, employees, advisors or any other persons or parties involved in the [REDACTED] disclaim responsibility for it, and you should not rely on such information.

WAIVERS

In preparation for the [REDACTED], we have sought the following waivers from strict compliance with the Listing Rules:

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

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

Our principal business operations are primarily located, managed, and conducted outside Hong Kong and will continue to be based outside Hong Kong, and our Company's head office is located in Suzhou, the PRC. Our executive Directors and senior management members ordinarily reside outside Hong Kong and play important roles in our Company's business operations, principally responsible for the overall management, corporate strategy, planning, business development and control of our Group's business, it is important for them to remain in close proximity to the Group's operations located outside Hong Kong. We consider that it would be practically difficult and commercially unreasonable for us to arrange for two executive Directors to be ordinarily resident in Hong Kong, either by relocation of our existing executive Directors or by appointment of additional executive Directors. For the above reasons, we do not have, and do not contemplate in the foreseeable future that we will have, sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rule 8.12 of the Listing Rules.

Accordingly, pursuant to Rule 19A.15 of the Listing Rules, we have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange [has granted us], a waiver from strict compliance with the requirements set out in Rule 8.12 of the Listing Rules subject to the following conditions:

(i) we have appointed Mr. Wang Ning (王寧) and Ms. Cheng Choi Ha (鄭彩霞) as the authorized representatives of our Company (the "**Authorized Representatives**") for purpose of Rule 3.05 of the Listing Rules. The Authorized Representatives will act as our Company's principal channel of communication with the Hong Kong Stock Exchange and will be readily contactable by phone, facsimile and email to deal promptly with enquiries from the Hong Kong Stock Exchange. Our Company will provide contact details of the Authorized Representatives to the Hong Kong Stock Exchange and will inform the Hong Kong Stock Exchange as soon as practicable in respect of any changes in Authorized Representatives. Accordingly, our Authorized Representatives will be able to meet with the relevant members of the Hong Kong Stock Exchange to discuss any matters in relation to our Company within a reasonable period of time. Please refer to the section headed "Directors and Senior Management" for further biographical details of our Authorized Representatives;

(ii) to facilitate communication with the Hong Kong Stock Exchange, we have provided our Authorized Representatives and the Hong Kong Stock Exchange with the contact details (including mobile phone number, office phone number and/or email address) of each of our Directors. When the Hong Kong Stock Exchange wishes to contact our Directors on any matter, each of the Authorized Representatives will have all necessary means to contact our Directors;

(iii) to the best of our knowledge and information, each Director who is not ordinarily resident in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and can meet with the Hong Kong Stock Exchange within a reasonable period upon request by the Hong Kong Stock Exchange; and

(iv) our Company has appointed Lego Corporate Finance Limited as our Compliance Advisor with effect from the [REDACTED] in accordance with Rule 3A.19 of the Listing Rules. The Compliance Advisor will, among other things and in addition to the Authorized Representatives, provide us with professional advice on continuing obligations under the Listing Rules and act as additional channel of communication of the Company with the

Hong Kong Stock Exchange during the period from the [REDACTED] to the date on which the Company complies with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year immediately after the [REDACTED]. The Compliance Advisor will act as the additional and alternative channel of communication with the Hong Kong Stock Exchange when the Authorized Representatives are not available and its representatives will be readily available to answer enquiries from the Hong Kong Stock Exchange.

WAIVER IN RESPECT OF APPOINTMENT OF JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, we must appoint a company secretary who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Hong Kong Stock Exchange, capable of discharging the functions of the company secretary. Pursuant to Note 1 to Rule 3.28 of the Listing Rules, the Hong Kong Stock Exchange considers the following academic or professional qualifications to be acceptable:

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

In addition, pursuant to Note 2 to Rule 3.28 of the Listing Rules, the Hong Kong Stock Exchange will consider the following factors in assessing the individual's "relevant experience":

(i) length of employment with the issuer and other issuers and the roles he/she played;
(ii) familiarity with the Listing Rules and other relevant law and regulations including the Securities and Futures Ordinance, the Companies Ordinance, the CWUMPO and the Takeovers Code;
(iii) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and
(iv) professional qualifications in other jurisdictions.

Pursuant to Chapter 3.10 of the Guide for New Listing Applicants, the waiver under Rule 3.28 of the Listing Rules will be granted for a fixed period of time but in any event not exceeding three years from the date of [REDACTED] and on the following conditions: (i) the relevant company secretary must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 of the Listing Rules and is appointed as joint company secretary throughout the waiver period; and (ii) the waiver can be revoked in the event of a material breach of the Listing Rules by the Company.

We have appointed Mr. Cheng Jianchuan (程建川) ("**Mr. Cheng**") and Ms. Cheng Choi Ha (鄭彩霞) ("**Ms. Cheng**") as the joint company secretaries of our Company. Please refer to the section headed "Directors and Senior Management" for further biographical details of Mr. Cheng and Ms. Cheng.

Our Company believes that it would be in the best interests of our Company and the corporate governance of our Group to have as its joint company secretary a person such as Mr. Cheng, who is an employee of our Company and who has day-to-day knowledge of our Company's affairs. Mr. Cheng has the necessary nexus to the Board and close working relationship with management of our Company in order to perform the function of a joint company secretary and to take the necessary actions in the most effective and efficient manner.

Accordingly, we have applied for, and the Hong Kong Stock Exchange [has] granted, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules for a three-year period from the [REDACTED], in accordance with paragraphs 9 to 15 of Chapter 3.10 of the Guide for New Listing Applicants, on the conditions that: (i) Ms. Cheng is appointed as a joint company secretary to assist Mr. Cheng in discharging his functions as a company secretary and in gaining the relevant experience under Rule 3.28 of the Listing Rules; the waiver will be revoked

immediately if Ms. Cheng, during the three-year period, ceases to provide assistance to Mr. Cheng as the joint company secretary; and (ii) the waiver can be revoked if there are material breaches of the Listing Rules by our Company. In addition, Mr. Cheng will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules and will enhance his knowledge of the Listing Rules during the three-year period from the [REDACTED]. Our Company will further ensure that Mr. Cheng has access to the relevant training and support that would enhance his understanding of the Listing Rules and the duties of a company secretary of an issuer listed on the Hong Kong Stock Exchange. Before the end of the three-year period, the qualifications and experience of Mr. Cheng and the need for on-going assistance of Ms. Cheng will be further evaluated by our Company. We will demonstrate to the Stock Exchange in order to obtain its confirmation that Mr. Cheng, having benefited from the assistance of Ms. Cheng for the preceding three years, will have acquired the skills necessary to carry out the duties of company secretary and the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

DIRECTORS

Name	Address	Nationality
Executive Director		
Dr. Wang Yue (王悦博士)	Room 23–0701 Qianshan Lanting No. 9 Danxi Road Huqiu District Suzhou Jiangsu Province, PRC	Chinese
Non- Executive Directors		
Mr. Wang Ning (王寧先生)	Room 221, Unit 2 Building 4, Anhuali District 3 Chaoyang District Beijing, PRC	Chinese
Dr. Sun Ningxiao (孫寧霄博士)	Building 21 Pingguoyuan District 3, Shijing District Beijing, PRC	Chinese
Mr. Cheng Jianchuan (程建川先生)	Room 1508, Block 23 Greenland Lake Life Plaza Huqiu District Suzhou Jiangsu Province, PRC	Chinese
Independent Non-executive Directors		
Dr. Qin Ce (秦策博士)	Room 302, No. 12 Lane 80 Guoquan North Road Shanghai, PRC	Chinese
Dr. Liu Liansheng (劉連勝博士)	Room 521, Building 2A Harbin Institute of Technology Science Park No. 2 Yikuang Street, Nangang District Harbin, PRC	Chinese
Ms. Xu Xu (許煦女士)	Flat D, 20/F, Block 7 Cullinan West 28 Sham Mong Road Shamshuipo, Kowloon Hong Kong	Chinese (Hong Kong)

Please refer to the section headed "Directors and Senior Management" for further details.

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

PARTIES INVOLVED IN THE [REDACTED]

Sole Sponsor	**CITIC Securities (Hong Kong) Limited** 18/F, One Pacific Place 88 Queensway Hong Kong
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
Legal advisors to our Company	*As to Hong Kong and U.S. laws:* **Latham & Watkins LLP** 18/F, One Exchange Square 8 Connaught Place Central Hong Kong *As to PRC laws:* **Jingtian & Gongcheng** 34/F, Tower 3, China Central Place 77 Jianguo Road Beijing 100025 PRC *As to international sanctions laws:* **Hogan Lovells International LLP** 11th Floor, One Pacific Place 88 Queensway Hong Kong
Legal advisors to the Sole Sponsor and the [REDACTED]	*As to Hong Kong and U.S. laws:* **Ashurst Hong Kong** 43/F Jardine House 1 Connaught Place Central Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

	As to PRC laws: **JunHe LLP Shanghai Office** 26/F, HKRI Centre One HKRI Taikoo Hui 288 Shimen Road (No. 1) Shanghai PRC
Independent Auditor and Reporting Accountant	**Deloitte Touche Tohmatsu** *Certified Public Accountants* *Registered Public Interest Entity Auditor* 35/F, One Pacific Place 88 Queensway Hong Kong
Transfer Pricing Advisor	**Deloitte Touche Tohmatsu** 35/F, One Pacific Place 88 Queensway Hong Kong
Industry Consultant	**Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.** Room 2504, Wheelock Square 1717 West Nanjing Road Jing' an District, Shanghai PRC
[REDACTED]	[REDACTED]

CORPORATE INFORMATION

Registered Office and Headquarters in Chinese Mainland	No 8 Keling Road, Suzhou High-Tech Zone Suzhou, Jiangsu Province, PRC
Principal Place of Business in Hong Kong	Room 1910, 19/F, Lee Garden One, 33 Hysan Avenue Causeway Bay, Hong Kong
Company Website	**https://www.rigol.com/** *(the information contained on this website does not form part of this document)*
Joint Company Secretaries	**Mr. Cheng Jianchuan (程建川先生)** Room 1508, Block 23 Greenland Lake Life Plaza Huqiu District Suzhou, Jiangsu Province, PRC **Ms. Cheng Choi Ha (鄭彩霞女士)** *(Fellow Member of the Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom)* Room 1910, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong
Authorized Representatives	Mr. Wang Ning (王寧先生) Ms. Cheng Choi Ha (鄭彩霞女士)
Audit Committee	Ms. Xu Xu (許煦女士) (*Chairwoman*) Dr. Qin Ce (秦策博士) Dr. Liu Liansheng (劉連勝博士)
Remuneration and Evaluation Committee	Dr. Qin Ce (秦策博士) (*Chairman*) Ms. Xu Xu (許煦女士) Mr. Cheng Jianchuan (程建川先生)
Nomination Committee	Dr. Qin Ce (秦策博士) (*Chairman*) Ms. Xu Xu (許煦女士) Dr. Wang Yue (王悦博士)
Strategy Committee	Dr. Liu Liansheng (劉連勝博士) (*Chairman*) Dr. Wang Yue (王悦博士) Ms. Xu Xu (許煦女士)
Environmental, Social and Governance Committee	Mr. Wang Ning (王寧先生) *(Chairman)* Dr. Qin Ce (秦策博士) Mr. Cheng Jianchuan (程建川先生) Ms. Xu Xu (許煦女士) Dr. Liu Liansheng (劉連勝博士)
[REDACTED]	[REDACTED]

CORPORATE INFORMATION

Compliance Advisor	**Lego Corporate Finance Limited** Room 1505, 15/F, Wheelock House 20 Pedder Street, Central Hong Kong
Principal Bank	**China Merchants Bank — Suzhou Mudu Branch** No. 15–3 Jinshan Road Mudu Town, Wuzhong District Suzhou, Jiangsu Province, PRC

INDUSTRY OVERVIEW

The information and statistics set out in this section and other sections of this document were extracted from the report prepared by Frost & Sullivan, which was commissioned by us, and from various official government publications and other publicly available publications. We engaged Frost & Sullivan to prepare the Frost & Sullivan Report, an independent industry report, in connection with the [REDACTED]. The information from official government sources has not been independently verified by us, the Sole Sponsor, [REDACTED], any of their respective directors, employees, agents and advisers, or any other persons or parties involved in the [REDACTED], and no representation is given as to its accuracy, fairness and completeness.

SOURCE OF INFORMATION

We commissioned Frost & Sullivan to conduct market research on the global electronic test and measurement instrument and solution market and prepare the Frost & Sullivan Report. Frost & Sullivan is an independent global consulting firm founded in 1961 in New York that offers industry research and market strategies. We have contracted to pay RMB480,000 to Frost & Sullivan to compile the Frost & Sullivan Report.

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

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

Our Directors confirm that, after making reasonable enquiries, there is no adverse change in the market information since the date of the Frost & Sullivan Report that may qualify, contradict or have a material impact on the information. Our Directors and Sponsor have exercised reasonable care in selecting and identifying the named information sources, compiling, extracting and reproducing the information, and confirm that there is no material omission of the information.

OVERVIEW OF GLOBAL ELECTRONIC TEST AND MEASUREMENT INSTRUMENT AND SOLUTION MARKET

As a strategic, foundational high-tech sector, electronic test and measurement comprises the instruments and systems that quantify and verify the performance, quality and reliability of electronic circuits and devices. The industry's growth is closely aligned with a nation's industrial GDP. It serves as indispensable tools for engineers and researchers, supporting the entire product lifecycle — from R&D and mass production testing to deployment and maintenance — and serving as a core pillar of technological innovation.

Introduction of Electronic Test and Measurement Instrument and Solution Market

The global market for electronic test and measurement is poised for significant growth. According to Frost & Sullivan, the market is projected to grow from approximately RMB110 billion in 2024 to RMB170 billion by 2029, representing a CAGR of 8.6% from 2025 to 2029. This market primarily consists of two core offerings: instruments and solutions.

Electronic Test and Measurement Instruments

These are the core hardware devices used to measure electrical parameters and signals. These sophisticated instruments integrate advanced technologies such as digital signal processing, microelectronics, and complex software to deliver precision and performance. They serve as foundational tools across a wide range of industries and applications.

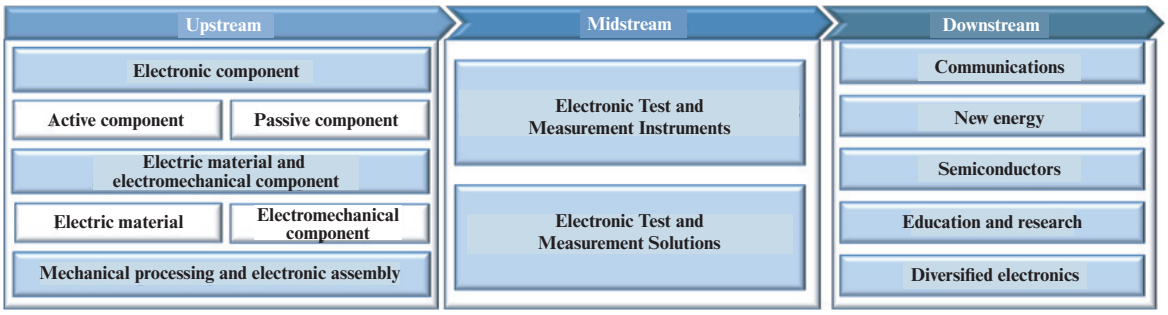
Electronic Test and Measurement Solutions

The solutions represent a higher level of integration. They combine instruments with specialized software, accessories, and technical support to create a comprehensive system. This holistic approach is designed to address the complex, end-to-end testing challenges of specific applications and industries, delivering greater value to the customer.

Value Chain of Electronic Test and Measurement Instrument and Solution

The value chain of electronic test and measurement instruments and solutions mainly consists of upstream suppliers, midstream manufacturers and solution providers, and downstream applications in various fields:

- Upstream mainly involves suppliers of electronic components and materials, electromechanical components, mechanical processing and electronic assembly. As a fundamental unit, IC chips determine the performance of electronic test and measurement instruments in processing speed and efficiency, proposing stringent technical requirements.
- Midstream involves manufacturers engaging in R&D, production and sales of electronic test and measurement instruments and providers of electronic test and measurement solutions.
- Downstream applications cover fields including communications, new energy, semiconductors, education and research, and diversified electronics, which propose stringent requirements on measurement accuracy and reliability.



Source: Official Websites of Related Companies, Frost & Sullivan Report

Drivers of Electronic Test and Measurement Instrument and Solution Market

The demand for electronic test and measurement instruments and solutions is directly fueled by innovation in key downstream sectors. As these industries evolve, they require more advanced test and measurement capabilities, creating a sustained growth cycle for the instrument and solution market.

- ***Communications:*** The rollout of 5G/6G, optical communications and the expansion of high-speed data centers demand instruments capable of validating significantly higher frequencies and bandwidths. This relentless pursuit of faster data transmission directly drives the need for high-performance oscilloscopes and RF instruments.

- ***New Energy:*** The global shift to electrification, especially in electric vehicles ("**EVs**") and renewable energy systems, creates a massive need for electronic test and measurement instruments and solutions. These are essential for safely and efficiently testing high-power, high-voltage electronics, from battery management systems to grid-tied inverters.
- ***Semiconductors:*** As chips become more complex, powerful, and integrated into every aspect of life, the need for precise and automated testing intensifies. Instruments and solutions are critical at every stage, from initial design validation to high-volume production, ensuring the quality and reliability of the foundational components of the digital world.
- ***Education and Research:*** This sector provides a stable, foundational demand. Educational institutions require large volumes of fundamental instruments to train future engineers, while cutting-edge scientific research constantly pushes the boundaries of measurement, demanding the most advanced and often customized instruments available.

Entry Barriers of Electronic Test and Measurement Instrument and Solution Market

Threshold of Technical Capabilities

The industry of electronic test and measurement instruments and solutions driven by multi-disciplinary technologies has extremely high technical barriers. It requires long-term R&D for companies to build their own patent and technology systems. In the process of commercialization, stringent requirements are imposed on manufacturing processes in pursuit of the ultimate performances of bandwidth, dynamic range and processing efficiency, when companies with R&D capabilities of core components and technologies including hardware, software and algorithms are more competitive in the market.

Scarcity in Specialized Talents

Electronic test and measurement instruments are complex electronic systems comprised of hardware, software and algorithms, requiring comprehensive expertise across multiple disciplines and specialists in technologies of specific fields, planning and integration of system, and practical applications. A specialist team with experience and talents is key to companies' competitiveness. New companies will face the high cost of cultivating a team with strong competitiveness.

Competitiveness Based on Manufacturing, Sales and Service Network

For companies, global footprint is a strategic necessity to achieve market proximity, cost optimization, and supply chain resilience, which proposes stringent requirements on the capital investment and operation capability. Customers tend to make comprehensive evaluation of the brand reputation and service quality of electronic test and measurement instrument and solution companies to reduce transaction costs and risks, which requires long-term accumulation of technology, knowledge and management experience in the market practice. Meanwhile, the service scope of companies widely covers manufacturers in various industries, research institutes, universities and individual users. A comprehensive network of sales and service is a powerful means for companies to seize market share and amplify the brand influence, which requires long-term investment.

OVERVIEW OF ELECTRONIC TEST AND MEASUREMENT INSTRUMENT MARKET

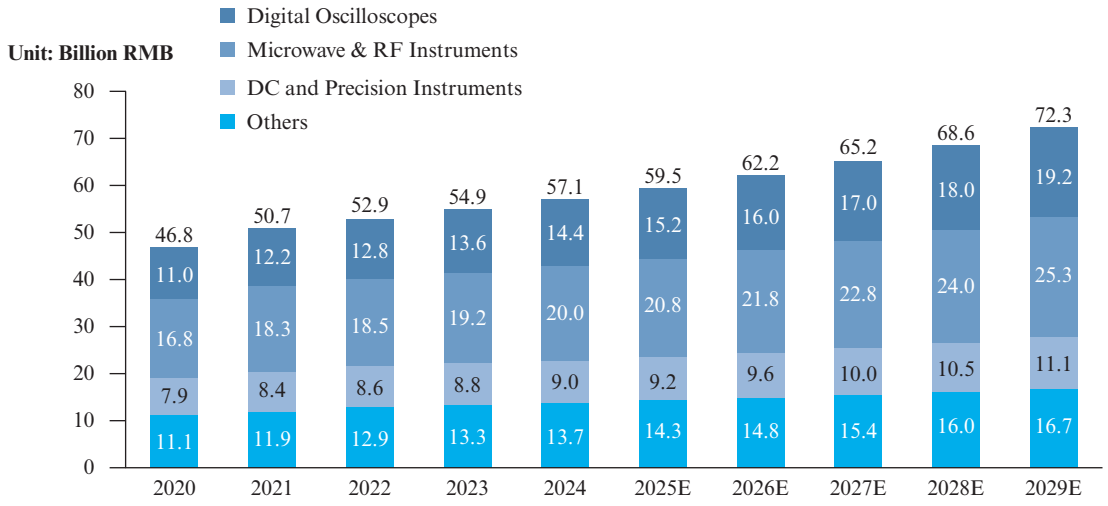
Electronic test and measurement instruments are mainly applied in detecting and analyzing of general electrical parameters including voltage, current and resistance. Electronic test and measurement instruments are the fundamental equipment of the development of a variety of industries, covering a wide range of application scenarios.

Market Size of Global Electronic Test and Measurement Instrument

In recent years, global electronic test and measurement instrument market has experienced steady expansion, with a CAGR of 5.1% from 2020 to 2024. In 2024, the global electronic test and measurement instrument market achieved RMB57.1 billion in revenue. Looking ahead, the market is projected to maintain strong growth momentum, with an estimated CAGR of 5.0% from 2025 to 2029. In the segmented market, digital oscilloscopes demonstrated the highest growth rate due to strong downstream demand, achieving a remarkable CAGR of 6.9% from 2020 to 2024. The market is projected to maintain steady growth with an estimated CAGR of 6.1% during the 2025–2029 period.

Global Electronic Test and Measurement Instrument Market Size, by Revenue, 2020–2029E

CAGR	2020–2024	2025E–2029E
Digital Oscilloscopes	6.9%	6.1%
Microwave & RF Instruments	4.4%	5.0%
DC and Precision Instruments	3.5%	4.7%
Total	5.1%	5.0%



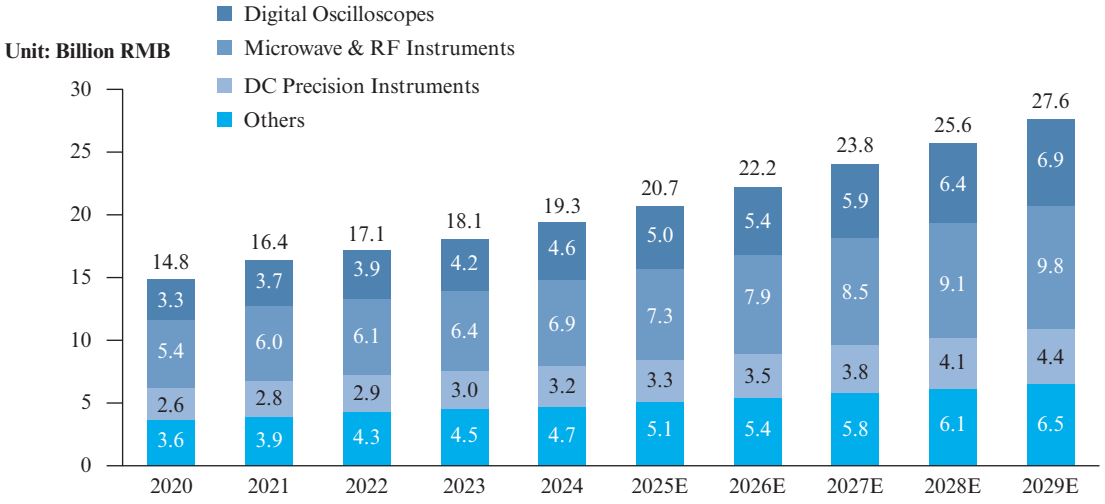
Source: UNIDO, Annual Reports of Related Companies, Frost & Sullivan Report

Market Size of China Electronic Test and Measurement Instrument

In recent years, China Electronic Test and Measurement Instrument market has maintained a faster growth rate than the global average, with a remarkable CAGR of 6.9% from 2020 to 2024. In 2024, China Electronic Test and Measurement Instrument market achieved RMB19.3 billion in revenue. Looking ahead, the market is projected to maintain strong growth momentum, with an estimated CAGR of 7.5% from 2025 to 2029. In the segmented market, digital oscilloscopes demonstrated the highest growth rate due to strong downstream demand, achieving a remarkable CAGR of 8.9% from 2020 to 2024. The market is projected to maintain steady growth with an estimated CAGR of 8.7% during the 2025–2029 period.

China Electronic Test and Measurement Instrument Market Size, by Revenue, 2020–2029E

CAGR	2020–2024	2025E–2029E
Digital Oscilloscopes	8.9%	8.7%
Microwave & RF Instruments	6.1%	7.5%
DC Precision Instruments	5.3%	7.1%
Total	6.9%	7.5%



Source: UNIDO, Annual Reports of Related Companies, Frost & Sullivan Report

Competitive Landscape of Global Electronic Test and Measurement Instrument Market

Currently, overseas companies still dominate the global electronic test and measurement instrument market, but PRC companies are steadily increasing their market share. In 2024, three PRC companies ranked among the world's top ten participants by revenue, with the Company emerging as the highest-ranked PRC companies. The 2024 ranking of participants in global electronic test and measurement instrument market by revenue is illustrated in the figure below.

Ranking	Company	Country	Market Share, 2024
1	Company A	USA	29.4%
2	Company B	Germany	23.8%
3	Company C	USA	7.6%
4	Company D	Japan	5.8%
5	Company E	USA	4.4%
6	Company F	USA	3.5%
7	Company G	Japan	2.5%
8	**The Company**	**China**	**1.1%**
9	Company H	China	< 1.0%
10	Company I	China	< 1.0%

Source: Annual Reports of Related Companies, Frost & Sullivan Report

Notes:

(1) Company A is an electronic test and measurement company specializing in electronic test and measurement instruments and solutions, founded in 2014 and headquartered in California, USA, and listed on the New York Stock Exchange ("**NYSE**").

(2) Company B is an electronics company specializing in test and measurement, cybersecurity, as well as broadcasting and media, founded in 1933 and headquartered in Munich, Germany.
(3) Company C is an electronic test and measurement company specializing in electronic test and measurement instruments and solutions, founded in 1946 and headquartered in Oregon, USA, and is a subsidiary of a company listed on the NYSE.
(4) Company D is an electronic test and measurement company specializing in electronic test and measurement instruments and solutions, communications systems and inspection equipment, founded in 1895 and headquartered in Kanagawa, Japan, and listed on the Tokyo Stock Exchange.
(5) Company E is an electronic test and measurement company specializing in electronic test and measurement instruments and solutions, founded in 1976 and headquartered in Texas, USA, and is a subsidiary of a company listed on the NYSE.
(6) Company F is an electronic test and measurement company specializing in electronic test and measurement instruments and solutions, founded in 1964 and headquartered in New York, USA, and is a subsidiary of a company listed on the NYSE.
(7) Company G is an electrical engineering company specializing in industrial automation and test and measurement instruments and solutions, founded in 1915 and headquartered in Tokyo, Japan, and listed on the Tokyo Stock Exchange.
(8) Company H is an electronic test and measurement company specializing in electronic test and measurement instruments and solutions, founded in 2015 and headquartered in Shandong, the PRC.
(9) Company I is an electronic test and measurement company specializing in electronic test and measurement instruments and solutions, founded in 1975 and headquartered in Taiwan, China, and listed on the Taiwan Stock Exchange.

Competitive Landscape of China Electronic Test and Measurement Instrument Market

While overseas companies currently maintain a dominant position in the Chinese Electronic Test and Measurement Instrument market, Chinese companies are rapidly gaining market share. In 2024, a total of five Chinese companies, including the Company, entered the top ten rankings by revenue in the domestic market. The 2024 ranking of participants in China Electronic Test and Measurement Instrument market by revenue is illustrated in the figure below.

Ranking	Company	Country	Market Share, 2024
1	Company A	USA	32.6%
2	Company B	Germany	13.7%
3	Company H	China	2.8%
4	Company G	Japan	2.6%
5	Company C	USA	2.3%
6	Company D	Japan	2.1%
7	**The Company**	**China**	**2.0%**
8	Company J	China	1.6%
9	Company I	China	1.4%
10	Company K	China	1.0%

Source: Annual Reports of Related Companies, Frost & Sullivan Report

Notes:
(1) Company J is an electronic test and measurement instrument company specializing in the research, development, production, and sales of electronic test instruments, and temperature and environmental test instruments, founded in 2003 and headquartered in Guangdong, China, and listed on the Shanghai Stock Exchange.
(2) Company K is an electronic test and measurement Instrument company specializing in the design, development, manufacture, and sales of digital oscilloscopes, signal generators, spectrum analyzers, and vector network analyzers, founded in 2007 and headquartered in Guangdong, China, and listed on the Shanghai Stock Exchange.

Competitive Landscape of Global Digital Oscilloscope Market

Digital oscilloscopes represent a cornerstone product category within the electronic test and measurement market. The competitive landscape in this segment is highly indicative of the broader industry dynamics. In the global digital oscilloscope market, overseas companies still maintain dominant positions, while the Company stands as the only PRC company ranking among the top five by revenue, capturing a 2.54% market share. The 2024 ranking of participants in global digital oscilloscope market by revenue is illustrated in the figure below.

Ranking	Company	Country	Market Share, 2024
1	Company A	USA	23.4%
2	Company C	USA	21.2%
3	Company B	Germany	18.9%
4	Company F	USA	8.3%
5	**The Company**	**China**	**2.5%**

Source: Annual Reports of Related Companies, Frost & Sullivan Report

Competitive Landscape of China Digital Oscilloscope Market

Similar to the global market, overseas companies also dominate China digital oscilloscope market, while the Company stands as the only Chinese company ranking among the top five by revenue, capturing an approximately 5.0% market share. The 2024 ranking of participants in China digital oscilloscopes market by revenue is illustrated in the figure below.

Ranking	Company	Country	Market Share, 2024
1	Company A	USA	20.6%
2	Company C	USA	8.7%
3	Company B	Germany	8.8%
4	**The Company**	**China**	**5.0%**
5	Company F	USA	3.1%

Source: Annual Reports of Related Companies, Frost & Sullivan Report

Drivers and Trends of Electronic Test and Measurement Instrument Market

Electronic test and measurement products, i.e., the standalone instruments that form the bedrock of the industry, are primarily driven by the pursuit of higher physical performance and enhanced tool efficiency. These trends relate directly to the design, functionality, and accessibility of the instruments themselves.

The Unceasing Demand for Higher Performance

The primary driver for instrument innovation is the relentless push at the physics level by downstream industries. 6G research demands wider bandwidths and terahertz frequencies; electric vehicles require testing at higher voltages and power levels; and advanced semiconductors need instruments with superior sensitivity to measure minuscule signals. This creates a permanent, high-value upgrade cycle for premium instruments that can operate at the cutting edge of performance.

Integration of Multiple Functions into a Single Platform

To enhance efficiency and save valuable lab space, there is a strong trend towards multi-function instruments. Modern oscilloscopes, for instance, frequently integrate the capabilities of spectrum analyzers, logic analyzers, and protocol decoders into one platform. This consolidation improves workflow for engineers, reduces capital expenditure for lab managers, and makes powerful testing capabilities more accessible.

Adoption of Modular and Scalable Architectures

There is a growing adoption of modular product architectures, both in hardware and software. Hardware platforms like PCI eXtensions for Instrumentation Express (PXIe) allow users to create customized, high-density test systems by combining instrument modules in a single chassis, which is the physical framework or structure that houses and supports the internal components of a device. This offers superior scalability and a smaller footprint for automated applications. Concurrently, standalone instruments are increasingly designed as software-upgradable platforms, enabling users to unlock features or higher performance via licenses, thus protecting their initial hardware investment.

Accelerated Market Share Gain by PRC Companies

A notable industry trend is the growing competitiveness of PRC companies. Through significant, long-term investment in R&D, these companies have substantially narrowed the product performance gap with global market leaders. Leveraging the scale and rapid innovation cycles of the PRC high-tech industry, they are increasingly winning market share, not only in domestic market but also by expanding into the global high-performance product segment.

OVERVIEW OF ELECTRONIC TEST AND MEASUREMENT SOLUTION MARKET

Introduction of Electronic Test and Measurement Solution Market

Electronic test and measurement solutions refer to solutions focusing on industry-purpose electronic test and measurement demands. It delivers integrated electronic test and measurement systems and industry-specific instruments, encompassing devices, accessories, software and technical supports. Electronic test and measurement solutions can accurately address demands in specific fields including communications, new energy, semiconductors, education and research.

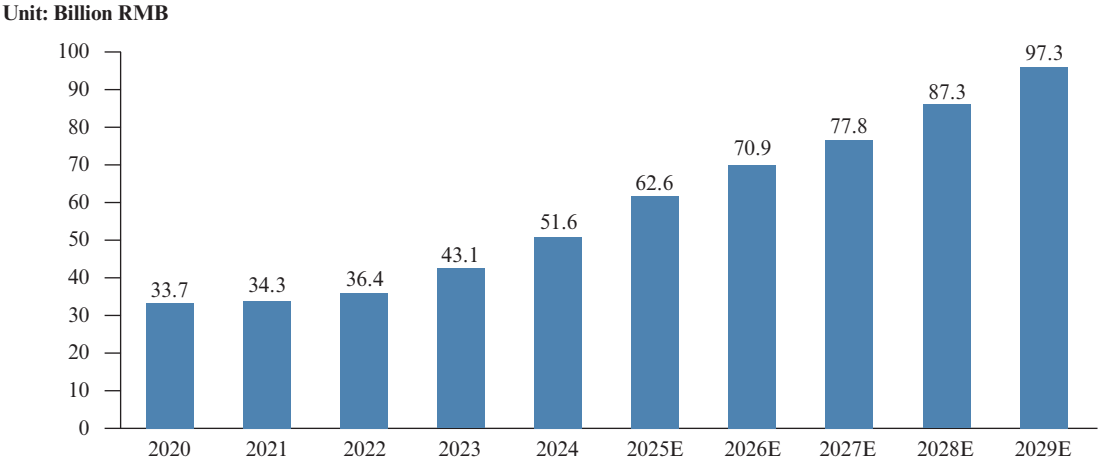
With the development of electronic test and measurement requirements, single function measurement instruments are increasingly unable to satisfy the diversified demands of downstream customers. By encapsulating multiple measurement functions and modularizing based on specific needs, electronic test and measurement solutions can better satisfy the operational, technical and application demands of various industries, improving the overall efficiency. Electrification of mobility, DC factories, connected homes, smart buildings, and digital health is creating a need for high performance electronics, which has resulted in new sustained demand for electronic test and measurement solutions in order to ensure the performance, reliability and safety of these electronic components and systems.

Market Size of Global Electronic Test and Measurement Solution

In recent years, electronic test and measurement solution market has experienced rapid expansion, with a CAGR of 11.2% in global scale from 2020 to 2024. In 2024, the global electronic test and measurement solution market achieved RMB51.6 billion in revenue. Looking ahead, the market is projected to maintain strong growth momentum, with an estimated CAGR of 11.7% in global scale from 2025 to 2029.

Global Electronic Test and Measurement Solution Market Size, by revenue, 2020–2029E

CAGR	2020–2024	2025E–2029E
Global Electronic Test and Measurement Solution	11.2%	11.7%



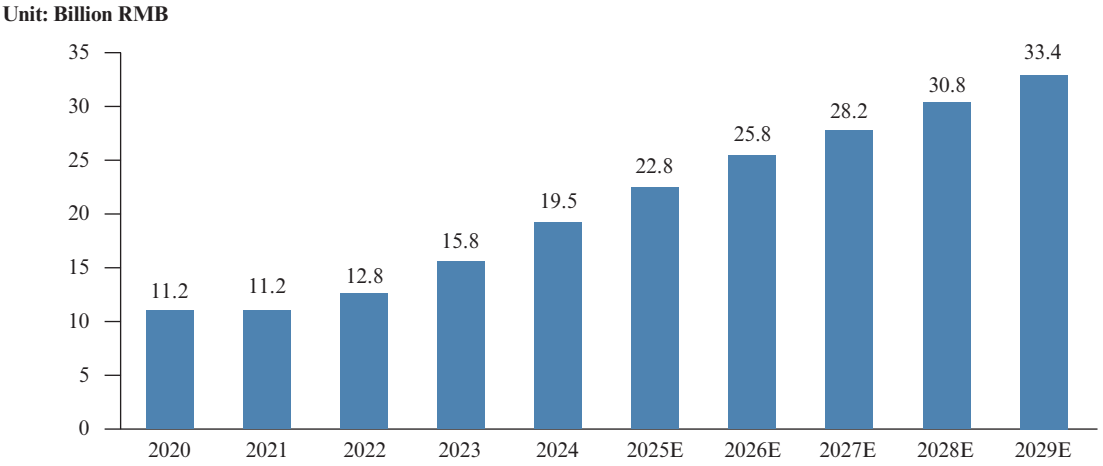
Source: Annual Reports of Related Companies, Frost & Sullivan Report

Market Size of China Electronic Test and Measurement Solution

In recent years, electronic test and measurement solution market has grown with a strong momentum, with a CAGR of 14.9% in China from 2020 to 2024. In 2024, the China electronic test and measurement solution market achieved RMB51.6 billion in revenue. Looking ahead, the market is projected to maintain strong growth trend, with an estimated CAGR of 1.0% in global scale from 2025 to 2029, driven by the customized and comprehensive electronic test and measurement demand from downstream customers.

China Electronic Test and Measurement Solution Market Size, by revenue, 2020–2029E

CAGR	2020–2024	2025E–2029E
China Electronic Test and Measurement Solution	14.9%	10.0%



Source: Annual Reports of Related Companies, Frost & Sullivan Report

Competitive Landscape of Global and China Electronic Test and Measurement Solution Market

In the global electronic test and measurement solution market, overseas companies capture the majority of the market shares. In 2024, the top five players captured the market share of over 50% by revenue in the global electronic test and measurement solution market, while the Company captured a market share of 0.3% in 2024.

Similar to the global electronic test and measurement instrument market, the China electronic test and measurement solution market is dominant by overseas companies, with the top five players captured the market share of over 45%, while Chinese companies are gaining market share with the promoting technological competitiveness. In 2024, the Company captured a market share of 0.6% by revenue in China electronic test and measurement solution market.

Drivers and Trends of Electronic Test and Measurement Solution Market

The drivers for the solution market transcend the hardware itself, focusing on solving higher-level challenges customers face in system integration, engineering efficiency, and business success. These trends reflect the strategic evolution of the test provider's role.

Acceleration of Time-to-Market through Turnkey Systems

In hyper-competitive industries, reducing the product development cycle is a critical business imperative. Customers increasingly demand turnkey solutions that are ready to deploy, eliminating the months of R&D effort required to build and debug a custom test system. By providing a validated platform with application-specific software, electronic test and measurement solutions directly accelerate a customer's journey from design to market.

Demand for Standardized and Scalable Automation Frameworks

To ensure quality and consistency from R&D to production, companies need standardized and scalable test frameworks. Solutions address this by providing a unified software platform that can automate testing across the entire product lifecycle. This industrialization of the test process is critical for achieving high-throughput manufacturing and ensuring product reliability at scale.

Evolution from Product Vendor to Solution Partner

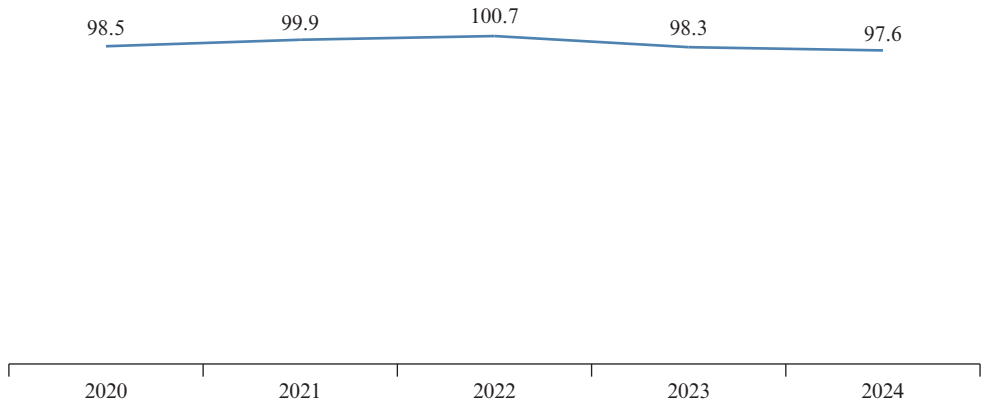
Solving system-level challenges requires deep application expertise that goes far beyond the instrument itself. Customers are seeking partners, not just suppliers, who understand their specific industry and can deliver a complete, outcome-focused solution. This trend is shifting the business model towards long-term, service-intensive partnerships built on solution expertise.

The Historical Producer Price Index for The Computer, Communications and Other Electronic Equipment Manufacturing Industry

The raw materials and parts of the Company's electronic test and measurement instruments and solutions include various electronic components and equipment, including IC chips, PCBs and displays, etc. The Producer Price Index ("**PPI**") for the computer, communications and other electronic components and equipment manufacturing industry is the composite price index including the electronic components and equipment as above. It reflects the price trend of the raw materials and parts of the Company.

From 2020 to 2022, driven by factors such as the growth in demand from downstream sectors and technological iteration and upgrading, the PPI of this industry rose from 98.5 to 100.7, and the prices of raw materials showed an upward trend. After 2022, with the gradual expansion of industry capacity and intensified market competition, the PPI fell to 97.6 in 2024, and the prices of raw materials declined accordingly. In the long run, although the continuous innovation of downstream technologies will stimulate new demand for raw materials, the increasingly improved global capacity layout and sufficient market competition will drive the prices of raw materials to stabilize.

Producer Price Index (PPI) for the Computer, Communications and Other Electronic Equipment Manufacturing Industry (Previous Year = I 00)



Source: Frost & Sullivan Report

We take into account the changes in the major raw material prices for our product pricing. However, we will also consider other important factors to reach the final pricing decisions, such as our technological advantages and the overall market conditions.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OVERVIEW

Dr. Wang Yue, Mr. Wang Tiejun and Mr. Li Weisen started their entrepreneurial journey in 1998 and established RIGOL Beijing in 2000, which was the predecessor of our Group. Our Company was then established in April 2009 under the PRC Company Law and converted to a joint stock company with limited liability in December 31, 2019. Since April 8, 2022, our A Shares have been listed on the Shanghai Stock Exchange's STAR Market with the stock code of 688337.

We are a leading electronic test and measurement instrument company in the PRC with advanced technology capabilities and extensive global footprint.

KEY CORPORATE AND BUSINESS DEVELOPMENT MILESTONES

The following sets forth a summary of the key corporate and business development milestones of our Group:

Year	Milestone
1999	• Launched the RVO2100 virtual oscilloscope, marking our entrance into the digital oscilloscope market
2000	• Established RIGOL Beijing, our predecessor Company
2002	• Commenced R&D and production of China's first commercialized bench digital oscilloscope, DS3000 series
2006	• Completed construction of Beijing R&D and production base • Won the EDN 2006 "China Local Innovation Company Award (中國本土創新公司獎)"
2009	• Established our Company under the PRC Company Law • Established RIGOL USA, as the first step of our global footprint
2011	• Our digital oscilloscope, DS6104, won the 2011 R&D100 Award
2012	• The DG4000 series AFG and AWG won the 2012 R&D100 Award
2013	• Became the only LXI Consortium equipment verification test laboratory in Asia and was recognized as the Beijing Enterprise Technology Center (北京市企業技術中心)
2014	• Commenced operation of our R&D and production base in Suzhou, the PRC
2017	• Launched the digital oscilloscope base on our "Phoenix" platform with our first self-developed ASICs
2020	• Awarded the Suzhou Quality Award by the Suzhou Municipal Government
2022	• Listed on the Shanghai Stock Exchange's STAR Market • Launched the digital oscilloscope base on our "Centaurus" platform with our self-developed ASICs

Year	Milestone
2023	• Launched high-performance digital oscilloscopes, the DS80000 series
2024	• Completed acquisition of the Naishu Electronics Group
	• Commenced operation of our R&D and production base in Penang, Malaysia

OUR SUBSIDIARIES

Set forth below are details for each of our subsidiaries. As of the Latest Practicable Date, all of them were wholly-owned by our Company.

Name of subsidiaries	Place of incorporation/ establishment	Date of establishment and commencement of business	Principal business activities
RIGOL Technologies, Inc. (北京普源精電科技有限公司) ("**RIGOL Beijing**")	PRC	December 27, 2000	Design, development, manufacture and/or measurement instruments, R&D activities
RIGOL Technologies USA, Inc. ("**RIGOL USA**")	USA	August 3, 2009	Sales and marketing of the Group's products
RIGOL Technologies EU GmbH ("**RIGOL EU**")	Germany	September 20, 2011	Sales and marketing of the Group's products
RIGOL Beijing Naishu Electronics Co., Ltd.* (北京普源耐數電子有限公司) ("**Naishu Electronics**")	PRC	April 19, 2012	Design, development, manufacture and/or measurement instruments, R&D activities
RIGOL Technologies Japan, LLC. ("**RIGOL Japan**")	Japan	January 21, 2015	Sales and marketing of the Group's products
RIGOL Technologies HK Limited ("**RIGOL HK**")	Hong Kong	July 30, 2015	Sales and marketing of the Group's products
RIGOL Technologies (Singapore) Pte. Ltd. ("**RIGOL Singapore**")	Singapore	April 15, 2020	Sales and marketing
Beijing Naishu Information Co., Ltd.* (北京耐數信息有限公司) ("**Naishu Information**")	PRC	April 20, 2020	Software development; technology services
Shanghai RIGOL Enterprise Development Co., Ltd.* (上海普源精電企業發展有限公司) ("**RIGOL Shanghai**")	PRC	November 2, 2020	Design, development, manufacture of measurement instruments, R&D activities

Name of subsidiaries	Place of incorporation/ establishment	Date of establishment and commencement of business	Principal business activities
Xi'an RIGOL Technologies, Inc.*(西安普源精電科技有限公司) ("**RIGOL Xi'an**")	PRC	April 24, 2023	Design, development, manufacture of measurement instruments, R&D activities
RIGOL KOREA CO., LTD. ("**RIGOL Korea**")	South Korea	May 25, 2023	Sales and marketing of the Group's products
RIGOL Technologies (Malaysia) SDN. BHD. ("**RIGOL Malaysia**")	Malaysia	June 15, 2023	Design, development, manufacture and/or remanufacture of test and/or measurement instruments, modules and parts; R&D activities
Shenzhen RIGOL Technologies, Inc. (深圳普源精電科技有限公司) ("**RIGOL Shenzhen**")	PRC	July 30, 2024	Design, development, manufacture of measurement instruments, R&D activities

For shareholding changes of our subsidiaries during the two years immediately preceding the date of this document, see "Statutory and General Information — Further Information about Our Group — 2. Changes in Share Capital of Our Company" in Appendix VI to this document. Save as disclosed thereunder, there were no shareholding changes in our subsidiaries during the Track Record Period and up to the Latest Practicable Date.

CORPORATE DEVELOPMENT AND MAJOR SHAREHOLDING CHANGES

1. Establishment of our Company and Further Capital Increase

On April 27, 2009, our Company (previously known as Rigol Technologies, Inc. (普源精電科技有限公司) and formerly named as Suzhou Rigol Technologies, Inc. (蘇州普源精電科技有限公司)), was established as a limited liability company under the laws of the PRC with a registered capital of RMB500,000. Upon establishment, our Company was wholly-owned by RIGOL Beijing, our predecessor company.

On December 3, 2009, RIGOL Beijing resolved to increase our Company's registered capital from RMB500,000 to RMB9,400,000, to be fully paid up by RIGOL Beijing. On the same day, RIGOL Beijing and Dr. Wang Yue entered into a equity transfer agreement whereby RIGOL Beijing agreed to transfer 0.01% equity interest to Dr. Wang Yue for consideration of RMB2,500.

On May 12, 2011, our Company further increased its registered capital from RMB9,400,000 to RMB29,400,000, to be fully paid up by RIGOL Beijing.

On June 16, 2011, our Company further increased its registered capital from RMB29,400,000 to RMB45,000,000, to be fully paid up by RIGOL Beijing.

On July 11, 2011, RIGOL Beijing entered into a share transfer agreement to transfer 4.994% of its equity interest in our Company to Dr. Wang Yue for consideration of RMB2,247,500.

On September 25, 2014, our Company further increased its registered capital from RMB45,000,000 to RMB80,000,000, to be fully paid up by RIGOL Beijing.

On May 15, 2015, RIGOL Beijing and Dr. Wang Yue entered into an equity transfer agreement to transfer 2.81% of equity interest held by Dr. Wang Yue to RIGOL Beijing for consideration of RMB2,250,000. Following the equity transfer, RIGOL Beijing became our sole shareholder.

On November 20, 2018, RIGOL Beijing entered into an equity transfer agreement with RIGOL Investment, whereby RIGOL Beijing would transfer 54% of its equity interest to RIGOL Investment, 13.14% of its equity interest to Mr. Li Weisen, 13.14% of its equity interest to Mr. Wang Tiejun, 9.72% of its equity interest to Dr. Wang Yue, 5% of its equity interest to Ruige Hezhong and 5% of its equity interest to Ruijin Hezhong. Details are set out below:

Name of investor	Registered capital	Approximate percentage of equity holding
	(RMB)	*(%)*
RIGOL Investment	43,200,000	54.00
Mr. Wang Tiejun	10,512,000	13.14
Mr. Li Weisen	10,512,000	13.14
Dr. Wang Yue	7,776,000	9.72
Ruige Hezhong	4,000,000	5.00
Ruijin Hezhong	4,000,000	5.00
Total	**80,000,000**	**100.00**

2. Conversion into a Joint Stock Company with Limited Liability

On December 31, 2019, all procedures required to convert our Company from a limited liability company to a joint stock limited company were completed. Upon completion, our Company was renamed RIGOL Technologies Co., Ltd. (普源精電科技股份有限公司) with registered capital of RMB80,000,000.

Immediately upon the completion of the conversion, the shareholding structure of our Company was as follows:

Shareholders	Number of Shares held	Ownership percentage
		(approx. %)
RIGOL Investment	43,200,000	54.00
Mr. Wang Tiejun	10,512,000	13.14
Mr. Li Weisen	10,512,000	13.14
Dr. Wang Yue	7,776,000	9.72
Ruige Hezhong	4,000,000	5.00
Ruijin Hezhong	4,000,000	5.00
Total	**80,000,000**	**100.00**

3. Further Capital Increases

(a) June Capital Increase

On June 23, 2020, our Company, Mr. Li Weisen, Mr. Wang Tiejun, Dr. Wang Yue, RIGOL Investment, Ruige Hezhong, Ruijin Hezhong entered into a capital increase agreement with Suzhou Huiqi Venture Capital Partnership (Limited Partnership)* (蘇州匯琪創業投資合夥企業(有限合夥)) ("**Huiqi Venture**"), Shanghai Tanying Investment Partnership (Limited Partnership)* (上海檀英投資合夥企業(有限合夥)) ("**Tanying Investment**"), Shanghai Qiangang Investment Management Partnership (Limited Partnership)* (上海乾剛投資管理合夥企業(有限合夥)) ("**Qiangang Investment**"), Suzhou Industrial Zone Yuanhe Chongyuan No. 2 Equity Investment Fund Partnership (Limited Partnership)* (蘇州工業園區元禾重元貳號股權投資基金合夥企業(有限合夥)) ("**Yuanhe Chongyuan No.2**"), Jiangsu Zhaoyin Modern Industry Equity Investment Fund Phase I (Limited Partnership)*(江蘇招銀現代產業股權投資基金一期(有限合夥)) ("**Jiangsu Zhaoyin**") and Nanjing Zhaoyin Gongying Equity Investment Partnership (Limited Partnership)* (南京市招銀共贏股權投資合夥企業(有限合夥)) ("**Nanjing Zhaoyin**"), pursuant to which, among others, Huiqi Venture, Tanying Investment, Qiangang Investment, Yuanhe Chongyuan No. 2, Jiangsu Zhaoyin and Nanjing Zhaoyin agreed to subscribe for the increased registered capital of our Company for consideration of RMB40.25 per share, details of which are set out below.

Name of investor	Consideration	Number of Shares subscribed for
	(RMB)	
Yuanhe Chongyuan No.2	100,000,038.25	2,484,473
Tanying Investment	94,990,000	2,360,000
Jiangsu Zhaoyin	93,899,998	2,332,919
Huiqi Venture	49,999,999	1,242,236
Nanjing Zhaoyin	6,100,000	151,553
Qiangang Investment	5,031,250	125,000
Total	**350,021,285.25**	**8,696,181**

Details of the shareholding following the capital increase are set out below:

Shareholders	Number of Shares held	Ownership percentage
		(approx. %)
RIGOL Investment	43,200,000	48.71
Mr. Wang Tiejun	10,512,000	11.85
Mr. Li Weisen	10,512,000	11.85
Dr. Wang Yue	7,776,000	8.77
Ruige Hezhong	4,000,000	4.51
Ruijin Hezhong	4,000,000	4.51
Yuanhe Chongyuan No.2	2,484,473	2.80
Tanying Investment	2,360,000	2.66
Jiangsu Zhaoyin	2,332,919	2.63
Huiqi Venture	1,242,236	1.40
Nanjing Zhaoyin	151,553	0.17
Qiangang Investment	125,000	0.14
Total	**88,696,181**	**100.00**

(b) December Capital Increase

On December 26, 2020, the then shareholders of our Company resolved to undergo a further capital increase, pursuant to which, among others, Zhuhai Hillhouse Yaoheng Equity Investment Partnership (Limited Partnership)* (珠海高瓴耀恒股權投資合夥企業(有限合夥)) ("**Hillhouse Yaoheng**") agreed to subscribe for increased registered share capital of our Company for consideration of RMB43.74 per share, details of which are set out below.

Name of investor	Consideration	Number of Shares subscribed for
	(RMB)	
Hillhouse Yaoheng	100,000,000	2,285,984
Total	**100,000,000**	**2,285,984**

Details of the shareholding following the capital increase are set out below:

Shareholders	Number of Shares held	Ownership percentage
		(approx. %)
RIGOL Investment	43,200,000	47.48
Mr. Wang Tiejun	10,512,000	11.55
Mr. Li Weisen	10,512,000	11.55
Dr. Wang Yue	7,776,000	8.55
Ruige Hezhong	4,000,000	4.40
Ruijin Hezhong	4,000,000	4.40
Yuanhe Chongyuan No.2	2,484,473	2.73
Tanying Investment	2,360,000	2.60
Jiangsu Zhaoyin	2,332,919	2.56
Hillhouse Yaoheng	2,285,984	2.51
Huiqi Venture	1,242,236	1.37
Nanjing Zhaoyin	151,553	0.17
Qiangang Investment	125,000	0.14
Total	**90,982,165**	**100.00**

4. Listing on the Shanghai Stock Exchange

On April 8, 2022, our A Shares were listed on the Shanghai Stock Exchange Star Market with the stock code of 688337, pursuant to which an aggregate of 30,327,389 A Shares were issued, accounting for approximately 25.00% of our Company's then share capital immediately following the listing.

The shareholding of our Company immediately after the A Shares offering was as follows:

Shareholders	Number of Shares held	Ownership percentage
		(approx. %)
RIGOL Investment	43,200,000	35.61
Mr. Wang Tiejun	10,512,000	8.67
Mr. Li Weisen	10,512,000	8.67
Dr. Wang Yue	7,776,000	6.41
Ruige Hezhong	4,000,000	3.30
Ruijin Hezhong	4,000,000	3.30
Yuanhe Chongyuan No.2	2,484,473	2.05
Tanying Investment	2,360,000	1.95
Jiangsu Zhaoyin	2,332,919	1.92
Hillhouse Yaoheng	2,285,984	1.88
Huiqi Venture	1,242,236	1.02
Nanjing Zhaoyin	151,553	0.12
Qiangang Investment	125,000	0.10
Other A Shareholders	30,327,389	25.00
Total	**121,309,554**	**100.00**

Other than RIGOL Investment, Mr. Wang Tiejun, Mr. Li Weisen, Dr. Wang Yue, Ruige Hezhong and Ruijin Hezhong, who are our Controlling Shareholders, the remaining shareholders set out in the table above are, to the best knowledge of our Directors, Independent Third Parties.

5. Post-A Share Listing Increases in Registered Capital

On April 25, 2023, our then shareholders resolved to increase our registered capital by undergoing a capital reserve conversion and issuing an additional 4.8 A Shares per 10 A Shares held by existing shareholders, resulting in the additional issuance of 58,228,586 A Shares. Following the completion of the capital conversion, our registered capital was 179,538,140 A Shares.

On June 20, 2023, we granted a total of 284,600 restricted A share units to qualified employees, resulting in a further increase in our registered capital to 179,822,740 A Shares.

As approved by the then shareholders in April 2023 and the CSRC in September 2023, our Company conducted a private placement of its A Shares to raise funds for various development initiatives, including the construction of our R&D and production base in Malaysia as well as R&D center in Xi'an. A total of 5,300,676 A Shares were issued in the placement to 12 investors, all of whom were Independent Third Parties. The placement raised net proceeds of approximately RMB290.00 million. Following the completion of the private placement, the Company's total issued share capital increased to 185,123,416 A Shares.

On August 30, 2024, we completed the additional share issuance of 7,098,837 A Shares to fund the acquisition of the Naishu Electronics Group. Following the additional share issuance, our registered share capital was 192,222,253 A Shares.

As approved by the then shareholders in April 2024 and the CSRC in July 2024, our Company conducted a private placement of its A Shares to raise funds to fund the construction of our Beijing laboratory. A total of 2,166,377 A Shares were issued in the placement to 5 investors, all of whom were Independent Third Parties. The placement raised net proceeds of approximately RMB50.00 million. Following the completion of the private placement, the Company's total issued share capital increased to 194,388,630 A Shares.

On October 29, 2024, we repurchased and cancelled 284,600 restricted A share units granted to certain grantees due to failure to achieve vesting conditions and resignation of certain grantees, resulting in our registered share capital becoming 194,104,030 A shares.

On November 25 2025, we repurchased and cancelled 229,613 restricted A share units granted to certain grantees due to failure to achieve vesting conditions and resignation of certain grantees, resulting in our registered share capital becoming 193,874,417 A shares.

Except for the outstanding restricted Shares under the Restricted A Share Incentive Schemes, of which is detailed in "Appendix VI — Statutory and General Information — Further Information About Our Directors — 4. Restricted A Share Incentive Schemes" to this document, there were no other outstanding options, warrants, or convertible securities that could potentially affect the shareholding structure of our Company as of the Latest Practicable Date.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

Acquisition of the Naishu Electronics Group

In order to further enhance our in-house production and technological capabilities, on January 8, 2024, our Company entered into an equity interest transfer agreement with Wu Qiongzhi (吳瓊之), Sun Lin (孫林), Sun Ningxiao (孫寧霄), Jin Zhaojian (金兆健), Xu Jialin (許家麟), Liu Jie (劉潔) and Xing Tonghe (邢同鶴), each being an Independent Third Party at the time of the acquisition, pursuant to which we agreed to purchase 100% of the equity interest of the Naishu Electronics Group using a combination of cash and equity as consideration. We agreed to purchase 32.2581% of the equity interest of the Naishu Electronics Group at a cash consideration of RMB120,000,000; with the remaining 67.7419% of the equity interest to be settled by the issuance of an additional 7,098,837 shares, which was determined with reference to the valuation report prepared by an independent valuer.

The acquisition has been properly and legally completed and settled, and all relevant approvals required from the relevant authorities have been obtained. Upon completion of the acquisition, Naishu Electronics, together with its subsidiary, became our wholly owned subsidiaries. The Naishu Electronics Group is principally engaged in the research, development and manufacture of electronic measurement instruments and software.

Save as disclosed above, during the Track Record Period and as of the Latest Practicable Date, our Group did not have any other material acquisitions, disposals or mergers.

CONCERT PARTY ARRANGEMENT

Pursuant to the Concert Party Agreement dated October 27, 2021, Dr. Wang Yue, Mr. Wang Tiejun, Mr. Li Weisen, agreed that they shall act in concert with respect to all matters which are subject to approval in general meetings or Board meetings of the Company, for the period since the date of the Concert Party Agreement until the termination of the Concert Party Agreement. In particular, among others, upon the execution of the Concert Party Agreement, all Shares directly or indirectly held by the parties shall nonetheless be bound by the terms of the agreement, and the parties shall exercise their voting rights in accordance with the Concert Party Agreement.

In light of the above, Dr. Wang Yue, Mr. Wang Tiejun, Mr. Li Weisen as well as RIGOL Investment, Ruige Hezhong and Ruijin Hezhong, will be a group of Controlling Shareholders upon [REDACTED]. For details, please refer to the section headed "Relationship with our Controlling Shareholders" in this document.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

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

Since April 2022, our Company has been listed on the Shanghai Stock Exchange's STAR Market. During the Track Record Period and up to the Latest Practicable Date, our Directors confirmed that we complied with the rules of the Shanghai Stock Exchange and other applicable securities laws and regulations of the PRC in all material respects, and, to the best knowledge of our Directors having made all reasonable enquiries, there was no material matter that should be brought to the investors' attention in relation to our compliance record on the Shanghai Stock Exchange.

Based on the independent due diligence conducted by the Sole Sponsor, nothing has come to the Sole Sponsor's attention that would cause them to disagree with our Directors' confirmation with regard to the compliance records of our Company on the Shanghai Stock Exchange.

Our Company is seeking a [REDACTED] of its H Shares on the Stock Exchange in order to provide further capital for the development and expansion of our Company's business, to strengthen our Company's working capital and to further raise our business profile and global presence. For further details of our future plans, see "Future Plans and Use of [REDACTED]."

PUBLIC FLOAT

Pursuant to Rule 19A.13A of the Listing Rules, as our Company has Shares apart from the H Shares for which listing is sought, the portion of H Shares for which listing is sought that are held by the public, at the time of listing must represent at least 10% of our Company's total number of issued shares (excluding treasury shares).

The total number of H Shares of our Company upon Listing is expected to represent approximately 10% of the total number of issued Shares of our Company. Accordingly, we will satisfy the public float requirement under Rule 19A.13A of the Listing Rules.

FREE FLOAT

Rule 19A.13C of the Listing Rules provides that, where a new applicant is a PRC issuer with other listed shares at the time of listing, this will normally mean that the portion of H shares for which listing is sought that are held by the public and not subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise), at the time of listing, must: (a) represent at least 5% of the total number of issued shares in the class to which H shares belong at the time of listing (excluding treasury shares), with an expected market value at the time of listing of not less than HK$50,000,000; or (b) have an expected market value at the time of listing of not less than HK$600,000,000. Based on the low-end of the indicative [REDACTED] range of HK$[REDACTED] per H Share, the Company will satisfy the free float requirement under Rule 19A.13C of the Listing Rules.

EMPLOYEE SHAREHOLDING PLATFORMS

In recognition of the contributions of our current or former employees and consultants and to incentivize them to further promote our development, Ruige Hezhong and Ruijin Hezhong were established in the PRC as our Employee Shareholding Platforms. The participants (the "**Participants**") of our equity incentives were given partnership interests of the Employee Shareholding Platforms as awards. The capital contribution made by the partners to the Employee Shareholding Platforms was sourced from their own funds and has been fully paid as of the date of this document. Details of each Employee Shareholding Platform as of the date of this document are set forth below.

1. Ruige Hezhong

Ruige Hezhong was established in the PRC as a limited partnership on October 29, 2015, and owned approximately 3.05% of our issued Shares as of the Latest Practicable Date. Dr. Wang Yue is the general partner of Ruige Hezhong, and is responsible for the management of Ruige Hezhong and exercises the voting rights attaching to the Shares held by Ruige Hezhong.

As of the Latest Practicable Date, all of the awards under Ruige Hezhong had been granted and vested, and, as a result, the grantees held the partnership interest of Ruige Hezhong as limited partners.

2. Ruijin Hezhong

Ruijin Hezhong was established in the PRC as a limited partnership on October 29, 2015, and owned approximately 3.05% of our issued Shares as of the Latest Practicable Date. Dr. Wang Yue is the general partner of Ruijin Hezhong, and is responsible for the management of Ruijin Hezhong and exercises the voting rights attaching to the Shares held by Ruijin Hezhong.

As of the Latest Practicable Date, all of the awards under Ruijin Hezhong had been granted and vested, and, as a result, the grantees held the partnership interest of Ruijin Hezhong as limited partners.

As of the Latest Practicable Date, there were 33 and 31 limited partners in Ruige Hezhong and Ruijin Hezhong, respectively. Save for the following, there are no connected persons who are limited partners of the Employee Shareholding Platforms:

Name	Connected Relationship	Employee Shareholding Platform	Partnership interest (approximate)
Mr. Wang Ning (王寧先生)	Non-executive Director	Ruige Hezhong	0.75%
		Ruijin Hezhong	15.75%
Ms. Wu Yawen (吳雅文女士)	Resigned Director within the last 12 months	Ruijin Hezhong	12.50%

CORPORATE STRUCTURE PRIOR TO THE [REDACTED]

The following chart sets forth our corporate structure as of the Latest Practicable Date and immediately prior to the [REDACTED]:

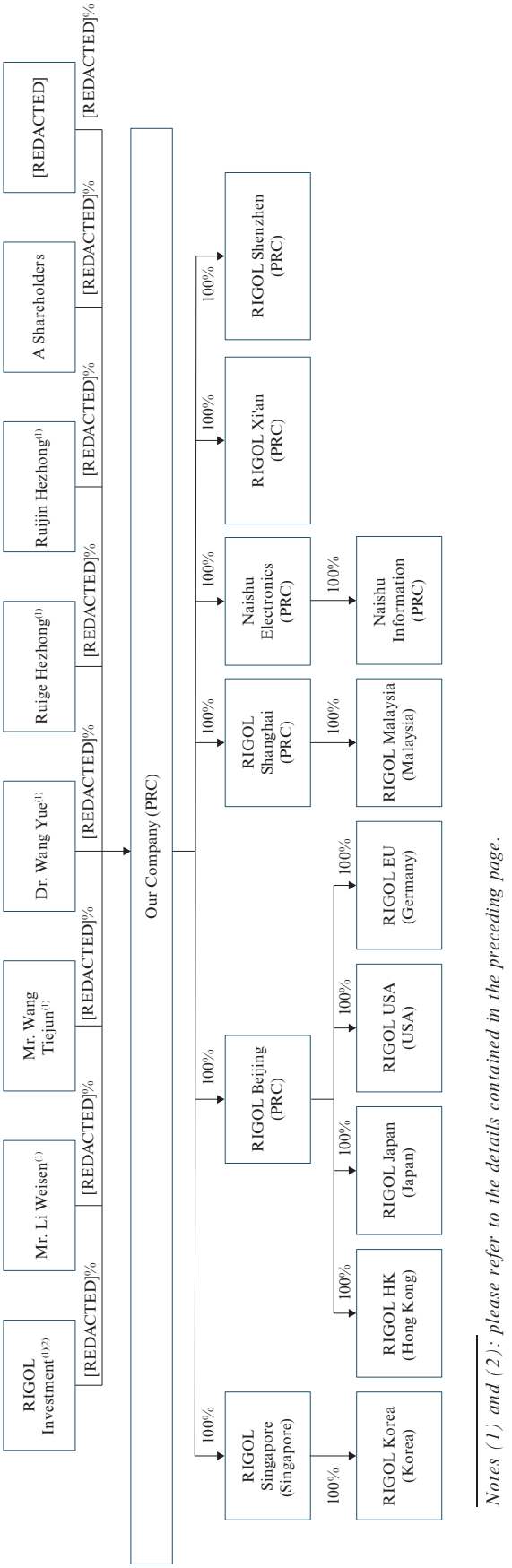
Notes:

(1) Pursuant to the Concert Party Agreement dated October 27, 2021, Dr. Wang Yue, Mr. Wang Tiejun and Mr. Li Weisen agreed that they shall act in concert with respect to all matters which are subject to approval in general meetings or Board meetings of the Company, for the period since the date of the Concert Party Agreement and upon the termination of the Concert Party Agreement. As Wang Yue holds 52% equity interest in RIGOL Investment and is the general partner of both Ruige Hezhong and Ruijin Hezhong, he is deemed to be interested in the respective shares held by RIGOL Investment, Ruige Hezhong and Ruijin Hezhong under the SFO. Thus, Dr. Wang Yue, Mr. Wang Tiejun, Mr. Li Weisen, RIGOL Investment, Ruige Hezhong and Ruijin Hezhong are our Controlling Shareholders.

(2) RIGOL Investment is held as to 52% by Dr. Wang Yue, 24% by Mr. Wang Tiejun and 24% by Mr. Li Weisen.

CORPORATE STRUCTURE AFTER THE [REDACTED]

The following chart sets forth our corporate structure immediately after the completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no additional Shares are issued pursuant to our Restricted A Share Incentive Schemes):



Notes (1) and (2): please refer to the details contained in the preceding page.

BUSINESS

OVERVIEW

We are a leading electronic test and measurement instrument company in the PRC with advanced technology capabilities and extensive global footprint. According to Frost & Sullivan, we are the largest PRC electronic test and measurement instrument provider and ranked eighth globally in terms of revenue in 2024. We design, develop, manufacture and deliver a comprehensive suite of electronic test and measurement instruments and solutions that power scientific discovery and industrial innovation. Under the "RIGOL" brand, we serve a diverse customer base of over 100,000 end customers across more than 90 countries and regions, addressing complex test challenges across communications, new energy, semiconductors, and education and research sectors. We are committed to innovation and in-house mastery of core technologies. Through sustained advances in hardware, software and algorithms, we have built a proprietary core technology platform and established ourselves as leading electronic test and measurement enterprise.

At RIGOL, we believe that "science begins with measurement." Electronic test and measurement instruments are devices designed for observing, testing, measuring and calculating a wide range of physical parameters. These instruments offer capabilities such as detection and measurement, signal transmission and data processing, and can be used to diagnose, test and verify the performance of other electronic devices or components. Electronic test and measurement instruments are fundamental to the advancement of modern science and technology. Through years of dedicated research and development and innovation, we have established a comprehensive electronic test and measurement offering built on two pillars: (i) a core-technology-driven product matrix, encompassing digital oscilloscopes, microwave and RF instruments, DC and precision instruments, and modular instruments, and (ii) a suite of multi-scenario solutions, primarily serving high-growth industries including communications, new energy, semiconductors, and education and research. According to Frost & Sullivan,

- We are the largest PRC digital oscilloscope provider and ranked fifth globally in terms of revenue in 2024;
- We are the largest PRC waveform generators provider and ranked third globally in terms of revenue in 2024; and
- We are the first and only PRC company to have successfully commercialized digital oscilloscopes with self-developed ASICs.

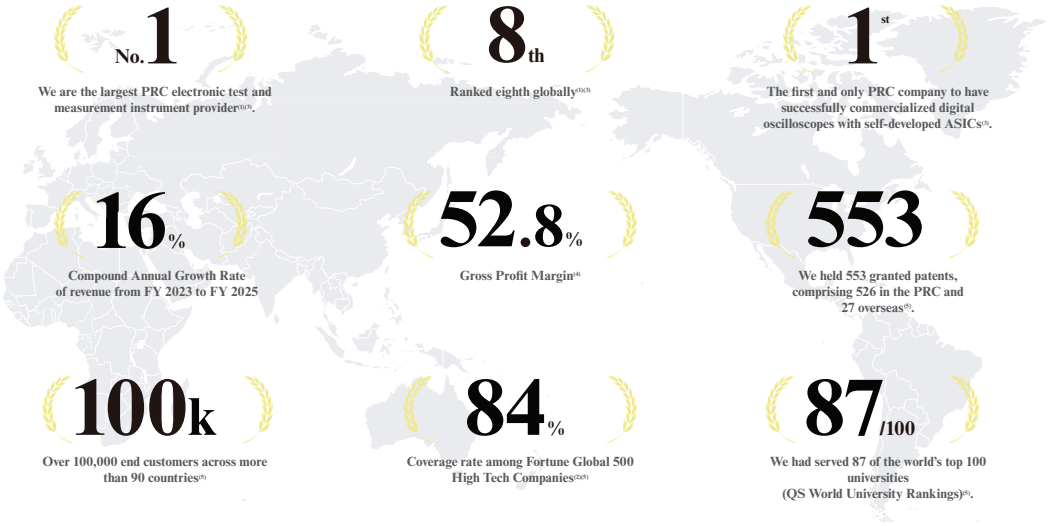
Our global sales and service network spans the Americas, Europe and Asia-Pacific. According to Frost & Sullivan, we led PRC companies in terms of overseas revenue from electronic test and measurement instruments in 2024. Supported by our proprietary core technologies, we help customers overcome complex testing challenges to achieve sustainable, long-term growth in the global electronic test and measurement market. As of December 31, 2025, among the companies on the 2025 Fortune Global 500 list, we had served:

- 100% of the computer and office equipment companies;
- 93% of the electronics and electrical equipment companies;
- 83% of the semiconductor and other electronic components companies;
- 100% of the telecommunication companies; and
- 77% of the motor vehicles and parts companies.
- 87 of the world's top 100 universities (QS World University Rankings) utilized RIGOL-branded products, as of the same date.

Our commitment to technological innovation has established us as one of the few companies in the PRC with full-stack, proprietary technology innovation capabilities in the electronic test and measurement instrument industry, according to Frost & Sullivan. Through sustained investment and continuous advancement, we have built a self-developed and scalable technology platform integrating hardware, software and algorithms that improves customer efficiency and accelerates innovation. As of December 31, 2025, we had been granted 553 patents. Our core R&D personnel has an average of more than 15 years of experience in the electronic test and measurement instrument and solution industry, laying a solid foundation for us to maintain our technological leadership,

tackle new technologies and develop new products and solutions. According to Frost & Sullivan, our patent portfolio, R&D investments and R&D staff ratio ranked first among publicly listed PRC companies in the electronic test and measurement instrument industry in 2024.

The following diagram sets forth our key operating indicators and financial performance:



Notes

(1) in terms of revenue in 2024
(2) High Tech Companies refer to companies classified under Semiconductors, Electronics, Electrical Equipment; Computers, Office Equipment; Motor Vehicles & Parts; and Network, Communications Equipment in the Fortune Global 500 list.
(3) According to Frost & Sullivan
(4) For the year ended December 31, 2025
(5) As of December 31, 2025

We actively contribute to the development of both international and national industry standards. We are a member of the LXI Consortium and serve as a committee member of the National Technical Committee on Standardization of Electronic Measuring Instruments (全國電子測量儀器標準化技術委員會). We participated in the drafting and formulation of one national standard and three industry general specifications. The engagement ensures our technologies align with latest market trend and evolve with emerging needs.

Our financial performance demonstrates consistent growth trajectory driven by technology advancements and product iterations. In 2023, 2024 and 2025, our revenue was RMB670.5 million, RMB775.8 million and RMB900.2 million, respectively. Our gross profit margin was 53.4%, 54.9% and 52.8% for the year ended December 31, 2023, 2024 and 2025, respectively.

Market Opportunities

The global market of test and measurement instruments and solutions witness increased demand driven by the rollout of 5G, 6G and optical communications, the proliferation of AI chips and data centers, and the rise of intelligent robots. As electronic devices and systems become more complex, there is a heightened need for high-speed, multi-functional, high-precision test and measurement solutions to ensure performance, safety and regulatory compliance. According to Frost & Sullivan, the global market size of electronic test and measurement instruments and solutions in 2024 achieved approximately RMB110 billion. Looking ahead, the market is projected to maintain strong growth momentum, with an estimated CAGR of 8.6% from 2025 to 2029, reaching approximately RMB170 billion in 2029.

Our products and solutions primarily serve the following end markets: communications, new energy, semiconductors, and education and research. These end markets are large, diverse and poised for growth from sustained tailwinds in electrification and digitization, which we expect to further propel our growth. More specifically, according to Frost & Sullivan:

Communications

In the communications sector, the deep integration of 5G and optical communications technologies has become a major industry trend. The large-scale commercialization of 5G is driving substantial demand for testing to verify the performance and stability of networks and infrastructure, fueling a surge in the demand for electronic test and measurement instruments and solutions. Moreover, advances toward 5G and 6G are pushing data transmission frequencies higher with lower latency, increasing requirements for digital oscilloscopes and microwave and RF instruments — particularly high bandwidth, sampling rate and frequency range — to support high-speed signal processing and analysis.

New Energy

The new energy sector, including electric vehicles, renewable power generation such as solar, wind and hydrogen and energy storage, is experiencing rapid expansion driven by global decarbonization initiatives, government incentives and technological innovation. The proliferation of distributed energy resources, smart grids, advanced battery technologies and power electronics is reshaping the energy landscape, creating complex systems that require rigorous validation and monitoring, thereby generating robust demand for electronic test and measurement instruments and solutions. With the capability of offering high-precision, multi-functional and automated instruments and solutions, supporting high-voltage, high-frequency and remote testing requirements, and addressing grid compliance, battery safety and predictive maintenance, we believe we are well-positioned to capture growth in this sector.

Semiconductors

In the semiconductor industry, the foundational requirements of automated test system, chip validation and circuit design create substantial market opportunities for electronic test and measurement companies. The automated test systems enable fast and accurate testing of logic, analog and mixed-signal devices, thereby driving demand for digital oscilloscopes, signal generators, spectrum analyzers and other core test instruments that support functional verification, fault detection and parametric analysis. As chip applications expand into diverse areas, design houses require flexible and scalable test solutions to validate new architectures and support rapid prototyping. As circuit design advances, the need for precise, reliable and efficient testing solutions becomes critical to ensure product quality, performance and compliance with industry standards. Leveraging our flexible and scalable test and measurement instruments and solutions, we are well positioned to seize significant growth opportunities in the semiconductor industry.

Education and Research

The education and research sector presents significant opportunities for electronic test and measurement instrument and solution provider. The education and research sector is undergoing transformation as STEM curricula, university laboratories and research institutes increasingly focus on emerging technologies such as AI, robotics and advanced materials. The push for hands-on, project-based learning and interdisciplinary research is driving investment in modern laboratory infrastructure and test equipment. Solutions that combine high performance, modularity and ease of use while supporting remote access and collaborative workflows are in high demand. With scalable product and solutions portfolios, we believe we are well-positioned to serve the evolving needs of academic institutions and research organizations to provide educational support.

BUSINESS

Our Products and Solutions

Our product portfolio encompasses digital oscilloscopes, microwave and RF instruments, DC and precision instruments, and modular instruments.

- ***Digital Oscilloscopes***: Recognized as the "engineer's eye" and as an indispensable tool for engineers across countless applications, it is used to observe and analyze electrical signals. It captures these signals and converts them into digital form, allowing users to visualize how the signals change overtime on a screen, proving an intuitive way to analyze the behavior of various electrical signals.
- ***Microwave and RF Instruments***: These instruments are used for generating, measuring and analyzing microwave and RF signals and their spectrum, phase, and modulation characteristics. Three main types of products are (i) transmitting devices like signal generators; (ii) signal analysis devices like spectrum and signal analyzers; and (iii) network measurement devices like vector network analyzers.
- ***DC and Precision Instruments***: This product category includes arbitrary function generator ("**AFG**", a signal source that can create standard arbitrary and function waveforms) and arbitrary waveform generator ("**AWG**", a signal source that can create custom waveforms defined by the user), programmable DC power supplies and DC electronic loads, digital multimeters and data acquisition ("**DAQ**") system. They are indispensable tools for engineers and researchers in a vast array of applications, used to precisely source, measure and analyze fundamental electrical parameters like voltage, current and resistance.
- ***Modular Instruments***: These are flexibly configurable test and measurement equipment based on a standardized hardware architecture, forming a multi-functional instrument system by combining different modules. They are typically used to build scalable, high-channel-count systems that precisely synchronize tasks such as data acquisition, generation and analysis. In our modular instrument system, users can flexibly combine modules like digital oscilloscopes, signal generators, and digital multimeters within a single chassis to create the exact setup they need. These modular instruments are commonly used in demanding applications like automated production test, semiconductor validation and large-scale physics experiments.

In addition to general-purpose devices, we offer flexible, one-stop test and measurement solutions that meet the diverse demands of customers across various industry. We primarily serve leading technology enterprises in the communications, new energy, semiconductors, and education and research industries.

- ***Communications***: We address the testing requirements for both wired and wireless communications in application scenarios such as research and development, validation and production.
- ***New Energy***: Our offerings cater to the electronic system testing needs in sectors such as renewable power generation, energy storage and electric vehicles.
- ***Semiconductors***: We support the testing needs of automated test systems and throughout the circuit design, chip development, validation and application cycle.
- ***Education and Research:*** We fulfill the comprehensive testing needs from foundational teaching and laboratory development to advanced scientific research, supporting course development, researcher innovation, and the exploration of new technologies.

The diagram below shows our product and solution offerings.



Our Acquisition and Synergies with Naishu Electronics Group

In 2024, we strategically acquired Naishu Electronics Group, a specialist in intelligent digital array systems. This acquisition helps us shift from providing standalone hardware instrument to delivering integrated, software-driven test and measurement solutions tailored to customers' needs. The acquisition enhances our capabilities across advanced modular instruments and strengthens our ability to provide scalable solutions. Our synergies are primarily realized through deep integration and value amplification across products, solutions, R&D systems and market expansion.

For products and solutions, the acquisition accelerates the execution of our modular instrument strategy. By integrating Naishu Electronics Group's expertise in multi-channel RF transceiver module design with our modular platform, we expand our portfolio from individual instruments to high-performance modular instruments and solutions. This helps us launch next-generation solutions faster and reinforces our position in automated test system integration. In R&D and production, our technology stacks are highly complementary. By combining our strengths in high-speed data acquisition, proprietary ASICs and precision components with Naishu Electronics Group's capabilities in large-scale multi-channel synchronization, digital signal processing and complex system integration, we can break through design limits and develop complex, high-integration test systems tailored to industry applications. In particular, Naishu Electronics Group's extensive hardware design IP and specialized algorithm libraries will enrich the firmware of our standard instruments, enhancing application-specific analytics and competitiveness. Collectively, these synergies shorten development cycles, reduce costs and time-to-market, deepen our product and solution capabilities and accelerate platform innovation, reinforcing our competitive advantage in modular instruments and solutions.

Our Competitive Strengths

Leader in the PRC Electronic Test and Measurement Industry, Bridging Product Gaps and Shaping Industry Standards

We are a recognized leader in the PRC electronic test and measurement industry, evidenced by our role in bridging critical product gaps, contributing to the formulation of industry standards and earning widespread market recognition. According to Frost & Sullivan, we are the largest PRC electronic test and measurement instrument providers and ranked eighth globally in terms of revenue in 2024. Our flagship product, the digital oscilloscopes, ranked fifth globally and first among PRC companies in terms of revenue in 2024 and we are currently the first and only PRC company to have successfully commercialized digital oscilloscopes equipped with self-developed ASICs, according to the same source. We were the first PRC company to launch a digital oscilloscope equipped with fully self-developed "Phoenix" ASICs platform, helping to overcome the long-standing performance advantage of international peers. We were also the first PRC companies to introduce a 6.5-digit digital multimeter and DAQ system, the first AWG with 5 GHz output frequency, the first 3 GHz all-digital IF spectrum and signal analyzer, and the first digital transceiver with an 8 GSa/s sampling rate, demonstrating our industry leadership.

We actively contribute to the development of both international and national industry standards, reinforcing our technical leadership and authority in the sector. We are a member of the LXI Consortium, and serve on the National Technical Committee on Standardization of Electronic Measuring Instruments (全國電子測量儀器標準化技術委員會). We participated in drafting GB/T15289–2013, a national standard of digital oscilloscopes and three industry standards relating to function signal generators, sampling oscilloscopes and passive voltage probes, guiding the standardized development of the industry. On December 13, 2024, we were authorized by the LXI Consortium as a testing and certification center, becoming the only LXI-authorized testing and certification unit in the Asia-Pacific region.

Our leadership is further validated by multiple national and industry accolades, including the National Torch Program Industrialization Demonstration Project (國家火炬計劃產業化示範項目), the 49th & 50th R&D 100 Awards, National Intellectual Property Advantage Enterprise (國家知識產權優勢企業), China Instrument and Control Society Science and Technology Award (中國儀器儀錶學會科技進步獎), 24th China Patent Gold Award (第二十四屆中國專利金獎), National Specialized, Refined, Distinctive and Innovative "Little Giant" Enterprise (專精特新「小巨人」企業), National Intellectual Property Demonstration Enterprise (國家知識產權示範企業), National Intelligent Manufacturing Excellent Scene (國家智能製造優秀場景).

Full-stack, Proprietary Technology Capabilities with Robust IP Portfolio and Extensive R&D Investments

Our sustained commitment to R&D has created a formidable technological foundation that encompasses proprietary innovations across the entire value chain. We have established an efficient R&D system for the design and application of ASICs, covering analog, mixed-signal and RF technologies, enabling leadership in terms of key metrics such as bandwidth, sampling rate, accuracy and dynamic range in the PRC market. We have built a standardized and platform-based hardware design system that balances performance, cost and delivery efficiency, providing strong support for the rapid iteration and high-quality delivery of our products and solutions. Our full-stack software architecture capabilities encompass from the underlying hardware driver to user interface application, delivering stable, efficient and scalable software solutions across instrument formats. Our advanced algorithm technology runs through all stages of product development, permeating every aspect of hardware, software and solution development, converting hardware potential into precise and reliable test results and driving product differentiation and value enhancement.

Our IP portfolio is a strategic asset safeguarding our innovation and market position. As of December 31, 2025, we held 553 granted patents, including 526 in the PRC and 27 overseas, as well as 147 software copyrights and 14 layout-design of integrated circuits copyrights. Our comprehensive IP portfolio is crucial for the development of our business, laying a solid

foundation for us to maintain our technological leadership, tackle new technologies and develop new products and solutions. Our core R&D team personnel average over 15 years of industry experience. As of December 31, 2025, we had 327 R&D personnel, with approximately half of them holding master's or doctoral degrees. Our sustained R&D investment demonstrates our commitment to maintaining technological leadership and supports our ongoing innovation. For each year/period during the Track Record Period, our R&D expenses were RMB142.9 million, RMB206.7 million and RMB225.9 million, representing 21.3%, 26.6% and 25.1% of our total revenue for the year of 2023, 2024 and 2025, respectively. According to Frost & Sullivan, our patent portfolio, R&D spending and R&D staff ratio ranked first among publicly listed PRC electronic test and measurement companies in 2024.

Global Customer Reach through Internationally Recognized "RIGOL" Brand and Global Sales, Manufacturing and R&D Footprint

Our global market strategy has long been focusing on enhancing brand recognition and establishing robust international operations to serve customers worldwide. We are committed to building global brand awareness and driving sales under our "RIGOL" brand, delivering highly regarded products and solutions to customers in over 90 countries and regions. According to Frost & Sullivan, "RIGOL" has become a globally recognized brand in the electronic test and measurement instrument industry, supported and trusted by our customers.

Our extensive global sales network ensures localized support and comprehensive customer coverage across key international markets. We are dedicated to expanding our global business, with subsidiaries in the PRC, the United States, Europe, Japan, South Korea, Singapore and Malaysia. These subsidiaries are responsible for executing marketing strategies and providing localized services and support to global customers. Through approximately 120 distributors in over 90 countries and regions, along with our official online store and third-party e-commerce platforms, we achieve comprehensive coverage of end customers worldwide.

Our manufacturing capabilities enhance our global competitiveness by optimizing supply chain efficiency and market responsiveness. We have established a production center in Penang, Malaysia (the "**Penang Production Center**"). Our Penang Production Center helps us shorten product delivery cycles and improves the capacity of our global supply system by fully utilizing Malaysia's geographical, resource and trade advantages as a global electronics industry manufacturing and distribution center, providing strong support for our overseas business expansion.

Our R&D infrastructure harnesses international talent and advanced technologies to achieve technology breakthroughs and accelerate the development of globally competitive solutions. This approach also allows us to deliver locally optimal solutions to address diverse market needs with agility. We continue to increase our overseas R&D investment and have established an R&D center in Penang, Malaysia. Through "R&D-production collaboration" with the Penang Production Center, we are able to further shorten the product time-to-market. Through a global strategy for R&D, production and marketing talent, we are forming an international talent echelon based in the PRC and extending worldwide, providing strong support for our global expansion. According to Frost & Sullivan, we are one of the electronic test and measurement companies in the PRC with the most comprehensive global talent base.

Our strong overseas sales performance validates the effectiveness of our global strategy and demonstrates significant overseas market penetration. During the Track Record Period, our overseas sales revenue was RMB258.1 million, RMB274.1 million and RMB317.3 million, respectively, accounting for 38.5%, 35.3% and 35.2% of our revenue in 2023, 2024 and 2025. According to Frost & Sullivan, we led PRC companies in terms of overseas revenue from electronic test and measurement instruments in 2024.

Differentiated Product Mix and Solution Offerings with Market Leading Positions Across Multiple Instrument Categories

Our comprehensive product development strategy has secured us market-leading positions across multiple instrument categories while opening new avenues through advanced solutions. In the field of digital oscilloscopes, we have achieved major breakthroughs in key performance metrics such as bandwidth, sampling rate, memory depth, waveform capture rate and vertical resolution, establishing our leading position in the electronic test and measurement instrument industry in the PRC, according to Frost & Sullivan. In the field of microwave and RF instruments, we have independently developed products, including a real-time spectrum and signal analyzer with integrated vector signal demodulation, a RF signal generator with wideband coverage, and a vector network analyzer capable of addressing a variety of complex application scenarios, enabling customers to effectively tackle microwave and RF testing challenges. In the DC and precision instruments category, our offerings encompass the full spectrum of "signal generation, power output, load simulation, and precision measurement." We have successfully launched a function and arbitrary waveform generator featuring our proprietary multi-channel fully isolated technology, helping customers to achieve precise and efficient signal simulation and system verification. Leveraging reusable technology, we are able to rapidly deploy our diverse range of electronic test and measurement instruments based on a standardized hardware architecture, forming a multi-functional instrument system, providing customers with more flexible and versatile options that can be easily adapted to a wide variety of application scenarios and requirements.

Our solutions-oriented approach addresses specific industry challenges while creating scalable platforms for diverse customer applications. We continue to deepen and expand our offerings of electronic test and measurement solutions. With a profound understanding of the application scenarios and key needs of users across different industries, we specifically address the unique operational, technical and application requirement of each downstream industry. Backed by our proprietary and comprehensive technological capabilities and diverse range of electronic test and measurement instruments, software, options and accessories, and modular instruments, our solutions deliver multi-functionalities such as digital oscilloscopes, spectrum and signal analyzers, waveform generators, DAQ system, and array transceivers and measurement and control. Our solutions have been widely recognized by customers in high-growth industries including communications, new energy, semiconductors, and education and research, with specific application scenarios such as power monitoring, remote sensing detection, and advanced technology research. Our revenue from solutions increased by 16.1% from RMB130.0 million in 2024 to RMB150.9 million in 2025.

Robust Global Supply Chain Underpinned by Lean Production and Intelligent Manufacturing

We operate a resilient, robust global supply chain underpinned by lean production and intelligent manufacturing. We have established a comprehensive operational framework centered on lean production and Kaizen methodology, which is a philosophy and strategy for continuous, incremental improvement in business processes, systems and workflows, driven by the collective effort of all employees. By building efficient and responsive manufacturing capabilities, we have completed the transformation of production lines and improved internal and external logistics, systematically enhancing the manufacturing capabilities. Through improvement initiatives such as optimizing operating procedures, improving products turnover, reducing material costs and increasing yield rates, we have driven the long-term and continuous optimization of our operating indicators. We cultivate skilled talent through standardized work, daily management and problem-solving, supported by a train-practice-certify process.

Intelligent manufacturing is one of our core strengths. Our intelligent manufacturing factory in Suzhou ("**Suzhou Production Center**") was put into mass production as early as in 2018. We have established multiple automated production lines through human-machine collaborative workflows, and deploying various industrial automation systems and robots in our factories. In 2022, we integrated automated guided vehicles ("**AGVs**") into our intelligent factory, marking a further acceleration of the intelligent transformation of our lean factory. In 2023, we were awarded the "National Intelligent Manufacturing Excellent Scene (國家智能製造優秀場景)" by the Ministry of Industry and Information Technology. Our production is based on the manufacturing execution system ("**MES**"), an intelligent operational execution system for production that records production operation data. By integrating technologies such as robotics, big data and artificial intelligence, we achieve precise control, efficient collaboration and quality optimization in the production process, effectively improving production efficiency and product quality.

Our comprehensive quality management systems and certifications ensure consistent product excellence and regulatory compliance across global markets. We have established a complete quality management system and have passed the ISO9001:2015 quality management system certification. We have a metrology laboratory that complies with ISO/IEC 17025:2017 "General Requirements for the Competence of Testing and Calibration Laboratories" and a China National Accreditation Service ("**CNAS**") laboratory certified by the China National Accreditation Service for Conformity Assessment. Our products have obtained CE certification and cTUVus/UL certification, and comply with the product sales certification requirements of the European Union and the United States.

Visionary Management Team and Long-term Engineering-Driven Culture Driving Innovation and Growth

Our leadership team and global talent strategy represent a cornerstone of our competitive advantage. Our management team brings together extensive technical expertise and a global strategic vision. Our founder, Dr. Wang Yue, has more than 27 years of experience in the electronic test and measurement industry and is recognized as a pioneer of the PRC benchtop digital oscilloscope market, according to Frost & Sullivan. He led the R&D of our first virtual oscilloscope, marking our entry into the industry. Under Dr. Wang's leadership, the management team has continuously promoted our digital transformation practice and exploration. We were named as a "China Management Annual Value Case (中國管理年度價值案例)" in the "China Management Development Report" in 2021. The management team, with Dr. Wang at its core, has a deep understanding and forward-looking judgment of global industry development trends and customer core needs, and plays an irreplaceable strategic leading role in maintaining our innovation leadership and driving continuous business growth. Dr. Wang's accolades include National "Ten Thousand Talents Program" Leading Talent (國家「萬人計劃」科技創業領軍人才), Innovation Talent Promotion Program Science and Technology Innovation and Entrepreneurship Talent (創新人才推進計劃科技創新創業人才), Jiangsu Province Science and Technology Entrepreneur (江蘇省科技企業家), New Era China Economic Outstanding Person (新時代中國經濟優秀人物).

BUSINESS

To achieve organization operational excellence, we have developed a unique and holistic management framework: the RIGOL Business System ("**RBS**"). Originating from our mission, propelled by the dual-wheel drivers of market and technology, focusing on three strategic downstream industries, guided by four core values, and supported by a pentathlon of key organizational capabilities, this systematic, dynamic, self-improving, closed-loop management framework guides us to achieve strategic goals and create long-term value. The architecture of the RBS is illustrated in the diagram below.



Our corporate culture is rooted in engineering excellence and a long-term vision. We firmly believe that in the technology-intensive electronic test and measurement industry, true and sustainable competitive advantage comes from a deep understanding of and continuous breakthroughs in underlying core technologies. Since our establishment, we are committed to advancing foundational technologies as the basis for lasting competitive advantage. This engineer-focused, long-term approach has been key to our historical success and continues to drive our sustainable growth.

Our Strategies

Our strategic framework is anchored around "G-THSA", which integrates "Globalization, Talent development, Hardware innovation, Solutions and AI-driven advancements" to strengthen our competitiveness and capture global market opportunities. By focusing on digital transformation and the evolving needs of the electronic test and measurement industry, the "G-THSA" strategy enables us to expand market share, accelerate innovation and drive sustained growth to become a world's pre-eminent brand. More specifically, our business development and growth strategies include the following aspects.

Build Customer-Centric Global Sales, Marketing and Service Networks for Sustainable Growth

We aim to invest and upgrade our customer-centric, service-driven global sales, marketing and service network to further strengthen our market leadership and deepen customer engagement globally. To achieve this, we plan to strategically invest in a comprehensive upgrade of our global sales, marketing and service infrastructure.

We emphasize regional service excellence and strategic customer development to maximize market penetration and foster long-term customer loyalty. We plan to establish additional regional service centers in key overseas markets — the United States, Europe and Southeast Asia, positioning them as pivotal hubs that extend our reach into local markets, which we believe will significantly improve our responsiveness and service quality of pre-sales technical consultation, after-sales maintenance and calibration and value-added application training. At the same time, we aim to increase our participation and visibility at international exhibitions and technical seminars, further elevating our brand preference among customers worldwide. In addition, we are dedicated to

building an elite sales team focused on serving global strategic key account customers, ensuring that our most important customers receive exceptional, tailored support. For details, please see "Future Plans and Use of [REDACTED]."

Strengthen Global Supply Chain with Enhanced Manufacturing Intelligence and Excellence

Our supply chain strategy is focused on building up our manufacturing capabilities as a core competitive differentiator through global supply chain optimization and enhanced intelligent manufacturing. To meet the growing global market demand and adapt to the complexities of international trade, we are building an agile, efficient and resilient global supply chain system that serves as the foundation for rapid delivery and reliable fulfillment in the global market.

Our comprehensive approach to manufacturing excellence combines domestic capability enhancement with strategic international expansion. We plan to upgrade and expand our manufacturing and sales network. Domestically, we plan to carry out intelligent and automated upgrades at our Suzhou Production Center to improve production efficiency and ensure consistent product quality. Internationally, we plan to invest in capacity expansion of our Penang Production Center. We believe a globalized manufacturing footprint will not only increase our overall production capacity, but also bring us closer to key international customers, shorten product delivery cycles and allow us to respond flexibly to the trade policies of different countries and regions. We believe these initiatives will significantly enhance the resilience and risk mitigation capabilities of our global supply chain, to meet the evolving needs of the international market with speed and reliability.

Globalized Approach to R&D for Next-Generation Products and Solutions

Our global innovation strategy is founded on the belief that technological leadership is achieved through international collaboration and market-driven R&D. We firmly believe that technological innovation is the fundamental driving force that propels our Company to navigate through industry cycles, and that a globalized approach to R&D and innovation is essential for sustaining our competitive edge.

We are committed to building an integrated R&D network that harnesses the complementary strengths of Eastern and Western technologies for the development of next-generation products and solutions. We plan to invest in the construction of an internationalized R&D system, to establish overseas R&D centers in the United States, Europe and Southeast Asia and deploy localized high-level engineer teams in global industrial clusters. For details, please see "Future Plans and Use of [REDACTED]." These teams will capture firsthand market demand and systematically channel insights back to our R&D centers, creating an agile and efficient closed-loop value chain from market to R&D and back to market. Through this dynamic, market-responsive innovation ecosystem, we aim to continuously reinforce our technological leadership and deliver next-generation products and solutions to the global market.

Explore Global Strategic Investments and Acquisitions Opportunities to Solidify Market Position

Our investment and acquisition strategy represents a disciplined approach to external growth that complements our organic growth while accelerating our global market expansion. The electronic test and measurement industry is well established in developed countries and regions such as the United States, Europe and Japan, presenting a wealth of high-quality potential investments and acquisitions opportunities across upstream and downstream of the industry value chain.

We believe that our systematic approach to acquisition evaluation and integration ensures successful value creation and sustainable growth from external development initiatives. We have formed a standardized evaluation process to screen investments and acquisitions targets, a strategic framework based on technology, talent and market as core evaluation factors, and a dedicated team to drive successful deal execution and post-merger integration. We believe these will lay a solid foundation for the effective implementation of our external development strategy and the continued consolidation of our market leadership.

BUSINESS

OUR BUSINESS MODEL

We are a leading electronic test and measurement instrument company in the PRC with advanced technology capabilities and extensive global footprint, built upon our specialization in the development and breakthrough of electronic test and measurement technologies. We deliver exceptional value to our customers worldwide through a broad range of electronic test and measurement products and solutions, and are engaged in the design, development, manufacturing and sales of devices under our own brand, "RIGOL." As of the Latest Practicable Date, our portfolio of products and solutions, through a robust network of distributors and direct customer engagement, served a diverse range of end customers across more than 90 countries and regions. Backed by our self-developed core technologies in hardware, software and algorithms, we cater to various industry segments, including communications, new energy, semiconductors, and education and research, addressing the critical challenges our customers face.

Our products portfolio consists of four major product categories: (a) digital oscilloscopes, (b) microwave and RF instruments, (c) DC and precision instruments, and (d) modular instruments, covering entry-level to high-performance models. In addition, we offer flexible solutions optimized for communications, new energy, semiconductors, and education and research sectors. We deliver a portfolio of products and solutions that enable our customers to efficiently design, develop and deploy their offerings.

In 2023, 2024 and 2025, we sold an aggregate of 123.6 thousand, 126.8 thousand and 144.0 thousand units of devices, respectively, across our product types. As of December 31, 2025, we had served a diverse customer base of over 100,000 end customers.

The following table sets forth a breakdown of our revenue by product type and solutions, both in absolute amounts and as percentages of our total revenue, during the Track Record Period.

	For the year ended December 31,					
	2023		2024		2025	
	Amount	% of total revenue	Amount	% of total revenue	Amount	% of total revenue
	(RMB in thousands, except percentages)					
Products						
Digital oscilloscopes	345,202	51.5	365,788	47.1	400,223	44.5
Microwave and RF instruments	90,704	13.5	99,665	12.8	113,648	12.6
DC and precision instruments	168,049	25.1	168,393	21.7	191,913	21.3
Modular instruments	—	—	—	—	28,002	3.1
Subtotal	603,955	90.1	633,846	81.6	733,786	81.5
Solutions	57,571	8.6	130,021	16.8	150,877	16.8
Others[(1)]	9,012	1.3	11,959	1.6	15,571	1.7
Total	**670,538**	**100.0**	**775,826**	**100.0**	**900,234**	**100.0**

Note:
(1) Others primarily included rental income and revenue from the sale of raw materials.

The following table sets out a breakdown of our revenue by geographical location, in absolute amount and as a percentage of our total revenue, for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentage)					
Chinese mainland	412,488	61.5	501,678	64.7	582,923	64.8
Overseas	258,050	38.5	274,148	35.3	317,311	35.2
North America	84,742	12.6	95,237	12.2	101,245	11.1
Europe	99,852	14.9	95,334	12.3	108,570	12.1
Asia[(1)]	62,126	9.3	69,717	9.0	90,573	10.1
South America	6,123	0.9	6,100	0.8	9,933	1.1
Oceania	4,653	0.7	6,822	0.9	6,104	0.7
Africa	554	0.1	938	0.1	886	0.1
Total	**670,538**	**100.0**	**775,826**	**100.0**	**900,234**	**100.0**

Note:
(1) The revenue from Chinese mainland is excluded.

OUR PRODUCTS

We develop, manufacture and sell a comprehensive range of electronic test and measurement instruments to meet diverse customer needs, including: (a) digital oscilloscopes, (b) microwave and RF instruments, (c) DC and precision instruments, and (d) modular instruments.

We have strategically built up a product portfolio covering entry-level, mid-range and high-performance instruments. We aim to reinforce our leadership in the entry-level and mid-range markets while advancing core technologies to penetrate further into the high-performance markets. Leveraging the increased use of our self-developed key components, our advanced technological capabilities enable us to offer products that match the performance of competitors globally, according to Frost & Sullivan.

The following table presents a breakdown of our sales volume by product type during the Track Record Period:

	For the year ended December 31,		
	2023	2024	2025
	(thousand units)		
Digital oscilloscopes	65.1	68.2	76.8
Microwave and RF instruments	4.9	5.2	5.4
DC and precision instruments	53.6	53.4	61.6
Modular instruments	—	—	0.2
Total	123.6	126.8	144.0

See the section headed "Financial Information — Description of Major Components of Our Results of Operations — Revenue" in this document for more information relating to our revenue of each product type during the Track Record Period.

The following table presents a breakdown of our average selling prices by product type during the Track Record Period:

	For the year ended December 31,		
	2023	2024	2025
		(RMB)	
Digital oscilloscopes	5,301.7	5,363.9	5,209.8
— Entry-level	3,789.2	3,678.5	3,682.8
— Mid-range	59,602.8	56,400.2	49,743.5
— High-performance	178,789.3	438,924.5	358,014.7
Microwave and RF instruments	18,583.0	19,041.9	21,034.2
— Entry-level	15,448.3	15,338.4	15,610.0
— High-performance	62,526.8	65,950.0	104,865.3
DC and precision instruments	3,133.7	3,154.1	3,112.7
Modular instruments	—	—	171,792.3

Digital Oscilloscopes

Our core product, digital oscilloscopes, are instruments used to observe and analyze electrical signals. They capture these signals and convert them into digital waveform, allowing users to visualize how the signals change over time on a screen, providing an intuitive way to analyze the behavior of various electrical signals. The performance of digital oscilloscopes is mainly determined by bandwidth, which indicates the range of signal frequencies the device can detect. Other important features include how fast the oscilloscopes can sample signals (sampling rate), the speed at which the oscilloscopes can update the waveform display (waveform refresh rate), the maximum number of data points that the oscilloscopes can capture (memory depth), and the precision of signal measurement (vertical resolution). Leveraging our proprietary ASICs, our digital oscilloscope DS80000, is a pioneering product achieving a maximum analog bandwidth of 13 GHz, a peak real-time sampling rate of 40 GSa/s, and a maximum memory depth of 4 Gpts, which demonstrates our competitive advantage in the industry in the PRC, according to Frost & Sullivan.

Since commercializing our first digital oscilloscope in 2002, we have accumulated extensive experience, proprietary technologies, and first-mover advantages in this market. Our digital oscilloscopes maintain a leading position among PRC companies within the Chinese mainland market in terms of both revenue and technical capabilities. According to Frost & Sullivan, we ranked first among the PRC enterprises and ranked fifth globally in terms of sales revenue of digital oscilloscopes in 2024. Our self-developed digital oscilloscopes ASICs platforms, namely "Phoenix (鳳凰座)", "Centaurus (半人馬座)" and "Andromeda (仙女座)", have established significant leadership among PRC enterprises in core technical metrics, including analog bandwidth, real-time sampling rate, vertical resolution, waveform refresh rate and memory depth, thereby attaining the advanced standards of comparable international products.

The table below sets forth details of our mainstream oscilloscope products:

Product type	Product series	Product image	Performance indicators	Price range	Application coverage
Entry-Level (bandwidth ≤1GHz)	• DHO800 • MHO/DHO900 • MHO2000 • DHO4000 • MHO/DHO5000		• Memory depth < 500Mpts • Vertical resolution = 8 or 12bit	RMB1,999 – RMB112,774	• Education • Validation • Production testing • Individual consumers
Mid-Range (bandwidth > 1GHz and < 10GHz)	• MSO8000/A • DS8000-R • DS9000 • DS70000		• Maximum sampling rate ≤25GSa/s • Vertical resolution = 8 or 12bit	RMB78,800 – RMB292,000	• R&D • Validation • Production testing
High-Performance (bandwidth ≥10GHz)	• DS80000		• Maximum sampling rate ≥25GSa/s • Memory depth ≤4Gpts	RMB438,000 – RMB1,061,000	• Scientific research • R&D • Validation

Microwave and RF Instruments

Our microwave and RF instruments are essential tools for generating, measuring and analyzing frequency electromagnetic signals. These tools are designed to handle wireless signals, which range from 3 kHz to 300 GHz and are used in short to medium-range (i) RF communications like broadcasting and walkie-talkies; and (ii) microwave signals, which typically range from 300 MHz to 300 GHz, and are ideal for high-speed data transmission in technologies like 5G and satellite communications. These instruments allow users to measure and analyze signals with precision across frequency domains, which refer to the rate at which a signal oscillates.

We offer three main types of microwave and RF instruments, categorized based on their functions: (i) transmitting devices, like signal generators; (ii) signal analysis devices, like spectrum and signal analyzers; and (iii) network measurement devices, like vector network analyzers.

- ***Signal Generators***: Our signal generators are used to create precise electromagnetic signals for test engineering and development purposes. They integrate advanced technologies to ensure precise amplitude control and support functions like pulse modulation, IQ modulation, and power meter measurement software.
- ***Spectrum/Signal Analyzers***: Our spectrum and signal analyzers are versatile tools that display the frequency characteristics of signals, facilitating accurate measurement of aspects such as signal distortion, modulation and stability. Our signal analyzer includes both entry-level and high-performance series, supporting various operational functions such as general and real-time spectrum analysis, vector signal and network analysis, analog demodulation, and electromagnetic interference (EMI) pre-compatibility test.
- ***Vector Network Analyzers***: Our vector network analyzers are precision instruments used to measure the transmission and reflection characteristics of electronic components, circuits and systems in high-frequency environments. By accurately capturing key parameters such as insertion loss, return loss, phase and impedance, these analyzers enable users to evaluate the performance of devices including filters, amplifiers, antennas and cables.

The table below sets forth details of our representative microwave and RF instruments:

Product type	Product series	Product image	Performance indicators	Price range	Application coverage
Signal Generator	• DSG3000B • DSG5000		• Frequency range of 9 kHz to 20 GHz • Channel: 2 to 8 channels	RMB79,800 – RMB1,130,000	• Validation • Production testing
Entry-Level Spectrum Analyzer	• DSA800/E • RSA3000/E • RSA5000		• Maximum frequency ≤ 8.5GHz • Minimum RBW ≥ 1Hz	RMB7,999 – RMB59,800	• Production testing • Education • Individual consumers
High-Performance Spectrum Analyzer	• RSA6000		• Frequency of 26.5GHz • Real-time analysis bandwidth of 200MHz	RMB112,774 – RMB225,774	• Production testing • R&D • Validation
Vector Network Analyzer	• DNA5000 • DNA6000		• Frequency of 26.5GHz • Dynamic Range of 127dB	RMB45,189 – RMB338,989	• Production testing • R&D • Validation

DC and Precision Instruments

Our DC and precision instruments deliver precision measurement and power solutions for R&D, validation and production. This product category encompasses waveform generators, DC power supplies, DC electronic loads, high-precision digital multimeters, and DAQ system. Our DC and precision instruments are engineered to meet stringent demands in communications, new energy, semiconductors and education and research applications. Leveraging proprietary signal conditioning algorithms and self-calibration technologies, these instruments ensure lab-grade accuracy, stability, and repeatability across dynamic test and measurement environments.

- ***Waveform Generators***: Our waveform generators create electrical signals with different frequencies, shapes and strengths. Our offerings include both AFG and AWG, known for their stable performance and high quality. AFG can produce arbitrary standard signal shapes like sine and square waves, while AWG can create complex, custom signal shapes. Our SiFi® technology platform has enabled us to launch China's highest performance 5GHz AWG, which competes strongly internationally. According to Frost & Sullivan, we are the largest PRC waveform generator provider and ranked third globally in terms of revenue in 2024.
- ***DC Power Supplies and DC Electronic Loads***: Our offerings include high-precision DC power supplies and DC electronic loads. A DC power supply provides the device under test with stable, clean, and precisely adjustable DC power. On the other hand, a DC electronic load absorbs power from the test object to analyze the performance of the device. Our DC power supplies feature high programming accuracy and resolution, suitable for semiconductor testing and precision manufacturing. They can be expanded to meet the test needs of photovoltaic systems and new energy vehicles. Our DC electronic loads offer various testing modes and communication interfaces, making them versatile for industries like automotive electronics and fuel cells.

- ***Digital Multimeters and DAQ Systems***: Our digital multimeters are used for measurement of electrical parameters such as voltage, current, and resistance. Our digital multimeters offer high-precision, multifunctional, and automatic measurement solutions, and are compatible with mainstream digital multimeter command sets to meet the requirements of R&D, validation and production testing. Our DAQ systems automatically collect and process real-time data, supporting extensive data channels and precision, ideal for R&D and production testing.

The table below sets forth details of our representative DC and precision instruments:

Product type	Product series	Product image	Performance indicators	Price range	Application coverage
Waveform Generators	• DG800 Pro • DG900 Pro • DG5000 Pro • DG6000 • DG70000		• Maximum frequency ≤ DC~5GHz • Maximum sampling rate ≤ 12GSa/s	RMB1,999 – RMB564,000	• R&D • Validation • Production testing
DC Power Supplies	• DP800 • DP900 • DP2000 • DP3000 • DP5000		• Maximum output power: < 15kW • Precision/Number of digits shown: 5 digits	RMB2,938 – RMB128,800	• R&D • Validation • Production testing
DC Electronic Load	• DL3000		• Maximum power: < 350W • Precision/Number of digits shown: 0.1mV/ 0.1mA	RMB2,990 – RMB9,990	• Validation • Production testing
Digital Multimeter and DAQ System	• DM3068 • M300		• Annual DC Voltage Accuracy: 0.0035% • Precision/Number of digits shown: 6.5 digits	RMB6,580 – RMB16,380	• R&D • Validation • Production testing

Modular Instruments

Our modular instruments are flexibly configurable test and measurement devices designed based on standardized hardware architecture. By integrating various functional modules or cards into a chassis, such as digitizers, signal generators, data acquisition, spectrum analyzers and controllers, these instruments form a multi-functional instrument system. They support automation and remote control, significantly boosting testing efficiency while reducing procurement and maintenance costs. Leveraging their scalability and cost-effectiveness, our modular instruments can meet the demands of complex testing scenarios such as communications, new energy, semiconductors, and education and research.

In 2024, we strategically acquired Naishu Electronics Group, which specialized in the development and application of intelligent digital array systems. Through this acquisition, we have successfully launched new modular instruments leveraging our technical collaboration with Naishu Electronics Group. Representative modular instruments include SUA8000 and SPQ platforms.

- ***SUA8000***: The SUA8000 series is a modular, multi-channel signal generation and acquisition platform, integrating AWG, digitizer and waveform recording function into one unit, specifically designed for complex applications. It features a modular design for easy plug-and-play use. With its powerful software platform and open interfaces, it delivers scalable, synchronized and high-bandwidth performance across multiple analog

channels, ideal for mission-critical data acquisition and testing environments. Its advanced performance and intelligent features support users in achieving more precise and efficient R&D, validation and business applications, accelerating the innovation process.

- ***SPQ***: The SPQ platform is specifically designed for complex physical experiments. It adopts a modular approach, divided into chassis, controller, function modules, and synchronization trigger modules. Users can flexibly configure the required modules based on their experimental needs, enabling the realization of various complex experimental systems and facilitating gradual system upgrades and expansions. The platform is highly integrated, allowing for the rapid setup of a system with more than 100 modules.

The table below sets forth details of our representative modular instruments:

Product type	Product series	Product image	Performance indicators	Price range	Application coverage
Modular Instruments	• SUA8000		• Maximum sampling rate: 8GSa/s • Maximum number of channels: 8 • Resolution ratio: 14 bit	RMB176,000 – RMB366,000	• Production testing • R&D
Modular Instruments	• SPQ		• Maximum sampling rate: 10GSa/s • Maximum number of channels in chassis: 128 • Resolution ratio: 14 bit	RMB701,000 – RMB3,020,000	• Production testing • R&D • Scientific research

OUR SOLUTIONS

In addition to our general-purpose devices, we offer flexible solutions to meet the diverse demands of end customers across various application areas. As customer demands evolve, single-function measurement instruments are increasingly unable to meet evolving measurement requirements. More customers are seeking one-stop solutions that encapsulate multiple measurement functions, allowing for modular invocation based on specific needs. Our solutions are built upon our extensive expertise in electronic test and measurement technologies, a diverse product portfolio and a deep understanding of the application scenarios and key requirements of different industry users, ensuring that we address the unique operational, technical and application demands of each downstream industry. We develop hardware, software and algorithms catering to specific customer requirements, while providing design, deployment and debugging services. By integrating electronic test and measurement instruments with proprietary software, system integration capabilities and professional services, we primarily serve leading technology customers in the communications, new

energy, semiconductors, and education and research sectors, providing end customers with efficient, reliable, and comprehensive one-stop solutions.



Communications

In the rapidly evolving communications landscape, driven by 5G, internet of things ("**IoT**"), and high-speed data centers, we offer comprehensive system-level solutions that cover the entire product lifecycle, from initial design to mass production.

During the R&D and validation phase, our solutions are built for in-depth analysis and standards compliance. We integrate high-performance instruments, such as RF signal generators for creating complex, standards-compliant waveforms, and real-time signal analyzers for demodulation and signal quality analysis, into a cohesive system. This system, powered by our application-specific software, enables engineers to test RF front-end components, verify protocol compliance, and debug complex modular designs. Additionally, for wired communications, our high-performance digital oscilloscopes provide essential tools for testing the signal integrity of high-speed optical and serial data links.

During the manufacturing and production phase, our focus shifts to efficiency and cost-effectiveness. We develop production testing systems by integrating our reliable and cost-efficient instruments with a versatile software control platform. These solutions are optimized for high-volume testing of RF components and modules, automating repetitive measurements and delivering clear pass or fail results. This approach significantly reduces test time per unit, enhances production yield, and lowers the overall cost-of-test for our customers, enabling them to scale production efficiently while maintaining stringent quality standards.

Case Study — High-Precision Optical Time-Domain Reflectometer System Solution

In the fields of fiber optic communications and sensing, the high-precision Optical Time-Domain Reflectometer ("**OTDR**") system is a crucial measurement instrument. We collaborated with a national high-tech enterprise specializing in fiber optic sensing technology and IoT application solutions, offering a comprehensive application solution for their R&D testing of high-precision OTDR systems.

Challenges:

- *High-Precision Signal Generation*: The development of a high-precision OTDR system required the generation of complex high-speed pulse sequences with precise control over laser output.
- *High-Resolution Signal Acquisition*: The system needed to capture weak backscattered signals with high accuracy, necessitating high bandwidth and deep storage capabilities.
- *System Integration and Optimization*: The OTDR system development required seamless integration and optimization of signal generation and analysis throughout the system design and testing process.

Our Solutions and Advantages:

Our solution consists of optical source module, optical emission module, optical reception module and signal processing module, leveraging the collaboration of DG70000 series waveform generators and DS70000 series digital oscilloscopes. These instruments were seamlessly integrated through our proprietary software platform, providing customers with a unified control and analysis environment, which reduce their development complexity and time cost. According to Frost & Sullivan, our DG70000 series high-performance waveform generators and DS70000 series high-performance digital oscilloscopes lead the industry in key metrics such as storage depth, waveform capture rate and vertical resolution. DG70000 series high-performance waveform generator offers a 12GSa/s sampling rate, 2GHz analog bandwidth and 16-bit vertical resolution. This ensures the amplitude accuracy and frequency stability of the sweep pulses. Additionally, the DS70000 series high-performance digital oscilloscopes, with their deep memory, high resolution and a low-noise front end capacity, were used to capture the time-domain details of weak scattering signals accurately.

Value Propositions:

In the development of the OTDR system, the collaborative use of the signal generator and oscilloscope throughout the system design, debugging and optimization processes significantly improves the OTDR system's performance. The combination of DG70000 and DS70000, together with our core modules, significantly enhances the dynamic range, spatial resolution and noise resistance of the OTDR system, providing key technical support for high-precision fiber optic sensing and fault diagnosis. Through the application of our comprehensive solution, the customer has completed the initial debugging and performance verification of their OTDR system and accelerated the launch of their products. Our solution provides critical technical support for the development of OTDR systems in the demanding field of optical fiber control and can be further extended to areas such as fiber optic communications network fault diagnosis and distributed fiber optic sensing system development.

New Energy

The global energy transition introduces complex challenges in power conversion, storage and grid stability. To address these challenges, we provide system-level solutions that ensure the safety, efficiency and reliability of core new energy infrastructure, from electric vehicles to grid-scale storage systems.

For power conversion and energy storage, our integrated testing solutions can accurately simulate the charge and discharge cycles of batteries and various complex load conditions. This provides our clients with a realistic testing environment for key components of electric vehicles, such as on-board chargers and battery management systems. In addition, to ensure precise analysis, we utilize high-performance digital oscilloscopes and DAQ systems to accurately analyze power efficiency, transient response and control loop stability. These automated, system-level solutions enable our customers to rigorously validate component performance and accelerate the development of safer and more efficient energy systems.

For power quality and grid integration, our solutions address the challenge of connecting distributed energy resources to the grid. We deploy distributed monitoring systems using our multi-channel, high-speed DAQ platforms. These systems facilitate real-time monitoring of critical high-voltage equipment for issues such as partial discharge, which is a key indicator of potential failure in switchgear and transformers. For grid-tied inverters, our spectrum and power analysis algorithms ensure compliance with grid codes by accurately measuring harmonics and power quality, thereby safeguarding the stability of the entire power network.

Case Study — Distributed Partial Discharge Monitoring Solution

With the rapid development of the new energy sector, the safety and stability of power systems have become increasingly critical. Power monitoring systems are the core support technology for grid operation and equipment management, ensuring safe, efficient and intelligent grid operation. Regular monitoring of partial discharge signals in operational Gas-Insulated Switchgear (GIS) is an effective means to ensure its safe operation. In the field of partial discharge, we collaborated with a prominent high-tech enterprise, to build a distributed partial discharge monitoring system utilizing our solution and peripherals.

Challenges:

- *High Bandwidth and High Sampling Rate Requirements*: Partial discharge signals can reach frequencies exceeding 1 GHz, necessitating a sampling rate of over 2.5 GSa/s for high-speed data acquisition and real-time storage.
- *Multi-Channel Synchronization and Scalability*: The number of monitoring sensors varies with the scale of substations, requiring different numbers of acquisition channels. The system must ensure easy expansion of channel numbers. To accurately locate discharge points, all channels must be synchronized in data acquisition. In large-scale substations, the distributed layout of monitoring equipment presents challenges in synchronizing distributed devices.
- *Real-Time Data Processing and Analysis*: The system needs to perform real-time intelligent analysis and defect identification at the edge, reducing the load on backend servers.

Our Solutions and Advantages:

We offer customers comprehensive solutions with various forms of equipment to build distributed monitoring systems. Our solution includes SUA8000 series products, which can support up to 5GSa/s multi-channel synchronous sampling and offer various trigger modes to effectively monitor different types of partial discharge signals. Our SUA8000 series, with each device able to perform 8-channel signal acquisition, offering a single-channel sampling rate of 4GSa/s and a signal bandwidth reaching up to 1.5GHz, effectively covering the ultra-high frequency monitoring signal range. In conjunction with our synchronizers, we can achieve multi-device synchronous operations, enabling the expansion of parallel monitoring channels. High stability time references and multi-device synchronization mechanisms ensure temporal consistency across all acquisition channels, effectively supporting time correlation and precise localization of partial discharge signals in large-scale substations. Additionally, our compact design allows easy deployment for small to medium sites and can scale to hundreds of channels, integrating with various monitoring applications. The device supports a wide range of software interfaces, with strong multi-system compatibility, enabling user-driven customization and rapid integration into existing online monitoring platforms.

Value Propositions:

By implementing this solution, our customer significantly enhanced the accuracy and efficiency of its power monitoring system, providing a solid foundation for the safe operation of the new energy grid. This case validates the advantages of our distributed partial discharge monitoring solution, including high-precision synchronization capability, multi-channel high integration capability and edge computing capability. In the future, with the deep integration of AI, 5G and IoT, power monitoring will become more precise and autonomous, offering strong support for

energy security and low-carbon transition. Our distributed partial discharge monitoring solution is increasingly important in the digital and precise transformation and upgrading of power monitoring systems.

Semiconductors

Our semiconductor solutions address the full product lifecycle, from complex R&D, validation to production testing. We provide integrated and automated test systems by combining our high-performance instruments and a unified software framework for precise control and data analysis.

In IC design houses, our solutions support engineers to achieve critical breakthroughs. High-performance digital oscilloscopes and AWG are essential for validating next-generation high-speed interfaces such as peripheral component interconnect express ("**PCIe**", a high-speed interface standard used to connect various hardware components to a computer's motherboard) and double data rate ("**DDR**", a type of memory technology used in computers and other digital devices). For research in chipset or optoelectronics, our SPQ modular array system, as part of our solutions, provides the picosecond-level synchronization across hundreds of channels, enabling the characterization of complex, transient signals and transforming theoretical concepts into verifiable results.

For production testing, our focus shifts to maximizing throughput and yield. Our automated test systems are designed to enhance manufacturing efficiency and reduce the overall cost of testing. By integrating modular instruments into parallel test configurations, we facilitate high-speed wafer testing and automated testing. This level of automation minimizes manual error, ensures high quality, and significantly shortens test cycle times, directly contributing to our customers' operational efficiency and profitability.

Education and Research

We are a key partner to the global education and research community, offering scalable solutions catered to a wide range of needs, from undergraduate teaching laboratories to advanced scientific research.

For educational institutions, we provide a comprehensive suite of robust and user-friendly instruments, including our renowned entry-level digital oscilloscopes, DC power supplies and digital multimeters. In addition to hardware, our solutions also include a software ecosystem that facilitates remote laboratory management, automated data logging for experiments, and seamless integration with standard engineering software.

For the scientific research community, we provide high-performance modular building blocks essential for constructing complex experimental systems. Our digital oscilloscopes, AWG and modular instruments are integrated to create customized measurement setups tailored to specific research needs. Through advanced software and algorithms, we enable multi-channel, high-precision synchronization, allowing researchers to explore new frontiers in fields such as materials science, high-energy physics and advanced communications. By collaborating closely with researchers and scientists, we accelerate scientific research by offering powerful, adaptable test systems that address their unique challenges.

Case Study — SPQ Platform Array Measurement and Control Solution

In the research field of optoelectronic control, traditional instruments fail to meet the rapidly evolving customized demands due to their rigid functionalities and limited scalability. This is particularly evident in their functional shortcomings in the unified scheduling of various terminals, such as motion control, laser timing, and rotating mirror communications across various terminals. Leveraging our SPQ platform, we developed a core measurement and control system which overcame the limitations of traditional fixed instruments, for a research institute.

Our Solutions and Advantages:

We developed a core measurement and control system for high-performance photonic control equipment based on the SPQ platform array measurement and control solution. This solution utilizes a high-performance controller as the central processing unit, and integrates various modules, including AWG, high-precision digitizers, time measurement modules, and real-time computation for precision control. It also integrated motion control, laser timing and rotating mirror communications in the optoelectronic system, achieving picosecond level signal delay precision. The measurement and control system can maintain timing jitter stability better than picoseconds during 7/24 continuous operation. Additionally, it can provide real-time, low-latency feedback to multiple systems, such as laser control waveforms and motion platforms, based on the optoelectronic pulse measurement.

Value Propositions:

This case demonstrates our SPQ modular array measurement and control solution's unparalleled flexibility, exceptional synchronization precision, long-term operational reliability, and future scalability. It has become the ideal platform for building complex, high-performance centralized measurement and control applications, supporting engineers and scientists in accelerating innovation in scientific research. Our SPQ platform array measurement and control solution facilitates the rapid development of high-performance, customized test, measurement and control systems, providing a solid foundation for intelligent innovation and development in the education and research industry.

OUR CORE TECHNOLOGIES

With over two decades of dedicated R&D, we have established a vertically integrated technology platform spanning hardware architecture, software architecture and algorithms, which are critical components of our electronic test and measurement instruments and solutions. Based on our deep technological accumulation and forward-looking R&D layout, this technology platform enables us to address outstanding demands in high-growth markets such as communications, new energy, semiconductors, and education and research.

Hardware Architecture

The traditional approach of instrument design, which involves developing each product from the ground up, is relatively slow and inefficient. In contrast, our hardware strategy is a faster, and adaptable approach built on three core pillars: our proprietary ASIC technology platforms, standardized interfaces and a Common Building Blocks to enable agility and faster time to market.

Proprietary ASIC Technology Platforms as the Core

Recognizing that commercial off-the-shelf components can impose performance and integration limitations, we have strategically focused on developing proprietary ASIC technology platforms. This strategy allows us to establish a significant competitive advantage and forms the foundation of our products' core competency. We have successfully launched a series of ASIC technology platforms, including:

- *"Phoenix" Platform:* this platform was launched in 2017, which achieved a maximum bandwidth of 5GHz. According to Frost & Sullivan, we were the first PRC company to have successfully commercialized digital oscilloscopes with self-developed ASICs.
- *"Centaurus" Platform:* this platform was launched in 2022, which introduced a 12-bit vertical resolution to our digital oscilloscopes, significantly enhancing the performance of our entry-level and mid-range instruments.
- *"Andromeda" Platform:* this platform was launched in 2023, which featured in the first high-performance digital oscilloscopes in China, achieving a maximum bandwidth of 13GHz.

Standardized Interfaces to Interconnect

At the interconnect of our hardware architecture is the proprietary RIGOL General Internal Bus standard. This standard enables us to design critical hardware functions as independent, reusable modules. This "decoupling" approach facilitates the rapid development of new instruments by allowing the combination and configuration of existing modules, rather than initiating each design from scratch. This has been applied across our entire product portfolio, significantly enhancing our R&D efficiency, product quality, and ease of maintenance in the long term.

Common Building Blocks for Rapid Development

Our products comprised versatile modules that serve as Common Building Blocks. This approach empowers us to construct custom, multi-functional test systems rapidly by integrating various modules. This approach provides exceptional scalability and efficiency, allowing us to quickly develop not only traditional benchtop instruments but also complex, industry-specific solutions, particularly for automated test environments in the semiconductors and next-generation communications industries.

Together, these three pillars form a cohesive and powerful hardware architecture. As a result, we build the agility to efficiently develop products and customized solutions that meet evolving market demands.

Software Architecture

The development of bespoke software for each new instrument has been a significant bottleneck within the industry, impeding innovation and increasing difficulties in maintenance. To address these challenges, we have adopted a unified and layered software architecture specifically designed to maximize reusability and accelerate the pace of development.

Our software architecture comprises several distinct and standardized layers. At its foundation is the RIGOL Operating System, a customized embedded system that provides a consistent hardware abstraction layer, which provides a standardized interface between the hardware of RIGOL Operating System and the higher-level software. This foundational layer ensures that our upper-level software operates independently of specific underlying hardware. On top of this Operating System, we have developed standardized middleware and a comprehensive set of drivers, enabling collaboration between different functional modules and provide standardized remote-control interfaces, for seamless automation. The architecture is completed by a unified application framework with a common user interface library, ensuring a consistent user experience across all products.

This structured, multi-layered approach forms the core of our software development strategy. By enabling our teams to focus on application-level innovation rather than repeatedly reconstructing core infrastructure, it significantly accelerates the development and iteration of new instruments. Supported by a robust software management system, it facilitates efficient collaboration among our teams across different locations. This standardized structure not only streamlines product development but also provides the flexibility to integrate our instruments into complex, customized solutions, enhancing our ability to meet diverse market needs.

Algorithms

The raw data captured by an instrument's hardware consists of numerical streams. The true value of measurement is realized through algorithms that convert these data into precise, reliable, and actionable insights. The algorithms serve as the intelligent "brain" of our technology system, and our expertise in their development is a key differentiator for our Company. Our approach to algorithm development focuses on three key areas:

- ***Hardware Level Algorithms***: Prior to hardware fabrication, we use advanced algorithms to virtually design and test our products. Through system-level simulation, we can accurately predict the performance of hardware and optimize designs and identify potential risks

early in the development process, before physical prototypes are produced. As a result, we are able to accelerate research and development cycles and improve the efficiency of converting designs into high-quality products.

- ***Product Level Algorithms***: Our algorithms are embedded within our instruments to ensure superior accuracy and stability. For example, our automatic level control ("**ALC**") algorithm improves the stability of generated signals, while our adaptive signal denoising technology effectively distinguishes genuine signals from background noise. In addition, system-level calibration algorithms correct hardware imperfections, thereby maximizing measurement accuracy. These embedded algorithms ensure that our instruments provide faithful representation of real-world signals.
- ***Application Level Algorithms***: At the application level, our advanced algorithms convert high-fidelity data into meaningful insights for users, addressing specific challenges. Building upon technologies such as vector modulation signal analysis for wireless communications testing and automated compliance verification, we are increasingly integrating AI-based algorithms tailored for practical applications, such as automatic signal classification, detection of rare or abnormal events in large data streams, and simplification of complex test procedures. These innovations transform our instruments from conventional measurement tools to intelligent and problem-solving assistants that deliver enhanced value to our customers.

The table below summarizes our advanced core technologies in hardware architecture, software architecture and algorithms.

Area	Core technologies	Features
Hardware Architecture	High Precision, Low Noise Analog Front-End Technology	This technology is primarily supported by our self-developed high-precision analog front-end. This technology features high linearity, low distortion, low noise, and low temperature drift; wide-range, adjustable analog anti-aliasing filters; and integrated multi-band frequency response equalization. This front-end achieves a low noise level of 18uVrms, which significantly expands the diversity of its applications.
Software Architecture	Oscilloscope Platform Architecture	This technology adopts a layered software platform architecture, including the application layer, session layer, business layer, system layer, and hardware layer, and significantly enhances the software's reliability, maintainability, and scalability. Key features include modular design, cross-platform compatibility, high extensibility, integration with signal processing hardware for real-time eye diagram and jitter analysis, and high-speed bus compliance analysis.
Algorithms	Adaptive Signal Denoising Technology	This technology is an adaptive noise reduction algorithm. It dynamically distinguishes between signal and noise components using statistical pattern recognition. It adjusts filtering parameters in real-time based on signal characteristics, preserving critical signal details such as transients and small-amplitude spikes, while suppressing broadband noise. This algorithm enhances measurement accuracy for low-signal-to-noise ratio (SNR) scenarios, such as weak sensor outputs, without introducing significant signal distortion or delay.

RESEARCH AND DEVELOPMENT

Our industry features fast technological innovations with the emergence of next-generation products every few years. We are committed to continuously advancing our technologies so as to maintain our competitiveness and market share and sustain our success. As such, we place significant emphasis on strengthening our R&D capabilities. Our R&D expenses amounted to RMB142.9 million, RMB206.7 million and RMB225.9 million in 2023, 2024 and 2025, respectively, accounting for 21.3%, 26.6% and 25.1%, respectively, of our revenue in the corresponding periods.

R&D Team

We have established a R&D network with four R&D centers in Suzhou, Beijing, Shanghai and Xi'an in the PRC, and one R&D center in Malaysia. Our domestic R&D centers primarily focus on R&D projects for advancing key technologies such as high-performance digital oscilloscopes, high-frequency microwave and RF technology and wireless communication protocol analysis. Our Malaysia R&D center primarily engages in research into the development of hardware modules, solutions, and localized product improvements.

As of December 31, 2025, we maintained a R&D team of 327 personnel, with approximately 52.3% of our R&D personnel held a master's or doctoral degree. Our core R&D personnel have an average of more than 15 years of experience in the electronic test and measurement instrument and solution industry.

Our R&D department primarily composed of the technology research team and the product development team. We actively participate in domestic and overseas industry associations and organizations, which not only increase our exposure and leadership in the industry but also allows us to keep pace with the latest industry insights and market trends. We are a member of the LXI Consortium, and serves as a committee member of the National Technical Committee on Standardization of Electronic Measuring Instruments (全國電子測量儀器標準化技術委員會), and have participated in the drafting and formulation of one national standard and three industry general specifications. Additionally, we have established advanced R&D centers, including a metrology laboratory that complies with the ISO/IEC 17025:2017 "General Requirements for the Competence of Testing and Calibration Laboratories" and a CNAS laboratory accredited by the China National Accreditation Service for Conformity Assessment.

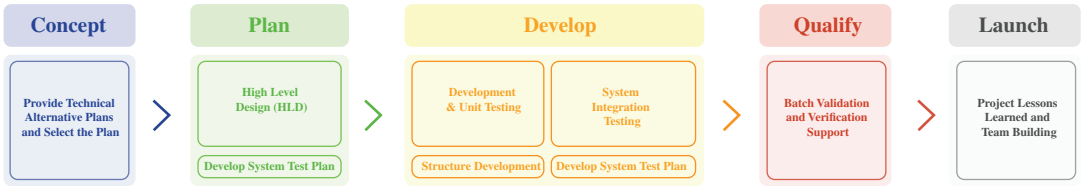
Under the leadership of our founder and chairman, Dr. Wang Yue, we prioritize bridging lab breakthroughs to mass production. Dr. Wang Yue is the pioneer of the domestic benchtop digital oscilloscope industry and has over 27 years of expertise in the electronic test and measurement industry. As the architect of our technology and product roadmap as well as core ASIC, he led the development of our first virtual oscilloscope, paving the way for our entry into the electronic measurement instrument market. His leadership ensures us to remain at the forefront of electronic measurement technology innovation.

Product Design and Development

We have established detailed protocols and standard operating procedures for our product design and development processes, which are essential for the success of our final products. Our product design and development processes could vary due to different product specifications and customer requirements. The average timeframe for most of our products is normally three to 36 months.

To standardize the R&D process, we have formulated a comprehensive system for product development. All R&D projects are required to undergo oversight and review at each stage. We have set several technical review points for key technical nodes during the product development process. Through early detection of product defects and risks in deliverables, problems and risks in stage delivery can be identified as early as possible, and countermeasures and operational recommendations can be formed to ensure that the entire product development process is effectively controlled and managed.

The flowchart below summarizes the key steps of our product development process:



- ***Concept Phase***: The R&D process begins with product planning, where we identify potential new products or technology upgrades based on market demand and emerging technological trends. Our product development team validates the potential project from various perspectives, such as market opportunities, market demand, costs, financial feasibility, potential technical obstacles and risks, to determine whether the product opportunity aligns with our overall strategic planning for products and technology.
- ***Planning Phase***: If the concept passes the internal concept decision review, we proceed to formalize the project initiation, including high level design and the development of a system test plan. We initiate formal planning for development methods, including comprehensive product definition, development and manufacturing methods, sales and marketing plans, project management plans, product support plans, detailed schedules, and financial analysis.
- ***Development Phase***: After completing the conceptual design, the project enters the development phase. This phase includes detailed product design, system integration and test tape-out, manufacturing process design, manufacturing tool preparation, manufacturing risk assessment, performance testing and product certification.
- ***Qualification Phase***: In this phase, we perform rigorous design validation to ensure the product meets all technical specifications and performance criteria. We will conduct mass production tape-out, manufacturing system validation, optimization of production processes and equipment, hardware/software stress testing and internal and external customer beta testing.
- ***Launch Phase***: As the final stage of product development, we focus on comprehensive preparations for mass production release, ensuring that all systems and processes are optimized for efficiency and scalability the finished goods meet our stringent performance and safety standards. We conduct detailed profit and loss planning and drive the product towards its official market launch, coordinating marketing and distribution efforts to maximize impact and reach within the target market.

Key R&D Projects

To maintain our technological competitiveness and expand our products and solutions offerings, we are pursuing strategically important R&D projects. Our R&D activities are primarily focused on the development of systems and instrument platforms, aiming to drive innovation, enhance product and solution performance and reduce costs. Examples of our ongoing key R&D projects are set forth in the table below:

Category	R&D Project	Brief Description	Primary Objective
System	Ultra-Low-Noise Measurement and Control System	Suitable for noise-sensitive, cutting-edge scientific research; provide a clean measurement and control environment for precision experiments; enable large-scale applications with thousands of channels.	Further reduce the baseband noise and phase noise of measurement and control signals.
System	High-Precision Timing System	Improve the timing accuracy of waveform control under asynchronous triggering; enable arrayed waveform control to carry out complex, large-scale measurement and control experiments.	Improve time-measurement accuracy and reduce response time.

Category	R&D Project	Brief Description	Primary Objective
System	Application Software Platform	Provide a standardized, plug-in-based, and intelligent application software foundation that allows instrument connectivity, application software build and distribution, instrument capability extension, and AI enablement.	Accelerate solution delivery and reduce system integration costs.
Instrument Platform	Instrument Bus Platform Project	A standardized, high-performance core technology platform integrating instrument hardware architecture, RF and analog front-ends, high-speed digital signal processing systems, and the underlying software architecture. It aims to address core data-transmission bottlenecks in the R&D of next-generation ultra-high-frequency, ultra-wideband instruments (e.g., high-performance oscilloscopes, arbitrary waveform generators, spectrum analyzers, vector network analyzers).	Achieve leapfrog breakthroughs in core performance metrics, build a unified and highly extensible technical architecture, and lay the foundation for an "AI + instruments" application ecosystem.

As of the Latest Practicable Date, we were in design and development stage of these R&D projects and we expect to commercialize them by 2030.

R&D Collaboration

As a supplement to our in-house R&D, we have also conducted R&D collaborations with academic and research institutes for sustainable technology innovation and product expansion. Such collaborations cover a broad spectrum of research areas and subjects, including research and development of technologies related to electronic components. Within these R&D collaborations, we are typically responsible for the investment in research and technology, such as the monetary support and other in-kind funding of the collaborative projects, while our partners assume the responsibilities of designating researchers to the project and providing research and technology support. The profits generated from our R&D collaboration outcomes are typically solely owned by us. The arrangements for the ownership of intellectual property rights created through our R&D collaboration vary from institute to institute. For the majority of our R&D collaborations, the ownership of intellectual property generated will primarily be solely owned by us, or in some cases, jointly owned by our collaborating partner and us. We agree that neither party shall transfer intellectual property to any third party without written consent from the other party.

The salient terms of the relevant collaboration agreements typically include (i) roles and responsibilities of the respective party; (ii) governance of and personnel assigned by each party to the joint lab established; (iii) funding contribution; and (iv) the ownership of the IP rights developed.

SALES AND MARKETING

We have established multiple sales channels which include distributor sales and direct sales to effectively serve a diverse range of customers. Our multiple sales channels provide us with flexibility to meet the needs of various markets while building strong customer relationships and ensuring efficient product distribution. The following table sets forth the revenue contribution from distributor sales and direct sales, in absolute amounts and as percentages of our total revenue, during the Track Record Period:

	For the year ended December 31,					
	2023		2024		2025	
	Amount	% of total revenue	Amount	% of total revenue	Amount	% of total revenue
	(RMB in thousands, except percentages)					
Distributor sales	485,942	72.5	500,870	64.6	586,040	65.1
Direct sales						
Key account	61,393	9.2	146,953	18.9	168,885	18.8
Online	114,191	17.0	112,710	14.5	128,714	14.3
ODM sales[(1)]	—	—	3,334	0.4	1,024	0.1
Others[(2)]	9,012	1.3	11,959	1.6	15,571	1.7
Total	**670,538**	**100.0**	**775,826**	**100.0**	**900,234**	**100.0**

Notes:

(1) In addition to selling products under our own brands, we also provide original design manufacturer ("**ODM**") services to certain direct sales customers, designing and manufacturing customized products based on customer requirements, which are subsequently marketed under the customers' brands. It consisted of revenue from sales of products under such ODM model, and revenue from rendering of services.

(2) Others primarily included rental income and revenue from the sale of raw materials.

Distributor Sales

Given the diversity and large volume of our product offerings and end customers and the significant variations in market conditions and customer preferences across different countries, we strategically collaborate with distributors who possess extensive sales channels to expand our market reach and effectively serve the needs of customers in various regions. According to Frost & Sullivan, the use of a distribution model is in line with industry norms. Our distributors primarily include leading global and regional distributors with comprehensive distribution networks, extensive industry coverage, and robust supply chain management, as well as deep knowledge of relevant jurisdictions or specific sectors.

In our distributor sales model, we sell products to these distributors on a buyout basis, and they handle sales to end customers through their offline sales networks or e-commerce platforms. We collaborate with our distributors to provide after-sales services and offer technical support to end users as needed. We recognize revenue from distributor sales once products are delivered to the distributors.

In order to promote the sales of our products by our distributors, we provide sales rebates from time to time in order to incentivize our distributors. Our sales rebate is typically calculated as a percentage of the overall sales value of the applicable products and is generally applied to subsequent purchases by the respective distributors as credits instead of being provided in cash. The actual sales rebate amounts vary greatly from time to time and are determined by a number of factors, including market conditions, seasonality, competition, nature of the underlying products and others.

In 2023, 2024 and 2025, our sales generated from distributor sales amounted to RMB485.9 million, RMB500.9 million and RMB586.0 million, respectively, accounting for 72.5%, 64.6% and 65.1% of our total revenues for these periods.

The following table sets forth the total number of our distributors as of the dates indicated and the movements during the Track Record Period:

	For the year ended December 31,		
	2023	**2024**	**2025**
As at the beginning of the year/period	129	127	125
— *Domestic*	68	67	68
— *Overseas*	61	60	57
Addition of net distributors[(1)]	26	34	30
— *Domestic*	5	12	9
— *Overseas*	21	22	21
Inactive distributors[(2)]	12	9	9
— *Domestic*	3	2	5
— *Overseas*	9	7	4
Terminated distributors[(3)]	16	27	22
— *Domestic*	3	9	9
— *Overseas*	13	18	13
Net increase/(decrease) in distributors	(2)	(2)	(1)
— *Domestic*	(1)	1	(5)
— *Overseas*	(1)	(3)	4
As at the end of the year/period	127	125	124

Notes:

(1) Represents the number of distributors that purchased from us in the year/period indicated but not in the immediately preceding 12-month period.

(2) Inactive distributors are distributors from whom no revenue was derived during the preceding 12-month period.

(3) Terminated distributors are distributors who did not renew their contracts with us during the relevant period.

(4) Based on our definitions of terminated distributors, the relatively high gross churn rate among distributors was mainly due to the time when our distributors procured from us and the amount are recognized as revenue. As we maintain a buyer-seller relationship, rather than a principal-agent relationship with our distributors, our distributors place purchase orders from us based on their demand for our products in each year or period, which, under our definition, may classify them into terminated distributors. According to Frost & Sullivan, relatively high distributor turnover is common in the electronic test and measurement industry, particularly for companies with a large number of distributors.

Relationship with Distributors

To the best of our knowledge, all of our distributors during the Track Record Period are Independent Third Parties. To the best of our knowledge, there was no past or present relationship (including business, employment, financing, family, trust or otherwise) between the distributors during the Track Record Period and us, our Directors, Shareholders or senior management, or any of their respective associates. Our relationship with our distributors is a buyer and seller relationship. Throughout the Track Record Period, we have maintained strong relationships with our distributors and experienced no significant disputes or conflicts.

We carefully select our distributors by evaluating their capabilities in sales, solution development, project implementation, after-sales service, and customization. When onboarding distributors, we assess their qualifications based on several criteria, such as their legal status under applicable laws and their financial resources. We have maintained partnerships with most of our major distributors for over 10 years.

We manage our distributors in the following ways:

- *Tiered Management*: We have established a comprehensive distributor management framework based on Integrated Sales Management system ("**ISM system**"), which includes functional modules such as business opportunity management, sales management, customer service and order management. The ISM system supports multiple language versions, facilitating unified global sales management. We adopt a tiered management system for our distributors based on their performance and respective capabilities. Distributors who receive higher performance evaluations are eligible for advantageous resource support, including technical assistance, training programs, marketing activities and favorable credit terms. Our tiered management ensures that our distributors have incentives to improve their performance and that resources are allocated effectively. These efforts aim to strengthen our relationship with key distributors and enable them to perform at their best.
- *Anti-cannibalism and Business Allocation*: We have also implemented a comprehensive and structured system for opportunity allocation and approval to prevent market cannibalization among our distributors. When potential business opportunities arise in a specific market, distributors are required to report these opportunities through our ISM system, ensuring visibility and proper tracking. Opportunities are allocated on a "first-come, first-served" basis, meaning the distributor who first identifies and reports the opportunity will be granted the lead. Additionally, we prioritize support for distributors who have made substantial promotional efforts in the early stages. This ensures that no distributors compete with another for the same end customer, thereby maintaining a streamlined and efficient process. Additionally, this system ensures that distributorship opportunities are allocated fairly.
- *Distributor Enablement*: To strengthen our distributors' capabilities and improve their service quality for end customers, we offer extensive training programs covering sales, planning, and project implementation. Additionally, we carry out assessments of distributors to further improve their capabilities, ensuring they are fully qualified to represent our products and solutions effectively and deliver exceptional service.

We generally do not allow returns of products sold to distributors, except primarily for defective products. According to Frost & Sullivan, our good return policy with distributors is in line with the industry practice. Some of our distributors may use sub-distributors. They typically further enter into agreements with the sub-distributors, and we generally do not enter into agreements or directly establish relationships with the sub-distributors. Consequently, we have no control over the sub-distributors.

We prevent market cannibalization through the following mechanisms: (i) we clearly specify the distributor's designated region in distribution agreement; and (ii) distributors may expand their business beyond their authorized region by undergoing a rigorous "cross-regional project registration and approval" process. Approval for cross-regional sales is granted only if a distributor can demonstrate that it has invested more resources in the early stages and registered the project earlier than local regional distributors. Additionally, although both our Group and our distributors have e-commerce sales, we have established a complementary relationship to prevent market cannibalization. This is achieved through the following distinctions between our e-commerce sales and those of our distributors: (i) our e-commerce sales encompass the entire product portfolio, with an emphasis on newly launched products, whereas our distributors' e-commerce channels are dedicated to specific, high-demand mature models; (ii) our e-commerce sales prioritize well-known global e-commerce platforms to enhance brand visibility, while our distributors focus on localized, vertical e-commerce platforms in their respective regions; and (iii) our e-commerce sales cater to customers with relatively low purchase volumes and standardized needs, offering a streamlined and efficient purchasing process. In contrast, our distributors' e-commerce sales focus on high-value customers with more complex technical requirements and application scenarios.

We believe that our products are at low risk of channel stuffing and cannibalization within our distribution network due to: (i) we generally do not permit returns of products sold to distributors, except for quality issues occurring during the warranty period, thereby eliminating incentives for distributors to overstock; (ii) our distributors place orders with us based on market demand or pre-agreed forecasts with their downstream clients, thereby minimizing speculative purchases; and (iii) our distributors are typically engaged in or more familiar with specific product markets or brands based on their expertise, industry experience and customer base, which reduces overlap and direct competition among them.

Contractual Arrangements with Distributors

We sell our products to our distributors in accordance with the terms outlined in our distribution agreements. Below is a summary of key terms with distributors:

- *Designated Region*: Distributors are authorized to sell authorized products to end users, customers or sub-distributors within designated regions, and do not require our consent to appoint sub-distributors.
- *Non-Exclusivity*: We typically enter into non-exclusive agreements with distributors, allowing both parties the flexibility to engage with other businesses.
- *Order Placement:* The order numbers, product type, unit price, total amount and the requested date of shipment are typically specified in purchase orders based on the demand of our distributors. For some distributors, we establish a minimum order size or a minimum sales target.
- *Pricing*: We have set a price management system, and we generally require distributors to set prices to end customers according to our recommended pricing guidelines.
- *Credit Term*: We generally grant credit terms of 30 to 90 days.
- *Rebate*: Our sales rebate is typically calculated as a percentage of the overall sales value of the applicable products and is generally applied to subsequent purchases by the respective distributors as credits instead of being provided in cash. The actual sales rebate amounts vary greatly from time to time and are determined by a number of factors, including market conditions, seasonality, competition, nature of the underlying products and others.
- *Shipment and Delivery:* We assume the costs and risks associated with the shipment of ordered products if delivery to the distributors' designated location is required. Conversely, for distributors who choose to pick up products from our designated location, they assume the costs and risks associated with the shipment of the ordered products upon pickup.
- *Intellectual Property:* distributors are prohibited to use our intellectual property without our authorization or beyond the duration of the respective contract. We generally represent that our products do not infringe upon any third-party intellectual property rights.
- *Product return:* We generally do not allow distributors to return products after shipments have been accepted, except in cases of product quality issues, which is in line with customary industry practice.
- *Payment Method*: The payment method shall be in accordance with the purchase order. We typically require payment upon our shipment of the ordered products.
- *Product Warranty:* We offer a warranty period ranging from one to three years, depending on the product type.
- *Termination*: Either party can terminate the agreement by notice in writing if the other party breaches the agreement.
- *Duration:* The agreements are typically effective for one year from the date of signing.

During the Track Record Period and up to the Latest Practicable Date, to the best knowledge of our Directors, there had been no (i) incidents where the distributors and/or sub-distributors sold our products outside of their authorized scope, or (ii) material returns from distributors due to product quality issues.

Direct Sales

To a lesser extent, we sell our products and solutions directly to end customers. Direct sales are essential for engaging customers, showcasing product capabilities, and building our brand. We utilize our direct sales network to sell our products and solutions and manage our key customers, which plays a crucial role in introducing and demonstrating our advanced and complex products and solutions that require more specialized knowledge. In our direct sales model, we have a comprehensive key account and online sales network in the Chinese mainland and overseas markets. Key account sales are primarily direct sales to enterprise customers who purchase our high-performance products or high value customers. Direct online sales include (i) sales to end customers through stores we operate on third-party online platforms, (ii) sales to end customers through our own official website, and (iii) sales to an E-commerce customer.

Our key account customers are typically industry leaders and strategic enterprise customers with strict quality standards, long product validation cycles and high entry barriers. These customers often require large-scale, stable procurement and tailored solutions. By integrating our products into their supply chains, we secure long-term, stable orders that support consistent growth. Our dedicated sales and marketing personnel assigned for each of our direct sales customers are equipped with extensive knowledge and expertise in our products, enabling them to provide pre-sale consultations and recommendations tailored to the specific needs of our end customers. We acquire new direct sales customers mainly through (i) customer referrals, (ii) participation in exhibitions, conferences and other activities, and (iii) direct marketing efforts such as marketing on our own official website. In 2023, 2024 and 2025, our sales generated from direct sales customers amounted to RMB175.6 million, RMB259.7 million and RMB297.6 million, respectively, accounting for 26.2%, 33.5% and 33.1% of our total revenues for these periods. In 2023, 2024 and 2025, our online direct sales accounted for 17.0%, 14.5% and 14.3% of our total revenues, respectively.

Contractual Arrangements with Direct Sales Customers

Contractual Arrangements for Key Account Sales

For our key account customers, we sell products to them in accordance with the terms outlined in our master sales agreements with them. Below is a summary of key terms:

- *Order Placement:* The product name, specification, quantity and purchase price are specified in purchase orders based on the demand of our customers.
- *Shipment and Delivery:* We assume the costs and risks associated with the shipment of ordered products until delivery to the buyer's designated location. The buyer assumes these risks upon their acceptance of the products.
- *Product Warranty:* We offer a warranty period ranging from one to three years, depending on the product type. We offer complimentary repairs for defects attributable to product quality issues within the warranty period.
- *Payment and Credit Terms*: We typically offer a credit period up to 90 days to our customers. For some small-size customers, we require payment in installments and an initial portion of the purchase amount is required to be paid before shipment.
- *Intellectual Property:* We generally assure buyers that our products do not infringe upon any third-party intellectual property rights, and we are responsible for legal liabilities and costs caused by such kind of disputes.
- *Buyer Compliance Requirement*: Transaction parties are required to comply with anti-bribery laws and regulations, and both parties shall not offer any form of benefits that could directly or indirectly have a substantial impact on the signing or execution of this agreement.
- *Termination*: Generally, the contract can be terminated upon mutual agreement.
- *Duration*: The agreements are typically effective for one to five years from the date of signing.

Contractual Arrangements for Online Sales

For customers through stores we operate on third-party E-commerce platforms, we leverage their massive e-merchant base and cost-effectively expand customer base for our products. Under our collaboration arrangements with such E-commerce platforms, we directly sell our products to end customers, retain ownership of the products until they are delivered to customers and recognize E-commerce platforms service fees as selling expenses. We recognize revenue at the gross amounts billed to end customers. Below is a summary of key terms with E-commerce platforms:

- ***Delivery***: We are responsible for delivering the products to end customers and bear the risk and responsibility for the shipment of ordered products to end customers.
- ***Return***: We manage cancellations, returns, and refunds according to the platform's refund or after-sales policies and applicable laws, ensuring that returns and refunds are completed within the stipulated timeframes.
- ***Warranty***: We offer a warranty period ranging from one to three years, depending on the product type. We are responsible for quality defects, product safety issues and any product recalls, and shall promptly notify and cooperate with the E-commerce platforms on product recalls and consumer-protection measures.
- ***Insurance***: We procure and maintain public third-party liability insurance to cover liabilities arising from sales conducted on the platform upon request.
- ***Payment and Credit Period***: We are generally required to settle the full amount on a monthly basis and do not have credit period.
- ***Termination***: Each party has the right to terminate the agreement upon providing notice.

One of our direct sales customers is an online E-commerce platform in the PRC, Customer E. Our Directors consider Customer E to be our direct customer, primarily because (i) it generally purchases our products on a purchase order basis, establishing a seller-buyer relationship and we recognize the revenue once products are delivered to their designated locations; and (ii) the title and risks of damage to these products are typically transferred to them once we have delivered the products to their designated locations. In 2023, 2024 and 2025, our sales generated from Customer E were RMB20.2 million, RMB14.9 million and RMB14.9 million, respectively, accounting for 3.0%, 1.9% and 1.7% of our total revenues for these periods. Below is a summary of key terms with Customer E.

- *Shipment and Delivery*: We are responsible for delivering the products to Customer E's designated location using the agreed transportation method and within the specified timeframe. We bear the costs and risks related to the shipment of ordered products to Customer E.
- *Product Return*: We adhere to our product return policies and generally do not allow Customer E to return products other than due to product quality issues, product returns from consumers within seven days from the date the customer receives the product or recalls. We bear the cost of product return or replacement in case of defective products.
- *Payment and Credit Term*: Customer E shall settle with us 60 days upon the completion of product delivery and sales, and shall make the payment within seven business days from the date of approval of the settlement statement.
- *Intellectual Property*: We assume all liabilities and losses arising from non-compliance. Customer E is prohibited from using our intellectual property without our authorization or beyond the duration of the respective contract.
- *Termination*: Each party has the right to terminate the agreement and shall issue a written notice thirty days in advance.
- *Duration:* The agreements typically remain in effect for one year from the date of execution and may automatically extend for additional periods following the expiration date.

Pricing of Our Products

Effective product pricing is critical to our results of operations. In determining our product pricing, we consider a range of factors, including technological advantages, our costs and overall market conditions. In particular, the pricing of our products is closely tied to the cost of raw materials. We strategically adjust prices based on local market dynamics, considering factors like local competition intensity to ensure competitiveness and profitability in different regions.

Sales Offices and Sales Personnel

We have an established network of nine sales offices worldwide, who are able to quickly respond to customer needs around the world. As of December 31, 2025, we had a sales and marketing team of 134 personnel, focusing on business development, customer service and industry coverage. We maintain sales teams responsible for our sales efforts in different areas domestically and globally in accordance with our sales strategy. Our sales and marketing staff also communicate and collaborate with the R&D, production and procurement staff to obtain technical product information for better customer presentations, ensure timely order delivery, and address special customer needs and supplier-related issues. Additionally, our sales and marketing staff proactively identify market opportunities and tailor sales strategies.

Marketing

We enhance the awareness of our brand and promote our new and existing products and solutions through both offline and online channels. We participate in various offline events, such as industry exhibitions and conferences, product launches and industry salons to showcase our technological advancements and develop relationships with industry participants. We also promote our products and solutions through various digital marketing activities and channels such as website and social media marketing, search engine optimization and online advertising.

Customer Service

We typically offer a quality warranty term ranging from one to three years after the sales of our products, depending on the detailed contractual terms and the complexity of relevant products.

We are committed to offering a comprehensive suite of customer services that support the entire product lifecycle. Our after-sales service team is available 24/7 to provide continuous support. Our team is equipped to address various technical issues, ensuring swift resolution. We offer ongoing technical support through multiple channels, including manuals, online resources, and on-site visits. By offering dependable, responsive, and cost-effective after-sales support, we help customers minimize disruptions and maximize the value they gain from our products and solutions. Our focus is on customer satisfaction, ensuring our products and solutions continue to meet their needs effectively.

We did not receive any material product returns from our customers during the Track Record Period and up to the Latest Practicable Date, and to the best knowledge of our Directors, there were no potential material product returns as of the Latest Practicable Date.

OUR CUSTOMERS

We have established long-standing business relationships with leading enterprises across a wide range of industries, including communications, new energy, semiconductors, and education and research. We have received multiple awards, including "Test and Measurement Outstanding Supplier" by Global Automotive-Grade Power Semiconductor Summit ("**GAPS**"), which recognize our dedication to quality, innovation and customer service. These accolades underscore our role as a trusted supplier to some of the world's most established companies across a variety of industries.

In each year/period during the Track Record Period, revenue contributed from our five largest customers in each year/period of the Track Record Period accounted for 31.9%, 30.4% and 30.6% of our total revenue in 2023, 2024 and 2025, respectively, while the largest customer in each

year/period of the Track Record Period contributed 11.3%, 10.3% and 12.5% of our total revenue, respectively, for the same periods. During the Track Record Period, we generally granted a credit term up to 90 days to our customers.

The following tables set forth the details of our five largest customers in each year/period of the Track Record Period based on their revenue contribution for the same periods:

For the Year Ended December 31, 2025

Ranking	Customer	Revenue (*RMB'000*)	Percentage of total revenue	Products/services purchased from us	Year of commencing business relationship with us	Credit terms	Customer type
1.	Customer A and its related parties[1]	112,632	12.5%	All types of electronic test and measurement instruments	2011	30 to 60 days	Distributor
2.	Customer B[2]	49,358	5.5%	All types of electronic test and measurement instruments	2023	30 days	Distributor
3.	Customer C[3]	47,854	5.3%	All types of electronic test and measurement instruments	2011	30 to 60 days	Distributor
4.	Customer E[5]	41,414	4.6%	All types of electronic test and measurement instruments	2020	60 days	Direct sales customer
5.	Customer G[7]	24,350	2.7%	All types of electronic test and measurement instruments	2015	30 to 60 days	Distributor

For the Year Ended December 31, 2024

Ranking	Customer	Revenue (*RMB'000*)	Percentage of total revenue	Products/services purchased from us	Year of commencing business relationship with us	Credit terms	Customer type
1.	Customer B[2]	79,972	10.3%	All types of electronic test and measurement instruments	2023	30 days	Distributor
2.	Customer A and its related parties[1]	64,107	8.3%	All types of electronic test and measurement instruments	2011	30 to 60 days	Distributor
3.	Customer C[3]	34,887	4.5%	All types of electronic test and measurement instruments	2011	30 to 60 days	Distributor
4.	Customer F[6]	33,370	4.3%	Solution	2022	10 days	Direct sales customer
5.	Customer E[5]	23,502	3.0%	All types of electronic test and measurement instruments	2020	60 days	Direct sales customer

For the Year Ended December 31, 2023

Ranking	Customer	Revenue (*RMB'000*)	Percentage of total revenue	Products/services purchased from us	Year of commencing business relationship with us	Credit terms	Customer type
1.	Customer A and its related parties[1]	75,498	11.3%	All types of electronic test and measurement instruments	2011	30 to 60 days	Distributor
2.	Customer B[2]	66,293	9.9%	All types of electronic test and measurement instruments	2023	30 days	Distributor
3.	Customer C[3]	31,952	4.8%	All types of electronic test and measurement instruments	2011	30 to 60 days	Distributor
4.	Customer D[4]	20,183	3.0%	All types of electronic test and measurement instruments	2019	60 days	Direct sales customer
5.	Customer E[5]	20,166	3.0%	All types of electronic test and measurement instruments	2020	60 days	Direct sales customer

Notes:

(1) Customer A is a subsidiary of a company headquartered in Beijing, the PRC, mainly engaged in the supply of comprehensive solutions for test and measurement.

(2) Customer B is a company established in Suzhou, the PRC, mainly engaged in the supply electronic products such as instruments and meters.

(3) Customer C is a company established in Guangzhou, the PRC, mainly engaged in the supply of instruments, test and measurement equipment, and system integration solutions.

(4) Customer D is a company established in Beijing, the PRC and is a subsidiary of a leading integrated e-commerce company, headquartered in Beijing, the PRC, listed on the stock exchanges in the U.S. and Hong Kong.

(5) Customer E is a company headquartered in Shenzhen, the PRC, mainly engaged in the supply information and communications technology infrastructure and smart terminals.

(6) Customer F is a research institution established in Beijing, the PRC, focused on the fields of communications and precision measurement.

(7) Customer G is a company established in Shenzhen, the PRC, mainly engaged in the supply of electronic measurement instruments.

To the best of our knowledge, for each year during the Track Record Period and up to the Latest Practicable Date, all of our five largest customers in each year/period were Independent Third Parties. There was no past or present relationship (including business, employment, financing, family, trust or otherwise) between the five largest customers during the Track Record Period and us, our Directors, Shareholders or senior management, or any of their respective associates. During the Track Record Period and up to the Latest Practicable Date, we did not have any material disputes with the aforementioned customers, nor did we receive any material complaints from such customers. For each year during the Track Record Period and up to the Latest Practicable Date, to the best of our Directors' knowledge, none of our Directors or their respective close associates or any person who, to the knowledge of the Directors, owned more than 5% of our issued share capital, had any interest in any of our five largest customers.

RAW MATERIALS AND SUPPLY CHAIN MANAGEMENT

The core raw material for our products include electronic raw materials, which primarily consist of IC chips, wafers, electronic components, printed circuit boards ("**PCBs**") and displays. We source raw materials domestically and from overseas countries. To minimize the risk of reliance on any single supplier and maintain sourcing stability and bargaining power, we generally retain multiple suppliers for our principal raw materials. In 2023, 2024 and 2025, the cost of raw materials represented 72.3%, 67.8% and 72.5%, respectively, of our total cost of sales.

Our procurement process involves several key steps to ensure efficient supply management. Initially, we engage in demand planning and supply strategy development, using rolling forecasts to assess product demand and define strategies for managing supply volumes. This is followed by procurement planning and ordering, where we create detailed plans and issue purchase orders to suppliers. Suppliers then fulfill these orders, schedule shipments, and deliver the materials to designated warehouses. Upon arrival, we inspect the raw materials and store them in stock warehouses for production use.

Our procurement strategy combines on-demand purchasing with strategic stockpiling. Using historical data and demand forecasting, we maintain safety stock levels to ensure a stable supply chain and uninterrupted production. In addition, we monitor market trends, price fluctuations of raw materials, inventory, customer orders and capital allocation to make informed decisions about stockpiling. This approach minimizes the risks of price volatility and ensures we stay agile in a competitive and rapidly changing market. Based on demand forecasts, supplier pricing trends and capacity planning, we create rolling procurement plans. These plans guide our purchasing team in requesting quotes, placing orders and coordinating material deliveries. By maintaining close relationships with qualified suppliers and ensuring clear communication, we are able to achieve efficient procurement cycles while maintaining flexibility in responding to changes in market demand.

We have implemented a rigorous supplier qualification and dynamic management system, namely SRM system, to monitor the supplier admission, qualification audits, and performance evaluations. We evaluate suppliers on multiple dimensions such as technical capability, quality, delivery performance, service levels and cost-effectiveness. We uphold stringent requirements for supplier admission, assessment, and auditing throughout the supplier lifecycle. Our supplier assessment process evaluates quality, supply reliability, cost, technology and service indicators. We also employ a tiered management strategy, incorporating rewards for excellence, supervised improvement plans, and the removal of underperforming suppliers, thereby optimizing our supplier base and maintaining our competitiveness.

OUR SUPPLIERS

We have developed and maintained relationships with some leading suppliers in the global mechanical and electronic industry. These partners provide us with high-quality core components for our products, such as IC chips, electronic components and auxiliary materials. Their advanced technologies and reliable production capabilities enable us to ensure consistent product quality and meet the evolving needs of our customers. We work closely with our suppliers to ensure timely availability and delivery of materials. Our well-established global network of component sources enables us to maintain competitive pricing and offer a reliable supply chain for our customers. Our purchases from our five largest suppliers in each year/period of the Track Record Period accounted for 45.7%, 34.3% and 30.9% of our total purchases in 2023, 2024 and 2025, respectively, while our purchase from the largest supplier in each year/period of the Track Record Period accounted for 18.0%, 14.0% and 11.2% of our total purchases, respectively, for the same periods. During the Track Record Period, our suppliers generally granted us a credit term of 30 to 90 days.

The following tables set forth the details of our five largest suppliers in each year/period of the Track Record Period based on our purchases of raw materials from them in each year/period during the Track Record Period:

For the Year Ended December 31, 2025

Ranking	Supplier	Purchase amount *(RMB '000)*	Percentage of total purchase	Products/services purchased	Year of commencing business relationship with us	Credit terms
1.	Supplier B[(2)]	34,513	11.2%	IC chips	2020	100 days
2.	Supplier A[(1)]	19,236	6.2%	IC chips	2020	90 days
3.	Supplier E[(5)]	14,039	4.6%	PCBs	2014	90 days
4.	Supplier D[(4)]	13,862	4.5%	Auxiliary materials	2014	120 days
5.	Supplier F[(6)]	13,671	4.4%	IC chips	2023	30 days

For the Year Ended December 31, 2024

Ranking	Supplier	Purchase amount *(RMB '000)*	Percentage of total purchase	Products/services purchased	Year of commencing business relationship with us	Credit terms
1.	Supplier A[(1)]	43,553	14.0%	IC chips	2020	90 days
2.	Supplier B[(2)]	28,901	9.3%	IC chips	2020	100 days
3.	Supplier E[(5)]	13,100	4.2%	PCBs	2014	90 days
4.	Supplier F[(6)]	10,588	3.4%	IC chips	2023	30 days
5.	Supplier D[(4)]	10,266	3.3%	Auxiliary materials	2014	120 days

For the Year Ended December 31, 2023

Ranking	Supplier	Purchase amount *(RMB '000)*	Percentage of total purchase	Products/services purchased	Year of commencing business relationship with us	Credit terms
1.	Supplier A[(1)]	50,095	18.0%	IC chips	2020	90 days
2.	Supplier B[(2)]	45,041	16.2%	IC chips	2020	100 days
3.	Supplier C[(3)]	11,380	4.1%	Wafers	2018	Prepayment
4.	Supplier D[(4)]	10,802	3.9%	Auxiliary materials	2014	120 days
5.	Supplier E[(5)]	9,742	3.5%	PCBs	2014	90 days

Notes:

(1) Supplier A is a company established in Hong Kong and a subsidiary of a multinational company headquartered in the U.S., listed on the New York Stock Exchange, mainly engaged in the supply and distribution of electronic components.

(2) Supplier B is a company established in Hong Kong and a subsidiary of a multinational company headquartered in the U.S., listed on the New York Stock Exchange, mainly engaged in the distribution of electronic components.

(3) Supplier C is a company established in Taiwan, China, listed on the Taiwan Stock Exchange and the New York Stock Exchange, dedicated to integrated circuit manufacturing.

(4) Supplier D is a company established in Shenzhen, the PRC, mainly engaged in the production and supply of hardware and electronic products.

(5) Supplier E is a company established in Shenzhen, the PRC, listed on the Shenzhen Stock Exchange, mainly engaged in the supply of advanced electronic circuit solutions and digital manufacturing services.

(6) Supplier F is a company established in Hong Kong and a subsidiary of a multinational company headquartered in the U.S., listed on the Nasdaq Stock Market, mainly engaged in the production and supply of integrated circuit components.

To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, all of our five largest suppliers in each year/period were Independent Third Parties. There was no past or present relationship (including business, employment, financing, family, trust or otherwise) between the five largest suppliers during the Track Record Period and us, our Directors, Shareholders or senior management, or any of their respective associates. During the Track Record Period and up to the Latest Practicable Date, to the best of our Directors' knowledge, none of our Directors or their respective close associates or any person who, to the knowledge of our Directors, owned more than 5% of our issued share capital, had any interest in any of our five largest suppliers.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any significant fluctuation in prices set by our suppliers, material breach of contracts on the part of our suppliers or delay in delivery of our orders from our suppliers, nor did we have any material disputes with our suppliers.

Contractual Agreements with Suppliers

The salient terms and conditions of our agreements with suppliers are set out below:

- *Order Placement*: Procurement orders, which include the product name, quantity, unit price, total purchase amount, delivery date and location, and payment terms and conditions will be placed separately. Suppliers typically do not impose a minimum purchase requirement on us.
- *Shipment and Delivery*: Suppliers are typically responsible for delivering ordered products to our designated location in accordance with the agreed delivery schedule and assume the costs and risks associated with the shipment.
- *Credit Terms and Payment Method*: Our suppliers typically grant us a credit term of 30 to 90 days.
- *Quality control and Product Returns*: All raw materials must comply with applicable national and industry standards as well as our technical specifications. We conduct inspections upon delivery and reserve the right to reject or return non-compliant goods. Suppliers are responsible for resolving quality issues and shall replace defective goods. They are also required to cover the logistics costs and assume the risks associated with returning the defective products.

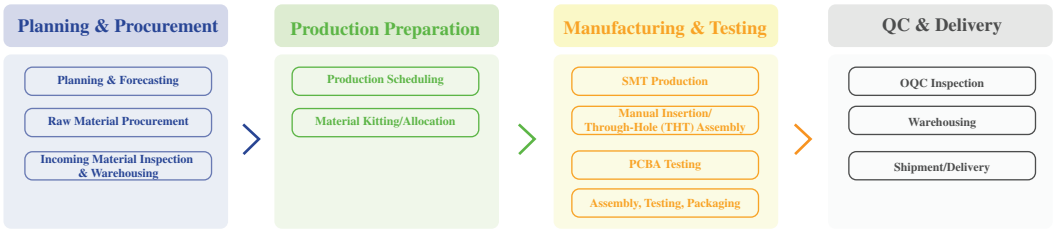
- *Product Warranty*: Generally one year after acceptance. During the warranty period, suppliers shall repair defective products free of charge.
- *Intellectual Property:* Suppliers shall ensure that their products do not infringe upon any third-party intellectual property rights, and they shall bear all legal responsibilities and costs incurred by such kind of dispute.
- *Termination*: Generally, the contract can be terminated upon mutual agreement.

PRODUCTION

We have developed a manufacturing framework that strategically integrates global and domestic resources primarily through in-house production. We primarily utilize our in-house facilities to handle key production processes, including testing for self-developed ASICs, surface-mount technology ("**SMT**") production, product assembly, software programming, functional testing, and quality inspection. These help ensure both quality and security, with carefully crafted workflows to meet specific needs of major customers.

Production Process

The flowchart below summarizes the key steps of our manufacturing process:



Our manufacturing model is designed to accommodate the diverse requirements of our product portfolio. Depending on the product type, our production processes incorporate a range of advanced workflows, including:

- ***Planning and Procurement:*** our planning and procurement process involves several key steps to ensure efficient supply management. Initially, we use rolling forecasts to assess product demand and define strategies for managing supply volumes. This is followed by procurement planning and ordering, where we create detailed plans and issue purchase orders to suppliers. Suppliers then fulfill these orders, schedule shipments, and deliver the materials to designated warehouses. Upon arrival, we inspect raw materials to verify their quality and compliance with specifications and store them in warehouses for production use.
- ***Production Preparation:*** production preparation encompasses production scheduling and material kitting/allocation, which involve the determination of product types, production quantities and timing, based on market demand and resource availability. It ensures efficient use of resources and alignment with business goals. Once the plan is set, production scheduling organizes tasks and assigns resources to specific periods, optimizing workflow and ensuring timely completion of production orders, while material kitting/allocation ensures that all necessary materials are available and properly distributed for production.
- ***Manufacturing and Testing:*** including SMT production, where packaged electronic components are precisely mounted onto products to ensure secure attachment, manual insertion production, printed circuit board assembly ("**PCBA**") testing and electromechanical device assembly, testing and packaging, to ensure the quality and reliability of the finished product before market release; and
- ***Quality Control and Delivery:*** Quality control is a critical component of our production process, encompassing initial inspections during production, regular and outgoing quality control ("**OQC**") inspections, and independent quality engineers conducting comprehensive tests on finished products. All products must pass 100% inspection

before being stored, ensuring they meet our stringent quality standards. This ensures that high-quality products are delivered to our customers, maintaining the integrity and reliability of our offerings throughout the storage and delivery process.

As we have developed our own production capacity, including the establishment of our self-built factories in Suzhou and Penang, along with the completion of customer integration and the ramp-up of production lines into full operation, our manufacturing ability has been steadily increased.

In addition to our in-house production, we outsource certain manufacturing processes, primarily involving PCBA processing for products such as power supplies, digital oscilloscopes, waveform generators, multimeters and probes. We typically engage third-party manufacturers in circumstances where the components or products have relatively low technological requirements for their production. This strategy allows us to free up our SMT production capacity, ensuring the quality and timely delivery of our mid-range and high-performance products.

Our Production Facility

As of the Latest Practicable Date, we had one production facility in Suzhou and one production facility in Penang, with a total GFA of 14,587.04 sq.m. Our international presence enables us to efficiently serve customers in our target markets worldwide.

Suzhou Production Center





Launched the mass production in 2018, our Suzhou Production Center covers a total area of 7,338.34 sq.m.. It has 18 assembly lines, two PCBA production lines and two SMT production lines, which is capable of the production of all products including digital oscilloscopes, waveform generators, RF instruments, digital multimeters and modular instruments, as well as probes and other products.

Penang Production Center





In July 2024, our Penang Production Center commenced trial production. Our Penang Production Center covers a total area of 7,248.70 sq.m. It has five production lines and one SMT production line. The center primarily focuses on producing digital oscilloscopes, microwave and RF instruments, DC power supplies and DC electronic loads, RF instruments, and digital multimeters, to meet the needs of the overseas market. The following table sets forth detailed information relating to our production facilities as of the Latest Practicable Date:

Facilities	Location	GFA	Capabilities	Main Products	Year of Establishment
Suzhou Production Center	Suzhou, the PRC	7,338.34 sq.m.	• Assembly • SMT • Testing	• Digital Oscilloscopes • Microwave and RF Instruments • DC and Precision Instruments • Modular Instruments	2018
Penang Production Center	Penang, Malaysia	7,248.70 sq.m.	• Assembly • SMT • Testing	• Digital Oscilloscopes • Microwave and RF Instruments • DC and Precision Instruments	2023

The following table sets forth the total designed capacity, actual capacity and utilization rate of our facilities during the Track Record Period:

	For the Year Ended December 31,								
	2023			2024			2025		
	Designed Capacity[(1)]	Actual Capacity[(2)]	Utilization Rate[(3)]	Designed Capacity[(1)]	Actual Capacity[(2)]	Utilization Rate[(3)]	Designed Capacity[(1)]	Actual Capacity[(2)]	Utilization Rate[(3)]
	(thousand units, except for percentage)								
Suzhou Production Center	952.2	879.2	92.3%	999.8	919.3	91.9%	1,126.3	1,106.0	98.2%
Penang Production Center[(4)]	—	—	—	125.1	50.3	40.2%	250.3	140.6	56.2%

Notes:

(1) The designed capacity of each product line for each period is calculated by multiplying the hourly capacity of the base model oscilloscopes and the standard operating hours of the base model oscilloscopes. During the Track Record Period, the standard operating hours of the base model oscilloscopes were calculated by multiplying 10.25 hours per day by the number of working days in the period, with each year approximately based on 248 working days.

(2) The actual capacity is calculated by multiplying actual shipped product quantity by the conversion factor for the relevant period. This calculation method converts the shipment quantities of products from different production lines into equivalent shipment quantities of the base model oscilloscopes, thereby standardizing the capacity calculation of different product unit lines. The conversion factor is used to convert the standard operating hours of the base model oscilloscopes into the equivalent operating hours of each product line and is calculated by dividing the hourly capacity of the base model oscilloscopes by that of each product line.

(3) Utilization rate is calculated by dividing the actual capacity by the designed capacity for the relevant period.

(4) Our Penang Production Center commenced the trial production phase in July 2024. Therefore, its designed capacity and actual capacity for the year 2024 are calculated based on the six-month period from July to December 2024. The utilization rate was relatively low in 2024 and 2025 due to the ongoing trial production. As of the Latest Practicable Date, our Penang Production Center was still in the ramp-up stage, with equipment being gradually installed.

Our Intelligent Manufacturing Process

The electronic test and measurement market has been evolving, especially in the data-driven era, which requires us to constantly advance the technologies and automation levels of our manufacturing process. We have adopted advanced intelligent manufacturing technologies and automation equipment to enhance our manufacturing productivity and maintain our competitiveness. Our Suzhou Production Center achieves the high level of automation in the industry in terms of testing automation and assembly automation.

In terms of system development, we have implemented MES, an intelligent operational execution system for production that records production operation data. By leveraging this system, we can monitor and analyze key machine performance metrics, carry our real-time management of resource allocation, production scheduling and quality control, thereby advancing intelligent manufacturing. For automated production, we have established multiple automated production lines, including one fully automated keyboard detection system and two fully automated oscilloscope testing lines. Leveraging such automated processes, we are able to successfully reduce the production time for our digital oscilloscopes from approximately 45 days to 28 days. In 2022, we fully implemented AGVs, marking a significant acceleration in the intelligent upgrade of our facilities.

Leveraging our real-time MES, we are able to monitor and analyze key machine performance data so as to predict potential system failures. We perform regular maintenance check on the status of our production and testing machines and equipment. In addition, our in-house technical and engineering staff upgrade and re-configure our machinery and equipment from time to time to meet the specification requirements of tailor-made orders. During the Track Record Period, we did not experience any material production disruption due to unexpected failure of production flows or equipment.

QUALITY MANAGEMENT

We have established a comprehensive set of quality control and assurance procedures to monitor our operations to ensure compliance with the regulatory requirements and quality requirements during the entire development, manufacturing, delivery and services processes. We have established a quality traceability system to achieve full traceability from raw materials to finished products, and dynamically monitor key quality parameters. During production, we use MES for real-time monitoring and combine it with automated testing to ensure consistency. From incoming material inspection to final outgoing inspection, we conduct comprehensive testing of product functions, performance and reliability to ensure that the delivered products meet industry standards. We have obtained the ISO 9001:2015, ISO/IEC 17025:2017, CE certification and cTUVus/UL certification. We have also been officially authorized by the LXI Consortium as a testing and certification center, becoming the only LXI-authorized testing and certification unit in the Asia-Pacific region.

We strictly implement rigorous quality control measures and establish a comprehensive customer feedback and complaint handling process to promptly and effectively address customer concerns. We have mainly implemented the following procedures for quality control:

- ***Raw Material Inspection and Selection***: We have established a strict certification process for selecting qualified suppliers and a comprehensive evaluation and introduction process for new raw materials, along with rigorous material inspection standards.
- ***Production Process Monitoring***: We have set up key quality control points throughout the production process to enable on-site inspections and monitoring so that we could identify potential issues promptly. Critical parameters and data are recorded in real-time for subsequent analysis and traceability.
- ***Product Inspection and Testing***: We have implemented a comprehensive product quality inspection standard, along with non-conforming product and abnormality management standards. Every product undergoes 100% inspection to guarantee the quality of outgoing shipments.
- ***Employee Skill Training***: All of our employees undergo rigorous training and pass competency assessments. Additionally, we regularly organize professional skills and quality awareness training to continuously improve employees' quality consciousness and technical proficiency.
- ***Quality Records and Management:*** We maintain a robust quality record system to ensure data integrity and traceability. We conduct statistical analysis of quality data to identify potential issues for improvement timely, fostering continuous enhancement of product quality.

During the Track Record Period and up to the Latest Practicable Date, we did not receive (i) any fines, product recall orders or other penalties from the relevant competent authorities regarding material product quality issues, (ii) any material product returns from our customers, or (iii) any material complaints from consumers. As of the Latest Practicable Date, our Directors and management were not aware of any pending product recalls or investigations/actions by relevant authorities or consumer groups which may lead to a product recall.

WAREHOUSING, LOGISTICS AND INVENTORY MANAGEMENT

We leverage on our own warehouse for storing raw materials, work-in-progress and finished products. As of the Latest Practicable Date, we owned and leased six warehouses located in i) Suzhou, the PRC; ii) Penang, Malaysia; iii) Portland, the U.S.; iv) Chiba, Japan; v) Icheon, Korea; and vi) Hamburg, Germany. We primarily engage third-party logistics service providers to provide delivery services. Finished products that have passed quality inspections are delivered by the logistics service providers from our own production facilities directly to our customers or to our designated warehouses and ultimately to locations specified by our customers. We select logistics service providers based on their reputation, scale of operations, track record and price. We typically enter into long-term agreements with our logistics service providers.

The salient terms of our agreements with third-party logistics service providers are set forth below:

- ***Shipment and delivery***: Logistics service providers are responsible for the delivery of the products to the locations designated by us within the agreed time frame.
- ***Pricing***: The delivery service fee varies based on distance and item's category, size and weight. The delivery service fee is settled on a monthly basis.
- ***Credit Term***: Logistics service providers typically grant us a credit term of 25 days.
- ***Insurance and Compensation***: Logistics service providers are responsible for compensation for any damage or loss of the products occurring during transportation. They may also offer insurance coverage for the products on an opt-in basis at rates and terms communicated in advance.
- ***Duration***: The agreements are typically effective for one year.

During the Track Record Period and up to the Latest Practicable Date, we did not (i) experience any material disruption in the delivery of our products, (ii) suffered any loss due to late delivery or mishandling of products by our logistics service providers, or (iii) have any disputes with our logistics service providers.

Our inventory mainly comprises raw material, work in progress and finished products. As of December 31, 2023, 2024 and 2025, the balance of our inventories was RMB204.7 million, RMB270.5 million and RMB321.6 million, respectively. In 2023, 2024 and 2025, our inventory turnover days were 219 days, 248 days and 255 days, respectively.

To maintain our competitive position and align our products with evolving market demands, we have implemented various measures to optimize our inventory levels. These measures include minimizing inventory backlog and enhancing our inventory management processes. We have established internal procedures for submission and approval to streamline logistics and standardize purchase orders for our products. We employ advanced enterprise resource planning ("**ERP**") software to track inventory levels as well as ensure appropriate levels of raw materials and finished products, and monitor the inflow and outflow of items from our warehouses in real-time. We also optimize procurement plans through dynamic inventory analysis to reduce the risk of overstocking.

We conduct comprehensive inventory checks every six months and perform spot checks periodically to ensure efficient warehouse operations. We also carry out annual on-site inventory audits and inspections at the end of each year, during which inventory inspection reports are prepared. These reports guide the timely management of obsolete and slow-moving inventories. A dedicated working group leads our finance team in conducting inventory audits and inspections, with findings and discrepancies reported to senior management. Our Directors affirm that our

inventory control systems and policies had been effective, with no significant supply shortages or inventory overstock issues experienced during the Track Record Period and up to the Latest Practicable Date.

INFORMATION TECHNOLOGY

We believe that IT is essential to maintain our competitive position. We utilize a number of IT systems to manage all aspects of our operations, including but not limited to sales management, procurement, production, quality control, inventory management, financial reporting and human resources. The following IT systems are the most critical to our business among our collective integrated information systems:

ERP System	ERP system is employed to integrate business information and intelligence to facilitate management. Through intelligent processing of data statistics, analysis and technology for sales, production, procurement, inventory and finance, we can achieve more efficient decision-making and more effective management.
OA System	Office Automation (OA) system facilitates inter-departmental collaboration and cross-system connection. In personnel affairs attendance management, we use this system to handle employees' employment and removal, unusual change, attendance accounting and other work. This system can also be used for conference booking, communications and contact, knowledge management and visitor registration, to make office operations easier and more efficient.
ISM System	ISM system is utilized for sales management, encompassing modules such as opportunity management, sales management, customer service, contract management, etc. It supports multiple language versions for unified global management. We use this system to manage our distributors and our distributors can use the ISM system for direct business communications and information management with us.
CRM System	Customer relationship management (CRM) system is developed for customer relationship management, which facilitates management of customers from multiple channels. It enables the digitalization of the entire direct sales process, from business opportunities, orders, payments, and after-sales service. The system standardizes the direct sales process to track and record sales activities, providing a clear and intuitive display of business operations, assisting in sales forecasting and decision-making analysis, and supporting the growth of direct sales business.

WMS	Warehouse management system ("**WMS**") is employed to manage and optimize warehouse operations, ensuring efficient storage, retrieval, and distribution of goods. This system provides comprehensive functionalities for inventory tracking, order fulfillment, and warehouse space utilization. It enables real-time visibility into inventory levels and movements, facilitating accurate and timely decision-making. WMS supports automation of warehouse processes, reducing manual errors and increasing operational efficiency. It also integrates with other business systems to provide a unified view of supply chain activities, enhancing collaboration and coordination across departments.
MES	MES is designed to optimize and streamline the manufacturing processes, enhancing production efficiency and quality control. It integrates various aspects of production management, including scheduling, resource allocation, and workflow optimization. By leveraging advanced technology and data analytics, MES enables real-time monitoring and adjustment of production activities, ensuring timely delivery and high-quality output. It supports seamless integration with other enterprise systems, facilitating comprehensive management of manufacturing operations.

The capabilities and the stability of our IT infrastructure are vital to our business operations. The IT department performs system checks, data back-ups, system maintenance and other activities to secure the continual operation of the critical IT systems and facilities. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material failure or general breakdown of our IT systems which had resulted in a material adverse impact on our overall business operations.

INTELLECTUAL PROPERTY

Intellectual property rights are critical in safeguarding our business. We protect our intellectual property rights through a combination of patents, trade secrets, know-how, trademarks, copyrights, unfair competition laws and contractual rights, such as confidentiality agreements. Our future commercial success depends, in part, on our ability to obtain and maintain patents and other intellectual property and proprietary protections for commercially important technologies, inventions and know-how related to our business, defend and enforce our patents, preserve the confidentiality of our trade secrets and operate without infringing, misappropriating or otherwise violating the intellectual property rights of external parties. We have a dedicated team responsible for intellectual property-related matters, which conducts comprehensive planning for the layout of intellectual properties. Regarding intellectual property infringement, we have established procedures specifically to identify potential infringement.

As of the Latest Practicable Date, we held (i) 553 granted patents, comprising 526 in the PRC and 27 overseas, (ii) 147 software copyrights and 14 design copyrights in PRC, (iii) 245 trademarks, comprising 172 in the PRC and 73 overseas, and (iv) 139 domain names, comprising 130 in the PRC and 9 overseas. We also had 175 patent applications pending, comprising 130 in the PRC and 45 overseas. See "Appendix VI — Statutory and General Information — Further Information about Our Business — 2. Intellectual Property Rights" to this document for more information of intellectual property rights that are material to our business. Much of our intellectual property consists of know-how and trade secrets, and we often rely on the technological skills and innovation of our personnel rather than solely on patent protection. We believe that much of our business success is attributable to our production capabilities, customer relationships, supply chain

management and the technical expertise which we have developed in our business operation. We protect these aspects of our business through a comprehensive framework of legal protections, contractual safeguards and rigorous internal controls.

During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any intellectual property infringement disputes or claims which had any material adverse impact on our Group. See "Risk Factors — Risks Relating to Our Business and Our Industry — We may face claims of intellectual property infringement, which could be time-consuming and costly to defend or settle, result in the loss of significant rights, harm our relationships with our customers and distributors, or otherwise materially and adversely affect our business, financial condition and results of operations." in this document.

DATA PRIVACY AND SECURITY

We do not have access to or control over the data stored in our products once they are sold to customers. In the course of conducting our business, we primarily collect the following types of user data: contact information, delivery addresses and purchase records. We collect their payment information as part of purchase records to complete the transactions when customers make purchases. In addition, we also collect the basic information of our distributors and their designated contacts to facilitate management. Adhering to the principle of data minimization, we collect only the essential personal information from our customers, distributors, suppliers and other third-party service providers solely to facilitate the sales and delivery of our products, as well as to provide after-sales services and conduct marketing activities and we have obtained consent for the collection of such personal data.

We have established a comprehensive data security and information management system to ensure the integrity of our systems and the privacy of our data. We have implemented several security measures, including firewalls, intrusion prevention systems, regular penetration tests, vulnerability scans, and disaster recovery plans. We also encrypt data and utilize email security protection systems. We have also adopted rigorous encrypted algorithm to store sensitive data and strictly execute a data accessing and transmitting policy to ensure the confidentiality of our data. We have developed strict internal control and data accessing mechanisms and detailed approval and operation procedures regarding data storage and processing, and established a set of internal protocols on data security, which set forth detailed, stringent requirements in relation to the use, disclosure and protection of confidential information. We have established and implemented internal standards which require a thorough legality and security assessment of any third-party data processing activities before commencing cooperations. In accordance with these standards, we conduct formal onboarding reviews of the third-party service providers to verify the lawfulness of their processing, evaluate their technical and organizational safeguards and ensure an appropriate level of data protection. Additionally, we generally enter into data processing agreements or incorporate data processing clauses in the contracts with third-party service providers, which clearly set out each party's data protection obligations and responsibilities, including restrictions on use, confidentiality, security controls and incident notification. These internal measures collectively help to ensure that third-party service providers safeguard customers' sensitive data and process it in a lawful, secure and accountable manner. We conduct regular maintenance, inspections and technical upgrades on computers, servers, and IT infrastructure. We have a comprehensive data backup system to encrypt and store data on servers in different locations in order to minimize the risk of data loss. The data generated from domestic operations is stored on domestic servers, while data from international operations is stored on servers located abroad. We generally do not engage in cross-border data transmission. The limited-scale data we transmit overseas primarily consists of product information and pricing information, which are necessary for overseas marketing and customer communications. We also transmit internal policies and limited non-sensitive employee information, such as names, email addresses and phone numbers, to designated personnel in different jurisdictions where we operate, for business coordination and human resource management purposes. Such transmissions do not involve any sensitive personal information and do not include any important data that are restricted from being transferred cross-border or trigger additional filing

obligations under applicable laws. To safeguard data security, we implement encryption, multi-factor authentication, and role-based access controls to facilitate cross-border data transmission and monitor logs to detect and investigate any unauthorized access or anomalies. We also conduct data restoration tests to examine the status of the backup system on a regular basis. Our Directors are of the view that the measures in place to ensure data privacy and security are adequate and effective.

Looking forward, we remain dedicated to strengthening our data security framework and enhancing the cybersecurity and data compliance standards, prioritizing innovation and adaptability in our practices to meet the growing expectations of data protection in global markets.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material information security incident or data leakage. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material administrative penalties by regulatory authorities for violations of data protection laws, nor had we received any significant complaints from third parties regarding data privacy and security issues in jurisdictions where we operate. As advised by our PRC Legal Advisor, we had been in compliance with the applicable laws and regulations relating to data privacy and security in all material respects during the Track Record Period and up to the Latest Practicable Date.

COMPETITION

The electronic test and measurement instrument and solution industry in which we operate is competitive and evolving with technological innovations, changes in customer demands and preferences, frequent introduction of new products and application fields. According to Frost & Sullivan, the global market size of electronic test and measurement instruments and solutions in 2024 achieved approximately RMB110 billion. Looking ahead, the market is projected to maintain strong growth momentum, with an estimated CAGR of 8.6% from 2025 to 2029, reaching approximately RMB170 billion in 2029. The accelerating pace of technological innovation in the global electronic test and measurement instrument and solution market presents significant opportunities for us, alongside unique challenges. Currently, overseas companies still dominate the global general electronic test and measurement instrument and solution market, while PRC companies are steadily increasing their market share. In 2024, the top ten players, comprising seven overseas companies and three PRC companies, accounted for approximately 80.1% of the market share of the electronic test and measurement instrument market, according to Frost & Sullivan. We ranked first among PRC companies and the eighth globally in terms of revenue in 2024, with a market share of 1.1%.

We face intense competition with global leading players in various aspects of our business, including technology capability, product design, manufacture and consumer experience. Staying aligned with evolving industry trends and customer expectations is crucial. By proactively focusing on R&D and customer-centric product and solution innovations, we believe we are well-positioned to strengthen our market leadership. Benefitting from the growth potential of electronic test and measurement instrument and solution market, we believe our well-established brand and global presence, high-quality and diverse products and solutions, proprietary and advanced technology, efficient supply chain management, and streamlined manufacturing capabilities, will enable us to grasp the global market potential and achieve continuous growth. For further details, please refer to the section headed "Industry Overview."

EMPLOYEES

As of December 31, 2025, we had 699 full-time employees. The following table sets forth the number of our employees by function as of December 31, 2025:

Function	Number of Employees	% of Total
Manufacturing	160	22.9
R&D	327	46.8
Sales	134	19.2
Administrative	78	11.1
Total	699	100.0

As of December 31, 2025, 88.3% of our employees were based in the Chinese mainland, while our other employees were primarily based in Malaysia, Germany, Hong Kong and the United States. As of December 31, 2025, approximately 84.3% of our total employees held a bachelor's degree or above.

Our ability to attract, retain and motivate employees is critical to our success. We offer employees competitive salaries and performance-based cash bonuses. We have designed various recruiting programs targeted at potential talent meeting our operational needs. We believe that our reputation, work environment, training system, remuneration package and employee share incentive plan are advantageous that attract qualified candidates. We primarily recruit our employees through referrals, online channels including our website and social networking platforms and on-campus job fairs. We believe that we offer our employees competitive compensation and that we are able to attract and retain qualified personnel and maintain a stable core management team.

As required by the PRC laws and regulations, we participate in various employee social security plans for our employees that are administered by local governments, including housing, pension, medical insurance, maternity insurance and unemployment insurance. Bonuses are generally discretionary and based in part on employee performance and in part on the overall performance of our business. During the Track Record Period and up to the Latest Practicable Date, we provided social insurance, including pension insurance, unemployment insurance, work-related injury insurance, maternity insurance and medical insurance for our employees in Chinese mainland as required by PRC laws and regulations. We have not been subject to any administrative penalties relating to inadequate contributions of social insurance and housing provident fund and have duly settled the social insurance contributions and housing fund payments as required by applicable PRC laws and regulations during the Track Record Period and up to the Latest Practicable Date. The Interpretation No. 2, which took effect on September 1, 2025, regulates matters such as employer responsibilities, confirmation of labor relations, service periods and non-compete periods, performance and termination of labor contracts, and social insurance contributions. For details, see "Regulatory Overview — Laws and Regulations Related to Our Business in the PRC — Regulations on Employment and Social Welfare". As advised by our PRC Legal Advisor, the Interpretation No. 2 aligns with the regulatory requirements set forth in the Labor Contract Law, which took effect on July 1, 2013, and therefore, the release of Interpretation No. 2 will not impact our compliance with PRC social insurance-related laws and regulations. Accordingly, we do not expect the release of Interpretation No. 2 to have any material adverse impact on our results of operations or financial condition.

We enter into standard labor and confidentiality agreements with our employees. For employees with access to trade secrets and core technologies, we have implemented stringent confidentiality agreements. Our employees are currently represented by labor union. We believe that we maintained a good working relationship with our employees, and we had not experienced any material strikes, work stoppages or labor disputes during the Track Record Period and up to the Latest Practicable Date.

PROPERTIES

Our corporate headquarters are located in Suzhou, Jiangsu Province, the PRC. As of the Latest Practicable Date, we leased (i) two properties in Chinese mainland with an aggregate GFA of approximately 5,650.32 sq.m.; and (ii) five properties overseas in (a) Germany, (b) the United States, (c) Japan, (d) Korea, and (e) Malaysia, with an aggregate GFA of 8,224.17 sq.m., all from Independent Third Parties. Our lease agreements in respect of the abovementioned leased properties generally have lease terms ranging from two to ten years. The properties we owned or leased are primarily used for production, warehouse or office purposes.

As of the Latest Practicable Date, we obtained land use rights certificates for five parcels of land with an aggregate site area of approximately 132,424.99 sq.m. in the PRC. These parcels of land are generally used for industrial, R&D, office and manufacturing purposes. Our PRC Legal Advisor has confirmed that the use of these five parcels of land in Chinese mainland does not contravene the use specified in the land use rights certificates.

Pursuant to PRC laws and regulations, property lease agreements must be registered with the local branch of the Ministry of Housing and Urban-Rural Development of the PRC. As of the Latest Practicable Date, both of our lease agreements were not registered with the relevant authorities. According to our PRC Legal Advisor, the failure to complete such registration process does not affect the validity of the relevant property lease agreements, and a maximum penalty of RMB10,000 may be imposed for the non-registration of each lease agreement. Given the property's relatively small size and the active rental market in the surrounding area, we believe that alternative property can be readily secured and that any relocation would have minimal impact on our operations. As advised by our PRC Legal Advisor, the defect of such leased property would not materially and adversely affect our business.

As of the Latest Practicable Date, we had no owned property interest that forms part of our non-property activities that has a carrying amount of 15% or more of total assets pursuant to Rule 5.01(2)(b) of the Listing Rules. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material penalties arising from the non-registration of our lease agreements, and had not experienced any dispute arising out of, or in relation to, our leased properties.

INSURANCE

During the Track Record Period, we mainly procured transportation insurance and property insurance for our factories, inventories, and fixed assets. We also procured insurance for product liabilities, and have obtained credit insurance and transportation and third-party logistics insurance for product shipments. These insurance policies cover the risk of damage arising from natural disasters and certain accidents. Most of our insurance policies are subject to standard deductions, exclusions and limitations.

We believe that our insurance coverage is in line with industry practice in the PRC, including with respect to the terms and coverage of the insurance policies. However, there is no assurance that the insurance policies we maintain are sufficient to cover all of our operational risks. Our management will evaluate the adequacy of our insurance coverage from time to time and purchase additional insurance policies as needed. For more information, please refer to "Risk Factors — Risks Relating to Our Business and Our Industry — We may not have sufficient insurance coverage to cover our business risks" in this document.

AWARDS AND RECOGNITIONS

During the Track Record Period, we received numerous recognitions for our technologies as well as our products and services. Some of the significant awards and recognition we received are set forth below.

Award year	Award/Recognition	Awarding institution/authority
2024	Test and Measurement Outstanding Supplier (測試測量杰出供貨商)	GAPS
2024	China IoT Technology Innovation Award (中國IoT技術創新獎)	Elecfans
2024	Suzhou Metrology Instrumentation and Equipment Exhibition "Top Ten Metrology Instrument Debut Products" Award (蘇州計量儀器裝備展「十大計量儀器首發產品」獎)	Metrology Instrumentation and Equipment Exhibition Committee
2024	World Electronics Achievement Awards — Annual Test and Measurement Product Award (全球電子成就獎「年度測試與測量產品獎」)	Aspencore
2024	Electronic Design and Test Industry Best Contribution Award (電子設計與測試行業最佳貢獻獎)	Dianjixian
2023	Domestic Test and Measurement Industry — Excellence Award (國產測試測量行業 — 卓越獎)	21 Dianyuan.com
2023	National Specialized and New "Little Giant" Enterprise (國家級專精特新「小巨人」企業)	Ministry of Industry and Information Technology
2023	WIPO-CHIPA Award for Chinese Outstanding Patented Invention (中國專利金獎)	China National Intellectual Property Administration
2023	Market Performance Award (市場表現獎)	Shenzhen Semi-Conductor Industry Association
2022	National Intellectual Property Advantage Enterprise (國家知識產權優勢企業)	China National Intellectual Property Administration
2022	China Instrument and Control Society Science and Technology Award — Second Prize for Scientific and Technological Progress (中國儀器儀錶學會科學技術獎—科技進步二等獎)	China Instrument and Control Society
2022	China Hi-Tech Fair — Excellent Product Award (中國國際高新技術成果交易會—優秀產品獎)	China Hi-Tech Fair Committee

LICENSES, CERTIFICATES AND PERMITS

During the Track Record Period and up to the Latest Practicable Date, as advised by our PRC Legal Advisor, we had obtained all requisite licenses, certificates and permits from the relevant authorities that are material to our operations in China. We are required to renew such licenses, permits, approvals and certificates from time to time. As advised by our PRC Legal Advisor, we do not expect any material legal obstacles in such renewal once the relevant documents are submitted as required by the relevant government authorities. In addition, during the Track Record Period and up to the Latest Practicable Date, we had obtained all material licenses, certificates and permits necessary to conduct our business in all relevant jurisdictions. We do not expect any material legal obstacles in renewing our licenses, certificates and permits, as necessary, from time to time.

The following table sets forth a list of our material certificates, licenses, and permits:

License/ Approval/Permit	Holder	Issuing/Filing authority	Expiration date
Consignee or Consignor of Imported or Exported Goods	Rigol Technologies, Co., Ltd.	Suzhou Customs District	Long-term
High and New Technology Enterprise Certificate	Rigol Technologies, Co., Ltd.	Jiangsu Province Science and Technology Department	November 19, 2027
Level 3 Enterprise of Work Safety Standardization	Rigol Technologies, Co., Ltd.	Suzhou High-tech Zone (Huqiu District) Emergency Management Bureau	February 24, 2026[(1)]
Registration and Filing of Foreign Trade Operators	Rigol Technologies, Co., Ltd.	Suzhou Bureau of Commerce	Long-term

Note:

(1) In the process of renewal as of the Latest Practicable Date.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE MATTERS

ESG considerations are an essential part of our business strategy. We are committed to building a lasting brand, and we believe our long-term success rests on our ability to make positive impacts on the environment and society. We endeavor to utilize our technology and products to offer public welfare resources to everyone. We have established various ESG initiatives to comprehensively improve our corporate governance and benefit society.

ESG Governance

We acknowledge our responsibility on environmental protection and social responsibilities and are committed to complying with the ESG reporting requirements upon [REDACTED]. We have established a tiered, comprehensive ESG management framework. We aim to build a sustainable community with our employees, customers and partners by supporting local initiatives that aim to create effective and lasting benefits to the local community, engaging in corporate philanthropy and establishing community partnerships. Under the supervision of our management, we actively identify and monitor actual and potential impact of environmental, social and climate-related risks on our business, strategy and financial performance, and incorporate considerations of these issues into our business, strategic and financial planning. We have established a Sustainability Work Panel, composed of members with professional background and practical experience, to supervise our overall ESG matters. This panel systematically advances the implementation of ESG strategies across our Company and assigns responsibilities. Our business departments collaborate with the Sustainability Work Panel to develop practical plans and execution paths that are deeply integrated with business scenarios. Furthermore, they assist in the preparation of our ESG publications and disclosures.

Materiality Assessment

In order to identify the scope of our ESG practices and disclosure priorities, we have conducted an ESG materiality analysis. We believe that the conduct of materiality assessments is critical to our long-term development, as they allow us to properly analyze and consider important ESG issues. Therefore, we place great emphasis on our interactions with our stakeholders and are committed to developing a regular communication mechanism with them in the future, and we plan to conduct materiality assessments to better understand their needs and expectations. We will conduct such

analysis to collect, analyze and summarize stakeholders' concerns in order to identify, assess and manage significant ESG issues. We have developed a materiality assessment mechanism that includes the following components:

- ***Identifying Potentially Significant ESG Issues.*** We keep updating our ESG issues management framework in accordance with the ESG guidelines of the Hong Kong Stock Exchange and other relevant authorities. Our management team identifies material ESG issues with reference to these guidelines and standards.
- ***Analyzing Potential ESG Issues.*** We invite stakeholders to participate in our surveys to gain insights into their concerns and expectations regarding the ESG issues. Additionally, we consider relevant regulations and industry management practices to assess the materiality of these ESG issues.
- ***Prioritizing Potential Material Issues.*** By evaluating the results of our analyses, we identify material ESG issues by evaluating their impact on stakeholders and our sustainable development. These ESG issues are then integrated into our strategies and development plans.
- ***Reviewing and Determining Material Issues and Making Disclosures.*** Our internal management reviews the topic selection process and results to ultimately determine material ESG issues, ensuring appropriate disclosures are made accordingly.

This process helps ensure a thorough and systematic approach to assess ESG materiality in our business. By inviting active participation from all stakeholders, we are able to establish channels through which their concerns can be heard and addressed. We hope that this will provide us with a more comprehensive understanding of stakeholder expectations and suggestions in the future, as well as insight into how these expectations and suggestions are reflected in management decisions, providing a basis for the development of our long-term ESG strategy and a reference for the effective allocation of resources in the future.

ESG Risk Management

We have adopted the following measures to identify, assess, manage and mitigate ESG risks.

Risks Related to the Environment and Climate

We recognize the potential financial and reputational risks related to the environment, including those stemming from adherence to prevailing environmental regulations and stringent standards. For example, China's carbon neutrality objective established in 2020, which aims to have CO2 emissions peak before 2030 and achieve carbon neutrality before 2060, may lead to increased costs related to energy procurement, as we may be required to incur transition costs in procuring green energy that can be more expensive than energy generated from conventional sources, or bear the costs of purchasing or upgrading our equipment.

We continue to improve our management system for environmental sustainability and promote effective implementation of environmental protection measures. We have established the HSE (Health, Safety, and Environment) Management Committee to conduct a comprehensive environment management, as well as the Energy Conservation and Emission Reduction Work Panel focused on green production. In addition, we have issued and implemented measures for identifying, evaluating, monitoring and mitigating environmental factors and for waste management, as well as other related protocols to enhance our environmental protection effort at an institutional level. We actively encourage our employees and business partners to participate in environmental initiatives and attend trainings and educational sessions.

In response to such potential risks, we plan to take measures as follows:

- To establish a comprehensive environmental management system aimed at continuously reducing operational carbon footprint through process optimization and energy efficiency improvements.
- To increase investment in the new energy sector, use clean energy, and raise the proportion of renewable energy usage.

- To implement energy management measures on our production and operation processes to enhance resource use efficiency and to continuously develop low-carbon products to meet customer demands.

Save for the above, up to the Latest Practicable Date, we were not aware of other actual environment or climate-related risks or damages that could adversely affect our business, strategy and financial performance.

Measures on Managing Environmental Risks

We seek to minimize the impact on the environment and enhance environmental sustainability and awareness by developing sustainable environmental practices and integrating them into our operations.

We strictly adhere to laws and regulations regarding the environmental protection, as well as the environmental management standards. We continue to improve our management system for environmental sustainability and promote effective implementation of environmental protection measures. We have established the HSE (Health, Safety, and Environment) Management Committee, as well as the Energy Conservation and Emission Reduction Work Panel focused on green production. In addition, we have developed a series of internal guidelines and procedures for key pollutants and emissions and implemented measures for identifying, evaluating, monitoring and mitigating environmental factors to enhance our environmental protection effort at an institutional level. We actively encourage our employees and business partners to participate in environmental initiatives and attend trainings and educational sessions.

We actively respond to the carbon peaking and carbon neutrality goals by continuously optimizing our energy usage structure and reducing our carbon emissions. We have adopted various energy-saving measures and we're focusing on incorporating green and low-carbon practices from the onset of our operations. We have obtained ISO 14001 certification, which is a testament to our environment management capability and product carbon footprint. In addition, we have implemented a series of measures in our daily operations to mitigate environmental risks:

- *Emergency Management of Environmental Risks*: We have established a comprehensive emergency mechanism for sudden environmental incidents. We adhere to the principle of classified management, addressing pollution characteristics from different sources. We leverage departmental expertise to implement precise and effective preventive measures, aiming to minimize or reduce the occurrence of sudden environmental incidents and eliminate or mitigate the long-term impacts caused by such incidents.
- *Conducting Environmental Safety Inspections*: We continuously advance various safety inspection efforts to ensure the normalization of safe production. With a comprehensive safety supervision and management process, we effectively implement the environmental safety management system, achieving significant results in preventing and reducing accidents, thereby ensuring safe production and environmental safety.
- *Energy Management*: To continuously improve energy utilization efficiency and environmental performance, we have established a Energy Conservation and Emission Reduction Work Panel. By using smart energy management systems and smart logistics systems, we significantly reduced overall energy consumption, promoting efficient resource utilization and providing new solutions to green manufacturing and sustainable development.
- *Water Resource Management*: We actively introduce water-saving technologies and equipment, optimize production processes, and effectively reduce water resource consumption. Additionally, we regularly inspect water facilities, strengthen daily maintenance management, and eliminate water resource waste. Furthermore, we continuously enhance employees' awareness and habits of saving water, contributing to the protection of water resources.

- *Packaging Material Management*: We optimize and recycle product packaging, prioritizing the use of recyclable, degradable, or low environmental impact materials. We continuously explore opportunities to reduce the use of packaging materials and recycle packaging materials, striving to reduce packaging waste generated throughout the product lifecycle.
- *Gas Pollutants Discharge*: We actively explore and practice effective gas pollution treatment solutions, committed to creating a green and sustainable operational model. For example, we have introduced three sets of exhaust gas treatment facilities: "high-temperature incinerator + scrubbing + secondary activated carbon adsorption", "alkaline scrubbing tower", and "secondary activated carbon adsorption". These facilities have significantly improved the efficiency of exhaust gas purification, ensuring that the emissions of various gas pollutants meet the relevant standards.
- *Wastewater Discharge*: We strictly adhere to relevant regulations for effective wastewater management. Our wastewater mainly includes pure water concentrate and employee domestic sewage, which is connected to the local water quality purification plants through the municipal sewage network for centralized treatment. We continue to decrease the generation of industrial wastewater emissions, which reflects our responsibility for environmental protection.
- *Solid Waste Management*: We have established a comprehensive solid waste management system. For non-hazardous waste, the general industrial solid waste is collected by the relevant department for comprehensive utilization and treatment; and domestic waste is collected and processed by local sanitation departments. Hazardous waste is temporarily stored and entrusted to qualified third-party companies for treatment. We have also established an internal emergency team to effectively prevent and handle hazardous waste spill incidents and secondary risks triggered. Additionally, We organizes various forms of hazardous waste pollution prevention education and protection business training, continuously enhancing employees' hazardous waste management and disposal capabilities.
- *Green Product Design*: We closely follow the industry development trend of promoting green, efficient, and energy-saving products under the "dual carbon" goals, integrating green environmental protection concepts into product design. We examine environmental impacts from the product lifecycle, simplify product components, use recyclable materials, improve resource utilization, and advance product greening.

Metrics and Targets

We monitor the following indicators to assess and manage our environmental and climate-related risks arising from our business and production activities:

			For the year ended December 31,		
			2023	2024	2025
Energy	Electricity (kWh)		8,897,283	10,305,179	10,787,000
	Comprehensive Energy Consumption (tons)		1,098.85	1,266.51	1,335.21
Air	Greenhouse Gas Emissions (tons CO2 equivalent)	Scope 1	11.15	10.48	18.40
		Scope 2	5,074.12	6,160.44	6,267.50
		Scope 3[(1)]	42.83	32.76	33.84
Water	Water consumption (t)		24,608	20,216	24,084
	Usage Density (tons/10,000 Yuan)		0.37	0.26	0.26
Solid Wastes	Hazardous waste usage volume (tons)		202.45	388.99	449.2
	Recyclable waste (tons)		7.32	7.48	6.94

Note:

(1) Since we have not yet established a comprehensive emissions accounting system covering the entire value chain, carbon emissions from the supply chain, product usage, and other stages have not been included in the current statistics. This disclosure of Scope 3 emissions is limited to greenhouse gas emissions generated from employee commuting. Moving forward, we will phase in building a robust Scope 3 emissions tracking framework. By implementing standardized indicator controls, we aim to achieve full transparency in value-chain carbon footprint disclosure and drive continuous improvement in low-carbon management efficiency.

During the Track Record Period and up to the Latest Practicable Date, we complied with all relevant environmental-related laws, regulations, and standards applicable in all material respects. We were not penalized by competent authorities with respect to environmental-related laws, regulations or standards during the Track Record Period and up to the Latest Practicable Date.

We consider the impact to the environment when evaluating future production plans and we will continue to explore and implement innovative energy and water resource management strategies to promote sustainable development and environmental protection. We plan to reduce our energy and water consumption in our future production and continue to improve the efficiency of our energy use. We have also established measurable ESG targets, including:

- ***Greenhouse Gas Reduction***: we plan to reduce Scope 1 and Scope 2 emissions by approximately 5% by 2028, compared to the 2023 level. We target to achieve carbon neutrality for Scope 1 and Scope 2 emissions by 2050.
- ***Waste and Energy Reduction***: We currently aim to reduce our waste and energy consumption intensity per RMB10,000 of output value by 3% annually in the foreseeable future.
- ***Water Resource Efficiency***: By continuously identifying new water saving opportunities and focusing on minimizing water consumption, we plan to decrease our water consumption per capita by 20% over the next five years.

We have implemented a comprehensive set of initiatives to achieve our ESG targets. We have established an intelligent energy management system, enabling real-time monitoring of energy consumption and anomaly alerts. We have continuously improved internal energy management systems by clearly defining responsibilities, strengthening process controls, and implementing precise management measures to standardize energy management comprehensively. We have also implemented specific measures to identify, assess, monitor, and mitigate environmental impacts, and to enhance waste management. We will optimize our design and apply innovative technologies and systems to improve energy efficiency. We purchase and use environmentally friendly equipment and facilities and will also leverage our video monitoring system to avoid unintended power usage during off-hours. Additionally, we raise energy efficiency awareness among our employees through training sessions.

Anti-bribery and Anti-corruption

We have in place an anti-bribery and anti-corruption policy to safeguard against any fraud, bribe or corruption. The policy explains potential bribery and corruption conduct and our anti-bribery and anti-corruption measures. We have made our internal reporting channel open and available for our staff to report any bribery and corruption acts. We also provide regular anti-corruption and anti-bribery compliance trainings for employees in order to cultivate a good compliance culture. In addition, we cooperate with our external partners to build a clean and healthy business environment. Our PRC Legal Advisor is of the view that we had not been in any material non-compliance with applicable anti-bribery and anti-corruption laws during the Track Record Period and up to the Latest Practicable Date.

Supply Chain Management

We engage third-party service providers for certain manufacturing processes for efficient scaling. If we are unable to select, monitor or manage those service providers, we may be exposed to risks of their non-compliance with applicable laws and regulations and unethical practices, which could diminish our competitiveness and harm our reputation.

We have established a comprehensive access mechanism and regularly evaluate supplier performance to ensure suppliers meet qualification requirements. In the supplier selection process, we conduct social responsibility audits and adhere to the principle of green procurement. We assess and review suppliers using a combination of online and offline methods, with evaluations conducted quarterly or monthly. Based on the evaluation results, suppliers may be upgraded, downgraded, or eliminated.

Production Policy

We are dedicated to reducing waste, pollution and energy consumption in our production process. All our subsidiaries have set up effective waste treatment for water, gas and solid waste. Through regular monitoring and third-party evaluations, we help ensure that the discharge of wastewater, waste gas and solid waste during the manufacturing and operation process meets the requirements under national and local laws and regulations. We have obtained the ISO9001, ISO14001 and ISO45001certifications, demonstrating our ability to meet international standard for health and safety at work.

In addition, we have established internal regulations and measures to manage production processes, aiming at preventing and reducing workplace accidents, protecting employee safety and health, safeguarding our workplace assets and improving production efficiency and quality. We organize various types of safety inspections, including monthly inspections, seasonal inspections and special inspections, etc. Any issues identified will be promptly addressed or reported to the higher-level department. We regularly organize safety education trainings and have designated safety management personnel who are responsible for ensuring production safety by adhering to relevant laws, regulations and company policies related to safety, environmental protection and occupational health.

Social Responsibilities

We understand that our success is closely correlated to the well-being of our employees, customers, and the communities where we operate. To that end, we have launched the following social initiatives:

- ***Recruitment and Equal Employment in the Workforce:*** We believe that our quality personnel are our key to success and future development. We have been recruiting talents from various channels, such as universities, media advertising, talent market, third-party recruitment agencies, headhunters, and internal referrals, and provide training and promotion opportunities to our staff members of our own accord. We actively recruit and promote female employees, veterans and the disabled, and provide occupational assistance to veterans and the disabled to ensure that they can fully participate in our operations. As of December 31, 2025, among our employees, 22.7% were females. We adhere to the "people-oriented" principles when conducting recruitment. We also maintain policies on compensation, dismissal, equal opportunities, diversity and anti-discrimination. Accordingly, we give each job applicant an equal opportunity and we have an internal policy in place to ensure that there is no discrimination as to nationality, region, gender and ethnicity. We are committed to building a corporate culture of fairness, openness, integrity and honesty and maintaining our reputation.
- ***Labor and Employee Rights:*** We respect and protect employees' rights and interests, and we strive to create a work environment of openness, fairness, impartiality and equality. We forbid any form of discrimination. We respect and provide equal treatment to employees of different genders, religious beliefs and cultural backgrounds. We have adopted a zero-tolerance policy against any form of child labor. We have established an ICM (Internal Communication and Management) system to ensure that employees can directly submit their ideas, suggestions, or issues via our intranet. Through this system, we can efficiently collect and resolve issues, ensuring rapid information transmission and feedback, thereby enhancing employee experience and satisfaction. We closely monitor

and strive to adhere to laws and regulations in each country where we operate, and we implement internal management and control procedures to safeguard rights and interests of every employee stipulated by relevant laws and regulations.

- ***Remuneration and Benefits:*** We offer our employees competitive compensation packages. We determine employee remuneration based on factors such as performance, qualifications, expertise and years of relevant experience. In accordance with applicable laws and regulations, we currently participate in social insurance contribution plans organized by the relevant local governments, including but not limited to a pension insurance plan, a medical insurance plan, an unemployment insurance plan, a work-related injury insurance plan, a maternity insurance plan and housing provident fund.
- ***Career Development:*** We have established a comprehensive qualification system, providing employees with diverse promotion pathways. Employees can choose different development paths such as technical expertise, project management, or functional management based on their professional skills, career interests, and long-term plans. In addition, we offer various training methods, including technical training, project development, and management practice, to help employees enhance their knowledge and skills. Furthermore, we have implemented a flexible job transfer mechanism. Employees can apply for transfers to other departments or positions based on their interests and abilities. We will consider the employees' application, the needs of the target position, and our overall strategy to make reasonable arrangements, ensuring that employees can fully utilize their strengths and potential in their new roles.
- ***Occupational Health and Safety:*** We have implemented a series of safety production policies and measures, and established a sound safety management system, aiming to create a safe and secure working environment. We regularly organize health knowledge lectures, covering various aspects such as health and safety training lectures, fire drills, and occupational disease prevention, to ensure employees are equipped to identify and respond to potential safety risks. Additionally, we provide regular occupational health and safety check-ups for employees to detect occupational disease risks early and prevent potential health issues. We also organize various recreational and sports activities for our employees. For example, we provide a free gym in our Company and have established diverse sports clubs, including basketball and football.

During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any fines or other penalties due to non-compliance in relation to health, work safety, social or environmental regulations which had materially and adversely affected our financial condition or business operations and have not had any accidents or claims for personal or property damage made by our employees. As advised by our PRC Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, (i) we had been in compliance with applicable occupational health and safety laws in all material respects, and (ii) we were not penalised by any competent authorities with respect to environmental-related laws, regulations or standards.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

We may from time to time become a party to various legal or administrative proceedings arising in the ordinary course of our business. Litigation or any other legal or administrative proceeding, regardless of the outcome, is likely to result in substantial cost and diversion of our resources, including our management's time and attention. See "Risk Factors — Risks Relating to Our Business and Our Industry — Legal proceedings and claims could have a material adverse effect on our business, results of operations, or financial condition" in this document."

During the Track Record Period and up to the Latest Practicable Date, our directors confirmed that (i) there had been no legal proceedings pending or threatened against us or our Directors, and (ii) we were not involved in any legal proceedings, that could, individually or in the aggregate, have a material adverse effect on business, financial condition and results of operations.

Based on the independent due diligence conducted by the Sole Sponsor, nothing has come to the Sole Sponsor's attention that would cause them to disagree with the our Directors in respect of the above confirmation.

Compliance

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any material non-compliance incidents that have led to fines, enforcement actions or other penalties that could, individually or in the aggregate, have a material adverse effect on business, financial condition and results of operations.

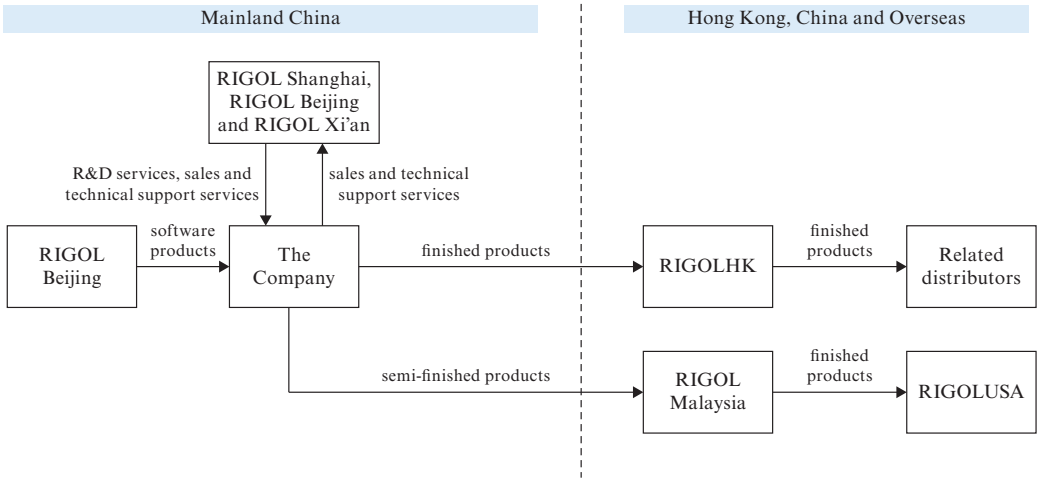
TRANSFER PRICING ARRANGEMENTS

Our Company, our controlled affiliated entities and our subsidiaries conduct intra-group transactions in accordance with our transfer pricing policy. We follow the fundamental principle that intra-company transactions must be conducted on an arm's length basis.

During the Track Record Period and up to the Latest Practicable Date, there were certain intra-Group transactions in respect of the purchase and sale of software products, finished products, and various services among our Company, our controlled affiliated entities and subsidiaries. Our intra-Group transactions mainly included the following:

- **Provision of Software Products:** RIGOL Beijing provided software products to the Company.
- **Provision of Semi/Finished Products:** The Company also provided semi-finished products to RIGOL Malaysia; The Company, RIGOL HK and RIGOL Malaysia provided finished products to other Group entities, and overseas related parties.
- **Provision of Various Services:** The Company, RIGOL Shanghai and RIGOL Xi'an paid service fees to other Group entities for the sales support services and technical support services. RIGOL Beijing, RIGOL Shanghai and RIGOL Xi'an provided R&D services to the Company.

The following diagram sets forth an overview of our major intra-Group transactions during the Track Record Period.



The table below sets out the breakdown of our intra-Group transactions in 2023, 2024 and 2025.

	For the year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentage)					
Transaction Type						
Sales of products	361,501	97.1	375,674	89.7	436,651	83.6
Sales of right to use tangible assets	—	—	374	0.1	1,363	0.3
Provision of Services	9,868	2.6	41,684	10.0	83,490	16.0
Interest income	1,243	0.3	739	0.2	16	0.1
Total	**372,612**	**100.0**	**418,471**	**100.0**	**521,519**	**100.0**

The Organization for Economic Co-operation and Development ("**the OECD**"), an international organization of cross-border cooperation, promulgated the transfer pricing guidelines for multinational enterprises and tax administration ("**the OECD TP Guidelines**"), which are generally followed by, or are consistent with, the tax laws and regulation in the relevant tax jurisdictions involved in the related party transaction, including PRC, Hong Kong SAR, United States, Germany and Malaysia. According to the OECD TP Guidelines, intra-group transactions should be conducted on an arm's length basis to avoid distorted taxable income in different jurisdictions.

We have engaged independent third party transfer pricing tax adviser, Deloitte Touche Tohmatsu ("**Transfer Pricing Tax Advisor**"), to conduct benchmarking studies and to review whether our intra-Group transactions in relation to the provision of software products, semi/finished products, and various service are compliant with the arm's length principle in accordance with the OECD TP Guidelines.

Transfer Pricing Methodologies and the Basis of the Conclusion

Based on the functional and risk analysis performed by our Transfer Pricing Tax Advisor, the Covered Transactions are centered on the Company's production and manufacturing operations and comprise a continuous chain of activities, including external procurement of raw materials, procurement of supporting software from related parties followed by integrated manufacturing, and sales to external customers and Group entities for its further resale in different jurisdictions. Based on the function and risk profiles of the entities within the Group and characteristics of the Covered Transactions, the Transactional Net Margin Method ("**TNMM**") is selected as the most appropriate transfer pricing method to evaluate the above-mentioned intra-Group transactions during the Track Record Period. The TNMM is usually applied to related party transactions involving purchases, sales, transfer and use of tangible assets, transfer and use of intangible assets, and provision of services, etc. This method analyzes the profit level indicators and is less affected by transactional differences or accounting practice discrepancies.

According to the functional and risk analysis performed by our Transfer Pricing Tax Advisor, the Company is a manufacturer with certain intangible assets, RIGOL Malaysia is the routine manufacturer and RIGOL EU and RIGOL USA are routine distributers within the Group. Accordingly, the Company, RIGOL USA, RIGOL EU, and RIGOL Malaysia were selected as the tested parties within our Group, of which their financial data are readily available, and their profits can be measured reliably, consistent with the selection principles for tested parties under the TNMM.

Under the TNMM, our Transfer Pricing Tax Advisor selected groups of independent comparable manufacturers to the Company and RIGOL Malaysia, and comparable distributors to RIGOL EU and RIGOL USA to ascertain the arm's length returns for the tested parties. To identify comparable companies, ORBIS database published by Bureau Van Dijk ("**BvD**") is used. The search process is to first identify the pool of potential active comparable companies based on relevant Standard Industrial Code, independence indicator and geographical location. Secondly, quantitative criteria are applied to eliminate companies that have insufficient financial data or report consecutive losses during the Track Record Period. Thirdly, qualitative screening is performed on the business descriptions, financial data from the database and information from other sources (e.g., Company websites, annual reports) to eliminate companies with functions or products/services significantly different from the tested parties' functions and business. After applying the above searching and screening criteria, independent companies that are comparable in terms of functions performed and risks assumed by the tested parities are identified. Their available financial results relevant to the Track Record Period are summarized to calculate the inter-quartile range as the arm's length returns.

Profit level indicators ("**PLIs**") are ratios that measure relationships between profits and sales generated, costs incurred, or resources employed. The appropriateness of a given PLI in a particular TNMM analysis depends on the nature of the activities of the tested party as well as on the reliability of the available data. After reviewing the PLIs, the Full Cost Mark Up ("**FCMU**") ratio was chosen as the most reliable PLI to evaluate the arm's length nature of the results achieved by the Company with respect to the related party transactions under evaluation. Return on Sales ("**ROS**") ratio was chosen as the most reliable PLI to evaluate the arm's length nature of the results achieved by distributor with respect to the related party transactions under evaluation. Details of financial results for each tested party are set out as below:

Tested Party	Economic Role	Transfer Pricing Method	PLI	Financial Results Year ended December 31, 2023	2024	2025
The Company.	Asia Pacific routine manufacturer with certain R&D function	TNMM	FCMU	9.04%	5.56%	1.61%
RIGOL USA	U.S. routine distributor	TNMM	ROS	8.61%	7.08%	1.49%
RIGOL EU	EU routine distributor	TNMM	ROS	0.59%	0.72%	2.17%
RIGOL Malaysia	Asia Pacific routine manufacturer	TNMM	FCMU	N/A	–20.21%	–18.38%

Based on the above analysis, it indicates that the profit level of the Company, the averaged profit level of RIGOL USA and the profit level of RIGOL EU falls within the inter-quartile range on a weighted basis, established by the selected comparable companies.

The loss incurred by RIGOL Malaysia in 2024 and 2025 is primarily due to non-transfer pricing commercial factors that RIGOL Malaysia was a newly established company and its business operations were in the start-up stage. However, it showed signs of improvement as RIGOL Malaysia increased its production capacity and profitability in line with its ongoing business expansion. Accordingly, the operating losses incurred by RIGOL Malaysia in 2024 and 2025 reflect typical start-up phase challenges and can be justified by commercial and economic factors independent of transfer pricing considerations.

During the Track Record Period and up to the Latest Practicable Date, we were not subject to any penalties, investigations, inquiries or transfer pricing audits carried out by local tax authorities in relation to these intra-Group transactions. The subsidiaries involved in our intra-Group transactions have been preparing transfer pricing local files on annual basis for the Track Record Period to meet the applicable transfer pricing documentation compliance requirement. According to China's relevant transfer pricing regulations and practical experience, contemporaneous documentation (including local files) shall be provided within 30 days upon request by the tax

authorities for routine supervision. The local file of the transfer pricing documentation prepared for the periods from 2022 to 2024 had been submitted as required to relevant tax authorities on September 4, 2023, August 13, 2024, and July 4, 2025, respectively.

As advised by the Transfer Pricing Tax Advisor and upon reviewing the corresponding reports, our Directors and our Transfer Pricing Tax Advisor are of the view that the above-mentioned intra-Group transactions of our Group were in line with the arm's length principle and that our Group had been in compliance with the relevant transfer pricing laws and regulations in the relevant jurisdictions during the Track Record Period and up to the Latest Practicable Date.

Our Directors confirm that in ensuring ongoing compliance with the applicable transfer pricing laws and regulations, we plan to take the following measures:

- review and monitor the transfer pricing arrangements from time to time, and continue to engage third party tax advisers to carry out review on transfer pricing initiatives to ensure our transfer pricing arrangements are in line with the arm's length principle;
- provide training to teams responsible for such transactions, keeping them informed of transfer pricing laws and regulations in different jurisdictions; and
- continue to monitor the profitability of our subsidiaries and controlled affiliated entities and adjust pricing arrangements as appropriate.

THIRD PARTY PAYMENT

Background and Reasons

During the Track Record Period, we accepted payments made on behalf of certain customers (the "**Relevant Customer(s)**"), through the accounts of third-party payors who were not affiliated companies of the Relevant Customers but were designated by the Relevant Customers (the "**Third-Party Payment Arrangement(s)**"). The third-party payors are independent third parties of the Relevant Customer(s) designated by the Relevant Customers. According to Frost & Sullivan, it is a common commercial practice for customers to settle payments through third-party payors for various personal reasons. The main reason for the Third-Party Payment Arrangements in our business is that overseas customers often opt for third-party payment methods for their convenience and flexibility.

In 2023, 2024 and 2025, there were nine, seven and four Relevant Customers, respectively, and the aggregate amount of Third Party Payment Arrangement was RMB6.2 million, RMB5.5 million and RMB2.0 million, representing approximately 0.9%, 0.7% and 0.2% of our total revenues, respectively. No individual Relevant Customer had made material contribution to our revenue during the Track Record Period. To the best of our knowledge, none of the Third-Party Payors designated by the Relevant Customer is our connected person, and all designated Third-Party Payors are independent from each of our Directors, senior management and Controlling Shareholders.

Implication of the Third-Party Payment Arrangements

During the Track Record Period, our Directors confirm that: (i) we had not provided any discount, commission, rebate, or other benefit to any of the Relevant Customers to facilitate or incentivize the Third-Party Payment Arrangements, (ii) the pricing and payment terms of the agreements we entered into with the Relevant Customers were generally in line with customers not involved in the Third-Party Payment Arrangements under similar scenarios and (iii) the Third-Party Payment Arrangements have been recorded completely and accurately in our accounting books and records in all material respects.

During the Track Record Period and up to the Latest Practicable Date, as confirmed by the Directors, (i) all settlements were based on bona fide underlying transactions and valid contractual relationships, (ii) the settlement amounts were consistent with the amounts incurred under the relevant transactions, (iii) we were not aware of any instances of commercial bribery, money laundering, tax evasion, or existing or potential disputes with our Group related to the Third-Party Payment Arrangements, (iv) we had not encountered any disputes with, nor received any refund

request from, any Relevant Customer or Third-Party Payer, and (v) we had not been subject to any disputes or administrative penalties by the relevant government authorities with respect to the Third-Party Payment Arrangements. We communicated with the Relevant Customers and their designated third-party payors involved in the Third-party Payment Arrangements and have obtained confirmations from them regarding the payment arrangements made to us through the Third-Party Payment Arrangements. The designated third-party payors have not, and to our best knowledge, will not request for the return of funds paid to us under the Third-Party Payment Arrangements.

As advised by our PRC Legal Advisor, our acceptance of payments through the Third Party Payment Arrangements do not contravene any prohibitive provisions under PRC laws and regulations, and the risk of the Arrangements being deemed as constituting the crime of money laundering under the Criminal Law of the PRC for the purpose of covering up or concealing the source and nature of proceeds or gains is relatively low.

Internal Control Measures for Third-Party Payment Arrangement

To safeguard our Company's interest against risks associated with Third-Party Payment Arrangements, the following internal control measures have been adopted by our Company (collectively, the "**Rectification Measures**"):

- As of the Latest Practicable Date, we had ceased all Third-Party Payment Arrangements and required our customers to settle the payments directly with us.
- We circulated notice internally to alert and inform relevant staff members of requirements on identification of, and prohibition on accepting Third-Party Payment Arrangement;
- Our finance department is responsible for maintaining a receipt settlement management ledger, which records, among other information, the customer's name, content of transaction, payment data, payment sum, payment method and the payer's name, so as to ensure that relevant payments are made directly by the relevant customer;
- We require our customers to make payments using their own legitimate bank accounts. Payments from third-party accounts that do not match the contracting party are strictly prohibited. In case of any such discrepancy, the received payment will be returned, and the contractual counterparty will be required to make the payment again through their own account;
- To prevent fraud or money laundering activities and ensure the accuracy and completeness of our accounting books and records, we consistently maintained our know-your-customer procedures to gain a comprehensive understanding of our customers and performed verification of payment details against our records to confirm payments are made in accordance with the agreements and/or the undertaking letters. If any abnormalities are detected, we will promptly liaise with such customers for verification and correction.

Considering that our revenues generated from these Third-Party Payment Arrangements as a percentage of our total revenues was immaterial, our Directors confirm that the cessation of the Third-Party Payment Arrangements does not have a material adverse impact on our business, financial conditions or results of operations. As of the Latest Practicable Date, we had fully implemented the Rectification Measures and have terminated all Third-Party Payment Arrangements. Our internal control consultant reviewed the above internal control measures in relation to Third-Party Payment Arrangements adopted by us and did not identify any further material deficiencies on the design of internal control measures.

BUSINESS ACTIVITIES IN RELATION TO ENTITIES AND COUNTRIES SUBJECT TO INTERNATIONAL SANCTIONS

During the Track Record Period, we did not have any business operations in or with entities and individuals in any countries or regions subject to comprehensive embargoes administered by the U.S. Department of the Treasury, Office of Foreign Assets Control ("**OFAC**").

During the Track Record Period, we have sold our self-manufactured and self-designed products, including electronic test and measurement instruments to certain entities that have been designated by the BIS to the Entity List. The aggregate sales to customers on the Entity List amounted to approximately RMB19.0 million, RMB62.5 million and RMB31.1 million, respectively, in 2023, 2024 and 2025, accounting for 2.8%, 8.1% and 3.5% of our total revenue during the respective period. Provision of items subject to the EAR without a license from BIS to these said customers is prohibited. As advised by our International Sanction Legal Advisor, all such sales occurred and concluded within China of Chinese domestically-produced products, did not involve any U.S. nexus, and all products sold to our customers listed on the Entity List maintained by the BIS were not subject to the EAR. Therefore, as advised by our International Sanction Legal Advisor, our sales did not require a license nor otherwise represent a violation of the U.S. export controls applicable to these customers during the Track Record Period.

Furthermore, we had procured from domestic Chinese suppliers certain items and technologies classified as ECCN 3A991 and 5A991 ("**Procured EAR Items**") which are only controlled for anti-terrorism reasons and therefore only subject to a license requirement for exports, reexports or transfers (in-country) involving (i) entities designated on the BIS Entity List, Denied Persons List, or Unverified List; and/or (ii) entities headquartered in, ordinarily resident in, or owned or controlled by governments of any countries/regions subject to comprehensive trade embargo, as well as Russia and Belarus (collectively referred as "**AT Restrictions Sanctioned Targets**"). Our procurement from the suppliers relating to these items amounted to RMB5.3 million, RMB9.0 million and RMB13.8 million, accounting for approximately 1.9%, 2.9% and 3.4% of our cost of sales in each year/period during the Track Record Period. The purchase of these items were denominated in RMB and the payments and deliveries were all concluded within Chinese Mainland. We have not supplied any of these controlled technologies directly to any AT Restrictions Sanctioned Targets. Any Procured EAR Items incorporated in our finished products did not surpass the applicable de minimis threshold for our local and overseas sales. In particular, our finished products do not incorporate with 10% or more of any U.S. controlled items, therefore, our products are not subject to the EAR under the de minimis rule. Based on consultation with our International Sanction Legal Advisor, such procurements and incorporation of such procured items into our finished products did not represent a violation of the applicable U.S. export controls.

In light of the above, based on consultation with our International Sanction Legal Advisor, no products subject to the EAR have been exported to any persons or entities identified on the BIS Lists, and the business dealings of our Group with Relevant Region and the Relevant Entities do not appear to violate or implicate any breaches of applicable U.S. sanctions laws and regulations. Consequently, we are not aware of any trade restrictions and sanctions that have a material impact on the business of our Group's business and financial performance. For sanctions risks, please refer to "Risk Factors — We are subject to the risks associated with sanctions and export controls laws and regulations, international trade policies, and developing domestic and foreign laws and regulations, and our business, financial condition and results of operations could be adversely affected."

IMPACT OF TRADE RESTRICTIONS AND TARIFFS

Since February 2025, the U.S. proposed to impose multiple rounds of tariffs on a wide range of goods imported from multiple countries, including China, and China responded with retaliatory tariffs. Since February 2025, both countries raised reciprocal tariffs on each other's imported goods to 125%. However, on May 12, 2025, both the U.S. and China modified these tariff measures: the U.S. removed the 125% tariff and temporarily reduced tariffs on Chinese goods to 10% by

suspending a 24% duty for 90 days. The PRC government announced the same tariff adjustments, removing the 125% retaliatory tariff and cutting tariffs on U.S. goods from 34% to 10% for the same period. This suspension was further extended by the two countries for an additional 90 days until November 10, 2025. Following the two countries' trade negotiations on October 30, 2025, on November 1, 2025, the U.S. announced that it agreed to suspend for one year a 24% reciprocal tariff on Chinese products and reduce the fentanyl-related tariff on Chinese products by 10%. In addition, China agreed to adjust its counter measures related to the above U.S. tariffs, and the two countries agreed to continue extending certain tariff exemptions. On February 20, 2026, the U.S. Supreme Court held that the International Emergency Economic Power Act does not authorize the President to impose tariffs, including the reciprocal and fentanyl-related tariffs. Effective from February 24, 2026, the U.S. customs authority will cease to collect these tariffs. Meanwhile, President Trump issued a proclamation to impose a temporary import surcharge of 10% on all imports to the U.S. effective from February 24, 2026 for a period of 150 days, and later announced this tariff rate would be 15% (the rate of the actual import surcharge may vary, subject to the modification of the relevant rules to effectuate the collection of such surcharge).

We do not rely on any U.S.-originated technologies or raw materials for our operations. IC chips are our primary raw material. With ongoing advancements in the substrate supply chain, together with cost efficiencies and technological developments in producing more cost-effective IC chips, there is increasing availability of substitutes for imported IC chips that are comparable in price, quantity, and quality.

During the Track Record Period, revenue generated from the U.S. accounted for 11.8%, 11.6% and 11.3% of our total revenue in 2023, 2024 and 2025, respectively. Considering that (i) there are no material sales decline for our U.S. sales since the implementation and revision of rounds of U.S. tariffs starting February 2025; (ii) we had not experienced any material changes in our order volume, product price, customer payment or logistics arrangements attributable to the U.S. tariff measures; (iii) we did not rely on any U.S.-originated technologies or raw materials for our operations and we did not procure any raw materials from the U.S.; (iv) we do not expect our sales to the U.S. to increase significantly and does not have plan to devote significant resources to expand our sales in the U.S.; and (v) our products exported to the U.S. have increasingly been manufactured by our production facility in Penang, our Directors believe that the recent tariffs have had no material or immediate direct or indirect impact on our supply chain, production, operations and financial performance during the Track Record Period and up to the Latest Practicable Date. Furthermore, as the U.S. market is not expected to account for a significant portion of our revenue, our Directors are of the view that the recent tariffs will not have any material adverse impact, directly or indirectly, on our operations and financial performance.

We will continue to monitor the regulatory landscape but consider our exposure to U.S. trade policy to be limited. For risks relating to the relevant trade restrictions and tariffs on our Group's business and financial performance, please refer to "Risk Factors — The global economic conditions, political instability, and changes in diplomatic and trade relationships could negatively affect our operating results and cause fluctuations in demand for our products and solutions."

RISK MANAGEMENT AND INTERNAL CONTROL

It is the responsibility of our Board to ensure that we maintain sound and effective internal controls and risk management system to safeguard our shareholders' investment and our assets. We maintain internal manuals which set out operating procedures, internal control procedures and other policies and guidelines. We have adopted and implemented comprehensive risk management policies in various aspects of our business operations, including financial reporting, IT, compliance, intellectual property, human resources, and investment management.

Our Board of Directors are responsible for the establishment, updating and implementation of our internal control policies and systems, while our management team monitors the daily implementation of the internal control procedures and measures with respect to our functional teams. Our Directors are of the view that our current internal control measures are adequate and effective to ensure compliance with relevant laws and regulations.

Operational Risk Management

Operational risk refers to the risk of direct or indirect financial loss resulting from incomplete or problematic internal processes, personnel mistakes, IT system failures or external events. We have established a series of internal procedures to manage such risks. We take a comprehensive approach with regard to operational risk management, and we have implemented a mechanism with detailed and decentralized responsibilities and clear rewards and punishment systems. Our IT, human resources, finance and operations departments are collectively responsible to ensure the compliance of our operations with internal procedures. In the event of a major adverse event, the matter will be escalated to our legal department to take appropriate measures. Through effective operational risk management, we expect to control operational risks within a reasonable range by identifying, measuring, monitoring and containing operational risks to reduce potential losses.

Human Resources Risk Management

We provide regular and specialized training tailored to the needs of our employees in different departments. These trainings enable our staff to improve their skills and better address our customers' needs. We have in place an employee handbook approved by our management and distributed to all our employees, which contains internal rules and guidelines regarding best commercial practices, work ethics, fraud prevention mechanisms, negligence, and corruption.

Financial Reporting and Risk Management

We have in place a set of accounting policies in connection with our financial reporting risk management, such as financial report management policies, treasury management policies, and reimbursement management policies. We have various procedures in place to implement accounting policies, and our financial department reviews our management accounts based on such procedures.

Credit Risk Management

We seek to maintain strict control over our outstanding receivables and have implemented a policy to minimize credit risk. We maintain regular communication with our customers, address potential payment issues proactively, and conduct detailed risk assessments. Our finance department conducts regular reviews of overdue accounts and recoverability of our outstanding balances, prioritizing high-value or long-overdue balances, and when appropriate, provides for impairment of these trade receivables. Our sales department is responsible for collecting outstanding receivables, particularly following up on any overdue accounts. For significantly overdue accounts with no resolution, we escalate to legal proceedings.

Audit Committee Experience and Qualification and Board Oversight

To monitor the ongoing implementation of our risk management policies, we have established an Audit Committee to review and supervise our financial reporting process and internal control system on an ongoing basis to ensure that our internal control system is effective in identifying, managing and mitigating risks involved in our business operations. See "Directors and Senior Management — Management and Corporate Governance — Board Committees — Audit Committee." We have also established an internal audit department which is responsible for reviewing the effectiveness of internal controls and reporting issues identified and improving our internal control system and procedures by identifying internal control failures and weaknesses on an ongoing basis. The internal audit department reports any major issues identified to the Audit Committee and Board of Directors on a timely basis.

FINANCIAL INFORMATION

You should read the following discussion and analysis in conjunction with our consolidated financial statements, included in the Accountants' Report in Appendix I to this document, together with the respective accompanying notes. Our consolidated financial information has been prepared in accordance with IFRS Accounting Standards.

To comply with the applicable regulations and disclosure requirements, as well as to present material information necessary to assess the impact of the acquisition of Naishu Electronics Group, this document contains pre-acquisition financial statements of Naishu Electronics Group for the year ended December 31, 2023 and the period from January 1, 2024 to February 7, 2024, which have been audited by Deloitte Touche Tohmatsu and are disclosed in Note 37 to the Accountants' Report in Appendix I to this document, and the discussion and analysis on the historical financial information of Naishu Electronics Group for the year ended December 31, 2023 in this section.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed in "Risk Factors" and "Forward-Looking Statements" and elsewhere in this document.

OVERVIEW

We are a leading electronic test and measurement instrument company in the PRC with advanced technology capabilities and extensive global footprint. According to Frost & Sullivan, we are the largest PRC electronic test and measurement instrument provider and ranked eighth globally in terms of revenue in 2024. We design, develop, manufacture and deliver a comprehensive suite of electronic test and measurement instruments and solutions that power scientific discovery and industrial innovation. Under the "RIGOL" brand, we serve a diverse customer base of over 100,000 end customers across more than 90 countries and regions, addressing complex test challenges across communications, new energy, semiconductors, and education and research sectors. We are committed to innovation and in-house mastery of core technologies. Through sustained advances in hardware, software and algorithms, we have built a proprietary core technology platform and established ourselves as a leading electronic test and measurement enterprise.

Through years of dedicated research and development and innovation, we have established a comprehensive electronic test and measurement offering built on two pillars: (i) a core-technology-driven product matrix, encompassing digital oscilloscopes, microwave and RF instruments, DC and precision instruments, and modular instruments, and (ii) a suite of multi-scenario solutions, primarily serving high-growth industries including communications, new energy, semiconductors, and education and research.

BASIS OF PRESENTATION

The historical financial information has been prepared in accordance with the following accounting policies which conform with IFRS Accounting Standards issued by the International Accounting Standards Board (the "**IASB**"). For the purpose of preparation of the historical financial information, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the historical financial information includes the applicable disclosures required by the Listing Rules and by the Companies Ordinance.

FINANCIAL INFORMATION

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations and financial performance are influenced by a variety of industry-wide and business-specific drivers. The following discussion sets out the principal factors that management believes are most significant to our results of operations, drawing on industry trends, our product and technology strategy and operational execution during the Track Record Period and beyond.

Market Growth of the Global Electronic Test and Measurement Instrument and Solution Industry and Our Ability to Compete in the Global Market

Our financial performance is significantly influenced by the growth of the global electronic test and measurement instrument and solution industry, which can be affected by the downstream market size and customer demand, and our ability to compete effectively in this market. According to Frost & Sullivan, the global market size of electronic test and measurement instruments and solutions in 2024 achieved approximately RMB110 billion. Looking ahead, the market is projected to maintain strong growth momentum, with an estimated CAGR of 8.6% from 2025 to 2029, reaching approximately RMB170 billion in 2029.

Demand for our products is closely tied to the industry's growth trajectory. The global electronic test and measurement industry is driven by new technological advancements which will bring product iteration, and growth in the downstream markets. At the same time, the industry is experiencing trends such as higher performance and enhanced tool efficiency and a shift toward more intelligent and integrated solutions. We believe our full-stack, proprietary technological capabilities, diverse range of electronic test and measurement instruments and ability to deliver integrated solutions addressing specific industry challenges, will provide us with better competitive edge to meet the increasing demands of downstream markets.

In the electronic test and measurement instrument and solution market, we compete with multinational incumbents and emerging domestic brands on technological advancement, product performance and pricing flexibility. We have maintained a competitive edge and will continue to focus on advancing technological strength, understanding of customer needs and steady improvement of profitability. To sustain high gross profit margin and defend market share, we will continue to strengthen our ability to differentiate through proprietary ASIC technology platforms, advanced signal processing algorithms, our comprehensive application software ecosystem and our solutions.

Our Ability to Continue Innovation and Technological Advancements

Our long-term market position is built on our sustained leadership in product innovation and technological advancements. The process for technology development and product design involves long investment cycles. As the first and only PRC company to have successfully commercialized digital oscilloscopes with self-developed ASICs, our ongoing commitment to technology development has already resulted in differentiated products and solutions, reinforcing our technological leadership in the market. We believe our ability to execute R&D initiatives, develop new technologies, launch new products and enhance existing products, alongside our success in attracting and retaining top R&D talent, is essential in maintaining our market position.

We have invested, and plan to continue to invest, significant resources in our R&D efforts. Our R&D expenses accounted for 21.3%, 26.6% and 25.1% of our total revenue in 2023, 2024 and 2025, respectively. Specifically, the progress of our technology and product development depends largely on our R&D talents. As of December 31, 2025, our R&D team consisted of 327 members, representing 46.8% of total employees as of the same date. These investments support ongoing projects such as our high-performance and high-resolution oscilloscope platform, next-generation RF signal chain, and integrated application software. In order to continue to scale and expand our operations, we will continue to enhance our R&D efficiency and prioritize high-impact projects to accelerate time-to-market for new products and solutions, and successfully commercialize R&D outcomes.

Our Ability to Develop and Enhance Our Portfolio of Products and Solutions

We offer a comprehensive portfolio of electronic test and measurement instruments, ranging from digital oscilloscopes, microwave and RF instruments, DC and precision instruments, and modular instruments. Leveraging our product portfolio, we offer flexible solutions that meet the diverse demands of customers across various industries.

We generally set product prices taking into account technological advantages, raw material costs and overall market conditions. In 2023, 2024 and 2025, we achieved sales revenue of RMB670.5 million, RMB775.8 million and RMB900.2 million, respectively. In the same periods, our gross profit margins were 53.4%, 54.9% and 52.8%, respectively. We have been expanding our product portfolio by introducing more high-performance products and increasing the proportion of solutions in our sales thereby to increase our profit margin. Throughout the Track Record period, our overall revenue from product and solution sales consistently grew, with sales rising across all categories.

Our product and solution mix are driven by shifts in customer demand, technological advancements and the introduction of new products. Based on insights on customer needs and market trends, we continue to upgrade our existing offerings and launch new products. We see great potential to further monetize our customer base, and we plan to continue fine-tuning and expand our service offerings to expand our customer base. We believe there is a significant opportunity for profitability by enriching our portfolio with premium products, exploring new application areas, and cross-selling more of our solutions. By leveraging our market-oriented innovation capabilities and marketing activities, our continuously upgraded and expanded product portfolio has propelled our sustained and robust business growth.

Our Ability to Expand Customer Base and Optimize Sales Channels

We serve a diverse customer base across sectors such as communications, new energy, semiconductors, and education and research, which has been key to our success. As of December 31, 2025, among the companies on the 2025 Fortune Global 500 list, we had served 100% of the computer and office equipment companies, 93% of the electronics and electrical equipment companies, 83% of the semiconductor and other electronic components companies; 100% of the telecommunication companies; and 77% of the motor vehicles and parts companies. As of the same date, 87 of the world's top 100 universities (QS World University Rankings) utilized RIGOL-branded products. Our future success and revenue growth in particular, is significantly dependent on our ability to continually attract new customers, expand our sales channels and retain existing customers.

We sell our products through both direct sales and distributor sales, providing flexibility to address different market segments. During the Track Record Period, a majority of our products were sold by distributors. Our collaboration with distributors allowed us to expand in cost-effective manner, leveraging the resources and local expertise of distributors. To a lesser extent, we also made direct sales through key account sales and online channel. The composition of our customer base and the effectiveness of our channel management strategies directly impact our revenue growth, market share, and profitability. We plan to continue exploring opportunities and adjusting our marketing campaigns to boost brand recognition, ensuring that our expansion efforts lead to increased profitability and long-term success. To maximize market coverage and sales efficiency, we have optimized our sales channels. Our ability to adapt our distributor sales channels to market conditions has been crucial in expanding our business. By building strategic relationships with distributors, we have extended our market reach and increased sales volume. Through our direct sales channel, we engage closely with our end customers in particular key account customers, providing products and solutions that meet their needs. We regularly assess and adjust our sales channel strategies to respond to market changes and customer demands. This flexible approach allows us to leverage the strengths of both direct and distributor sales, ensuring comprehensive market penetration that enhances profitability.

Our Ability to Manage Our Costs and Improve Our Profitability

Our ability to achieve profitability and sustainable growth depends in part on our management of costs. In 2023, 2024 and 2025, our cost of sales was RMB312.3 million, RMB349.9 million and RMB424.5 million, respectively, accounting for 46.6%, 45.1%, and 47.2% of our revenue for the same respective periods. Our cost of sales primarily consists of costs of direct materials, manufacturing overhead, freight, tariff, direct labor and outsourced processing fees. Changes in any major components of our cost of sales and our overall cost structure could have an impact on our gross profit. For instance, our direct material costs represent the largest portion of our cost of sales. The procurement costs for these materials may fluctuate due to a number of factors beyond our control, such as supply chain disruptions, inflation, and changes in global demand, and we are susceptible to significant changes in the availability, price and standard of the procured items. We have implemented cost management measures, including maintaining long-term relationships with multiple suppliers and establishing the Penang Production Center, to mitigate such risks. Effective supply chain management, including accurate demand forecasting and inventory control, is essential to ensuring production continuity and cost efficiency.

Seasonal Fluctuations

Our sales are affected by seasonal fluctuation due to customers' purchasing practices. The seasonal ordering trends often result in a higher volume of orders in the second half of the year since major customers tend to concentrate their order placements toward the end of the fiscal year driven by their annual budget practices. According to Frost & Sullivan, this is in line with industry norms. The degree of seasonality may vary each year. Furthermore, our operating and financial results for an interim period may not be representative of our overall performance for a year.

OUR ACQUISITION OF NAISHU ELECTRONICS GROUP

We acquired Naishu Electronics Group in 2024, and its results of operations have been consolidated in our financial statements since February 7, 2024. Our statements of profit and loss and cash flows for the year ended December 31, 2024 reflected the results of Naishu Electronics Group from February 7, 2024 to December 31, 2024.

Prior to the acquisition, Naishu Electronics Group's revenue was RMB49.3 million and nil for its fiscal year ended December 31, 2023 and the period from January 1, 2024 to February 7, 2024, respectively. For the same periods, its gross profit was RMB33.0 million and nil, respectively. Naishu Electronics Group's consolidated financial statements and the accompanying notes prior to the acquisition are set forth in Note 37 to the Accountants' Report in Appendix I to this document.

For more information regarding the acquisition, see "History, Development and Corporate Structure — Major Acquisitions, Disposals and Mergers" and Note 37 to the Accountants' Report in Appendix I to this document.

MATERIAL ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

Note 4 to the Accountants' Report in Appendix I to this document sets forth certain material accounting policy information, which is important for understanding our financial conditions and results of operations.

Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments relating to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have significant impact on our financial position and results of operations. Our management continually evaluates such estimates, assumptions, and judgments based on past experiences and other factors, including industry practices and expectations of future events that are believed to be reasonable under the circumstances. There has not been any material deviation between our management's estimates or assumptions and actual results, and we have not made any material changes to these estimates or

assumptions during the Track Record Period. We do not expect any material changes in these estimates and assumptions in the foreseeable future. See Note 5 to the Accountants' Report in Appendix I to this document.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Revenue	670,538	775,826	900,234
Cost of sales	(312,252)	(349,868)	(424,517)
Gross profit	**358,286**	**425,958**	**475,717**
Other income	21,918	23,163	19,918
Impairment losses under expected credit loss model, net of reversal	(2,870)	2,448	(1,515)
Other gains and losses	53,732	47,967	54,412
Selling expenses	(102,941)	(102,537)	(122,459)
Administrative expenses	(66,882)	(104,591)	(100,380)
R&D expenses	(142,851)	(206,665)	(225,895)
Finance costs	(4,550)	(8,794)	(8,745)
Share of results of associate	(4)	(131)	—
Profit before tax	**113,838**	**76,818**	**91,053**
Income tax (expense) income	(5,885)	15,485	(4,970)
Profit for the year	**107,953**	**92,303**	**86,083**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations	739	1,181	5,655
Other comprehensive income for the year	**739**	**1,181**	**5,655**
Total comprehensive income for the year	**108,692**	**93,484**	**91,738**

NON-IFRS FINANCIAL MEASURE

To supplement our consolidated financial statements, which are presented in accordance with IFRS, we also use adjusted net profit and adjusted EBITDA as additional financial measures, which are not required by, or presented in accordance with IFRS. We believe these non-IFRS measures facilitate comparisons of operating performance from year to year and company to company by eliminating potential impacts of certain items. We believe these measures provide useful information to investors and others in understanding and evaluating our combined results of operations in the same manner as they help our management. However, such non-IFRS financial measures we presented may not be directly comparable to similar measures presented by other companies. The use of these non-IFRS measures should not be considered as substitute for analysis of, our results of operations or financial condition as reported under IFRS.

The following table reconciles our adjusted net profit and adjusted EBITDA presented to the most directly comparable financial measure calculated and presented in accordance with IFRS, which is profit for the year.

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Profit for the year	107,953	92,303	86,083
Add:			
Share-based compensation expense[1]	14,974	11,032	5,705
Adjusted net profit *(non-IFRS measure)*	**122,927**	**103,335**	**91,788**
Add:			
Income tax expense (income)[2]	5,885	(15,485)	4,970
Depreciation and amortization[3]	35,897	68,540	84,295
Finance costs[2]	4,550	8,794	8,745
Subtract:			
Interest income from banks[2]	6,960	2,713	3,116
Adjusted EBITDA *(non-IFRS measure)*	**162,299**	**162,471**	**186,682**

Notes:
(1) Share-based compensation expenses mainly represent the consideration in the form of equity instruments for services performed by our employees, which are not expected to result in future cash payments, and are therefore non-cash in nature.
(2) Income tax expense (income), finance costs and interest income from banks are non-operating in nature.
(3) Depreciation and amortization are non-cash in nature.

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenue

During the Track Record Period, our revenue was primarily derived from the sale of electronic test and measurement instruments.

The following table sets forth our revenue breakdown by product type and solutions in absolute amount and as a percentage of our total revenue for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentage)					
Products						
Digital oscilloscopes	345,202	51.5	365,788	47.1	400,223	44.5
Microwave and RF instruments	90,704	13.5	99,665	12.8	113,648	12.6
DC and precision instruments	168,049	25.1	168,393	21.7	191,913	21.3
Modular instruments	—	—	—	—	28,002	3.1
	603,955	90.1	633,846	81.6	733,786	81.5
Solutions	57,571	8.6	130,021	16.8	150,877	16.8
Others[1]	9,012	1.3	11,959	1.6	15,571	1.7
Total	**670,538**	**100.0**	**775,826**	**100.0**	**900,234**	**100.0**

Note:
(1) Others primarily included rental income and revenue from the sale of raw materials.

FINANCIAL INFORMATION

During the Track Record Period, we generated a majority of our revenue from distributor sales. The following table sets forth our revenue breakdown by sales channel in absolute amount and as a percentage of our total revenue for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentage)					
Distributor sales	485,942	72.5	500,870	64.6	586,040	65.1
Direct sales						
Key account	61,393	9.2	146,953	18.9	168,885	18.8
Online	114,191	17.0	112,710	14.5	128,714	14.3
ODM sales[(1)]	—	—	3,334	0.4	1,024	0.1
Others[(2)]	9,012	1.3	11,959	1.6	15,571	1.7
Total	**670,538**	**100.0**	**775,826**	**100.0**	**900,234**	**100.0**

Notes:

(1) In addition to selling products under our own brands, we also provide ODM services to certain direct sales customers, designing and manufacturing customized products based on customer requirements, which are subsequently marketed under the customers' brands. It consists of revenue from sales of products under such ODM model, and revenue from rendering of services.

(2) Others primarily included rental income and revenue from the sale of raw materials.

In both Chinese mainland and overseas markets, we operate through two main sales channels: (i) distributor sales, and (ii) direct sales.

- ***Distributor Sales***: our distribution channel leverages a network of trusted partners with established local expertise and market presence. Distributors play a critical role in expanding our reach primarily for our entry-level and mid-range products, especially in regions where local knowledge and connections are vital for market entry and scaling.
- ***Direct Sales***: we have a comprehensive key account and online sales network in the Chinese mainland and overseas markets. Through our direct sales channel, we engage closely with end customers, providing products and solutions that meet their operational needs. This enables us to maintain strong customer relationships, gain deeper insights into market trends, and deliver comprehensive support particularly for our high-performance products and solution offerings.

The revenue from the provision of solutions was derived through both distributor sales and direct sales.

For more information about our sale channels, see "Business — Sales and Marketing."

During the Track Record Period, the revenue contribution from distributor sales has continued to grow, primarily attributable to the ramp-up of new mid-range digital oscilloscopes launched in late 2022 and launch of new generation entry-level digital oscilloscopes in 2023. At the same time, we also gradually increased our direct sales by serving key account customers after we launched new high-performance digital oscilloscopes in late 2023 and expanded our solutions offerings after acquisition of Naishu Electronics Group and by expanding and upgrading our global online sales network.

Revenue by Geographic Markets

The following table sets out a breakdown of our revenue by geographical location, in absolute amount and as a percentage of our total revenue, for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentage)					
Chinese mainland	412,488	61.5	501,678	64.7	582,923	64.8
Overseas	258,050	38.5	274,148	35.3	317,311	35.2
North America	84,742	12.6	95,237	12.2	101,245	11.1
Europe	99,852	14.9	95,334	12.3	108,570	12.1
Asia[(1)]	62,126	9.3	69,717	9.0	90,573	10.1
South America	6,123	0.9	6,100	0.8	9,933	1.1
Oceania	4,653	0.7	6,822	0.9	6,104	0.7
Africa	554	0.1	938	0.1	886	0.1
Total	**670,538**	**100.0**	**775,826**	**100.0**	**900,234**	**100.0**

Note:
(1) The revenue from Chinese mainland is excluded.

Revenue contribution from the Chinese mainland market has continued to increase, reflecting the competitiveness of our products and solutions in the Chinese mainland market, in particular after we launched new mid-range digital oscilloscopes in late 2022 and new generation entry-level digital oscilloscopes in 2023. The increase in 2025 compared to 2024 was primarily due to the launch of our entry-level digital oscilloscopes in the end of 2024 and the ramp-up of our new high-performance digital oscilloscopes launched in the end of 2023, as well as our acquisition of Naishu Electronics Group, which mainly generated revenue from Chinese mainland.

Cost of Sales

Our cost of sales primarily consisted of costs of direct materials, manufacturing overhead, freight, tariff, direct labor and outsourced processing fees. The following table sets forth our cost of sales breakdown by nature in absolute amount and as a percentage of our total cost of sales for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentage)					
Direct materials	225,745	72.3	237,196	67.8	307,798	72.5
Manufacturing overhead	56,167	18.0	74,495	21.3	71,554	16.9
Freight	9,967	3.2	13,891	4.0	16,816	4.0
Tariff[(1)]	10,615	3.4	9,583	2.7	6,911	1.6
Direct labor	6,730	2.2	9,675	2.8	12,729	3.0
Outsourced processing fees	3,028	0.9	5,028	1.4	8,709	2.0
Total	**312,252**	**100.0**	**349,868**	**100.0**	**424,517**	**100.0**

Note:
(1) Our tariff expenses were mainly attributable to the tariffs imposed by the U.S. See "Business — Impact of Trade Restrictions and Tariffs" for details.

Gross Profit and Gross Profit Margin

Our gross profit represents our revenue less our cost of sales, and our gross margin represents gross profit divided by our revenue, expressed as a percentage. In 2023, 2024 and 2025, we had gross profit of RMB358.3 million, RMB426.0 million and RMB475.7 million, respectively, and a respective gross profit margin of 53.4%, 54.9% and 52.8%, respectively, for the same periods.

The following table sets forth our gross profit and gross profit margin breakdown by product type and solutions:

	Year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentage)					
Products						
Digital oscilloscopes	190,970	55.3	197,604	54.0	206,740	51.7
Microwave and RF instruments	59,851	66.0	66,373	66.6	77,240	68.0
DC and precision instruments	68,779	40.9	65,625	39.0	75,039	39.1
Modular instruments	—	—	—	—	22,739	81.2
	319,600	52.9	329,602	52.0	381,758	52.0
Solutions	35,137	61.0	94,072	72.4	90,192	59.8
Others	3,549	39.4	2,284	19.1	3,767	24.2
Total	**358,286**	**53.4**	**425,958**	**54.9**	**475,717**	**52.8**

Our gross profit margin varies by product type and solutions. Due to product characteristics and market conditions, our microwave and RF instruments, modular instruments, and solutions typically yield higher gross profit margins, whereas DC and precision instruments typically have a relatively lower margins. According to Frost & Sullivan, such differences in the level of gross profit margins for different types of products and solutions align with industry norms.

Other Income

During the Track Record Period, our other income primarily consisted of government grants related to our contribution to the local high-tech industry and economy, interest income from banks and super deduction of value added tax. Our other income amounted to RMB21.9 million, RMB23.2 million and RMB19.9 million in 2023, 2024 and 2025, respectively, accounting for 3.3%, 3.0% and 2.2%, respectively, of our revenue in the corresponding periods. The following table sets forth a breakdown of our other income in absolute amount and as a percentage of our total other income for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentage)					
Government grants related to:						
Income[(1)]	8,892	40.6	13,671	59.0	10,566	53.0
Assets[(2)]	3,852	17.6	4,620	19.9	3,952	19.9
Interest income from banks	6,960	31.8	2,713	11.7	3,116	15.6
Super deduction of value added tax	2,086	9.5	1,822	7.9	2,031	10.2
Others[(3)]	128	0.5	337	1.5	253	1.3
Total	**21,918**	**100.0**	**23,163**	**100.0**	**19,918**	**100.0**

Notes:

(1) Income from government grants to us during the Track Record Period were mainly related to our contribution to the local high-tech industry and economy. These grants are unconditional and accounted for as immediate financial support with no future related costs expected to be incurred and not related to any of our assets.

(2) The government grants related to assets were incentives received from the government for our purchases and construction of property, plant and equipment. All the conditions for the grants related to assets have been met. These grants related to assets were recorded in deferred income when received and subsequently recognized into profit or loss over the useful lives of the relevant assets purchased.

(3) Others represented other non-recurring items.

Impairment Losses under Expected Credit Loss Model, Net of Reversal

During the Track Record Period, our impairment losses under expected credit loss model, net of reversal primarily represented the provision or reversal of bad debt reserves for trade and other receivables. The changes were related to the scale of our trade and other receivables, the aging structure and the status of customer payments. Our impairment losses under expected credit loss

model, net of reversal amounted to RMB2.9 million and RMB1.5 million in 2023 and 2025, respectively. We had reversal of impairment losses under expected credit loss model of RMB2.4 million in 2024.

Other Gains and Losses

During the Track Record Period, our other gains and losses primarily consisted of fair value changes of financial assets at FVTPL, net foreign exchange gains (losses), fair value changes of derivative financial liabilities and loss on disposal of property, plant and equipment. Our other gains and losses amounted to RMB53.7 million, RMB48.0 million and RMB54.4 million in 2023, 2024 and 2025, respectively, accounting for 8.0%, 6.2% and 6.0%, respectively, of our revenue in the corresponding periods. The following table sets forth a breakdown of our other gains and losses in absolute amount and as a percentage of our total other gains and losses for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentage)					
Fair value changes of financial assets at FVTPL	53,522	99.6	54,594	113.8	50,566	92.9
Net foreign exchange gains (losses)	1,158	2.2	(6,081)	(12.7)	4,238	7.8
Fair value changes of derivative financial liabilities[(1)]	(767)	(1.4)	(72)	(0.2)	(201)	(0.4)
Loss on disposal of property, plant and equipment	(33)	(0.1)	(447)	(0.9)	(15)	(0.0)
Gain from disposal of an associate	—	—	31	0.1	—	—
Others	(148)	(0.3)	(58)	(0.1)	(176)	(0.3)
Total	**53,732**	**100.0**	**47,967**	**100.0**	**54,412**	**100.0**

Note:

(1) During the Track Record Period, we entered into foreign currency forward contracts with banks to manage our currency risk. Under these contracts, we will pay to the bank a notional amount in US$, and in return, receive from the bank an equivalent amount in RMB based on notional US$ amount and the relevant strike rate as specified in each contract. There is no outstanding balance as of December 31, 2023. We did not elect to adopt hedge accounting for these contracts. A loss of RMB767 thousand, RMB72 thousand and RMB201 thousand from currency forward contracts were recognized as "fair value change of derivative financial liabilities" in other gains and losses for the years ended December 31, 2023, 2024 and 2025, respectively.

Selling Expenses

During the Track Record Period, our selling expenses primarily consisted of labor cost, business promotion expenses, share-based compensation, service fee, travel expenses and depreciation and amortization. Our selling expenses amounted to RMB102.9 million, RMB102.5 million and RMB122.5 million in 2023, 2024 and 2025, respectively, accounting for 15.4%, 13.2% and 13.6%, respectively, of our revenue in the corresponding periods. The following table sets forth a breakdown of our selling expenses in absolute amount and as a percentage of our total selling expenses for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentage)					
Labor cost	48,409	47.0	58,384	56.9	68,608	56.0
Business promotion expenses	26,413	25.7	24,872	24.3	22,217	18.1
Share-based compensation	4,591	4.5	(6,572)	(6.4)	635	0.5
Service fee[(1)]	8,105	7.9	9,576	9.3	11,248	9.2
Travel expenses	6,484	6.3	5,488	5.4	6,310	5.2
Depreciation and amortization	1,874	1.8	2,086	2.0	2,618	2.1
Others[(2)]	7,065	6.8	8,703	8.5	10,823	8.9
Total	**102,941**	**100.0**	**102,537**	**100.0**	**122,459**	**100.0**

Notes:
(1) The service fee was primarily related to our sales through e-commerce platforms as well as other intermediary services to facilitate our sales.
(2) Others primarily included material cost, office expenses and after-sales maintenance expenses.

Administrative Expenses

During the Track Record Period, our administrative expenses consisted of labor cost, depreciation and amortization, service fee, [REDACTED], donation and share-based compensation, among other expenses. Our administrative expenses amounted to RMB66.9 million, RMB104.6 million and RMB100.4 million in 2023, 2024 and 2025, respectively, accounting for 10.0%, 13.5% and 11.2%, respectively, of our revenue in the corresponding periods. The following table sets forth a breakdown of our administrative expenses in absolute amount and as a percentage of our total administrative expenses for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentage)					
Labor cost	31,909	47.7	46,382	44.3	49,405	49.2
Depreciation and amortization	9,202	13.8	26,948	25.8	29,196	29.1
Service fee	10,834	16.2	16,993	16.2	12,116	12.1
[REDACTED]	—	—	—	—	323	0.3
Donation	3,176	4.7	1,646	1.6	736	0.7
Share-based compensation	2,921	4.4	1,769	1.7	1,087	1.1
Others[(1)]	8,840	13.2	10,853	10.4	7,517	7.5
Total	**66,882**	**100.0**	**104,591**	**100.0**	**100,380**	**100.0**

Note:
(1) Others primarily included traveling expenses, recruiting expenses, consumables and maintenance inspection expenses, transportation and utility expenses and office expenses.

R&D Expenses

During the Track Record Period, our R&D expenses primarily consisted of labor cost, material cost, depreciation and amortization, service fee and share-based compensation, among other expenses. Our R&D expenses amounted to RMB142.9 million, RMB206.7 million and RMB225.9 million in 2023, 2024 and 2025, respectively, accounting for 21.3%, 26.6% and 25.1%, respectively, of our revenue in the corresponding periods. The following table sets forth a breakdown of our R&D expenses in absolute amount and as a percentage of our total R&D expenses for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentage)					
Labor cost	75,194	52.6	111,061	53.7	125,887	55.7
Material Cost	26,665	18.7	30,983	15.0	36,301	16.1
Depreciation and amortization	16,081	11.3	26,636	12.9	31,868	14.1
Service fee[(1)]	10,762	7.5	15,803	7.6	16,470	7.3
Share-based compensation	6,427	4.5	13,523	6.5	3,345	1.5
Others[(2)]	7,722	5.4	8,659	4.3	12,024	5.3
Total	**142,851**	**100.0**	**206,665**	**100.0**	**225,895**	**100.0**

Notes:
(1) The service fee was mainly related to external professional services procured to facilitate our R&D activities as well as testing fees.
(2) Others primarily included traveling expenses, office and conference expenses and property rental and maintenance expenses.

Finance Costs

During the Track Record Period, our finance costs primarily included interest expenses on bank borrowings and lease liabilities. Our finance costs amounted to RMB4.6 million, RMB8.8 million and RMB8.7 million in 2023, 2024 and 2025, respectively. Interest expense on bank borrowings accounted for RMB4.1 million, RMB7.2 million and RMB6.9 million of the total finance costs in 2023, 2024 and 2025, respectively. Interest expense on lease liabilities accounted for RMB0.4 million, RMB1.5 million and RMB1.8 million of the total finance costs in 2023, 2024 and 2025, respectively.

Share of Results of Associate

During the Track Record Period, our share of results of associate primarily represented net losses accounted for using the equity method, which were recognized in profit or loss. The loss from our share of results of associate amounted to RMB4 thousand, RMB131 thousand and nil in 2023, 2024 and 2025, respectively.

Income Tax (Expense) Income

In 2023 and 2025, we recorded income tax expense of RMB5.9 million and RMB5.0 million, respectively. In 2024, we recorded income tax income of RMB15.5 million.

We are subject to income tax on an entity basis on profits arising in or derived from tax jurisdictions in which members in the Group are domiciled and operate. Under the EIT Law and Implementation Regulation of the EIT Law, the EIT rate of our PRC subsidiaries is 25%. Certain of our PRC subsidiaries, which were accredited as "high and new technology enterprise," were eligible for a preferential EIT rate of 15%.

According to the relevant laws and regulations in the PRC, enterprises engaging in R&D activities were entitled to claim 175% of their R&D expenses incurred as tax deductible expenses when determining their assessable profits for that year and period before September 1, 2022 ("**Super Deduction**"). The SAT announced that enterprises engaging in R&D activities would entitle to claim 200% of their R&D expenses as Super Deduction from September 1, 2022.

Under the two-tiered profits tax rates regime in Hong Kong, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%.

Income tax for our operating subsidiary in Malaysia is calculated at 24% of the estimated assessable profit during the Track Record Period.

We have operating subsidiary in the U.S., which are taxed for federal tax rate at 21% and state taxes ranging from 4% to 10% depending on the taxable income generated from each respective state for the Track Record Period.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Profit for the Year

As a result of the foregoing, our net profit amounted to RMB108.0 million, RMB92.3 million and RMB86.1 million in 2023, 2024 and 2025, respectively.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Year Ended December 31, 2025 Compared with Year Ended December 31, 2024

Revenue

Our revenue increased by 16.0% from RMB775.8 million in 2024 to RMB900.2 million in 2025, primarily attributable to the steady growth in sales volume and the successful launch of new products across our core product lines, as well as the expansion of our solutions business:

- Our revenue from the sales of electronic test and measurement products increased by 15.8% from RMB633.8 million in 2024 to RMB733.8 million in 2025, primarily due to:
  - an increase of sales of digital oscilloscopes from RMB365.8 million in 2024 to RMB400.2 million in 2025, primarily due to the ramp-up of our new generation high-resolution digital oscilloscopes launched in 2024 and new high-performance digital oscilloscopes launched in late 2023 to enter into the high-performance digital oscilloscopes market to capture more market shares;
  - an increase of sales of microwave and RF instruments from RMB99.7 million in 2024 to RMB113.7 million in 2025, primarily due to an adjustment of our marketing strategy to increase our price competitiveness, which increased our sales volume with higher affordability;
  - an increase of sales of DC and precision instruments from RMB168.4 million in 2024 to RMB191.9 million in 2025, primarily due to steady sales growth; and
  - an increase of sales of modular instruments from nil in 2024 to RMB28.0 million in 2025.
- Our revenue from the sales of solutions also increased by 16.0% from RMB130.0 million in 2024 to RMB150.9 million in 2025, primarily due to the synergies of technologies and sales and marketing as a result of our acquisition of Naishu Electronics Group.

Our revenue attributable to Naishu Electronics Group amounted to RMB66.5 million in 2024, all of which was derived from the sales of solutions, while our revenue attributable to Naishu Electronics Group amounted to RMB100.1 million in 2025, among which RMB72.1 million was derived from the sales of solutions and RMB28.0 million was derived from the sales of modular instruments.

Cost of Sales

Our cost of sales increased by 21.3% from RMB349.9 million in 2024 to RMB424.5 million in 2025, primarily due to an increase in costs of direct materials, which was in line with our revenue growth. The percentage of our cost of sales to total revenue increased from 45.1% in 2024 to 47.2% in 2025, primarily due to an increase in manufacturing costs at our Penang Production Center as it was put into operation in the second half of 2024 and increased prices of direct materials.

Gross Profit and Gross Profit Margin

As a result of the above, our gross profit increased by 11.7% from RMB426.0 million in 2024 to RMB475.7 million in 2025. Our gross profit margin decreased from 54.9% in 2024 to 52.8% in 2025.

The gross profit margin of our digital oscilloscopes decreased from 54.0% in 2024 to 51.7% in 2025 as we adjusted our pricing to facilitate the sales of our flagship and new products.

Other Income

Our other income decreased from RMB23.2 million in 2024 to RMB19.9 million in 2025, primarily due to decreased government grants. The percentage of our other income to total revenue also decreased from 3.0% in 2024 to 2.2% in 2025.

Impairment Losses under Expected Credit Loss Model, Net of Reversal

We had reversal of impairment losses under expected credit loss model of RMB2.4 million in 2024. while we recorded impairment losses under expected credit loss model, net of reversal of RMB1.5 million in 2025, primarily based on our holistic evaluation of our trade receivables aging structure and collection progress.

Other Gains and Losses

Our other gains and losses increased from RMB48.0 million in 2024 to RMB54.4 million in 2025, primarily due to net foreign exchange gains due to the fluctuation of Renminbi against United States dollar and euros which were our main settlement currencies for overseas business.

Selling Expenses

Our selling expenses increased by 19.4% from RMB102.5 million in 2024 to RMB122.5 million in 2025, primarily due to increased staff costs as a result of revenue growth and expansion of our sales team, as well as higher service fees from the expansion of overseas e-commerce channels to enhance brand influence. The percentage of our selling expenses to total revenue remained relatively stable at 13.2% and 13.6% in 2024 and 2025, respectively.

Administrative Expenses

Our administrative expenses decreased by 4.0% from RMB104.6 million in 2024 to RMB100.4 million in 2025, and the percentage of our administrative expenses to total revenue dropped from 13.5% in 2024 to 11.2% in 2025, as we optimized administrative operations and realized savings on service fees and other administrative expenses.

R&D Expenses

Our R&D expenses increased by 9.3% from RMB206.7 million in 2024 to RMB225.9 million in 2025, primarily due to increases in labor cost, material cost, depreciation and amortization attributable to increases in R&D personnel and R&D projects. The percentage of our R&D expenses to total revenue remained relatively stable at 26.6% and 25.1% in 2024 and 2025, respectively.

Finance Costs

Our finance costs remained relatively stable at RMB8.8 million and RMB8.7 million in 2024 and 2025, respectively.

Share of Results of Associate

Our share of results of associate amounted to a loss of RMB131 thousand in 2024, primarily represented our share of the associates' net losses accounted for using the equity method, which were recognized in profit or loss. We did not recognize any loss from our share of results of associate in 2025 after we disposed of certain loss-incurring associate in 2024.

Income Tax (Expense) Income

Our income tax income amounted to RMB15.5 million in 2024 while we recorded income tax expense of RMB5.0 million in 2025, primarily due to the termination of preferential tax policies applying to Naishu Electronics Group as well as a subsidiary's profit before tax.

Profit for the Year

As a result of the foregoing, our profit for the year decreased by 6.7% from RMB92.3 million in 2024 to RMB86.1 million in 2025.

Year Ended December 31, 2024 Compared with Year Ended December 31, 2023

Revenue

Our revenue increased by 15.7% from RMB670.5 million in 2023 to RMB775.8 million in 2024, primarily attributable to the rapid increase in sales of products:

- Our revenue from the sales of electronic test and measurement products increased by 4.9% from RMB604.0 million in 2023 to RMB633.8 million in 2024, primarily due to:
  - the increase of sales of digital oscilloscopes from RMB345.2 million in 2023 to RMB365.8 million in 2024, primarily due to the strong growth of our high-performance digital oscilloscopes launched in late 2023, which was developed based on self-developed ASICs, namely "Andromeda (仙女座)";
  - the increase of sales of microwave and RF instruments from RMB90.7 million in 2023 to RMB99.7 million in 2024, primarily due to continued industry growth; and
  - the stable sales of DC and precision instruments, which was RMB168.0 million in 2023 and RMB 168.4 million in 2024.
- Our revenue from the sales of solutions also increased by 125.8% from RMB57.6 million in 2023 to RMB130.0 million in 2024 attributable to our acquisition of Naishu Electronics Group, which contributed significantly to our solutions revenue.

Our revenue attributable to Naishu Electronics Group amounted to nil in 2023 and RMB66.5 million in 2024, all of which was derived from the sales of solutions.

Cost of Sales

Our cost of sales increased by 12.0% from RMB312.3 million in 2023 to RMB349.9 million in 2024, which is in line with our revenue growth. The percentage of our cost of sales to total revenue slightly decreased from 46.6% in 2023 to 45.1% in 2024, as a greater proportion of sales came from high-performance digital oscilloscopes and solutions, which incurred less cost of sales per unit.

Gross Profit and Gross Profit Margin

As a result of the above, our gross profit increased by 18.9% from RMB358.3 million in 2023 to RMB426.0 million in 2024 primarily due to increases in the sales of solutions attributable to our acquisition of Naishu Electronics Group. Our gross profit margin increased from 53.4% in 2023 to 54.9% in 2024 primarily due to an increase in the proportion of sales revenue from high-performance digital oscilloscopes and solutions.

The gross profit margin of our digital oscilloscopes decreased from 55.3% in 2023 to 54.0% in 2024 as we adjusted our pricing to facilitate the sales of our flagship and new products. The gross profit margin of our DC and precision instruments decreased from 40.9% in 2023 to 39.0% in 2024 because we strategically adjusted pricing to improve our product competitiveness as well as prioritizing the sales of more affordable products.

Other Income

Our other income increased from RMB21.9 million in 2023 to RMB23.2 million in 2024, primarily due to increases in government grants related to our contribution to local high-tech industry and economy, partially offset by decrease in interest income from banks. The interest income from banks was lower in 2024 primarily because of a decrease in overall deposit interest rate at banks. The percentage of our other income to total revenue remained stable at 3.3% in 2023 and 3.0% in 2024.

Impairment Losses under Expected Credit Loss Model, Net of Reversal

We recorded impairment losses under expected credit loss model, net of reversal of RMB2.9 million in 2023. We recorded reversal of impairment losses under expected credit loss model of RMB2.4 million in 2024. The change in 2024 was primarily due to improved collection of trade receivables and enhanced credit risk management.

Other Gains and Losses

Our other gains decreased from RMB53.7 million in 2023 to RMB48.0 million in 2024, primarily due to the net foreign exchange losses attributable to the fluctuation of Renminbi against United States dollar and euros which were our main settlement currencies for overseas business, partially offset by increase in fair value changes of financial assets at FVTPL attributable to the higher fair value of our large-denominated bank deposits and structured deposits.

Selling Expenses

Our selling expenses remained stable at RMB102.9 million in 2023 and RMB102.5 million in 2024. In 2024, our labor costs, service fees, depreciation and amortization costs increased to support our expanded selling efforts, and such increase was offset by our optimized business promotion expenses, and, to a greater extent, by the reversal of previously recognized share-based compensation as in 2024 we canceled the 2023 Restricted A Share Incentive Scheme. The percentage of our selling expenses to total revenue dropped from 15.4% in 2023 to 13.2% in 2024, which remained stable.

Administrative Expenses

Our administrative expenses increased by 56.4% from RMB66.9 million in 2023 to RMB104.6 million in 2024, primarily due to increases in depreciation and amortization as a result of the opening of our Shanghai R&D center and labor costs attributable to the business growth. The percentage of our administrative expenses to total revenue increased from 10.0% in 2023 to 13.5% in 2024 primarily due to the reasons stated above.

R&D Expenses

Our R&D expenses increased by 44.7% from RMB142.9 million in 2023 to RMB206.7 million in 2024, primarily due to increases in labor costs and depreciation and amortization, attributable to increases in R&D personnel and R&D projects. The percentage of our R&D expenses to total revenue increased from 21.3% in 2023 to 26.6% in 2024 primarily due to increased R&D personnel.

Finance Costs

Our finance costs increased by 93.3% from RMB4.6 million in 2023 to RMB8.8 million in 2024, primarily due to increase in interest expenses on bank borrowing attributable to increased short-term borrowings.

Share of Results of Associate

We incurred a loss from our share of results of associate of RMB4 thousand and RMB131 thousand in 2023 and 2024, respectively, primarily due to the increased share of net losses incurred by our associate during the year.

Income Tax (Expense)/Income

We recorded an income tax expense of RMB5.9 million in 2023 and an income tax income of RMB15.5 million in 2024, primarily due to the recognition of deferred tax income arising from increased deductible temporary differences and tax losses, which more than offset the current income tax expense on our generated profit.

Profit for the Year

As a result of the foregoing, our profit decreased by 14.5% from RMB108.0 million in 2023 to RMB92.3 million in 2024.

DISCUSSION OF KEY ITEMS OF OUR CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth selected information from our consolidated statements of financial position as of the dates indicated, which has been extracted from our audited consolidated financial statements included in Appendix I to this document.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Total current assets	2,427,448	2,668,031	2,404,762
Total non-current assets	838,235	1,184,891	1,179,824
Total assets	**3,265,683**	**3,852,922**	**3,584,586**
Total current liabilities	331,279	624,927	369,887
Total non-current liabilities	45,174	60,255	53,881
Total liabilities	**376,453**	**685,182**	**423,768**
Net assets	**2,889,230**	**3,167,740**	**3,160,818**
Share capital	185,124	194,104	193,874
Reserves	2,704,106	2,973,636	2,966,944
Total equity	**2,889,230**	**3,167,740**	**3,160,818**
Total liabilities and equity	**3,265,683**	**3,852,922**	**3,584,586**

The following table sets forth our current assets and liabilities as of the dates indicated:

	As of December 31,			As of February 28,
	2023	2024	2025	2026
	(RMB in thousands)			*(unaudited)*
Current assets				
Inventories	204,687	270,547	321,638	331,559
Trade and other receivables and prepayments	187,324	194,767	240,338	211,205
Contract costs	—	1,321	5,090	6,339
Financial assets at FVTPL	1,764,433	1,781,179	1,485,226	1,068,569
Pledged bank deposits	—	7,847	7,689	7,689
Time deposit	—	—	—	17,561
Bank balances and cash	271,004	412,370	344,781	720,666
Total current assets	**2,427,448**	**2,668,031**	**2,404,762**	**2,363,588**
Current liabilities				
Trade and other payables	222,350	203,185	234,362	217,010
Borrowings	68,735	361,118	62,641	43,780
Lease liabilities	5,051	7,524	10,146	9,286
Contract liabilities	31,942	49,767	56,623	67,003
Income tax payable	3,201	3,261	5.799	5,799
Derivative financial liabilities	—	72	316	739
Total current liabilities	**331,279**	**624,927**	**369,887**	**343,617**
Net current assets	**2,096,169**	**2,043,104**	**2,034,875**	**2,019,971**

Our net current assets remained relatively stable at RMB2,034.9 million as of December 31, 2025 and RMB2,020.0 million as of February 28, 2026.

Our net current assets remained relatively stable at RMB2,043.1 million and RMB2,034.9 million as of December 31, 2024 and 2025, respectively.

Our net current assets decreased by 2.5% from RMB2,096.2 million as of December 31, 2023 to RMB2,043.1 million as of December 31, 2024, primarily because the increase in current assets was less than the increase in current liabilities. The increase in current assets was attributable to increase in bank balances and cash of RMB141.4 million, increase in inventories of RMB65.9 million and increase in financial assets at FVTPL of RMB16.7 million. The increase in current liabilities was attributable to an increase in borrowings of RMB292.4 million.

Inventories

Our inventories primarily consisted of raw materials, work in process, finished goods and goods in transit. The following table sets out a breakdown of our inventories as of the dates indicated:

	As of December 31,		
	2023	**2024**	**2025**
	(RMB in thousands)		
Raw materials	125,023	167,793	193,071
Work in progress	23,498	56,570	63,662
Finished goods	54,788	46,184	64,905
Goods in transit	1,378	—	—
Total	**204,687**	**270,547**	**321,638**

Our inventories increased from RMB204.7 million as of December 31, 2023 to RMB270.5 million as of December 31, 2024. Our inventories continued to increase to RMB321.6 million as of December 31, 2025. The increases were primarily due to the increase of raw materials, which was driven by (i) our planned increase of inventory to support new product launches in each year and meet the anticipated growing downstream demands, (ii) as a part of our business continuity management initiative, we made a strategic decision to further accumulate and store a secure supply of inventories, particularly high-performance electronic components relying on the supply of limited suppliers overseas and involving high replacement costs and potential export control risks, mainly to mitigate the potential supply chain risk in response to geopolitical factors (see "Business — Business Activities in Relation to Entities and Countries Subject to International Sanctions" for details about the relevant export control matter) and to explore strategic relationship with our key suppliers to ensure continuous supply of raw materials to meet our manufacturing demands and to build in flexibility, and (iii) our strategy to lower our cost of direct materials through bulk procurement.

The table below sets forth an aging analysis for our inventories, net of loss allowances as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
0 to 90 days	68,211	125,632	129,213
91 to 180 days	20,251	34,936	47,106
181 to 360 days	84,012	31,327	36,275
above one year	32,213	78,652	109,044
Total	**204,687**	**270,547**	**321,638**

Our management periodically reviews our inventory levels for slow-moving inventory, obsolescence or decline in market value. Allowance is made when the net realizable value of inventories falls below the cost or any of the inventories is identified as obsolete. We assess the net realizable value of the inventories as well as the required amount of write-down of inventories at the end of each reporting period, which involves significant judgment on determination of the estimated selling price of our products in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are the most reliable evidence including the ageing analysis, product demand in the current market, and subsequent events such as latest price available in the open market and latest or subsequent product selling prices. For the year of 2023, 2024 and 2025, we made provisions for inventory write-down of RMB16.3 million, RMB17.7 million and RMB18.8 million, respectively. The increase in such provisions during the Track Record Period was mainly due to the aging of sample products which were incidental and non-recurring. Our management believes that sufficient provision has been made for each of the reporting periods.

The following table sets forth our inventory turnover days for the periods indicated:

	Year Ended December 31,		
	2023	2024	2025
Inventory turnover days[(1)]	219	248	255

Note:

(1) Inventory turnover days are calculated using the average of opening balance and closing balance of inventories for a year divided by cost of sales for the relevant year and multiplied by 365 days.

Our inventory turnover days increased from 219 days in 2023 to 248 days in 2024. Our inventory turnover days continued to increase to 255 days in 2025. The increases were primarily due to a higher level of raw materials maintained to support anticipated sales growth and to ensure sufficient stock to proactively manage the potential supply chain shortage, as well as our strategy to lower our cost of direct materials through bulk procurement.

As of February 28, 2026, RMB90.6 million, or 28.2% of our inventory as of December 31, 2025 had been utilized or sold. Our inventories aged over 90 days primarily comprised our strategic stock with clear commercial value, so we believe the impairment risk as to such inventories is limited.

Trade and Other Receivables and Prepayments

The following table sets forth a breakdown of our trade and other receivables and prepayments as of the dates indicated:

	As of December 31,		
	2023	**2024**	**2025**
	(RMB in thousands)		
Trade receivables	143,811	165,259	196,050
Less: allowance for credit losses	(2,971)	(267)	(1,775)
Subtotal	140,840	164,992	194,275
Bills receivables	—	—	234
Consideration receivable from disposal of an associate	—	2,000	—
Security deposits	2,459	839	914
Rental deposits	503	488	432
Lease receivables	548	281	—
Deductible value added tax	32,404	10,162	9,810
Prepayments to suppliers	10,485	13,947	11,276
Prepaid expenses	—	1,855	1,812
Deferred issue cost	—	—	21,241
Others	85	203	344
Subtotal	46,484	29,775	45,829
Total	**187,324**	**194,767**	**240,338**

Our trade receivables increased from RMB140.8 million as of December 31, 2023 to RMB165.0 million as of December 31, 2024, primarily due to higher sales and extended credit period to our certain customers. Our trade receivables then further increased to RMB194.3 million as of December 31, 2025, primarily due to higher sales.

Our other receivables and prepayments decreased from RMB46.5 million as of December 31, 2023 to RMB29.8 million as of December 31, 2024, primarily due to a decrease in deductible value added tax attributable to the transfer out of input VAT by our subsidiary RIGOL Beijing, following a previously announced self-inspection and subsequent payment of the relevant VAT and late fees in accordance with regulatory requirements. Our other receivables and prepayments then increased to RMB46.1 million as of December 31, 2025, primarily representing an increase in deferred issue cost attributable to capitalization of our [REDACTED].

As a result, our trade and other receivables and prepayments increased from RMB187.3 million as of December 31, 2023 to RMB194.8 million as of December 31, 2024. Our trade and other receivables and prepayments then further increased to RMB240.3 million as of December 31, 2025.

We typically allow a credit period ranging from 30 to 90 days to our customers. The following table sets forth the aging analysis of our trade receivables (net of allowance for credit losses), based on invoice dates, as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Not past due	70,479	92,271	123,020
Past due:			
30 days	9,654	35,181	22,202
31 to 60 days	38,650	19,689	27,037
61 to 90 days	15,999	7,363	6,290
91 to 120 days	4,067	3,180	5,989
121 to 360 days	1,991	7,308	9,737
Total	**140,840**	**164,992**	**194,275**

The following table sets forth our trade receivables turnover days for the periods indicated:

	Year Ended December 31,		
	2023	2024	2025
Trade receivables turnover days[(1)]	65	72	73

Note:

(1) Trade receivables turnover days are calculated using the average of opening balance and closing balance of trade receivables for a year divided by revenue for the relevant year and multiplied by 365 days.

Our trade receivables turnover days increased from 65 days in 2023 to 72 days in 2024, primarily because customers who placed large volume orders gradually increased, and such customers requested us to extend credit period over time. Our trade receivables turnover days remained relatively stable at 73 days in 2025.

As of February 28, 2026, RMB113.4 million, or 58.4% of our trade receivables as of December 31, 2025 had been settled. Our trade receivables with long aging are primarily related to creditworthy and reliable customers, so we believe the relevant recoverability risk is limited.

Financial Assets at FVTPL

Our financial assets at FVTPL primarily consisted of large-denominated bank deposits and structured deposits. During the Track Record Period, we entered into agreements with banks for the acquisition of large-denominated bank deposits and structured deposits. Large-denominated bank deposits are classified as financial assets at FVTPL as they are held with the objectives for selling. The sources of funds for our large-denominated bank deposits mainly included our internal surplus funds from our operations and proceeds from our prior listing, and we held these deposits to pursue stable returns which are higher than those of demand deposits but with low risk. The terms of our large-denominated bank deposits were typically within 36 months. Structured deposits are recognized as financial assets at FVTPL as their returns are linked to the performance of the underlying investments. See Notes 27 and 43 to the Accountants' Report in Appendix I to this document for more details.

Our financial assets at FVTPL increased from RMB1,764.4 million as of December 31, 2023 to RMB1,781.2 million as of December 31, 2024. The increase was primarily attributable to the additional investment of surplus funds in large-denominated bank deposits and structured deposits, which are short-term and held for wealth management purposes, as well as the appreciation in the

fair value of these financial assets, including gains from foreign exchange-linked products, proceeds from our prior listing and internal funds not immediately required for operations. Our financial assets at FVTPL decreased to RMB1,485.2 million as of December 31, 2025 mainly due to the maturity of certain large-denominated bank deposits.

We follow a prudent investment approach for wealth management products, focusing on capital preservation and stable returns. Our investments are primarily in wealth management products issued by reputable banks. These products are selected for their low-risk profiles, predictable cash flows, and alignment with our overall financial strategy of optimizing liquidity management while balancing risk and return. We make investment decisions related to financial products on a case-by-case basis after thoroughly considering a number of factors, including but not limited to the macro-economic environment, general market conditions, the risk control and credit levels of the issuing banks, our working capital needs, and the expected profit or potential loss of the investment. The investment in these assets will be subject to the compliance with Chapter 14 of the Listing Rules upon the [REDACTED] and the [REDACTED].

Trade and Other Payables

The following table sets forth a breakdown of our trade and other payables as of the dates indicated:

	As of December 31,		
	2023	**2024**	**2025**
	(RMB in thousands)		
Trade payable	58,029	104,632	108,780
Other payables:			
Repurchase obligations under share-based payment arrangement	9,759	13,182	17,390
Salary and bonus payable	32,334	44,315	60,998
Payable for purchase of property, plant and equipment	89,555	13,864	4,392
Refundable rental deposit	1,246	1,219	979
Refundable guarantee deposit	132	703	447
Other taxes payable	5,071	11,783	18,248
Government grants	20,500	180	4,680
Accrued issue costs	—	—	4,227
Other payables	6,753	13,833	15,026
Subtotal	165,350	99,079	126,387
Total	**223,379**	**203,711**	**235,167**
Current liabilities	222,350	203,185	234,362
Non-current liabilities	1,029	526	805
Total	**223,379**	**203,711**	**235,167**

Our trade payables from RMB58.0 million as of December 31, 2023 to RMB104.6 million as of December 31, 2024, primarily because we increased our purchase of raw materials in response to increased sales towards the year end. Our trade payables remained relatively stable at RMB108.8 million as of December 31, 2025.

Our total other payables decreased from RMB165.4 million as of December 31, 2023 to RMB99.1 million as of December 31, 2024, primarily due to a decrease in payables for purchase of property, plant and equipment attributable to subsequent payment by us for purchases made in 2023 and a decrease in government grants attributable to delivery of the project and the resulting transfer of the government grants into deferred income. Our total other payables increased from RMB99.1 million as of December 31, 2024 to RMB126.4 million as of December 31, 2025, primarily due to an increase in our salary and bonus payable related to our employee compensation level.

As a result, our trade and other payables decreased from RMB223.4 million as of December 31, 2023 to RMB203.7 million as of December 31, 2024. Our trade and other payables increased from RMB203.7 million as of December 31, 2024 to RMB235.2 million as of December 31, 2025.

The average credit period on purchases of our materials and services ranged from 30 to 60 days. The following table sets forth the aging analysis of our trade payables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
1–30 days	22,597	43,253	64,115
31 days to 1 year	35,432	61,379	44,665
Total	**58,029**	**104,632**	**108,780**

The following table sets forth our trade payables turnover days for the Track Record Period:

	Year Ended December 31,		
	2023	2024	2025
Trade payables turnover days[(1)]	80	85	92

Note:

(1) Trade payables turnover days are calculated using the average of opening balance and closing balance of trade payables for a year divided by cost of sales used for the relevant year and multiplied by 365 days.

Our trade payables turnover days increased from 80 days in 2023 to 85 days in 2024. Our trade payables turnover continued to increase to 92 days in 2025. The increases were primarily due to the increase in the average balance of trade payables attributable to our stocking up of raw materials to mitigate supply chain risks.

As of the February 28, 2026, RMB56.4 million, or 51.8% of our trade payables as of December 31, 2025 had been settled.

Contract Liabilities

Our contract liabilities primarily consisted of sales rebate provision and advances from customers. All contract liabilities outstanding at the end of each reporting period are expected to be recognized as revenue within the following year. We usually receive 100% advance payments from certain customers prior to the delivery of goods and provision of maintenance services. These advance receipts are recorded as contract liabilities and are recognized as revenue when the control of the goods is transferred to the customers and increased sales rebate provision in connection with increased distributor sales.

Our contract liabilities increased from RMB31.9 million as of December 31, 2023 to RMB49.8 million as of December 31, 2024 and RMB56.6 million as of December 31, 2025, primarily due to higher advance payments received from customers for our solutions.

Income Tax Payable

Our income tax payable remained relatively stable at RMB3.2 million and RMB3.3 million as of December 31, 2023 and 2024, respectively. Our income tax payable increased to RMB5.8 million as of December 31, 2025, primarily due to an increase in our profit before tax and the adjustment of relevant tax policies.

Property, Plant and Equipment

Our property, plant and equipment consisted of plant and building, machineries, leasehold improvements, mechanical and electrical, office equipment, motor vehicles and construction in progress. The following table sets out a breakdown of our property, plant and equipment as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Plant and buildings	460,850	462,849	439,850
Machineries	201,239	199,565	203,266
Leasehold improvements	—	16,759	11,438
Mechanical and electrical	10,229	12,662	12,231
Office equipment	1,026	6,182	6,646
Motor vehicles	654	937	1,063
Construction in progress	13,878	257	652
Total	**687,876**	**699,211**	**675,146**

Our property, plant and equipment increased by 1.6% from RMB687.9 million as of December 31, 2023 to RMB699.2 million as of December 31, 2024, primarily due to an increase in leasehold improvements related to our offices in Xi'an and Shenzhen in China and Penang in Malaysia in the ordinary course of our operation. Our property, plant and equipment then decreased by 3.4% from RMB699.2 million as of December 31, 2024 to RMB675.1 million as of December 31, 2025, primarily due to depreciation related to our plant and buildings. See Note 16 to the Accountants' Report included in Appendix I to this document for more details.

Investment Properties

We rent out plant and buildings under operating lease with rentals payable monthly or quarterly. The lease runs for an initial period of one to five years with rights to extend the lease beyond initial period based on mutual agreement between us and lessee. See Note 17 to the Accountants' Report in Appendix I to this document regarding the fair value analysis of our investment properties. Our investment properties decreased from RMB51.5 million as of December 31 2023 to RMB47.6 million as of December 31, 2024 and further decreased to RMB41.1 million as of December 31, 2025 primarily due to depreciation and our re-categorizing our Suzhou property for self-use in 2025.

Right-of-Use Assets

Our right-of-use assets consisted of leasehold lands and leasehold properties, mainly offices and warehouse for our operating activities. Our right-of-use assets decreased by 7.2% from RMB41.3 million as of December 31, 2023 to RMB38.3 million as of December 31, 2024 and further decreased by 16.0% to RMB32.2 million as of December 31, 2025, primarily due to depreciation, partially offset by the ordinary increases in leases.

Goodwill

As of December 31, 2024 and 2025, we recognized goodwill of RMB322.2 million. The goodwill arose from our acquisition of Naishu Electronics Group during the year ended December 31, 2024. See Notes 19 and 37 to the Accountants' Report in Appendix I to this document for more details.

For the purposes of impairment testing, the acquired Naishu Electronics Group is set as an individual cash-generating unit. The recoverable amount of Naishu Electronics Group has been determined based on a value in use calculation, which uses cash flow projections based on financial budgets approved by our management covering a five-year period.

The following table sets out the key parameters and assumptions for the value in use calculation of Naishu Electronics Group.

	As of December 31,	
	2024	2025
Pre-tax discount rate *(note i)*	13.05%	13.07%
Expected annual growth rate *(note ii)*	5% to 23.29%	1.51% to 5%
Expected profit margin	48.89% to 50.33%	53.18% to 57.37%

Notes:

i. Pre-tax discount rate reflects the current market assessment of the time value of money and the risks specific to Naishu Electronics Group.

ii. The estimation of expected annual growth rate is based on the revenue backlog and our management's expectation for the market development.

The revenue growth rate used beyond the five-year period is 0%, which is considered appropriate by our management by reference to the relevant industry growth forecast.

Our management performed sensitivity test on the key parameters and assumptions by increasing the pre-tax discount rate of 1%, decreasing of the expected annual growth rate of 15% or decreasing the profit margin of 1%, with all other variables held constant. The impact on the amount by which the goodwill's recoverable amount above its carrying amount (headroom) is as below:

	As of December 31,	
	2024	2025
	RMB'000	
Headroom	71,251	145,155
Impact of increasing pre-tax discount rate by 1%	(4,400)	(5,000)
Impact of decreasing annual growth rate by 15%	(14,200)	(11,000)
Impact of decreasing profit margin by 1%	(4,500)	(5,000)

Based on the above assessment, the recoverable amount is significantly above the carrying amount of Naishu Electronics Group. Our management believes that any reasonably possible change in any of these parameters and assumptions would not result in impairment.

Intangible Assets

Our intangible assets consisted of patents, intellectual property and software. Our intangible assets increased by 60.3% from to RMB28.0 million as of December 31, 2023 to RMB44.8 million as of December 31, 2024, primarily due to the recognition of patent and intellectual property rights as a result of our acquisition of Naishu Electronics Group. Our intangible assets then decreased by 14.7% from RMB44.8 million as of December 31, 2024 to RMB38.2 million as of December 31, 2025, primarily due to ordinary course amortization.

Deferred Income

Our deferred income primarily included government grants for purchase of our property, plant and equipment. Our deferred income increased from RMB11.5 million as of December 31, 2023 to RMB28.4 million as of December 31, 2024, primarily due to the completion of R&D projects eligible for government grants and transfer of government grants into deferred income. Our deferred income remained relatively stable at RMB28.1 million as of December 31, 2025.

INDEBTEDNESS

As of December 31, 2023, 2024 and 2025 and February 28, 2026, our indebtedness included borrowings and lease liabilities. The following table sets forth the breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of February 28,
	2023	2024	2025	2026
	(RMB in thousands)			
				(unaudited)
Borrowings:				
Current portion	68,735	361,118	62,641	43,780
Bank borrowings				
Secured	—	—	—	—
Guaranteed	—	8,562	—	—
Unsecured and unguaranteed	68,735	352,556	62,641	43,780
Subtotal	68,735	361,118	62,641	43,780
Lease liabilities:				
Current portion	5,051	7,524	10,146	9,286
Non-current portion	26,195	23,999	17,085	16,759
Subtotal	31,246	31,523	27,231	26,045
Total	**99,981**	**392,641**	**89,872**	**69,825**

Borrowings

Our borrowings primarily consisted of bank borrowings, including primarily unsecured and unguaranteed bank borrowings. See Note 30 to the Accountants' Report in Appendix I to this document for details of the interest rates and the maturity.

Our bank borrowings increased from RMB68.7 million as of December 31, 2023 to RMB361.1 million as of December 31, 2024, primary due to the drawdown of new bank loans to fund the acquisition of Naishu Electronics Group and to support working capital needs. Our bank borrowings decreased to RMB62.6 million as of December 31, 2025, and further decreased to RMB43.8 million as of February 28, 2026, primarily due to scheduled repayments.

As of February 28, 2026, we had unutilized banking facilities of RMB638.4 million.

Lease Liabilities

Our liabilities (including current and non-current portions) primarily consisted of office and R&D facility leases.

Our total lease liabilities remained relatively stable at RMB31.2 million as of December 31, 2023 and RMB31.5 million as of December 31, 2024, which decreased to RMB27.2 million as of December 31, 2025 and RMB26.0 million as of February 28, 2026, primarily due to settlement pursuant to relevant lease agreements.

No Other Outstanding Indebtedness

Our Directors confirm that as of the Latest Practicable Date, there was no material covenant or undertaking on any of our outstanding debt and that we did not experience any difficulty in obtaining bank loans and other borrowings, material default in payment of trade and non-trade payables, bank loans or breach of covenants during the Track Record Period and up to the date of this document.

Except as disclosed above, as of February 28, 2026, being the most recent practicable date for determining our indebtedness, we did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, borrowings, liabilities under acceptance or other similar indebtedness, hire purchase commitments, guarantees or other material contingent liabilities. Our Directors have confirmed that there has been no material change in our indebtedness from February 28, 2026 to the date of this document.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flow

The following table sets forth a summary of our cash flow for the periods indicated:

	Year ended December 31,		
	2023	**2024**	**2025**
	(RMB in thousands)		
Net cash from/(used in) operating activities	(28,671)	105,125	85,311
Net cash from/(used in) investing activities	(270,292)	(166,191)	265,069
Net cash from/(used in) financing activities	270,080	202,582	(432,000)
Net increase/(decrease) in cash and cash equivalents	(28,883)	141,516	(81,620)
Cash and cash equivalents at beginning of year	297,965	271,004	412,370
Effect of foreign exchange rate changes	1,922	(150)	(184)
Cash and cash equivalents at end of year	271,004	412,370	330,566

Net Cash from/(Used in) Operating Activities

In 2025, we had net cash from operating activities of RMB85.3 million, as compared to profit before tax of RMB91.1 million. The principal items accounting for the difference were the adjustments for depreciation of property, plant and equipment of RMB61.9 million and depreciation of right-of-use assets of RMB10.1 million, partially offset by gain on fair value changes of financial assets at FVTPL of RMB50.6 million. The amount was further adjusted by the changes in working capital, which primarily consisted of increase in inventories of RMB52.2 million and increase in trade and other receivables and prepayments of RMB25.4 million, partially offset by increase in trade and other payables of RMB34.2 million.

In 2024, we had net cash from operating activities of RMB105.1 million, as compared to profit before tax of RMB76.8 million. The principal items accounting for the difference were the adjustments for depreciation of property, plant and equipment of RMB48.8 million and share-based payment expenses of RMB11.2 million, partially offset by gain on fair value changes of financial assets at FVTPL of RMB54.6 million. The amount was further adjusted by the changes in working

capital, which primarily consisted of increase in trade and other payables of RMB48.5 million and increase in contract liabilities of RMB11.1 million, partially offset by increase in inventories of RMB57.9 million.

In 2023, we had net cash used in operating activities of RMB28.7 million, as compared to profit before tax of RMB113.8 million. The principal items accounting for the difference were the adjustments for gain on fair value changes of financial assets at FVTPL of RMB53.5 million, partially offset by depreciation of property, plant and equipment of RMB27.3 million. The amount was further adjusted by the changes in working capital, which primarily consisted of increase in trade and other receivables and prepayments of RMB67.4 million, increase in inventories of RMB43.5 million and decrease in trade and other payables of RMB25.0 million.

In the future, we expect to further improve our net operating cash flow position by taking advantage of (i) our continued revenue growth by expanding our products and solutions and strengthening our loyal and quality customer base, (ii) our optimization of costs, and (iii) our improved working capital efficiency. For details on our R&D strategies for expanding products and solutions, see "Business — Our Strategies — Globalized Approach to R&D for Next-Generation Products and Solutions" and for details on how we plan to strengthen our customer base, see "Business — Our Strategies — Build Customer-Centric Global Sales, Marketing and Service Networks for Sustainable Growth." For details on how we plan to optimize costs, see "— Major Factors Affecting Our Results of Operations — Our Ability to Manage Our Costs and Improve Our Profitability" in this section. For our approaches on improving working capital efficiency, see "— Financial Risks Disclosure — Liquidity Risk" in this section for details.

Net Cash Flows from/(Used in) Investing Activities

In 2025, we had net cash from investing activities of RMB265.1 million, which was primarily attributable to redemption of financial assets at FVTPL of RMB1,021.5 million, partially offset by purchases of financial assets at FVTPL of RMB675.0 million.

In 2024, we had net cash used in investing activities of RMB166.2 million, which was primarily attributable to purchases of financial assets at FVTPL of RMB222.8 million and purchases of property, plant and equipment of RMB142.2 million and acquisition of investment in a subsidiary of RMB84.7 million in connection with Naishu Electronics Group, partially offset by redemption of financial assets at FVTPL of RMB260.6 million.

In 2023, we had net cash used in investing activities of RMB270.3 million, which was primarily attributable to purchases of financial assets at FVTPL of RMB1,828.0 million and purchases of property, plant and equipment of RMB146.2 million, partially offset by redemption of financial assets at FVTPL of RMB1,706.8 million

Net Cash Flows from/(Used in) Financing Activities

In 2025, we had net cash used in financing activities of RMB432.0 million, which was primarily attributable to repayments of bank borrowings of RMB500.9 million, partially offset by proceeds from bank borrowings RMB202.4 million.

In 2024, we had net cash from financing activities of RMB202.6 million, which was primarily attributable to proceeds from bank borrowings of RMB500.3 million, partially offset by repayments of bank borrowings of RMB207.9 million and dividend paid of RMB92.6 million.

In 2023, we had net cash from financing activities of RMB270.1 million, which was primarily attributable to proceeds from issue of shares of RMB297.9 million and proceeds from bank borrowings of RMB178.5 million, partially offset by repayments of bank borrowings of RMB111.0 million and dividends paid of RMB84.9 million.

CAPITAL EXPENDITURES AND COMMITMENTS

During the Track Record Period, our capital expenditure primarily consisted of (i) purchase of property, plant and equipment and (ii) purchase of intangible assets. The table below sets forth our capital expenditure for the periods indicated:

	Year Ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Purchases of property, plant and equipment	142,194	31,731	55,585
Purchases of intangible assets	6,805	2,240	2,752
Total	**148,999**	**33,971**	**58,337**

We had capital expenditures of RMB156.7 million, RMB149.0 million and RMB58.3 million in 2023, 2024 and 2025, respectively. We funded the expenditure mainly with cash generated from business operations and financing activities.

Following the [REDACTED], we will continue to incur capital expenditure to grow our business. We plan to fund our planned capital expenditure primarily with cash flows generated from our operations, bank borrowings, and the net [REDACTED] received from the [REDACTED]. See "Future Plans and Use of [REDACTED]." We may adjust our capital expenditure for any given year according to our development plans or in light of market conditions and other factors we believe to be appropriate.

We had capital commitments primarily related to purchases of property, plant and equipment under non-cancellable contracts as well as the investment in an associate. As of December 31, 2023, 2024 and 2025, our capital commitments were RMB7.1 million, RMB83 thousand and RMB18.8 million, respectively.

CONTINGENT LIABILITIES

As of December 31, 2023, 2024 and 2025, save as disclosed in this document, we did not have any material contingent liability, guarantee or any litigation or claim of material importance, pending or threatened against us or any member of the Group that is likely to have a material and adverse effect on our business, financial condition and result of operations.

KEY FINANCIAL RATIOS

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

	As of/For the year ended December 31,		
	2023	2024	2025
Revenue growth rate[(1)]	6.3%	15.7%	16.0%
Current ratio[(2)]	7.3	4.3	6.5
Quick ratio[(3)]	6.7	3.8	5.5
Gearing ratio[(4)]	3.5%	12.4%	2.8%

Notes:

(1) Calculated by dividing the difference between revenue for the current year and revenue for the previous year by revenue for the previous year, and multiplying by 100%.

(2) Calculated by dividing total current assets by total current liabilities as of the end of the year.

(3) Calculated by dividing total current assets minus inventory, prepayments to suppliers, prepaid expenses and deferred issue cost by total current liabilities as of the end of the year.

(4) Calculated by dividing total interest-bearing bank borrowings and lease liabilities by total equity as of the end of the year multiplied by 100%.

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. For details of our material related party transactions, see Note 46 to the Accountants' Report in Appendix I to this document.

Our Directors are of the view that each of the related party transactions set out in Note 46 to the Accountants' Report in Appendix I to this document was conducted in the ordinary course of business on an arm's length basis and with normal commercial terms between the relevant parties. Our Directors are also of the view that our related party transactions during the Track Record Period would not distort our track record results or cause our historical results to become non-reflective of our future performance.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet arrangements. We also have not entered into any financial guarantees or other commitments to guarantee the payment obligations of third parties. In addition, we have not entered into any derivative contracts that are indexed to our equity interests and classified as owners' equity. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or that engages in leasing, hedging or R&D services with us.

FINANCIAL RISKS DISCLOSURE

Financial Risk Management Objectives and Policies

Our major financial assets and liabilities include trade and other receivables, financial assets at FVTPL, other long-term deposits, derivative financial liabilities, pledged bank deposits, bank balances and cash, time deposits, trade and other payables and borrowings. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. See Note 43 to the Accountants' Report in Appendix I to this document for sensitivity analysis and more details. Our management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market Risk

Our activities expose us primarily to currency risk. There had been no change in our exposure to this risk or the manner in which it managed and measured the risk during the Track Record Period.

Currency Risk

Certain group entities have foreign currency transactions, including sales, which expose us to foreign currency risk. Certain of our bank balances and cash, pledged bank deposits, time deposits, trade and other receivables, trade and other payables and borrowings are denominated in currencies other than the functional currency of the relevant group entities and expose us to such foreign currency risk.

Interest Rate Risk

We are exposed to fair value interest rate risk in relation to pledged bank deposits, bank balances, time deposits, lease liabilities and fixed-rate borrowings. We are also exposed to cash flow interest rate risk in relation to variable-rate bank balances and variable-rate borrowings. Our cash flow interest rate risk is mainly concentrated on the fluctuation of interest rate on bank balances and loan prime rate arising from our bank borrowings. We manage our interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. Our management will review the proportion of borrowings in fixed and floating rates and ensure they are within reasonable range. Our management monitors our exposure on an on-going basis and will consider hedging interest rate risk should the need arises.

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in our financial loss. At the end of each reporting period, our maximum exposure to credit risk, which causes a financial loss to us due to failure to discharge an obligation by the counterparties, is arising from the carrying amount of the respective recognized financial assets, as disclosed in the consolidated statements of the financial position. In order to minimize credit risk, we continuously monitor our exposure to counterparties and review their historical repayment records for our major customers and other debtors at the end of the reporting period to ensure that adequate impairment losses, if any, are made for irrecoverable amount.

As part of our credit risk management, we use provision matrix to assess the impairment for our customers in relation to our operation because these customers consist of a large number of customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms.

Liquidity Risk

In the management of the liquidity risk, we monitor and maintain a level of bank balances and cash deemed adequate by the management to finance our operations and mitigate the effects of fluctuations in cash flows.

In addition, we have adopted proactive mitigation measures to address the liquidity risk about our relatively long inventory and trade receivables turnover days as detailed in "Risk Factors — If we fail to manage our inventory effectively, our results of operations, financial condition and liquidity may be materially and adversely affected" and "— We are exposed to credit risk of our customers. Failure to collect our trade and bills receivables in a timely manner may affect our financial condition and results of operations", respectively. In particular, we manage our inventory turnover by disciplined sales and operations planning, using rolling inventory demand forecasts to maintain an appropriate inventory level to both satisfy operational need and prevent excess and slow-moving stock. Moreover, we endeavor to improve our trade receivable collection by assigning specific individuals and clear timelines for collections, implementing an automated reminder system to speed up collections and reduce bad debt risk, and aligning expenditures with collections through formulating monthly plans to avoid funding gaps.

FINANCIAL INFORMATION OF NAISHU ELECTRONICS GROUP

The historical financial information contained and discussed in this subsection "— Financial Information of Naishu Electronics Group" presents the historical financial information of Naishu Electronics Group for the year ended December 31, 2023 and has been prepared in accordance with IFRS as issued by IASB.

We acquired Naishu Electronics Group in 2024, which falls within the Track Record Period. Based on the historical financial information of Naishu Electronics Group, such acquisition has triggered the disclosure threshold under Rule 4.05A of the Listing Rules. Therefore, this document also includes the pre-acquisition financial information of Naishu Electronics Group from January 1, 2023 up to February 7, 2024. See Note 37 to the Accountants' Report in Appendix I in this document for more details.

Statement of Profit or Loss and Other Comprehensive Income of Naishu Electronics Group

The following table sets forth a summary of Naishu Electronics Group's consolidated statements of profit or loss and other comprehensive income for the periods indicated:

	Year ended December 31, 2023	Period ended February 7, 2024
	(RMB in thousands)	
Revenue	49,280	—
Cost of sales	(16,322)	—
Gross profit	32,958	—
Other income	1,413	935
Other gains and losses	31	90
Impairment losses, net of reversal	(3)	—
Selling and marketing expenses	(647)	—
Administrative expenses	(3,199)	(303)
R&D expenses	(10,349)	(443)
Finance costs	(258)	(53)
Profit before tax	19,946	226
Income tax income (expenses)	(145)	—
Profit and total comprehensive income for the year/period	**19,801**	**226**

Description of Major Components of the Results of Operations of Naishu Electronics Group

Revenue

Naishu Electronics Group's revenue was primarily derived from the sale of its self-developed high-speed data acquisition solutions. Naishu Electronics Group's all revenue was derived from Chinese mainland. In 2023, Naishu Electronics Group's revenue amounted to RMB49.3 million.

Naishu Electronics Group did not record any revenue from January 1 to February 7, 2024 because its business model is project-based and the progress of each project is uncertain, which leads to uncertainty of the timing of the project acceptance and revenue recognition.

Cost of Sales

Naishu Electronics Group's cost of sales primarily consisted of direct material costs, direct labor cost and rental expense. In 2023, Naishu Electronics Group's cost of sales amounted to RMB16.3 million.

Gross Profit and Gross Profit Margin

Naishu Electronics Group's gross profit represents its revenue less its cost of sales, and its gross profit margin represents its gross profit divided by its revenue, expressed as a percentage. Naishu Electronics Group's gross profit amounted to RMB33.0 million in 2023.

Other Income

Naishu Electronics Group's other income primarily consisted of government grants related to income, including government subsidiaries related to R&D activities in line with national support policies for high-tech enterprises, as well as super deduction of value added tax and interest income from banks. In 2023, Naishu Electronics Group's other income amounted to RMB1.4 million.

Other Gains and Losses

Naishu Electronics Group's other gains and losses primarily consisted of changes in fair value of financial assets at FVTPL. In 2023, Naishu Electronics Group's other gains and losses amounted to RMB31 thousand.

Impairment Losses, Net of Reversal

Naishu Electronics Group's impairment losses, net of reversal primarily consisted of the provision or reversal of bad debt reserves for account receivables and others. Naishu Electronics Group's impairment losses under expected credit loss model, net of reversal amounted to RMB3 thousand in 2023.

Selling and Marketing Expenses

Naishu Electronics Group's selling and marketing expenses primarily consisted of labor cost, office expense, travel expense and business hospitality expenses. Naishu Electronics Group's selling expenses amounted to RMB0.6 million in 2023, accounting for 1.3% in 2023 of Naishu Electronics Group's revenue.

Administrative Expenses

Naishu Electronics Group's administrative expenses primarily consisted of labor cost, office expense, business hospitality expenses and depreciation and amortization. Naishu Electronics Group's administrative expenses amounted to RMB3.2 million in 2023, accounting for 6.5% in 2023 of its revenue.

R&D Expenses

Naishu Electronics Group's R&D expenses primarily consisted of labor cost, material cost and depreciation and amortization. Naishu Electronics Group's R&D expenses amounted to RMB10.3 million in 2023, accounting for 21.0% in 2023 of its revenue.

Income Tax Income (Expenses)

Naishu Electronics Group recorded income tax expenses of RMB145 thousand.

Prior to the acquisition, Naishu Electronics Group was subject to income tax on an entity basis on profits arising in or derived from tax jurisdictions in which members in its group were domiciled and operated. Under the EIT Law and Implementation Regulation of the EIT Law, the EIT rate of Naishu Electronics Group's PRC subsidiaries is 25%. Naishu Electronics was accredited as "high and new technology enterprise," and therefore was eligible for a preferential EIT rate of 15%.

According to the relevant laws and regulations in the PRC, enterprises engaging in R&D activities were entitled to claim 175% of their R&D expenses incurred as tax deductible expenses when determining their assessable profits for that year and period before September 1, 2022 (Super Deduction). The SAT announced that science and technology-based small and medium enterprises engaging in R&D activities would be entitled to claim 200% of their R&D expenses as Super Deduction from September 1, 2022.

Profit for the Year

As a result of the foregoing, Naishu Electronics Group's net profit amounted to RMB19.8 million in 2023.

FINANCIAL INFORMATION

WORKING CAPITAL SUFFICIENCY

Our Directors are of the opinion that, taking into account the estimated net [REDACTED] from the [REDACTED] and other capital resources available to us, including cash flow from operating activities and cash and cash equivalents, we have sufficient working capital to meet our present requirements and for the next 12 months from the date of this document.

DIVIDENDS

Dividend distribution to our Shareholders is recognized as a liability in the period in which the dividends are approved by our Shareholders or Directors, as appropriate. During the Track Record Period, we declared dividends of RMB143.1 million in the combination of cash dividends and share bonus, RMB92.6 million in cash and RMB77.5 million in cash in 2023, 2024 and 2025, respectively. The source of funding was from our internal resources.

Any declaration and payment, as well as the amount of dividends, will be subject to our Articles of Association and the relevant PRC laws. We currently do not have any dividend policy or fixed dividend pay-out ratio. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. As confirmed by our PRC Legal Advisor, according to relevant PRC laws, any future net profit that we make will have to be first applied to make up for our historically accumulated losses, after which we will be obliged to allocate 10% of our net profit to our statutory common reserve fund until such fund has reached more than 50% of our registered capital. We will, therefore, only be able to declare dividends after: (i) all our historically accumulated losses have been made up for; and (ii) we have allocated sufficient net profit to our statutory common reserve fund as described above.

DISTRIBUTABLE RESERVES

As of December 31, 2025, our consolidated retained earnings amounted to RMB107.9 million, which is available for distribution to our Shareholders.

[REDACTED]

[REDACTED] represent professional fees, [REDACTED] commissions and other fees incurred in connection with the [REDACTED]. We estimate that our [REDACTED] will be approximately RMB[REDACTED] million (assuming an [REDACTED] of HK$[REDACTED] per [REDACTED] (being the mid-point of the indicative [REDACTED] range) and no exercise of the [REDACTED]), representing [REDACTED]% of the gross [REDACTED] (based on the mid-point of our indicative [REDACTED] for the [REDACTED] and assuming that the [REDACTED] is not exercised) of the [REDACTED]. During the Track Record Period, we incurred [REDACTED] of RMB21.2 million which was recognized as deferred expenses in the consolidated statements of financial position as of December 31, 2025 to be charged against equity upon the [REDACTED], and we also incurred [REDACTED] of RMB323,000 which was recognized as [REDACTED] in the consolidated statements of profit or loss as of December 31, 2025. We expect to incur additional [REDACTED] of RMB[REDACTED] million, of which RMB[REDACTED] million is expected to be recognized in the consolidated statements of profit or loss as [REDACTED] and RMB[REDACTED] million is expected to be recognized as a deduction in equity directly upon the [REDACTED]. Our Directors do not expect such expenses to materially impact our results of operations in 2026. By nature, our [REDACTED] are composed of (i) [REDACTED] commission of RMB[REDACTED] million, and (ii) non-[REDACTED] related expenses of RMB[REDACTED] million, which consist of fees and expenses of legal advisors and Reporting Accountants of RMB[REDACTED] million and other fees and expenses of RMB[REDACTED] million.

[REDACTED]

[REDACTED]

FINANCIAL INFORMATION

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that up to the date of this document, there has been no material adverse change in our financial or trading position or prospects since December 31, 2025, being the end date of the periods reported in Appendix I to this document, and there is no event since December 31, 2025 that would materially affect the information as set out in the Accountants' Report in Appendix I to this document.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors confirm that, as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OVERVIEW

As of the Latest Practicable Date, Dr. Wang Yue was entitled to exercise an aggregate of approximately 61.07% of the voting rights at the general meetings of our Company through:

(i) 11,508,480 Shares held directly by him, representing approximately 5.94% voting rights in our Company;
(ii) 63,936,000 Shares held by RIGOL Investment, representing approximately 32.98% voting rights in our Company;
(iii) 5,920,000 Shares held by Ruige Hezhong, representing approximately 3.05% voting rights in our Company;
(iv) 5,920,000 Shares held by Ruijin Hezhong, representing approximately 3.05% voting rights in our Company;
(v) 15,557,760 Shares held by Mr. Wang Tiejun, pursuant to the Concert Party Agreement, representing approximately 8.02% voting rights in our Company;
(vi) 15,557,760 Shares held by Mr. Li Weisen, pursuant to the Concert Party Agreement, representing approximately 8.02% voting rights in our Company. For further details, please refer to the section headed "History, Development and Corporate Structure — Concert Party Arrangement" in this document.

Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no additional Shares are issued pursuant to our Restricted A Share Incentive Schemes), Dr. Wang Yue will be directly and indirectly entitled to exercise an aggregate [REDACTED]% of the voting rights at the general meetings of our Company. Therefore, each of Dr. Wang Yue, RIGOL Investment, Ruige Hezhong, Ruijin Hezhong, Mr. Wang Tiejun and Mr. Li Weisen will constitute a group of Controlling Shareholders of our Company after the [REDACTED].

INTERESTS OF OUR CONTROLLING SHAREHOLDERS IN OTHER BUSINESSES

Each of our Controlling Shareholders confirmed that as of the Latest Practicable Date, apart from the business of our Company, he/it did not have any interest in other business, which competes or is likely to compete directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we can carry on our business independently from our Controlling Shareholders and its close associates after the [REDACTED].

Management Independence

Upon completion of the [REDACTED], our Board will comprise seven Directors, comprising one executive Director, three non-executive Directors and three independent non-executive Directors. See "Directors and Senior Management" in this document for details.

Our Directors believe that our Board and senior management is able to manage our business and function independently from our Controlling Shareholders and their respective associates based on the following reasons:

(a) save for Dr. Wang Yue acting as our Controlling Shareholder, none of the other Directors and members of our senior management team hold any position in the Controlling Shareholders or their respective associates;
(b) each of our Directors is aware of his/her fiduciary duties as a Director which require, among other things, that he/she acts for the benefit and in the best interests of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interest;
(c) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective associates, the interested Directors shall abstain from voting at the relevant Board meetings of our Company in respect of such transactions and shall not be counted in the quorum;

(d) our Board has a balanced composition of executive Directors, non-executive Directors and independent non-executive Directors, which ensures the independence of the Board in making decisions affecting our Company. Specifically, (a) our independent non-executive Directors are not associated with any of the Controlling Shareholders or their respective close associates; (ii) our independent non-executive Directors, details of whom are set out in the section headed "Directors and Senior Management" in this document, together possess the requisite knowledge, expertise and experience for their views to carry weight and are able to bring impartial and sound judgment to the decision-making process of our Board and protect the interests of our Company and our Shareholders as a whole; and

(e) Upon [REDACTED], we will adopt a series of corporate governance measures and sufficient and effective internal control mechanisms to manage conflicts of interest, if any, between our Company and our Controlling Shareholders which would support our independent management. See "— Corporate Governance" in this section for details.

Based on the above, our Directors believe that our Board as a whole and together with our senior management are able to perform their managerial roles in our Company independently from our Controlling Shareholders and their respective close associates after the [REDACTED].

Operational Independence

Although our Controlling Shareholders will retain a controlling interest in our Company upon [REDACTED], we believe that we can operate our business independently from our Controlling Shareholders due to the following reasons:

(a) we hold and enjoy the benefit of all relevant qualifications, licenses and intellectual property rights necessary to operate our business;

(b) we have a sufficient level of operations, assets, facilities, technologies and employees including R&D employees to support our own [REDACTED] status and to operate and function independently from our Controlling Shareholders;

(c) we also maintain a comprehensive set of internal control procedures for facilitating the effective operation of our business. With reference to the relevant laws, regulations and rules, we have developed sound corporate governance practice and have adopted our rules of procedure for general meetings, rules of procedure for Board meetings and connected transactions regulations;

(d) we have our own financial department, human resources and administration department and audit department. These departments are led and supervised by our own senior management team who reports to the Board. In addition, we have our own internal financial procedures and prepare our own financial budget independently; and

(e) we have also adopted a set of corporate governance measures and internal control procedures to maintain effective and independent operation. See the corporate governance measures stipulated under "— Independence from Our Controlling Shareholders — Management Independence" and "— Corporate Governance" in this section.

Based on the above, our Directors believe that we are able to operate independently of our Controlling Shareholders and their respective close associates.

Financial Independence

We have an independent financial system and make financial decisions according to our Company's own business needs. We have our own internal control and accounting systems and an independent finance department for discharging the treasury function and independent access to third party financing. We do not expect to rely on our Controlling Shareholders and their respective close associates for financing after the [REDACTED].

As of the Latest Practicable Date, we did not have any outstanding loans, guarantees or other form of financial assistance provided by Controlling Shareholders or their respective close associates to the Group.

Based on the above, our Directors believe that from a financial perspective, we are capable of carrying on our business independently from the Controlling Shareholders and their respective close associates and are able to maintain our financial independence.

CORPORATE GOVERNANCE

Our Company will comply with the provisions of the Corporate Governance Code in Appendix C1 to the Listing Rules (the "**Corporate Governance Code**"), which sets out principles of good corporate governance.

Our Directors recognize the importance of good corporate governance in protection of our Shareholders' interests. We would adopt the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests between our Company and our Controlling Shareholders:

(a) where a Board meeting is held for the matters in which any Director or his/her associates have a material interest, such Director(s) shall abstain from voting on the relevant resolutions and shall not be counted in the quorum for the voting;

(b) where a Shareholders' meeting is to be held for considering proposed transactions in which our Controlling Shareholders or any of their respective associates has a material interest, our Controlling Shareholders or their respective associates will not vote on the resolutions and shall not be counted in the quorum in the voting;

(c) our Company has established internal control mechanisms to identify connected transactions. Upon the [REDACTED], if our Company enters into connected transactions with our Controlling Shareholders or any of their respective associates, our Company will comply with the applicable Listing Rules;

(d) we are committed that our Board shall include a balanced composition of executive Directors and non-executive Directors (including independent non-executive Directors). We have appointed four independent non-executive Directors, and we believe our independent non-executive Directors (i) possess sufficient experience, (ii) are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment, and (iii) will be able to provide an impartial and independent opinion to protect the interests of our Shareholders as a whole. For details of the independent non-executive Directors, see "Directors and Senior Management" in this document for details;

(e) our Controlling Shareholders will undertake to provide all information necessary, including all relevant financial, operational and market information and any other necessary information as required by the independent non-executive Directors for their annual review;

(f) our Company will disclose decisions on matters reviewed by the independent non-executive Directors either in its interim and annual reports or by way of announcements as required by the Listing Rules;

(g) where our Directors reasonably request the advice of independent professionals such as financial advisors, the appointment of such independent professionals will be made at our Company's expenses;

(h) we have established our Audit Committee, Nomination Committee and Remuneration and Evaluation Committee with written terms of reference in compliance with the Listing Rules and the Corporate Governance Code; and

(i) we have appointed Lego Corporate Finance Limited as our Compliance Advisor to provide advice and guidance to us in respect of compliance with the Listing Rules, including various requirements relating to corporate governance.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest between our Company and our Controlling Shareholders, and to protect minority Shareholders' interests after the [REDACTED].

SHARE CAPITAL

BEFORE THE [REDACTED]

As of the Latest Practicable Date, the total issued share capital of our Company was [193,874,417] A Shares of nominal value of RMB1.00 each, which are all listed on the STAR Market of the Shanghai Stock Exchange.

Description of Shares	Number of Shares	Approximate % of issued share capital
A Shares in issue	[193,874,417]	100.0%

UPON COMPLETION OF THE [REDACTED]

Immediately following the completion of the [REDACTED], assuming that the [REDACTED] is not exercised and no additional Shares are issued pursuant to our Restricted A Share Incentive Schemes, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate % of issued share capital
A Shares in issue	[193,874,417]	[REDACTED]%
H Shares to be issued pursuant to the [REDACTED]	[REDACTED]	[REDACTED]%
Total:	[REDACTED]	[REDACTED]%

Immediately following the completion of the [REDACTED], assuming that the [REDACTED] is fully exercised and no additional Shares are issued pursuant to our Restricted A Share Incentive Schemes, the share capital of our Company will be as follows.

Description of Shares	Number of Shares	Approximate % of issued share capital
A Shares in issue	[193,874,417]	[REDACTED]%
H Shares to be issued pursuant to the [REDACTED]	[REDACTED]	[REDACTED]%
Total:	[REDACTED]	[REDACTED]%

OUR SHARES

Our H Shares in issue upon completion of the [REDACTED], and our A Shares, are ordinary Shares in our share capital and are considered as one class of Shares. Shanghai-Hong Kong Stock Connect has established a stock connect mechanism between Chinese mainland and Hong Kong. Our A Shares can be subscribed for and traded by Chinese mainland investors, qualified foreign institutional investors or qualified foreign strategic investors and must be traded in Renminbi. As our A Shares are eligible securities under the Northbound Trading Link, they can also be subscribed for and traded by Hong Kong and other overseas investors pursuant to the rules and limits of Shanghai-Hong Kong Stock Connect. Our H Shares can be [REDACTED] or [REDACTED] by Hong Kong and other overseas [REDACTED] and qualified domestic institutional [REDACTED]. If our H Shares are eligible securities under the Southbound Trading Link, they can also be [REDACTED] and [REDACTED] by Chinese mainland [REDACTED] in accordance with the rules and limits of Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect.

SHARE CAPITAL

RANKING

Our H Shares and our A Shares are regarded as one class of Shares under our Articles of Association and will rank *pari passu* with each other in all other respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this document. All dividends in respect of our H Shares are to be paid by us in Hong Kong dollars whereas all dividends in respect of our A Shares are to be paid by us in Renminbi. In addition to cash, dividends may also be distributed in the form of Shares. Holders of our H Shares will receive share dividends in the form of H Shares, and holders of our A Shares will receive share dividends in the form of A Shares.

NO CONVERSION OF OUR A SHARES INTO H SHARES FOR [REDACTED] AND [REDACTED] ON THE HONG KONG STOCK EXCHANGE

Our A Shares and our H Shares are generally neither interchangeable nor fungible, and the [REDACTED] of our A Shares and our H Shares may be different after the [REDACTED]. The Guidelines on Application for "Full Circulation" of Domestic Unlisted Shares of H-share Companies (《H股公司境內未上市股份申請"全流通"業務指引》) announced by the CSRC are not applicable to companies dual listed in the PRC and on the Hong Kong Stock Exchange. As of the Latest Practicable Date, there were no relevant rules or guidelines from the CSRC providing that holders of A shares may convert A shares held by them into H shares for [REDACTED] and [REDACTED] on the Hong Kong Stock Exchange.

[REDACTED]

[REDACTED]

SHAREHOLDERS' GENERAL MEETINGS

For details of circumstance under which our shareholders' general meeting is required, please refer to the section headed "Summary of Articles of Association — Shareholders — Shareholders' General Meetings" in Appendix V to this document.

SHARE CAPITAL

OUR RESTRICTED A SHARE INCENTIVE SCHEMES

Certain employees of our Company and our subsidiaries are eligible to subscribe in interests of our Shares through the our Restricted A Share Incentive Schemes. For details, please refer to the section headed "Statutory and General Information — Further Information about our Directors — 4. Our Restricted A Share Incentive Schemes" in Appendix VI to this document.

REGULATORY OVERVIEW

This section sets out a summary of certain aspects of the laws and regulations of the jurisdictions which are relevant to the business and operations of our Group. The principal objective of this summary is to provide you with an overview of the key laws and regulations applicable to us. This summary does not purport to be a comprehensive description of all the laws and regulations applicable to our business and operations and/or which may be important to you. You should note that the following summary is based on laws and regulations in force as at the date of this document, which may be subject to change.

We are subject to a variety of laws, and regulations across a number of aspects of our business. This section sets forth a summary of the most significant laws and regulations that are applicable to our current business activities around the world.

LAWS AND REGULATIONS RELATED TO OUR BUSINESS IN THE PRC

This section summarizes the principal PRC laws, rules and regulations that are relevant to our business.

Regulations Relating to Electronic Measuring Instruments

According to the Metrology Law of the PRC (《中華人民共和國計量法》) promulgated on September 6, 1985 and most recently amended and immediately effective from October 26, 2018, and the Implementing Rules of the Metrology Law of the PRC (《中華人民共和國計量法實施細則》) which was issued on February 1, 1987 and most recently revised on March 29, 2022, and then came into force on May 1, 2022, enterprises and institutions manufacturing measuring instruments must pass the assessment of metrological performance of their samples conducted by the metrological administrative departments of People's Governments at or above the provincial level before they can put into production any new types of measuring instruments that they have not previously manufactured. No entity or individual is permitted to manufacture, sell, or import measuring instruments using non-statutory measurement units in violation of regulations. The metrological administrative departments of People's Governments at or above the county level shall conduct supervision and inspection over the manufacturing, repair, sale, import, and use of measuring instruments, as well as related metrological verification activities in accordance with the law. Relevant entities and individuals shall not refuse or obstruct such inspections.

According to the Measuring Instruments New Product Management Measures (《計量器具新產品管理辦法) as promulgated by SAMR on July 10, 1987 and which have since been implemented on a trial basis following their amendments on June 1, 2023, where a producer, for the purpose of sales, manufactures new measuring instruments that are listed in the Catalogue of Measuring Instruments Subject to Mandatory Administration (《實施強制管理的計量器具目錄》), the new measuring instruments are subject to the regulatory requirement of pattern approval from the provincial-level market regulation department before commencing production.

As advised by our PRC Legal Advisor, our products had complied with all the applicable PRC regulations on product standards and certification during the Track Record Period and up to the Latest Practicable Date.

Regulations in relation to Intellectual Properties

Patent

Patents in the PRC are mainly protected under the Patent Law of the PRC (《中華人民共和國專利法》), which was promulgated by the Standing Committee of the National People's Congress on March 12, 1984 and most recently amended on October 17, 2020, and Implementing Rules of the Patent Law of the PRC (《中華人民共和國專利法實施細則》), which were promulgated by the State Council on June 15, 2001 and most recently amended on December 11, 2023. The Patent Law and its Implementing Rules provide for three types of patents, invention, utility model and design. The duration of a patent right for invention is 20 years, the duration of a patent right for utility model is 10 years, and the duration of a patent right for design is 15 years, from the date of application.

Trademark

Registered trademark in the PRC are mainly protected under the Trademark Law of the PRC (《中華人民共和國商標法》), which was promulgated by the Standing Committee of the National People's Congress on August 23, 1982 and most recently amended on April 23, 2019, and Implementing Regulation of the Trademark Law (《商標法實施條例》), which were promulgated by the State Council on August 3, 2002 and most recently amended on April 29, 2014. The Trademark Office is responsible for the registration and administration of trademarks throughout China and grants a term of 10 years to registered trademarks. Upon expiry of the period of validity, the registrant shall go through the formalities for renewal within twelve months prior to the date of expiry as required if the registrant needs to continue to use the trademark. Where the registrant fails to do so, a grace period of six months may be granted. The period of validity for each renewal of registration is 10 years, commencing from the day immediately after the expiry of the preceding period of validity for the trademark. In the absence of a renewal upon expiry, the registered trademark shall be canceled.

Copyright

Copyright in the PRC are protected under the Copyright Law of the PRC (《中華人民共和國著作權法》), which was promulgated by the Standing Committee of the National People's Congress on September 7, 1990 and most recently amended on November 11, 2020, and Implementing Regulation of the Copyright Law (《中華人民共和國著作權法實施條例》), which were promulgated by the State Council on August 2, 2002 and most recently amended on January 30, 2013. These laws and regulations provide provisions on the classification of works and the obtaining and protection of copyright.

Exclusive Rights to Integrated Circuits Layout Design

On April 2, 2001, the State Council promulgated the Regulations on the Protection of Integrated Circuit Layout Designs (《集成電路布圖設計保護條例》 (the "**Regulations on the Protection**"). According to the Regulations on the Protection, the owner of an integrated circuit layout design has exclusive rights to the design, so long as they comply with the provisions of the Regulations on the Protection, which protects the proprietary rights of integrated circuit layout designs, encourage innovation in integrated circuit technology, and promotes the development of science and technology. The exclusive rights to the layout design arise upon registration with the intellectual property administration department of the State Council, and layout designs that have not been registered are not protected by the Regulations on the Protection. The protection period for the exclusive rights of a layout design is 10 years, calculated from the date of the design registration application or the first date of commercial use anywhere in the world, whichever is earlier. However, a layout-design is no longer protected under these regulations 15 years after its creation, regardless of registration or commercial use.

Regulations on Employment and Social Welfare

The Company shall comply with regulations on employment and social welfare to recruit employees, including entering fixed-term employment contracts with employees pursuant to the Labour Law and the Labour Contract Law. As such, it shall make social insurance and housing provident fund contributions for employees according to the Social Insurance Law and the Administration of Housing Provident Funds.

Employment

The major PRC laws and regulations that govern employment relationship are the PRC Labour Law (《中華人民共和國勞動法》), the PRC Labour Contract Law (《中華人民共和國勞動合同法》), or the Labour Contract Law and its implementation, which impose stringent requirements on the employers in relation to entering into fixed-term employment contracts, hiring of temporary employees and dismissal of employees. The Labour Contract Law, which became effective on July 1, 2013, primarily aims at regulating rights and obligations of employment relationships, including the establishment, performance, and termination of labour contracts. Pursuant to the Labour Contract

Law, labour contracts must be executed in writing if labour relationships are to be or have been established between employers and employees. Employers are prohibited from forcing employees to work above certain time limits and employers must pay employees for overtime work in accordance with national regulations. In addition, employee wages must not be lower than local standards on minimum wages and must be paid to employees in a timely manner.

Social Insurance

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

The Interpretation No. 2 on Several Issues Concerning the Application of Law in Labour Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋 (二)》) (the "**Interpretation No. 2**"), promulgated by the Supreme People's Court on July 31, 2025, and effective as of September 1, 2025, regulates matters such as employer responsibilities, confirmation of labor relations, service periods and non-compete periods, performance and termination of labor contracts, and social insurance contributions. It explicitly standardizes disputes in the field of social insurance, stipulating that any agreement between an employer and an employee or any commitment by an employee to waive social insurance contributions shall be deemed invalid by the People's Court. Employees have the right to terminate their labor contracts on these grounds and claim economic compensation, which shall be supported by the People's Court in accordance with the law.

Housing Provident Fund

In accordance with the Regulations on the Administration of Housing Provident Fund (《住房公積金管理條例》) promulgated by the State Council on April 3, 1999, and amended on March 24, 2002, and March 24, 2019, enterprises must register at the designated administrative centres and open bank accounts for depositing employees' housing provident fund. Employers and employees are also required to pay and deposit housing provident fund, with an amount no less than 5% of the monthly average salary of the employee in the preceding year in full and on time. In case of overdue payment or underpayment by employers, orders for payment within a specified period will be made by the housing fund management centre. Where employers fail to make payment within such period, enforcement by the people's court will be applied. In case of failure to register and open accounts for depositing employees' housing provident fund, the housing fund management centre shall order employers to go through the formalities within a specified period, where employers fail to do such formalities within the prescribed time, a fine of not less than RMB10,000 nor more than RMB50,000 shall be imposed.

Regulations on Overseas Listings

On February 17, 2023, the China Securities Regulatory Commission, or the CSRC, released several regulations regarding the management of filings for overseas offerings and listings by domestic companies, including the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) ("**Trial Measures**") together with 5 supporting guidelines (together with the Trial Measures, collectively

referred to as the "**New Regulations on Filing**"). Under New Regulations on Filing, PRC domestic companies that seek to offer and list securities in overseas markets, either in direct or indirect means, are required to file the required documents with the CSRC within three working days after its application for overseas listing is submitted.

On February 24, 2023, the CSRC and other three relevant government authorities jointly promulgated the Provisions on Strengthening the Confidentiality and Archives Administration of Overseas Securities Issuance and Listing by Domestic Enterprises (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》), or the Provision on Confidentiality. Pursuant to the Provision on Confidentiality, where a domestic enterprise provides or publicly discloses any document or material that involving state secrets and working secrets of state agencies to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, it shall report to the competent department with the examination and approval authority for approval in accordance with the law, and submit to the secrecy administration department of the same level for filing. The working papers formed within the territory of the PRC by the securities companies and securities service agencies that provide corresponding services for the overseas issuance and listing of domestic enterprises shall be kept within the territory of the PRC, and cross-border transfer shall go through the examination and approval formalities in accordance with the relevant provisions of the State.

The Company, as a PRC domestic company, shall comply with the abovementioned New Regulations on Filing and relevant provisions to offer and list securities on the Hong Kong Stock Exchange.

Regulations Relating to Foreign Direct Investment

Since January 1, 2020, the Foreign Investment Law of the People's Republic of China (《中華人民共和國外商投資法》) (hereinafter referred to as the "**Foreign Investment Law**") promulgated by the National People's Congress has come into effect. While the organization form, institutional framework and standard of conduct of foreign-invested enterprises shall be subject to the provisions of the Company Law of the PRC (《中華人民共和國公司法》) and other laws. The PRC government will implement the management system of pre-entry national treatment and the Negative List for foreign investment abolished the original approval and filing administration system for the establishment and change of foreign-invested enterprises. Pre-entry national treatment refers to the treatment accorded to foreign investors and their investments at the stage of investment entry which is no less favorable than the treatment accorded to domestic investors and their investments. Negative List refers to a special administrative measure for the entry of foreign investment in specific sectors as imposed by the PRC. The PRC accords national treatment to foreign investment outside of the Negative List. The current Negative List is the Special Management Measures (Negative List) for the Access of Foreign Investment (2024 Revision) (《外商投資准入特別管理措施(負面清單)(2024年版)》) issued by the National Development and Reform Commission and the Ministry of Commerce on September 6, 2024, which lists the special management measures for foreign investment access for industries regulated by the Negative List, such as equity requirements and senior management requirements.

While strengthening investment promotion and protection, the Foreign Investment Law further regulates foreign investment management and proposes the establishment of a foreign investment information reporting system that replaces the original foreign investment enterprise approval and filing system of the Ministry of Commerce. The foreign investment information reporting is subject to the Foreign Investment Information Reporting Method (《外商投資信息報告辦法》) jointly developed by the Ministry of Commerce and the State Administration for Market Regulation, which came into effect on January 1, 2020. Foreign investors who directly or indirectly carry out investment activities in China shall submit investment information to the competent commercial department through the enterprise registration system and the National Enterprise Credit Information Publicity System and the reporting methods include initial reports, change reports, cancellation reports, and annual reports. Foreign investors who establish foreign invested enterprises in China or acquire domestic non-foreign-invested enterprises through equity merger and acquisition

shall submit initial reports through the enterprise registration system when applying for the registration of the establishment of foreign-invested enterprises or applying for the registration of the change of the acquired enterprises.

Regulations Relating to Leasing

Pursuant to the Law of the People's Republic of China on the Administration of the Urban Real Estate (《中華人民共和國城市房地產管理法》), promulgated by the SCNPC on July 5, 1994 and last amended on August 26, 2019 and effective on January 1, 2020, in the lease of a house, the leaser and the lessee shall conclude a written lease contract defining such matters as the term, purpose and price of the lease, liability for repair, as well as other rights and obligations of both parties, and shall register the lease contract with the department of housing administration for the record. Pursuant to the Administrative Measures on Commodity Housing Leasing (《商品房屋租賃管理辦法》), issued by Ministry of Housing and Urban-Rural Development on December 1, 2010 and became effective on February 1, 2011, without the mentioned registration above, a fine may be imposed by the development (real estate) department.

According to the PRC Civil Code (《中華人民共和國民法典》) which took effect on January 1, 2021, an owner of immovable or movable property is entitled to possession, use, earnings, and disposal of such property in accordance with the law. Subject to the consent of the lessor, the lessee may sublease the leased premises to a third party. Where a lessee subleases the premises, the lease contract between the lessee and the lessor remains valid. The lessor is entitled to terminate the lease if the lessee subleases the premises without the consent of the lessor. In addition, if the ownership of the leased premises changes during the lessee's possession in accordance with the terms of the lease contract, the validity of the lease contract shall not be affected.

Regulations Relating to Anti-Money Laundering

Article 191 of the Criminal Law of the People's Republic of China (《中華人民共和國刑法》, which was adopted on July 1, 1979 and last implemented on March 1, 2024, stipulates the relevant constituent elements of the crime of money laundering. Any person who commits any of the following acts in order to conceal or disguise the source and nature of the proceeds from, or income derived from, drug-related offences, offences involving triad organizations, terrorist offences, smuggling offences, corruption and bribery offences, offences against financial administration and order and offences of financial fraud, the proceeds from, and the income derived from, the above offences shall be confiscated, and the person may be sentenced to imprisonment or criminal detention for a term not exceeding five years together with a fine, or only to a fine only; and in serious cases, the person shall be sentenced to a term of imprisonment not less than five years and not more than ten years together with a fine: (1) providing a fund account; (2) converting property into cash, financial instruments or marketable securities; (3) transferring funds by way of remittance or by other means of payment and settlement; (4) transferring assets across borders; or (5) using other means to conceal or disguise the source and nature of the proceeds from, or income derived from, crimes. If an entity commits an offence under the preceding paragraph, the entity shall be sentenced to a fine, and its directly responsible officers and other directly responsible employees shall be punished in accordance with the provisions of the preceding paragraph.

Regulations Relating to Import and Export of Goods

Pursuant to the Administrative Provisions of the Customs of the PRC on Record-Filing of Customs Declaration Entities (《中華人民共和國海關報關單位備案管理規定》) promulgated by the General Administration of Customs on November 19, 2021 and effective on January 1, 2022, import and export of goods shall be filed with customs by the consignor or consignee itself, or by a customs declaration enterprise. The Announcement on Fully Including the Recordation of Customs Declaration Entities in the Reform of "Integrating Certificates into One" (《關於報關單位備案全面納入"多證合一"改革的公告》), which was promulgated on December 20, 2021 and effective on January 1, 2022, further optimized the business environment, where in applying to a market regulatory authority for registration of a market participant, an applicant is required to concurrently apply for the recordation of a customs declaration entity, the applicant shall choose the option for

the recordation of customs declaration entities as required, and additionally enter the relevant recordation information. The market regulatory authority shall complete the registration according to the process of "Integrating Certificates into One" and complete data sharing with the General Administration of Customs at the level of the State Administration for Market Regulation. The appropriate enterprise is not required to file an application for recordation with the customs office. Upon the "Integrating Certificates into One" reform becomes effective, enterprises that have not opted for submitting application through "Integrating Certificates into One" may still submit their customs declaration entity filing applications through "Single Window" for international trade or "Internet + Customs" platform.

Customs

According to the Customs Law of the People's Republic of China (《中華人民共和國海關法》), which was promulgated by the SCNPC on January 22, 1987 and was last amended on April 29, 2021, unless otherwise provided for, the declaration of import or export goods and the payment of duties may be made by the consignees or consigners themselves, and such formalities may also be completed by their entrusted customs brokers that have registered with the permission of the customs. The declaration of inward and outward articles and payment of duties on them may be made by the owners of the articles themselves or by the persons they have entrusted with the work. In addition, the consignees and consignors for import or export of goods and the customs brokers engaged in customs declaration shall register with the customs in accordance with the laws. Enterprises engaged in processing trade shall file a record with the customs office in accordance with the regulations of the General Administration of Customs. The amount of raw materials consumed during the production of the finished products shall be decided by the customs office. The finished products of a processing trade shall be re-exported within the stipulated time limit. According to the Administrative Provisions of the Customs of the People's Republic of China on the Filing of Customs Declaration Entities, which was promulgated by the General Administration of Customs (《中華人民共和國海關報關單位備案管理規定》) on November 19, 2021 and became effective on January 1, 2022, for any changes in the information such as the name of the customs declaration entity, type of market entity, domicile (main place of business), legal representative (person in charge), customs declaration personnel, etc. stated in the Information Form for Filing of Customs Declaration Entities, the customs declaration entity shall apply to the local customs office for changes within 30 days from the date of change.

Laws and Regulations Relating to Foreign Exchange

Pursuant to the Administrative Regulations on Foreign Exchange of the PRC (《中華人民共和國外匯管理條例》) amended by the State Council on August 5, 2008 and came into effect on the same date, foreign exchange payments under current account items shall be made using self-owned foreign currency or foreign currency purchased from financial institutions engaging in conversion and sale of foreign currencies by presenting the valid document. Domestic entities and domestic individuals making overseas direct investments or engaging in issuance and trading of overseas securities and derivatives shall process registration formalities pursuant to the provisions of the foreign exchange control department of the State Council.

On November 19, 2012, the SAFE issued the Circular of Further Improving and Adjusting Foreign Exchange Administration Policies on Foreign Direct Investment (《國家外匯管理局關於進一步改進和調整直接投資外匯管理政策的通知》) (the SAFE Circular 59). The SAFE Circular 59 came into effect on December 17, 2012 and was revised on May 4, 2015, October 10, 2018 and partially abolished on December 30, 2019. Pursuant to the SAFE Circular 59, the opening of various special purpose foreign exchange accounts, such as pre-establishment expenses accounts, foreign exchange capital accounts and guarantee accounts, the reinvestment of RMB proceeds derived by foreign investors in the PRC, and remittance of foreign exchange profits and dividends by a foreign-invested enterprise to its foreign shareholders no longer require the approval or verification of SAFE, as well multiple capital accounts for the same entity may be opened in different provinces. In February 2015, the SAFE promulgated the Circular on Further Simplifying and Improving Foreign Exchange Administration Policies in Respect of Direct Investment (《關於進一步簡化和改進直接投資外匯管理

政策的通知》), which was partially abolished in December 2019, and prescribed that the bank instead of SAFE can directly handle the foreign exchange registration and approval under foreign direct investment while SAFE and its branches indirectly supervise the foreign exchange registration and approval under foreign direct investment through the bank. On May 11, 2013, the SAFE issued the Administrative Provisions on Foreign Exchange in Domestic Direct Investment by Foreign Investors (《外國投資者境內直接投資外匯管理規定》) (the SAFE Circular 21), which became effective on May 13, 2013, amended on October 10, 2018 and partially abolished on December 30, 2019. The SAFE Circular 21 specifies that the administration by SAFE or its local branches over direct investment by foreign investors in the PRC must be conducted by way of registration and banks must process foreign exchange business relating to the direct investment in the PRC based on the registration information provided by SAFE and its branches.

Pursuant to the Notice on Relevant Issue Concerning the Administration of Foreign Exchange for Overseas Listing (《關於境外上市外匯管理有關問題的通知》) issued by the SAFE on December 26, 2014, the domestic companies shall register the overseas listed with the foreign exchange control bureau located at its registered address in 15 working days after completion of the overseas listing and issuance. The funds raised by the domestic companies through overseas listing may be repatriated to China or deposited overseas, provided that the intended use of the fund shall be consistent with the contents of the prospectus and other public disclosure documents.

Pursuant to the Notice of the State Administration of Foreign Exchange on Reforming the Management Mode of Foreign Exchange Capital Settlement of Foreign Investment Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》) (the SAFE Circular 19) promulgated on March 30, 2015, coming effective on June 1, 2015 and partially abolished and amended on December 30, 2019 and March 23, 2023 respectively, foreign-invested enterprises could settle their foreign exchange capital on a discretionary basis according to the actual needs of their business operations. Whilst, foreign-invested enterprises are prohibited to use the foreign exchange capital settled in RMB (a) for any expenditures beyond the business scope of the foreign invested enterprises or forbidden by laws and regulations; (b) for direct or indirect securities investment; (c) to provide entrusted loans (unless permitted in the business scope), repay loans between enterprises (including advances by third parties) or repay RMB bank loans that have been on lent to a third party; and (d) to purchase real estate not for self-use purposes (save for real estate enterprises).

On June 9, 2016, SAFE issued the Notice of the State Administration of Foreign Exchange on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) (the SAFE Circular 16), which came into effect on the same date and amended by the Notice of the State Administration of Foreign Exchange on Further Deepening Reform on Facilitating Cross-Border Trade and Investment (《國家外匯管理局關於進一步深化改革促進跨境貿易投資便利化的通知》) on December 4, 2023. The SAFE Circular 16 provides that discretionary foreign exchange settlement applies to foreign exchange capital, foreign debt offering proceeds and remitted foreign listing proceeds, and the corresponding RMB capital converted from foreign exchange may be used to extend loans to related parties or repay inter-company loans (including advances by third parties).

On October 23, 2019, SAFE promulgated the Notice on Further Facilitating Cross-Border Trade and Investment (《關於進一步促進跨境貿易投資便利化的通知》), which became effective on the same date (except for Article 8.2, which became effective on January 1, 2020) and amended by the Notice of the State Administration of Foreign Exchange on Further Deepening Reform on Facilitating Cross-Border Trade and Investment (《國家外匯管理局關於進一步深化改革促進跨境貿易投資便利化的通知》) on December 4, 2023. The notice canceled restrictions on domestic equity investments made with capital funds by non-investing foreign-funded enterprises. In addition, restrictions on the use of funds for foreign exchange settlement of domestic accounts for the realization of assets have been removed and restrictions on the use and foreign exchange settlement of foreign investors' security deposits have been relaxed.

According to the Notice on Issues Related to the Management of Overseas Listing Funds of Domestic Enterprises (Draft for Comments) (《關於境內企業境外上市資金管理有關問題的通知(徵求意見稿)》) issued by the People's Bank of China and the SAFE on May 23, 2025, in addition to the repurchase of listed enterprises and the increase of shares of domestic shareholders, the handling method of registration related to overseas listing of domestic enterprises shall be adjusted from being handled at the SAFE to being handled directly by banks. The deadline for issuing listings and additional issuance registrations will be extended from 15 working days to 30 working days. The deadline for registration of reductions in holdings will be adjusted from 20 working days before the intended reduction to 30 working days after the reduction, with the registration time limits for corporate information changes and certain equity structure changes being relaxed. After the official implementation in the future, the relevant registration procedures and deadlines will undergo corresponding changes, further enhancing the facilitation of cross-border financing for domestic enterprises.

Regulations on Environmental Protection

According to the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), which was promulgated on December 26, 1989 and last amended on April 24, 2014, all entities and individuals have the obligation to protect the environment. Enterprises and operators that implement the pollution discharge licence management shall discharge pollutants according to the requirement of the pollution discharge licence, and those who fail to obtain the pollution discharge licence shall not discharge pollutants. If any person or enterprise fails to comply with the laws and regulations of environmental protection, the relevant authority may impose a fine, order such person or enterprise to take measures such as restricting production and suspending production to make recovery, or even order to shut down the entity in severe cases.

Pursuant to the Environmental Impact Assessment Law of the PRC (《中華人民共和國環境影響評價法》) promulgated on October 28, 2002, became effective on September 1, 2003 and last amended on December 29, 2018, the State implements administration by classification on the environmental impact of construction projects according to the level of impact on the environment. The construction unit shall prepare an environmental impact report or an environmental impact form or complete an environmental impact registration form (the "**Environmental Impact Assessment Documents**") for reporting and filing purposes. If the Environmental Impact Assessment Documents of a construction project have not been reviewed by the approving authority in accordance with the law or have not been granted approval after the review, the construction unit is prohibited from commencing construction works.

Pursuant to the Interim Measures on Administration of Environmental Protection for Acceptance Examination Upon Completion of Construction Projects (《建設項目竣工環境保護驗收暫行辦法》) which was promulgated on November 20, 2017 and came into effect on the same date, the construction unit is the responsible party for the acceptance of the environmental protection facilities for the completion of the construction project, and shall, in accordance with the procedures and standards stipulated in relevant regulations, organize the acceptance of the environmental protection facilities, prepare the acceptance report, disclose the relevant information, accept social supervision, ensure that the environmental protection facilities to be constructed for the construction project are put into operation or used at the same time as the main project, and be responsible for the content, conclusion and public information of the acceptance. The construction unit shall be responsible for the truthfulness, accuracy and completeness of the acceptance content, conclusions and information disclosed, and shall not falsify the acceptance process. The major construction works of the construction project cannot be put into operation until the supporting facilities for environmental protection pass the inspection.

Pursuant to the Law of the PRC on Prevention and Control of Environmental Pollution Caused by Solid Wastes (《中華人民共和國固體廢物污染環境防治法》) which was promulgated on October 30, 1995 and last amended on April 29, 2020 and came into effect on September 1, 2020, the construction of projects which discharge solid waste and the construction of projects for storage, use and treatment of solid waste shall be carried out upon the appraisal regarding their effects on the

environment and comply with the relevant state regulations concerning the management of environmental protection in respect of construction projects. The necessary supporting facilities for the prevention and control of environmental pollution caused by solid wastes as specified in the environmental impact assessment documents of the construction project shall be designed, constructed and put into operation simultaneously with the major construction works of the construction project.

Pursuant to the Law of the PRC on Prevention and Treatment of Water Pollution (《中華人民共和國水污染防治法》) which was promulgated on May 11, 1984, last amended on June 27, 2017, and came into effect on January 1, 2018, the environmental impact assessment shall be conducted on new construction, reconstruction and construction expansion projects or other installations on water which directly or indirectly discharge pollutants into the water according to law. The water pollution prevention and treatment facilities of a construction project must be designed constructed and put into operation simultaneously with the major construction works of the construction project. The water pollution prevention and treatment facilities shall comply with the requirements of approved or filed environmental impact assessment documents.

The Administrative Measures on Licencing of Urban Sewage Discharging into Drainage Network (《城鎮污水排入排水管網許可管理辦法》), which was promulgated by the Ministry of Housing and Urban-rural Development on January 22, 2015, last amended on December 1, 2022 and came into effect on February 1, 2023, provides that enterprises, institutions and individual industrial and commercial households engaging in industry, construction, catering industry, medical industry and discharging sewage into the urban drainage network must apply for and obtain a Licence for Urban Drainage (排水許可證).

Regulations on Fire Protection Design Approval and Filing

The Fire Prevention Law of the PRC (《中華人民共和國消防法》) (the "**Fire Prevention Law**") was adopted on April 29, 1998 and last amended on April 29, 2021. According to the Fire Prevention Law and other relevant laws and regulations of the PRC, the Emergency Management Authority of the State Council and its local counterparts at or above county level shall monitor and administer the fire prevention affairs. The Fire and Rescue Department of the People's Government are responsible for implementation. The Fire Prevention Law provides that the fire prevention design or construction of a construction project must conform to the national fire prevention technical standards (as the case may be). According to the Interim Provisions on the Administration of Fire Protection Design Review and Final Inspection of Construction Projects (《建設工程消防設計審查驗收管理暫行規定》), issued by the Ministry of Housing and Urban-Rural Development on April 1, 2020, last amended on August 21, 2023 and officially implemented on October 30, 2023, special construction projects as defined under such Interim Provisions shall conduct fire protection design review and fire protection final inspection, construction projects other than such special construction projects shall fill protection design and acceptance of the project with competent authority.

Regulations on Product Quality

The Product Quality Law of the PRC (《中華人民共和國產品質量法》), which was promulgated by the SCNPC on February 22, 1993 and last amended on December 29, 2018 is the principal governing law relating to the supervision and administration of product quality. It clarified liabilities of the manufactures and sellers. Manufacturers shall be responsible for the quality of their products. If a defect in a product causes physical injury or damage to property other than the defective product, the manufacturers shall bear liability for compensation, unless they are able to prove that: (1) the product has not been put into circulation; (2) the defects causing injuries or damage did not exist at the time when the product was circulated; or (3) the science and technology at the time when the product was circulated were at a level incapable of detecting the defects. A seller shall pay compensation if it fails to indicate neither the manufacturer nor the supplier of the defective product. A person who is injured or whose property is damaged by the defects in the product may claim for compensation from the manufacturer or the seller.

Regulations on Consumer Protection

According to the Consumer Protection Law of the PRC (《中華人民共和國消費者權益保護法》) (the "**Consumer Protection Law**") which was promulgated by the SCNPC on October 31, 1993 and last amended on October 25, 2013, where business operators sell commodities on the internet, on television, over telephone, or by mail order, consumers shall have the right to return the commodities within seven days of receipt of them without cause, subject to certain exceptions. Moreover, consumers are entitled to the protection of their personal safety and property security at the time of purchase and use of goods and receipt of services. Violations of the Consumer Protection Law may result in the imposition of fines, the suspension of operation, the revocation of business licence or even criminal liability of the business operators.

Competition Law

In accordance with the PRC Anti-Unfair Competition Law (《中華人民共和國反不正當競爭法》) (the "**Anti-Unfair Competition Law**") which was promulgated by the SCNPC on September 2, 1993 and amended on November 4, 2017 and April 23, 2019, when trading in the market, business operators should abide by the principles of voluntariness, equality, fairness, honesty and credibility, and abide by laws and recognised business ethics. Unfair competition means a business operator, in violation of the Anti-Unfair Competition Law, disrupts the competition order and infringes the legitimate rights and interests of other business operators or consumers. When the legitimate rights and interests of a business operator are damaged by unfair competition, it may start a lawsuit in the People's Court. In contrast, if a business operator violates the provisions of the Anti-Unfair Competition Law, engages in unfair competition and causes damage to another business operator, it shall be liable for damages. If the damage suffered by the business operator is difficult to assess, the amount of damages shall be the profit obtained by the infringer through the infringement. The infringer shall also bear all reasonable expenses paid by the infringed business operator to stop the infringement.

Regulations Relating to Taxation

Enterprise Income Tax

Pursuant to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), which was amended by the SCNPC and became effective on December 29, 2018, and the Implementation Provisions of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》), which was amended by the State Council on December 6, 2024 and came into effect on January 20, 2025, a domestic enterprise which is established within the PRC in accordance with the laws or established in accordance with any laws of foreign country (region) but with an actual management entity within the PRC shall be regarded as a resident enterprise. A resident enterprise shall be subject to an EIT of 25% of any income generated within or outside the PRC. A preferential EIT rate shall be applicable to any key industry or project which is supported or encouraged by the State. Key high and new technology enterprises which are supported by the State may enjoy a reduced EIT rate of 15%.

Value-added Tax

Pursuant to the Interim Regulations of the PRC on Value-Added Tax (《中華人民共和國增值稅暫行條例》), which was amended by the State Council and became effective on November 19, 2017, and the Detailed Rules for the Implementation of the Provisional Regulations of the PRC on Value-added Tax (《中華人民共和國增值稅暫行條例實施細則》), which was amended by the MOF on October 28, 2011 and became effective on November 1, 2011, all enterprises and individuals that engage in the sale of goods, the provision of processing, repair and replacement services, and the importation of goods within the territory of the PRC are taxpayers of value-added tax (the "**VAT**") and shall pay VAT in accordance with the laws and regulations. The VAT rate for sale of goods shall be 17% unless otherwise specified, for example, the VAT rate for sale of transportation services shall be 11%. The VAT rate has been revised for several times with the reform of VAT in the PRC. According to the Notice on the Adjustment to VAT Rates (《關於調整增值稅稅率的通知》),

promulgated by the MOF and the SAT on April 4, 2018 and became effective on May 1, 2018, the VAT rates of 17% and 11% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 16% and 10%, respectively. Subsequently, the MOF, the SAT and the General Administration of Customs jointly issued the Announcement on Relevant Policies for Deepening Value-Added Tax Reform (《關於深化增值税改革有關政策的公告》) on March 20, 2019 to make a further adjustment, and such adjustment came into effect on April 1, 2019. The VAT rates of 16% and 10% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 13% and 9%, respectively.

On December 25, 2024, the SCNPC promulgated the VAT Law of the People's Republic of China (《中華人民共和國增值税法》), which will come into effect on January 1, 2026, and has not been effective as at the Latest Practicable Date.

Regulations on Information Security and Data Privacy

Data Security and Data Export

The SCNPC promulgated the Data Security Law of the People's Republic of China (《中華人民共和國數據安全法》), on June 10, 2021 (effective from September 1, 2021), for the establishment of a data classification and grading protection system to conduct classified and hierarchical protection of data. Entities engaged in data processing activities shall, in accordance with laws and regulations, establish a sound full-process data security management system, organize data security education and training, and take corresponding technical measures and other necessary measures to ensure data security.

According to the Measures on Security Assessment of Cross-border Data Transfer (《數據出境安全評估辦法》) issued by the Cyberspace Administration of China on July 7, 2022 and effective on September 1, 2022, a data processor that provides data overseas under any of the following circumstances shall apply to the national cyberspace administration for the security assessment of the outbound data transfer through local provincial cyberspace administration: (i) a data processor provides important data abroad; (ii) the critical information infrastructure operator or the data processor that has processed the personal information of more than 1 million people provides personal information abroad; (ii) the data processor that has provided the personal information of over 100,000 people or the sensitive personal information of over 10,000 people cumulatively since January 1 of the previous year provides personal information abroad.; and (iv) any other circumstance where an application for the security assessment of outbound data transfer is required by the national cyberspace administration.

According to the Measures for Standard Contract for Outbound Transfer of Personal Information (《個人信息出境標準合同辦法》) issued by the Cyberspace Administration of China on February 22, 2023 and effective from June 1, 2023, to provide personal information to an overseas recipient through the conclusion of the standard contract, a personal information processor shall meet all of the following circumstances: (i) it is not a critical information infrastructure operator; (ii) it has processed the personal information of less than one million individuals; (iii) it has cumulatively provided the personal information of less than 100,000 individuals to overseas recipients since January 1 of the previous year; and (iv) it has cumulatively provided the sensitive personal information of less than 10,000 individuals since January 1 of the previous year. In addition, the Measures for Standard Contract for Outbound Transfer of Personal Information require that all Outbound Transfers of personal information that have been carried out before June 1, 2023 and do not comply with the provisions of the Measures for Standard Contract for Outbound Transfer of Personal Information be rectified within 6 months.

On March 22, 2024, the CAC promulgated the Regulations on Improving and Regulating the Cross-Border Transfer of Data (《促進和規範數據跨境流動規定》) (the "**Regulations on Cross-Border Transfer of Data**"), which provided implementation rules on the security assessment of outbound data transfer, the standard contract for outbound transfer of personal information, the certification of personal information protection and other systems governing the outbound transfer of data. Pursuant to the Regulations on Cross-Border Transfer of Data, except as otherwise provided, (i) a

data processor that provides data overseas under any of the following circumstances shall apply to the national cyberspace administration for the security assessment of the outbound data transfer through local provincial cyberspace administration: (A) a critical information infrastructure operator provides personal information or important data abroad, (B) a data processor other than critical information infrastructure operator provides important data abroad, or has provided personal information (excluding sensitive personal information) of over 1,000,000 people or sensitive personal information of over 10,000 people abroad cumulatively since January 1 of the year; and (ii) a data processor other than critical information infrastructure operator that has provided personal information (excluding sensitive personal information) of over 100,000 people and less than 1,000,000 people, or sensitive personal information of less than 10,000 people abroad cumulatively since January 1 of the year shall enter into a standard contract for outbound transfer of personal information with the receiver overseas or pass the certification of personal information protection in accordance with laws and regulations.

Personal Information Protection

According to the Civil Code (《民法典》), personal information of natural persons is protected by law. If any organization or individual needs to obtain other people's personal information, they should obtain it in accordance with the law and ensure the security of the information. They must not illegally collect, use, process, or transmit other people's personal information, and must not illegally buy, sell, provide, or disclose the information. The Personal Information Protection Law of the People's Republic of China (《中華人民共和國個人信息保護法》) promulgated by the SCNPC on August 20, 2021 and implemented on November 1, 2021, further emphasizes the obligations and responsibilities of processors for the protection of personal information, and requests higher level of protective measures on the processing of sensitive personal information.

According to the Cybersecurity Law of the People's Republic of China (《中華人民共和國網絡安全法》) promulgated by the SCNPC on November 7, 2016 and effective on June 1, 2017, network operators must follow the principles of legality, legitimacy and necessity when collecting and using personal information, and publicly disclose the rules for collection and use, clearly state the purpose, method and scope of collecting and using information, and obtain the consent of the person whose data is being collected. Network operators shall not collect personal information unrelated to the services they provide. Network operators are not allowed to leak, tamper with, or damage the personal information they collect; they are not allowed to provide personal information to others without the consent of the person whose data is being collected. However, this does not apply to cases where a specific individual cannot be identified and the identity cannot be recovered after processing. Network operators should take technical measures and other necessary measures to ensure the security of the personal information they collect and prevent leakage, damage and loss of information.

On September 24, 2024, the State Council issued the Regulation on the Administration of Cyber Data Security (《網路數據安全管理條例》) (the "**Cyber Data Security Regulation**"), which became effective from January 1, 2025. The Cyber Data Security Regulation stipulated certain requirements on network data processing activities, the security and protection of network data, and the reasonable and effective use of network data, and further shed light on the protection of personal information, security of important data, management of cross-border security of network data and obligations of network platform service providers.

LAWS AND REGULATIONS RELATED TO OUR BUSINESS IN HONG KONG

Below is a summary of the laws and regulations in Hong Kong which are material to our business operations in Hong Kong:

Business Registration Ordinance

The Business Registration Ordinance (Chapter 310 of the Laws of Hong Kong) requires every entity which carries on a business in Hong Kong to apply for a business registration.

Employment Ordinance

The Employment Ordinance (Chapter 57 of the Laws of Hong Kong) (the "**EO**") applies to every employee employed under a contract of employment in Hong Kong to an employer of such employee, and to a contract of employment between such employer and employee. The EO provides the following entitlements or protections to an employee: (a) year-end payments; (b) maternity and paternity protection; (c) rest days; (d) protection against anti-union discrimination; (e) severance payment; (f) long service payment; (g) employment protection; (h) sickness allowance; (i) holidays with pay; and (j) annual leave with pay. Apart from the foregoing benefits and protections, the EO also provides standard duties and obligations to be implied in contracts between employers and employees, as well as the formalities to be observed for employment contracts.

Employee's Compensation Ordinance

The Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong) (the "**ECO**") provides for the payment of compensation to employees who are injured in the course of their employment. The ECO establishes a no-fault and non-contributory employee compensation system for work injuries, and lays down the rights and obligations of employers and employees in respect of injuries or death caused by accidents arising out of and in the course of employment, or by prescribed occupational diseases under the ECO. Under section 40 of the ECO, all employers are required to take out insurance policies to cover their liabilities under both the ECO and at common law for injuries at work in respect of all their employees (including full-time and part-time employees). An employer who contravenes such requirement commits an offence for a fine and imprisonment.

Trade Descriptions Ordinance

Trade Descriptions Ordinance (Chapter 362 of the Laws of Hong Kong) (the "**TDO**") aims to prohibit false trade descriptions, false, misleading or incomplete information, false marks and misstatements in respect of goods provided in the course of trade or suppliers of such goods; to confer power to require information or instruction relating to goods to be marked on or to accompany the goods or to be included in advertisements. The definition of trade description under the TDO covers indication of a broad range of matters, which includes but not limited to the following aspects of goods: quantity; method of manufacture, production, processing or reconditioning; composition; fitness for purpose, strength, performance, behavior or accuracy; availability; compliance with a standard specified or recognized by any person etc.

Under section 7 of the TDO, any person who in the course of any trade or business applies a false trade description to any goods or supplies or offers to supply any goods to which a false trade description is applied commits an offence. Under section 7A of the TDO, a trader who applies a false trade description to a service supplied or offered to be supplied to a consumer, or supplies or offers to supply to a consumer a service to which a false trade description is applied commits an offence. The delivery of the electronic test and measurement instruments may be subject to the regulation of the TDO.

Sale of Goods Ordinance

Sale of Goods Ordinance (Chapter 26 of the Laws of Hong Kong) (the "**SOGO**") provides that where a seller sells goods in the course of a business, there is an implied condition that (a) where the goods are purchased by description, the goods must correspond with the description; (b) the goods supplied are of merchantable quality; and (c) the goods must be fit for the purpose for which they are purchased. Otherwise, a buyer has the right to reject defective goods unless, before the contract is made, (i) the defect was specifically drawn to the buyer's attention or (ii) if the buyer has a reasonable opportunity to examine the goods, and the examination ought to reveal the relevant defects. SOGO also further provides implied terms for the standard of goods sold by our Group to its customers.

Mandatory Provident Fund Schemes Ordinance

The Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) provides for, *inter alia*, the establishment of a system of privately managed, employment-related mandatory provident fund ("**MPF**") schemes to accrue MPF benefits for members of the workforce when they retire. In particular, under the Mandatory Provident Fund Schemes Ordinance: (a) except for exempt persons, employers should enroll their regular employees (i.e. employees who are at least 18 but under 65 years of age and employed for 60 days or more) in an MPF scheme, within the first 60 days of employment; and (b) employers and employees (other than those employees whose monthly relevant income is less than HK$7,100) are each required to make a contribution of 5% of the employees' relevant income (including any wages, salary, leave pay, fee, commission, bonus, gratuity, perquisite or allowance expressed in monetary terms) to the MPF scheme, subject to a maximum contribution of HK$1,500. An employer who contravenes such requirement commits an offence for a fine and imprisonment.

Inland Revenue Ordinance

The Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) (the "**IRO**") imposes taxes on property, earnings and profits in Hong Kong. The IRO provides, *inter alia*, that persons (which in addition to individuals include corporations, partnerships, trustees and bodies of persons) carrying on any trade, profession or business in Hong Kong are chargeable to tax on all profits (excluding profits arising from the sale of capital assets) arising in or derived from Hong Kong from such trade, profession or business.

Under the IRO, an employer who employs someone who is or is likely to be charged with salaries tax or any married person shall give notice in writing to commissioner of Inland Revenue not later than three months after the date of commencement of such employment, stating his/her full name and address, date of commencement and terms of employment. Further, where the employment ceases, the employer shall give notice thereof in writing to the commissioner not later than one month before the employee ceases to be employed in Hong Kong, stating the name and address and the expected date of cessation.

LAWS AND REGULATIONS RELATED TO OUR BUSINESS IN THE EUROPEAN UNION

This section sets out a summary of certain aspects of laws and regulations of Germany and/or the EU, which are relevant to our business and operations in Europe.

Laws and Regulations relating to Product Safety and Product Liability

Product Safety

Pursuant to the applicable product-related laws in the European Union and Germany, all products must be designed, manufactured, and used in a manner that does not pose unacceptable risks to users.

In the present case, the products concerned are electronic measuring and testing instruments. These are subject to the European requirements on safety, electromagnetic compatibility, and substance restrictions. In particular, electrical and electronic equipment must comply with specific technical standards, environmental protection obligations, waste disposal regulations, eco-design and energy labelling rules, as well as electromagnetic compatibility standards. The specific regulatory requirements may vary depending on the nature and technical specifications of each single type of product.

Relevant (non-exhaustive) regulations applicable to our products include:

- Directive 2014/35/EU (Low Voltage Directive)
- Directive 2014/30/EU (Electromagnetic Compatibility Directive)
- Directive 2014/53/EU (Radio Equipment Directive)
- Directive 2011/65/EU (Restriction of Hazardous Substances — RoHS Directive)
- Directive 2012/19/EU (Waste Electrical and Electronic Equipment — WEEE Directive)

- Regulation (EU) 2023/1542 (for devices containing batteries or accumulators)
- Directive 2009/125/EC (Eco-design Directive)
- Regulation (EU) 2017/1369 (Energy Labelling Regulation)
- Directive 2006/42/EC (Machinery Directive), replaced by Regulation (EU) 2023/1230 (already partially applicable)
- General Product Safety Regulation, in force since 13 December 2024
- Regulation (EU) 2019/1020 (Market Surveillance Regulation)
- Regulation (EC) No 1907/2006 (REACH)

In addition, the relevant German legal framework includes, in particular:

- the German Product Safety Act (Produktsicherheitsgesetz — ProdSG),
- the German Packaging Act (VerpackG), which requires registration and participation in a dual system for packaging,
- the German Battery Act (BattG)

as well as other national implementing or supplementary provisions that transpose, apply, and further specify EU legal requirements.

The above-mentioned regulations generally provide for:

- Product properties — including restrictions on certain substances, construction and design requirements, compliance with technical standards, radio or electromagnetic frequency compatibility, and other essential product characteristics.
- Product labelling — such as manufacturer/importer identification, CE marking (where applicable), and energy efficiency labels.
- Registration and notification obligations — e.g. registration of electrical and electronic equipment or batteries/accumulators in public registers, and participation in authorised recycling systems.
- Take-back obligations — including end-of-life return schemes for electronic equipment and batteries/accumulators.
- Technical documentation — such as testing reports, expert opinions, design drawings, and declarations of conformity for CE marking (where applicable).
- User information and instructions — provision of user manuals in the official language(s) of the country of sale (e.g. German), and affixing of necessary warnings directly to the product.

Under the German Product Safety Act (Produktsicherheitsgesetz — ProdSG), distributors may only place products on the German market if, when used as intended or in a reasonably foreseeable manner, they do not present risks to health or safety. In general, EU and German product-related laws apply when a product is placed on the market, made available on the market, or imported into the German or EU market.

Compliance must be demonstrated through a conformity assessment by the responsible economic operator(s).

Where EU harmonisation legislation requires CE marking, compliance is evidenced by affixing the CE mark and supported by comprehensive technical documentation, typically including a risk assessment, user and maintenance instructions, and safety and disposal guidelines.

If a product does not fall within the scope of CE marking requirements, the manufacturer (or other responsible economic operator) must nevertheless ensure compliance with all applicable EU and national product safety rules. In such cases, conformity is generally demonstrated by preparing and maintaining appropriate technical documentation showing compliance with the General Product Safety Regulation or other sector-specific rules.

If a product is found to be non-compliant, authorities may impose enforcement measures such as prohibition of sale or display, mandatory recall or withdrawal, or confiscation and destruction of the product. Non-compliance may also result in administrative fines or, in serious cases, criminal penalties including imprisonment of up to one year. Where violations cause harm to individuals, more severe penalties may apply.

As advised by our German and EU Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, to the best of our knowledge, we are not aware of any material breach of applicable EU or German product safety or CE conformity requirements, and we have not received any regulatory enforcement action from any competent market surveillance authority in respect of our products.

Product Liability

Product liability in Germany is primarily governed by the German Product Liability Act (Produkthaftungsgesetz — ProdHaftG), which transposes the EU Product Liability Directive (85/374/EEC) into national law. The ProdHaftG establishes a regime of strict (no-fault) liability for damages caused by defective products.

Under this regime, manufacturers, importers, distributors, or any party presenting itself as the producer (e.g. by affixing its name, trademark, or other identifying mark to the product) may be held liable for personal injury or damage to privately used property, regardless of fault or negligence. Where the manufacturer cannot be identified, a supplier or distributor may also be held liable unless it identifies the manufacturer or its own upstream supplier (§ 4(3) ProdHaftG).

A product is considered defective if it fails to provide the level of safety a person is entitled to expect, taking into account all circumstances, including:

- the product's presentation,
- its reasonably foreseeable use, and
- the time it was placed on the market (§ 3 ProdHaftG).

Defects may arise from design flaws (*Konstruktionsfehler*), manufacturing defects (*Fabrikationsfehler*), or inadequate instructions and warnings (*Instruktionsfehler*).

If a defective product causes harm, the injured party may claim compensation. The Act provides for:

- a standard limitation period of three years from the date on which the claimant became aware of the damage and the liable party (§ 12(1) ProdHaftG), and
- an absolute limitation period of ten years from the date on which the product was first placed on the market (§ 13 ProdHaftG).

Liability Caps and Thresholds

- For personal injury, liability is capped at EUR85 million per incident (§ 10 ProdHaftG). This cap applies collectively to all claims arising from the same defect or event.
- For property damage, compensation is available only if the damaged property was intended and used for private purposes and the loss exceeds EUR500 (§ 1(1) sentence 2 ProdHaftG). There is no statutory cap for property damage claims beyond this threshold.
- Where several parties are liable, they are subject to joint and several liability (§ 5 ProdHaftG).

The Act provides for limited defenses (§ 1(2) ProdHaftG). A producer may avoid liability, for example, by proving that:

- the product was not placed on the market,
- the defect did not exist when the product was placed on the market,
- the product was not manufactured for sale or distribution,
- the defect was due to compliance with mandatory regulations, or

- the defect was not detectable given the state of scientific and technical knowledge at the time of market placement (so-called development risk defense).

The ProdHaftG does not expressly limit applicability by residence or purchase location. It applies whenever the damage relates to the protected legal interests (§ 1 ProdHaftG: life, body, health, or certain property) and the defective product was placed on the market within the European Economic Area (EEA). Pursuant to § 4(2) ProdHaftG, any person who, in the course of business, imports a product into the EEA is deemed to be its manufacturer. Thus, the law applies broadly when defective products are marketed in Germany or the EEA, regardless of their place of manufacture.

Liability under the ProdHaftG cannot be contractually excluded or limited in advance (§ 14 ProdHaftG).

According to § 15(2) ProdHaftG, rights under other statutory provisions remain unaffected. In particular:

- Tort liability under §§ 823 et seq. BGB (German Civil Code) may apply where damage is caused by a producer's negligence or wilful misconduct. This includes liability for breaches of product safety duties, such as obligations to monitor the market and to take corrective measures (e.g. product recalls or safety warnings) if new risks arise after the product has been marketed. Tort claims can therefore be asserted alongside product liability claims. Unlike the ProdHaftG, tort law has no liability cap and may follow different limitation rules; its scope of liability is generally unlimited.
- Contractual warranty rights under the BGB apply in the context of sales contracts. Sellers are obliged to deliver defect-free products and, in the event of a defect, buyers may claim remedies such as repair, replacement, price reduction, or rescission. Sellers, in turn, may seek recourse against the producer where legally or contractually permitted.

Taken together, the strict liability under the ProdHaftG, the unlimited tort liability under the BGB, and the contractual remedies available to buyers create a comprehensive, multi-layered product liability regime in Germany.

Foreign Trade and Customs Law

Within the internal market of the European Union, the principle of free movement of goods ensures that products can circulate between Member States without customs duties or quantitative restrictions. As soon as goods cross the external borders of the EU, both European and national foreign trade and customs rules apply. The central framework is the Union Customs Code (Regulation (EU) No 952/2013), which has been in force since 2016 and has undergone several amendments to adapt procedures to new requirements. Because not all electronic customs systems have been fully implemented, transitional arrangements allowing the use of existing IT structures and paper-based processes will remain in place until 2025, when the complete digital environment is expected to be operational. While goods traded within the European Economic Area (EEA) are generally exempt from customs duties, trade between the EU and EEA states outside the customs union, as well as movements beyond the EEA, remains subject to customs supervision, including import duties, regulatory checks and inspections carried out by customs authorities.

Beyond customs law, the EU regulates the trade of dual-use items (goods, software and technologies with both civilian and military applications), through Regulation (EU) 2021/821, which replaced the previous regime in 2021. This regulation harmonizes controls on exports, transfers, brokering, technical assistance and transit, introduces a common list of dual-use items and extends restrictions to cases where there is a risk of misuse for human rights violations, terrorism or the proliferation of weapons of mass destruction. Authorizations are therefore required in a wide range of situations, and Member States are obliged to enforce compliance with penalties that are effective and dissuasive.

A further important dimension is the system of EU restrictive measures, or sanctions, adopted under the Common Foreign and Security Policy. These measures may impose trade bans on certain goods and technologies, financial restrictions such as asset freezes, prohibitions on providing services or investment, and travel bans for listed persons. They are usually enacted as Council Regulations, which are directly applicable in all Member States, and complemented where necessary by Council Decisions requiring national implementation. To strengthen consistency, Directive (EU) 2024/1226 now establishes harmonized criminal offences and minimum penalties for violations of sanctions law across the Union.

Taken together, the Union Customs Code, the Dual-Use Regulation and the EU sanctions regime form a closely connected legal framework that governs the movement of goods across the EU's external borders. Companies engaging in international trade must therefore ensure compliance not only with customs procedures, but also with export control rules and sanctions, as breaches can trigger inspections, administrative penalties and, in the case of sanctions, even criminal liability.

LAWS AND REGULATIONS RELATED TO OUR BUSINESS IN MALAYSIA

Below is a summary of the laws and regulations in Malaysia which are material to our business operations in Malaysia:

Industrial Co-ordination Act 1975 ("ICA")

Under the ICA, any person engaging in manufacturing activity shall obtain a manufacturing license. The ICA defines manufacturing activity as the making, altering, blending, ornamenting, finishing or otherwise treating or adapting any article or substance with a view to its use, sale, transport, delivery or disposal and includes the assembly of parts and ship repairing but shall not include any activity normally associated with retail or wholesale trade. The licensing requirement under ICA only applies to Malaysian manufacturing companies with shareholders' funds of RM2,500,000.00 and above and with 75 or more full-time paid employees.

Any person who fails to comply with such requirement is guilty of an offence and is liable on conviction to a fine not exceeding RM2,000.00 or to a term of imprisonment not exceeding 6 months and to a further fine not exceeding RM1,000.00 for every day during which such default continues.

Occupational Safety and Health Act 1994 ("OSHA")

Certificate of Fitness

With effect from 1 June 2024, the Factories and Machinery Act, 1967 ("**FMA**") has been repealed and the matters previously governed thereunder has been integrated into the OSHA. Any registration made or order, notice, direction, written authority, approval, certificate of fitness, special scheme of inspection or certificate of competency given or issued, under the FMA 1967 shall, be dealt with under the OSHA and its subsidiary legislations.

Pursuant to the OSHA, any person who operates or causes or permits any machinery to be operated must also ensure that, where required, the machinery used or operated has a valid certificate of fitness, failing which such person will be guilty of an offence and will, on conviction, be liable to a fine not exceeding RM100,000.00 or to imprisonment for a term not exceeding 1 year or to both. Thereafter, an officer under OSHA shall immediately serve a written notice prohibiting the operation of the machinery until a certificate of fitness is issued. If such prohibition is not complied with by any person, it shall be an offence and on conviction, such person shall be liable to a fine not exceeding RM500,000.00 or to imprisonment for a term not exceeding 2 years or to both.

Occupational Safety and Health Coordinator

Under OSHA, an employer having 5 or more employees at their place of work must appoint 1 of its employees to act as an occupational safety and health coordinator (OSH Coordinator). If an employer contravenes this requirement, he shall be guilty of an offence and shall on conviction, be liable to a fine not exceeding RM50,000.00 or to imprisonment for a term not exceeding 6 months or to both.

Street, Drainage and Building Act 1974 ("SDBA") and Uniform Building By-Laws 1984 ("UBBL")

The SDBA and the UBBL provides for the issuance of a certificate of completion and compliance or certificate of fitness for occupation, for the occupation of any building or any part thereof.

Any person who occupies a building or any part thereof without such certificates may be liable, on conviction, to a fine not exceeding RM250,000.00 or to imprisonment for a term not exceeding 10 years or to both.

Environmental Quality Act 1974 ("EQA") and Environmental Quality (Scheduled Wastes) Regulations 2005 ("EQSWR")

The EQA regulates, amongst others, the level of pollution of the atmosphere, noise pollution, pollution of the soil, pollution of inland waters without licence, prohibits the discharge of oil and wastes into Malaysian waters.

The EQSWR is a subsidiary legislation made under the EQA which imposes on waste generator of the premises an obligation to record, store, label, treat and dispose scheduled waste in accordance with the EQSWR. Any person who contravenes the EQSWR commits an offence and may be subject to a compound not exceeding RM2,000.00.

Local Government Act 1976 ("LGA")

The LGA empowers every local authority to grant licence or permit for any trade, occupation or premise through by-laws. Every licence or permit granted shall be subject to such conditions and restrictions as the local authority may think fit and shall be revocable by the local authority at any time without assigning any reason for it.

The relevant by-laws governing the conduct of our business in Malaysia is the Municipal Council of Penang Island (Trade, Businesses and Industries) By-Laws 1991 and the Municipal Council of Penang Island (Advertisement) By-Laws 2000.

These by-laws stipulate that it is an offence for a person to operate any scheduled business activity without a valid licence issued by the City Council of Penang Island. It further stipulates that the no person shall exhibit or cause or permit to be exhibited any advertisement without a licence issued by the City Council of Penang Island. Any contravention of these by-laws is an offence and if convicted, such person may be liable to a fine not exceeding RM2,000.00 or to a term of imprisonment not exceeding 1 year or to both.

Free Zones Act 1990 ("FZA") and Fre Zones Regulations 1991 ("FZR")

The FZA allows goods of any description, except those specifically and absolutely prohibited under the laws of Malaysia, to be brought into, produced or manufactured in a free zone without payment of any customs duty or excise duty.

Pursuant to the FZR, any persons any person wishing to carry out any activity, erect any building or other structure, or hold any tenancy or lease of any movable or immovable property within a free zone shall obtain approval/permission from the Royal Malaysian Customs Department.

Pursuant to the FZA, any omission or neglect to comply with, and every act done or attempted to be done contrary to the provisions of FZA or any of the regulations made under the FZA shall be an offence and in respect of any such offence for which no penalty is expressly provided, the offender shall be liable on conviction to a fine not exceeding RM50,000.00 or to imprisonment for a term not exceeding three (3) years or to both.

Promotion of Investments Act 1986 ("PIA")

The PIA was implemented to promote the establishment and development in Malaysia of industrial, agricultural and other commercial enterprises for the promotion of exports and for incidental and related purposes by way of relief from income tax. One of the main tax incentives

provided under the PIA is the pioneer status, which is granted by the Malaysia Investment Development Authority, an agency under the Ministry of Investment, Trade and Industry of Malaysia ("**MITI**").

Where a company with pioneer status ("**Pioneer Company**") fails to comply with any of the conditions imposed under the pioneer certificate or with any other provisions of the PIA, MITI shall by notice in writing require the company within 30 days from the date of service of the notice to show cause why the pioneer certificate should not be cancelled. MITI may cancel the pioneer certificate of a Pioneer Company where the company has failed to comply with a notice served on it or where it is not satisfied with the reasons for the non-compliance with the conditions imposed under the pioneer certificate or with any provisions of the PIA.

LAWS AND REGULATIONS RELATED TO OUR BUSINESS IN THE U.S.

Below sets out a summary of certain aspects of laws and regulations of the United States, which are relevant to our business operations.

Importation of Goods into the United States

Importation of goods into the customs territory of the United States is governed principally by the Tariff Act of 1930, as amended, the Customs Modernization Act of 1993, as amended, and the regulations of U.S. Customs and Border Protection ("**CBP**"). Under these laws and regulations, U.S. importers have primary legal responsibility for initially valuing, classifying, and determining the rate of duty applicable to imported merchandise. The importer is required to exercise "reasonable care" in entering merchandise into the United States. This includes when providing CBP information and documentation necessary for it to assess duties on imported merchandise, collect accurate import statistics, and determine whether an import complies with applicable laws.

Civil penalties may be assessed against any person who uses false or misleading statements to enter goods into the United States. In determining the applicable penalty for such a wrongdoing, CBP first determines the applicable degree of culpability of the offending party. In general, higher penalties are assigned to more egregious offenses, which are classified according to degree of culpability as due to negligence, gross negligence, or fraud. CBP considers that a violation is a result of negligence "if it results from failure to exercise reasonable care and competence: (a) to ensure that statements made and information provided in connection with the importation of merchandise are complete and accurate; or (b) to perform any material act required by statute or regulation." Gross negligence and fraud are found in more egregious cases where circumstances indicate more than a failure to exercise reasonable care. Gross negligence is assigned where CBP finds a violation done "with actual knowledge of or wanton disregard for the relevant facts and with indifference to or disregard for the offender's obligations under the statute." Fraud is assigned where the act was "committed (or omitted) knowingly, i.e. was done voluntarily and intentionally, as established by clear and convincing evidence." Where false statements affect the assessment of duties on imports, the statutory maximum civil monetary penalties vary depending on whether the violation is due to fraud, negligence, or gross negligence. In addition to regulating the process of importation into the United States, CBP is charged with enforcing nearly 500 U.S. trade laws and regulations on behalf of 47 federal agencies, facilitating legitimate trade, collecting revenue, and protecting the U.S. economy. Each such agency promulgates regulations governing importation of the products under their jurisdiction. CBP is charged with ensuring that imports (and exports) comply with those regulations and is authorized, in many cases, to effect seizures, forfeitures, and rejection of entry of non-conforming goods.

Tariffs

The United States imposes a variety of tariffs on imported goods. While the U.S. Constitution grants Congress the authority to impose tariffs, several statutes have shifted that authority to the President under certain circumstances. Within the United States, agencies involved in international trade regulation include the CBP, the U.S. International Trade Commission ("**ITC**"), and the Office of the U.S. Trade Representative ("**USTR**"). CBP is responsible for collecting tariffs on goods

imported to the United States during the customs clearance process. The ITC is a quasi-judicial agency that administers U.S. laws governing trade remedies and provides analysis, information, and other support concerning tariffs and other international trade matters for the President, U.S. Congress, and the USTR. The ITC also investigates alleged violations of U.S. trade law, including unfair trade practices under Section 337 of the Tariff Act of 1930, illegal foreign financial subsidies, and violations, and Section 201 of the Trade Act of 1974 (imports of goods into the U.S. at an increased quantity that is a substantial cause of serious injury to a U.S. domestic industry). The USTR is a cabinet-level position within the office of the President of the United States, and serves as the President's principal adviser, negotiator, and spokesperson regarding matters of international trade.

The USTR is authorized to take certain action under Section 301 of the Trade Act of 1974 ("**Section 301**"), including without limitation the imposition of tariffs or other restrictions on imports, if it determines after investigation that a foreign government has engaged in unfair trade practices. In 2018, following a USTR investigation and report, the United States imposed tariffs on certain imported goods of Chinese origin. Section 301 tariffs are assessed and collected in addition to any other duties that may apply (including, without limitation, anti-dumping duties, countervailing duties and Section 232 tariffs for aluminum and steel from the Trade Expansion Act of 1962). Both the United States and China have brought claims against one another before the World Trade Organization in connection with this trade dispute.

Export Controls

The U.S. prohibits the export of controlled goods, services, and information through two primary sets of laws. The International Traffic in Arms Regulations ("**ITAR**") were created by the Arms Export Control Act of 1976. ITAR-controlled exports are regulated by the U.S. State Department. A separate set of export controls is administered by the U.S. Department of Commerce under the Export Administration Regulations ("**EAR**"). Both ITAR and EAR govern "exports" which are broadly defined to be a transfer of (a) something that is controlled, (b) from a U.S. person, (c) to a non-U.S. person. Controlled transfers include physical products, services, and technology. U.S. persons are defined as U.S. citizens and lawful permanent residents along with companies incorporated in one or more U.S. states. Non-U.S. persons are any individual, company, government, or other entity that does not meet the definition of a U.S. person. Exports subject to control under ITAR and EAR can be made by the physical transfer of goods, or by visual, oral, or electronic transmission. Transfers of goods or information that take place within the borders of the United States can still be subject to export control laws if the transfer is to a non-U.S. person. In order to legally export controlled goods, services, or information, the proposed exporter must register with the State Department or Commerce Department and then obtain a license prior to initiating the export. Penalties for non-compliance with U.S. export control laws can be both civil and criminal and include substantial monetary fines.

Economic Sanctions

The U.S. imposes various economic sanctions against targeted countries, groups, and individuals (collectively, the "**U.S. Sanctions Programs**"). Each sanctions program is authorized under either the International Emergency Economic Powers Act ("**IEEPA**") or the Trading with the Enemy Act of 1917. Most are administered by the Office of Foreign Assets Control ("**OFAC**") of the U.S. Department of the Treasury, while aspects of certain sanctions programs are administered by the U.S. Department of State. Export-related aspects of restrictions against certain countries are also under the jurisdiction of the EAR and administered by the Department of Commerce. The U.S. Sanctions Programs include both comprehensive trade restrictions, i.e. embargoes, against countries or regimes, and selective sanctions measures, depending on foreign policy and national security objectives sought to be achieved through sanctions. In some cases, sanctions are directed against designated groups or individuals, including terrorist organizations, narcotics traffickers, weapons proliferators, and others, and include blocking and asset freeze requirements related to sanctioned parties. The U.S. maintains comprehensive embargoes against certain nations and areas including Cuba, Iran, North Korea, Syria, the Crimea region, and the self-proclaimed Luhansk People's

Republic (LPR) and Donetsk People's Republic (DPR) regions. Persons subject to U.S. sanctions are prohibited from most transactions involving these countries, including exports, imports, sales, services, and financial transactions that pertain to the sanctioned country or persons in the sanctioned country. In addition, the U.S. Sanctions Programs against these countries include blocking provisions that prohibit U.S. persons from dealing in any property or property interest of certain designated persons or entities in each country. In general, the comprehensive sanctions programs apply only to "U.S. Persons." This is defined to include "any United States citizen, permanent resident alien, entity organized under the laws of the United States or any jurisdiction within the United States (including foreign branches), or any person in the United States." However, in recent years, OFAC, the President, and the U.S. Congress have adopted measures to extend the reach of U.S. sanctions beyond just U.S. persons and borders. This has been accomplished by targeting foreign sanctions evaders and transactions that seek to evade or avoid, cause a violation of, or attempt to violate the sanctions, and conspiracies formed for those purposes. In addition, the Cuban and parts of the Iranian sanctions programs apply to non-U.S. subsidiaries of U.S. persons (i.e., entities owned or controlled by a United States person and established under the laws of another nation or maintained outside the United States). In addition to the comprehensive sanctions programs, the U.S. maintains "list-based" sanctions programs against targeted regimes, entities and individuals that have been found to have taken actions contrary to the foreign policy or national security interests of the United States. In the United States, there are three primary sanctions lists that are maintained by OFAC. The most extensive is the List of Specially Designated Nationals and Blocked Persons (the "**OFAC SDN List**"). The OFAC SDN List comprises persons and entities whose property or interests in property are required to be blocked or "frozen" if in the U.S. or under U.S. jurisdiction. OFAC is authorized to direct persons subject to U.S. jurisdiction to block or freeze property in which a sanctions target (i.e., an SDN) has an interest, however remote. Consequently, U.S. Persons are prohibited from virtually all transactions with SDNs or their property (absent OFAC authorization). Penalties for violations of the U.S. Sanctions Programs are prescribed under IEEPA. They include civil penalties and criminal penalties up to US$1 million per violation and imprisonment of up to 20 years.

Product Liability

U.S. state law generally imposes liability on all subcontractors and retailers (and parties in the supply chain) for injuries that result from unsafe, defective and dangerous products sold to consumers. Product liability claims in the United States are typically based on three theories of law: (i) strict liability, (ii) negligence and (iii) breach of warranty. In addition, as noted above, U.S. laws and regulations can also obligate subcontractors and retailers (and parties in the supply chain) to remedy product defects, which can include safety recall campaigns.

Parties involved in manufacturing, distributing or selling a product may be subject to liability for harm caused by a defect in that product. There are three types of product defects, namely, design defects, manufacturing defects and defects in marketing. In a negligence claim, a defendant may be held liable for personal injury or property damage caused by the failure to use due care. Strict liability claims, however, do not depend on the degree of carefulness by the defendant. A defendant is liable when it is shown that an injury (personal or to property) occurred as the result of a product's defect. Breach of warranty is also a form of strict liability in the sense that a showing of fault is not required. The plaintiff need only establish the warranty was breached, regardless of how that came about. Companies that manufacture, distribute or sell a product in a particular state may be subject to the jurisdiction of such state's product liability laws, whether the company's jurisdiction of incorporation or principal place of business is in that state, in another U.S. state or in a non-U.S. jurisdiction.

Product liability legal actions and recall campaigns in the United States could involve personal injury and property damage and could involve claims for substantial monetary damages. The results of any future litigation and claims involving product liability in the United States are inherently unpredictable.

REGULATORY OVERVIEW

Product Safety

Product safety regulation in the United States is primarily administered by the U.S. Consumer Product Safety Commission (the "**CPSC**"), a federal agency responsible for regulating certain classes of products sold to the public. The CPSC was established under the Consumer Product Safety Act of 1972, as amended ("**CPSA**"), which provides the principal federal statutory framework for consumer product safety.

The CPSA was amended by the U.S. Consumer Product Safety Improvement Act of 2008 ("**CPSIA**") in 2008. The implementation of CPSIA was a significant overhaul of consumer product safety laws in the United States and was designed to enhance federal and state efforts to improve the safety of all products imported into and distributed in the United States. Products imported into the United States that fail to comply with CPSIA's requirements are subject to confiscation and the importer and/or distributor in the United States is subject to civil penalties and fines, as well as possible criminal prosecution. Under CPSIA, a "general conformity certification" is required for any consumer product imported into the United States that is subject to a consumer product safety rule, standard, regulation, or ban adopted pursuant to the CPSA or issued by the CPSC. The certification requirement applies to all subcontractors and importers of affected goods and obliges certification of compliance with all applicable consumer product safety rules and laws, including but not limited to the CPSA, the Flammable Fabrics Act, the Federal Hazardous Substance Act, and the Poison Prevention Act. Certification must be based on a "test of each product or a reasonable testing program," and the certificate must accompany the product or the shipment, with a copy furnished to each distributor, retailer and CBP. The CPSC may also request a copy of the certification.

The CPSA also contains several reporting requirements for subcontractors and sellers of consumer products sold in the U.S. Section 15 of the CPSA requires a manufacturer or a seller to inform the CPSC immediately in the event it obtains information that any of its products: (i) creates a substantial risk of injury to consumers; (ii) creates an unreasonable risk of serious injury or death; or (iii) fails to comply with an applicable consumer product safety rule or with any other rule, regulation, standard, or ban under the CPSA or any other statute enforced by the CPSC. The CPSC may require the manufacturer or the seller to cease distribution of the product and notify each person to whom the manufacturer or the seller knows such product was sold of such noncompliance, defects, or risks. In certain circumstances, the CPSC may require the manufacturer or the seller to bring the product into conformity with the applicable product safety rules, repair the defect in the product, replace the product with an equivalent product that complies with the applicable product safety rules, issue a product recall and/or refund the purchase price of the product.

During the Track Record Period and up to the Latest Practicable Date, we have not received any notice of violation, and there is no CPSIA claim or complaint filed with the Consumer Product Safety Commission (CPSC) or the Occupational Safety and Health Administration (OSHA) with respect to any of our products.

Proposition 65

Proposition 65, officially known as the Safe Drinking Water and Toxic Enforcement Act of 1986 ("**Prop 65**"), is a California law that requires that California consumers receive warnings regarding the presence of more than 900 chemicals known to cause cancer and/or reproductive toxicity. The law is highly technical, constantly evolving, and actively enforced by the government and private enforcement actions. Under Prop 65, any person in the course of doing business must provide a "clear and reasonable warning" before exposing individuals to listed carcinogens and reproductive toxins in their products. Prop 65 provides detailed requirements for the form, content, and placement of the required warning. The probability that a company will be subject to Prop 65 regulations is high because of how broadly the statute is worded. If a company manufactures, imports, distributes or sells a product that will be sold in California either through brick and mortar or online stores, or if a company has a physical presence of any kind in California (retail, office, warehouse, facility, factory, plant), then that company must abide by Prop 65 requirements. Recently, the California Office of Environmental Health Hazard Assessment adopted a significant

amendment to the Prop 65 warning requirement allowing companies to provide notice of the potentially toxic product either to the authorized agent for the business to whom they are selling or transferring the product (i.e., the next business in line), or to the authorized agent for the retail seller. Although this amendment appears to minimize the burden on companies, paying careful attention to Prop 65 requirements is encouraged. Auditing Prop 65 compliance well in advance could mean avoiding costly lawsuits, the loss of valuable business opportunities or relationships, large monetary penalties, serious financial or reputational damage, or even product recalls.

Data Privacy

We are subject to a variety of laws and regulations in the United States that involve privacy, data protection and personal information, data security, and data retention and deletion. In particular, we are subject to federal, state, and applicable foreign laws regarding privacy and protection of personal data. U.S. federal and state laws and regulations, which in some cases can be enforced by private parties in addition to government entities, are constantly evolving and can be subject to significant change. As a result, the application, interpretation, and enforcement of these laws and regulations are often uncertain, particularly in the new and rapidly evolving industry in which we operate and may be interpreted and applied inconsistently from state to state and country to country and inconsistently with our current policies and practices.

U.S. Outbound Investment Rules

On October 28, 2024, the U.S. Department of the Treasury issued the Outbound Investment Rules at 31 CFR Part 850, that govern the newly established Outbound Investment Security Program. The Outbound Investment Rules implement Executive Order 14105, dated August 9, 2023, entitled "Addressing United States Investments in Certain National Security Technologies and Products in Countries of Concern." The rules impose investment prohibitions and notification requirements on U.S. persons for a wide range of investments in entities associated with China (including Hong Kong and Macau) that are engaged in certain activities relating to three sectors: (i) semiconductors and microelectronics, (ii) quantum information technologies, and (iii) artificial intelligence systems, collectively defined as "covered foreign persons." Unless an exception applies, U.S. persons subject to the Outbound Investment Rules are prohibited from making, or required to report, certain investments in covered foreign persons, which are defined as "covered transactions." "Covered transactions" include, but are not limited to, acquisitions of equity interests that are not yet publicly traded, certain debt financing, joint ventures, and certain investments as a limited partner in a non-U.S. person pooled investment fund.

The Outbound Investment Rules contain a number of excepted transactions, *inter alia*, investments in publicly traded securities, denominated in any currency, that trade on a securities exchange or over-the-counter in any jurisdiction. However, this exception does not apply to investments that afford the U.S. person rights beyond standard minority shareholder protections with respect to a covered foreign person.

The Outbound Investment Rules took effect on January 2, 2025 and apply to transactions with a completion date on or after that date.

SUBSTANTIAL SHAREHOLDERS

As far as our Directors are aware, immediately following the completion of the Global, assuming the [REDACTED] is not exercised and no additional Shares are issued pursuant to our Restricted A Share Incentive Schemes, the following persons will have interests and/or short positions (as applicable) in the Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at general meetings of our Company:

			As of the Latest Practicable Date		Immediately following the completion of the [REDACTED][(1)]		
Name of Substantial Shareholders	Type of Shares	Nature of Interest	Number of Shares	Approximate percentage in the total registered share capital of our Company	Number of Shares	Approximate % of shareholding in our A Shares	Approximate percentage in the total registered share capital of our Company
Concert Parties							
Dr. Wang Yue	A Shares	Beneficial interest	11,508,480	5.94%	[REDACTED]	[REDACTED]%	[REDACTED]%
	A Shares	Interest in controlled corporation[(2)]	75,776,000	39.09%	[REDACTED]	[REDACTED]%	[REDACTED]%
	A Shares	Interest held jointly with another person[(3)]	31,115,520	16.05%	[REDACTED]	[REDACTED]%	[REDACTED]%
RIGOL Investment	A Shares	Beneficial interest	63,936,000	32.98%	[REDACTED]	[REDACTED]%	[REDACTED]%
Ruige Hezhong	A Shares	Beneficial interest	5,920,000	3.05%	[REDACTED]	[REDACTED]%	[REDACTED]%
Ruijin Hezhong	A Shares	Beneficial interest	5,920,000	3.05%	[REDACTED]	[REDACTED]%	[REDACTED]%
Mr. Wang Tiejun	A Shares	Beneficial interest	15,557,760	8.02%	[REDACTED]	[REDACTED]%	[REDACTED]%
	A Shares	Interest held jointly with another person[(3)]	102,842,240	53.05%	[REDACTED]	[REDACTED]%	[REDACTED]%
Mr. Li Weisen	A Shares	Beneficial interest	15,557,760	8.02%	[REDACTED]	[REDACTED]%	[REDACTED]%
	A Shares	Interest held jointly with another person[(3)]	102,842,240	53.05%	[REDACTED]	[REDACTED]%	[REDACTED]%

Notes:

(1) The calculation is based on the assumption that immediately following the completion of the [REDACTED], there will be a total number of [REDACTED] Shares (including [REDACTED] H Shares and [193,874,417] A Shares without taking into consideration the exercise of the [REDACTED] and assuming no additional Shares are issued pursuant to our Restricted A Share Incentive Schemes) in issue.

(2) As Dr. Wang Yue holds 52% equity interest in RIGOL Investment and is the general partner of both Ruige Hezhong and Ruijin Hezhong, he is deemed to be interested in the respective shares held by RIGOL Investment, Ruige Hezhong and Ruijin Hezhong under the SFO.

(3) Pursuant to the Concert Party Agreement dated October 27, 2021, Dr. Wang Yue, Mr. Wang Tiejun and Mr. Li Weisen agreed that they shall act in concert with respect to all matters which are subject to approval in general meetings or Board meetings of our Company, for the period since the date of the Concert Party Agreement and upon the termination of the Concert Party Agreement. For further details, please refer to the section headed "History, Development and Corporate Structure — Concert Party Arrangement". As such, each of Dr. Wang Yue, Mr. Wang Tiejun and Mr. Li Weisen are deemed to be interested in the Shares each other is interested in under the SFO.

Save as disclosed above and in "Statutory and General Information — Further Information about our Directors — 3. Disclosure of Interests — A. Substantial Shareholders" in Appendix IV to this document, our Directors are not aware of any other person who will, immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no additional Shares are issued pursuant to our Restricted A Share Incentive Schemes), have any interest and/or short positions in our Shares or underlying Shares which would fall to be disclosed to us pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at general meetings of our Company or any other member of our Group. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

DIRECTORS AND SENIOR MANAGEMENT

OVERVIEW

Upon [REDACTED], our Board will consist of seven Directors, including one executive Director, three non-executive Directors and three independent non-executive Directors. The following table sets forth certain information about the Directors. Our Directors are appointed for a term of three years and are eligible for re-election upon expiry of their term of office. The independent non-executive Directors shall not hold office for more than six consecutive years pursuant to the relevant PRC laws and regulations.

DIRECTORS

The following table provides information about our Directors:

Name	Age	Position	Date of Joining our Group	Date of Appointment as Director	Roles and Responsibilities
Dr. Wang Yue (王悦博士)	[51]	Executive Director, Chairman	December 27, 2000	December 22, 2019	Overall executive and business direction and overall management of our Group
Mr. Wang Ning (王寧先生)	[61]	Non-Executive Director, General Manager, Chief Executive Officer, Chief Financial Officer	February 26, 2019	December 22, 2019	Overseeing overall business operations and financial affairs of the Group
Dr. Sun Ningxiao (孫寧霄博士)	[38]	Non-Executive Director, Assistant General Manager, president of the scope and verification business unit and president of the solutions business unit	August 20, 2024	December 22, 2025	Overseeing the scope and verification as well as solutions business units
Mr. Cheng Jianchuan (程建川先生)	[41]	Non-Executive Director, Assistant General Manager, Board Secretary and Chief Strategy Officer	July 10, 2006	December 22, 2025	Overseeing capital market affairs, investor relations, investment and M&A and our Group's overall business strategy
Dr. Qin Ce (秦策博士)	[57]	Independent Non-Executive Director	August 13, 2021	August 13, 2021	Providing independent opinion and judgment to the Board
Dr. Liu Liansheng (劉連勝博士)	[43]	Independent Non-Executive Director	December 22, 2025	December 22, 2025	Providing independent opinion and judgment to the Board
Ms. Xu Xu (許煦女士)	[40]	Independent Non-Executive Director	December 22, 2025	December 22, 2025	Providing independent opinion and judgment to the Board

Executive Director

Dr. Wang Yue (王悦博士), aged [51], is our founder, executive Director and chairman. Dr. Wang is primarily responsible for the strategic vision, corporate management, business planning as well as the technology and product development of the Group as well as serving as a member on the Nomination Committee and Strategy Committee. Dr. Wang has also been concurrently serving as a director and/or representative of various subsidiaries of our Company.

In December 2000, he established RIGOL Technologies, Inc. (hereinafter referred to as "**RIGOL Beijing**") and served as its founder, chairman, and general manager. He has served as its executive director since May 2021. Since August 2008, he has served as chairman of RIGOL Investment.

He has been serving as director of RIGOL Technologies EU GmbH and RIGOL Technologies HK Limited ("**RIGOL HK**") since December 2018 and July 2015, respectively. Since October 2015, he has been serving as general partner of Ruige Hezhong and Ruijin Hezhong. Since April 2020, Dr. Wang has been serving as director of RIGOL Technologies (Singapore) Pte. Ltd. ("**RIGOL Singapore**"). Since July 2021, he has served as executive director of Tigerfin Semiconductor Manufacturing Co., Ltd. (虎翅淩雲積成電路製造有限責任公司).

Dr. Wang received his bachelor's degree in electronic engineering from the Beijing University of Technology in the PRC in July 1998. He obtained his executive master of business administration from Peking University's Guanghua School of Management in the PRC in July 2008. Dr. Wang further obtained his doctor of business administration degree from the University of Hong Kong in Hong Kong in November 2021.

Dr. Wang was recognised as a Innovation Talent Promotion Program Science and Technology Innovation and Entrepreneurship Talent (創新人才推進計劃科技創新創業人才) by the Ministry of Science and Technology in the PRC in 2017. He was also recognised as a National "Ten Thousand Talents Program" Leading Talent (國家「萬人計劃」科技創業領軍人才) by the Ministry of Human Resources and Social Security in the PRC in 2017. Dr. Wang was named as a New Era China Economic Outstanding Person (新時代中國經濟優秀人物) by the China Economic Individuals Selection Committee and further recognised as a Jiangsu Province Science and Technology Entrepreneur (江蘇省科技企業家) by the Jiangsu Province Science and Technology Bureau in 2018. He was named as one of Suzhou's outstanding inventors by the Suzhou Municipal Quality Supervision Bureau in 2021.

Non-Executive Directors

Mr. Wang Ning (王寧先生), aged [61], is our non-executive Director, general manager, chief executive officer and chief financial officer. Mr. Wang has been serving as our Director since December 2019. Mr. Wang is primarily responsible for overseeing overall business operations and financial affairs of the Group and has also been concurrently serving as a director and/or representative of various subsidiaries of our Group including RIGOL Singapore, RIGOL Technologies (Malaysia) Sdn. Bhd. ("**RIGOL Malaysia**"), RIGOL Technologies USA, Inc. ("**RIGOL USA**"), Xi'an RIGOL Technologies, Inc. (西安普源精電科技有限公司) ("**RIGOL Xi'an**"), Shanghai RIGOL Enterprise Development Co., Ltd.* (上海普源精電企業發展有限公司) ("**RIGOL Shanghai**") and Shenzhen RIGOL Technologies, Inc. (深圳普源精電科技有限公司) ("**RIGOL Shenzhen**").

Previously, Mr. Wang served as chief information officer of our Company from February 2019 to December 2019. Prior to joining our Group, Mr. Wang served in various roles at China Huanqiu Contracting & Engineering Co., Ltd. (中國寰球工程有限公司) including director of overseas market development and director of project investment and financing management, from August 1986 to February 2019.

Mr. Wang obtained his bachelor's degree in organic chemical engineering from Zhejiang University in the PRC in July 1986.

Dr. Sun Ningxiao (孫寧霄博士), aged [38], is the assistant general manager, president of the scope and verification business unit and president of the solutions business unit of our Company.

Dr. Sun is responsible for overseeing the scope and verification as well as solutions business units.

Dr. Sun has also served as general manager of Beijing Naishu Electronics Co., Ltd. (北京耐數電子有限公司) since July 2017.

Dr. Sun received his bachelor' degree information engineering from Beijing Institute of Technology in the PRC in July 2010. He further obtained his PhD in instrument science and technology from Beijing Institute of Technology in the PRC in October 2017.

Mr. Cheng Jianchuan (程建川先生), aged [41], is the assistant general manager, Board secretary and chief strategy officer of our Company. Mr. Cheng is responsible for investor relations, capital market affairs and overseeing our Group' overall business strategy.

Mr. Cheng started his career with our Group in July 2006 and held various roles within the Group including vice president of global sales and marketing. Mr. Cheng has also been a supervisor at RIGOL Beijing since November 2017.

Mr. Cheng received his bachelor's degree in electrical engineering and automation from Harbin Institute of Technology in the PRC in July 2006. Mr. Cheng further obtained the degree of executive master of business administration from the University of Hong Kong in Hong Kong in November 2025.

Independent Non-Executive Directors

Dr. Qin Ce (秦策博士), aged [57] has been an independent non-executive Director of our Company since August 2021. He is primarily responsible for supervising and providing independent advice on the operation and management of our Group, as well as serving as a member of the Audit Committee and the chairman of the Remuneration and Evaluation Committee and Nomination Committee.

From May 2006 to June 2021, Dr. Qin served as an associate professor and then professor at the School of Law of Nanjing Normal University. From July 2021 to present, he has been serving as a professor at the School of Law of Shanghai University of Finance and Economics.

Dr. Qin obtained his bachelor's degree in education from Nanjing Normal University in the PRC in July 1992. He further obtained his master's degree in legal theory from Nanjing Normal University in the PRC in June 1999. Dr. Qin received his PhD in procedural law at China University of Political Science and Law in June 2008. Dr. Qin has also been a qualified lawyer in the PRC since July 1996.

Dr. Liu Liansheng (劉連勝博士), aged [43], has been an independent non-executive Director of our Company since December 2025.

Dr. Liu has been teaching at Harbin Institute of Technology since October 2017 where he has been a professor since January 2025.

Dr. Liu received his bachelor's degree in measurement and control technology and instrument from Harbin Institute of Technology in PRC in July 2006. He further obtained his master's degree and PhD in instrument science and technology from Harbin Institute of Technology in PRC in July 2008 and July 2017 respectively.

Ms. Xu Xu (許煦女士), aged [40], has been an independent non-executive Director of our Company since December 2025.

Ms. Xu has over 15 years of experience in the fields of investment banking, asset management and corporate management. Prior to joining our Group and from July 2010 to May 2015, Ms. Xu served at CITIC Securities Corporate Finance (HK) Limited, with her last role as associate of the corporate finance department. From November 2016 to December 2019, Ms. Xu served at Yunfeng

Financial Group (雲鋒金融集團有限公司), a company listed on the Stock Exchange (stock code: 0376), with her last role as director of the asset management department. From February 2020 to July 2022, Ms. Xu served at Lu International (Hong Kong) Limited (陸國際(香港)有限公司), with her last role as managing director. From August 2022, Ms. Xu has been serving as a vice president of Shenzhen Lacesar Pizza Catering Management Co., Ltd. (深圳市樂凱撒比薩餐飲管理有限公司). Ms. Xu has been serving as an independent non-executive director on the board of Anhui Conch Material Technology Co., Ltd. (安徽海螺材料科技股份有限公司) (stock code: 2560.HK); and as an independent director on the board of Fujian Acetron New Materials Co., Ltd (福建阿石創新材料股份有限公司) (stock code: 300706.SZ), since November 2023 and May 2024, respectively.

Ms. Xu obtained double bachelor's degrees in public finance and law from Wuhan University (武漢大學) in PRC in June 2007, and a master's degree in public finance from the Renmin University of China (中國人民大學) in PRC in June 2010. Ms. Xu has been a member of the Chartered Financial Analyst Institute since September 2016.

Ms. Xu possesses appropriate professional accounting or related financial management expertise required under Rule 3.10(2) of the Listing Rules.

None of our Directors and members of senior management is related to other Directors or members of senior management. Save as disclosed in this section, (i) none of our Directors held any directorships in public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years immediately preceding the date of this document; (ii) to the best knowledge, information and belief of the Directors having made all reasonable inquiries, there were no other matters with respect to the appointment of the Directors that need to be brought to the attention of the Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

SENIOR MANAGEMENT

The following table provides information about members of the senior management of our Company:

Name	Age	Position	Date of Joining our Group	Date of Appointment as Senior Management	Roles and Responsibilities
Mr. Wang Ning (王寧先生)	[61]	Non-Executive Director, General Manager, Chief Executive Officer, Chief Financial Officer	February 26, 2019	December 22, 2019	Overseeing overall business operations and financial affairs of the Group
Dr. Sun Ningxiao (孫寧霄博士)	[38]	Non-Executive Director, Assistant General Manager, president of the scope and verification business unit and president of the solutions business unit	August 20, 2024	December 30, 2024	Overseeing the scope and verification as well as solutions business units

Name	Age	Position	Date of Joining our Group	Date of Appointment as Senior Management	Roles and Responsibilities
Mr. Cheng Jianchuan (程建川先生)	[41]	Non-Executive Director, Assistant General Manager, Board Secretary and Chief Strategy Officer	July 10, 2006	December 28, 2022	Overseeing capital market affairs, investor relations, investment and M&A and our Group's overall business strategy

Mr. Wang Ning (王寧先生), aged [61], is a non-executive Director of our Company. For his biography see "— Directors — Non-Executive Directors" in this section.

Dr. Sun Ningxiao (孫寧霄博士), aged [38], is a non-executive Director of our Company. For his biography see "— Directors — Non-Executive Directors" in this section.

Mr. Cheng Jianchuan (程建川先生), aged [41], is a non-executive Director of our Company. For his biography see "— Directors — Non-Executive Directors" in this section.

JOINT COMPANY SECRETARIES

Mr. Cheng Jianchuan (程建川先生) was appointed as one of our joint company secretaries on August 8, 2025, with effect from [REDACTED]. He has been serving as the Board secretary responsible for corporate governance, information disclosure, investor relations, regulatory compliance and managing Board affairs since December 2022. For his biography see "— Directors — Non-Executive Directors" in this section.

Ms. Cheng Choi Ha (鄭彩霞女士) was appointed as one of our joint company secretaries on August 8, 2025, with effect from [REDACTED]. Ms. Cheng is a senior manager of Company Secretarial Services of Tricor Services Limited. Ms. Cheng has over 15 years of experience in the corporate secretarial field, and she has been providing professional company secretarial services to Hong Kong listed companies as well as multinational, private and offshore companies.

Ms. Cheng is a Chartered Secretary, a Chartered Governance Professional and an Associate of both The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute in the United Kingdom. Ms. Cheng obtained her bachelor's degree in business administration from Hong Kong Baptist University in 2003.

MANAGEMENT AND CORPORATE GOVERNANCE

Board Committees

Audit Committee

We have established an Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal controls system of our Group and provide advice and recommendations to the Board. The Audit Committee comprises three members, namely, Ms. Xu Xu, Dr. Qin Ce and Dr. Liu Liansheng, with Ms. Xu Xu as the chairperson of the Audit Committee, with appropriate qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules.

Remuneration and Evaluation Committee

We have established a Remuneration and Evaluation Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary duties of the Remuneration and Evaluation Committee are to review and make recommendations to the Board on the terms of remuneration

packages, bonuses and other compensation payable to our Directors and other senior management. The Remuneration and Evaluation Committee comprises three members, namely Dr. Qin Ce, Ms. Xu Xu and Mr. Cheng Jianchuan, with Dr. Qin Ce as the chairperson of the Remuneration and Evaluation Committee.

Nomination Committee

We have established a Nomination Committee with written terms of reference in compliance with Rule 3.27A and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary duties of the Nomination Committee are to make recommendations to our Board on the appointment of Directors and management of Board succession. The Nomination Committee comprises three members, namely Dr. Qin Ce, Ms. Xu Xu and Dr. Wang Yue, with Dr. Qin Ce as the chairperson of the Nomination Committee.

Strategy Committee

We have established a Strategy Committee with written terms of reference. The primary duties of the Strategy Committee are to make recommendations to our Board on the long-term development strategy and major investments and projects of our Company. The Strategy Committee comprises three members, namely Dr. Liu Liansheng, Dr. Wang Yue and Ms. Xu Xu, with Dr. Liu Liansheng as the chairperson of the Strategy Committee.

Environmental, Social and Governance ("ESG") Committee

We have established an ESG Committee with written terms of reference. The primary duties of the ESG Committee are to make recommendations to our Board on the long-term ESG impact and strategies of our Company. The ESG Committee comprises five members, namely Mr. Wang Ning, Dr. Qin Ce, Mr. Cheng Jianchuan, Ms. Xu Xu and Dr. Liu Liansheng, with Mr. Wang Ning as the chairperson of the Strategy Committee.

Corporate Governance Code

We aim to achieve high standards of corporate governance which are crucial to our development and safeguard the interests of our Shareholders. In order to accomplish this, we expect to comply with the Corporate Governance Code set out in Appendix C1 to the Listing Rules.

Board Diversity

Our Company has adopted a board diversity policy which sets out the approach to achieve diversity of the Board. Our Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level, including gender diversity, as an essential element in maintaining our Company's competitive advantage and enhancing its ability to attract, retain, and motivate employees from the widest possible pool of available talent. Pursuant to the board diversity policy, in reviewing and assessing suitable candidates to serve as a Director of our Company, the Nomination Committee will consider several factors, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge, and industry and regional experience. Pursuant to the board diversity policy, the Nomination Committee will discuss periodically and when necessary, agree on the measurable objectives for achieving diversity, including gender diversity, on the Board and recommend them to the Board for formal adoption.

Management Presence

According to Rule 8.12 of the Listing Rules, we must have sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong.

Since the principal business operations of our Group are conducted in Chinese mainland, members of our senior management are, and are expected to continue to be, based in China. Our Company does not and, for the foreseeable future, will not have a sufficient management presence in

Hong Kong. We have applied for, and the Stock Exchange [has granted], a waiver from compliance with Rule 8.12 of the Listing Rules. For further details, see "Waivers and Exemptions — Waiver in respect of Management Presence in Hong Kong."

REMUNERATION

Our Directors receive remuneration, including salaries, discretionary bonuses, share-based payments, and other benefits in kind.

The aggregate amount of remuneration for our Directors for the years ended December 31, 2023, 2024 and 2025, was RMB6.40 million, RMB4.76 million and RMB6.66 million, respectively. None of our Directors waived any remuneration during the aforesaid periods.

The five highest paid individuals of our Group for the years ended December 31, 2023, 2024 and 2025, included 2, 2 and 2 Directors, respectively. The aggregate amount of remuneration (including basic salaries, housing allowances, other allowances and benefits in kind, contributions to pension plans and discretionary bonuses) for the remaining highest paid individuals for the years ended December 31, 2023, 2024 and 2025 were approximately RMB6.22 million, RMB4.39 million and RMB5.28 million, respectively.

Save as disclosed above, no other payments have been paid or are payable, in respect of the years ended December 31, 2023, 2024 and 2025, by our Company to our Directors. For the year ended December 31, 2026, we expect to pay approximately RMB6.66 million in aggregate remuneration to our Directors.

No remuneration was paid to our Directors or the five highest paid individuals as an inducement to join, or upon joining, our Group. No compensation was paid to, or receivable by, our Directors or past directors for the Track Record Period for the loss of office as director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group. None of our Directors waived any emoluments during the same period.

COMPLIANCE ADVISOR

We have appointed Lego Corporate Finance Limited as our Compliance Advisor pursuant to Rules 3A.19 of the Listing Rules. The Compliance Advisor will provide us with guidance and advice as to compliance with the requirements under the Listing Rules and applicable Hong Kong laws. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Advisor will advise our Company, among others, in the following circumstances:

(a) before the publication of any regulatory announcement, circular, or financial report;
(b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
(c) where we propose to use the [REDACTED] of the [REDACTED] in a manner different from that detailed in this document or where the business activities, development or results of our Group deviate from any forecast, estimate or other information in this document;
(d) where the Stock Exchange makes an inquiry to our Company regarding unusual movements in the price or trading volume of its listed securities or any other matters in accordance with Rule 13.10 of the Listing Rules;

The term of appointment of the Compliance Advisor shall commence on the [REDACTED] and is expected to end on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [REDACTED].

COMPETITION

Each of the Directors confirms that as of the Latest Practicable Date, he or she did not have any interest in a business which competes or is likely to compete, directly or indirectly, with our business, and requires disclosure under Rule 8.10 of the Listing Rules.

DIRECTORS AND SENIOR MANAGEMENT

CONFIRMATIONS FROM OUR DIRECTORS

Rule 3.09D of the Listing Rules

Each of our Directors confirms that they (i) have obtained the legal advice referred to under Rule 3.09D of the Listing Rules in September 2025, and (ii) understand their obligations as a director of a listed issuer under the Listing Rules.

Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors has confirmed (i) their independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) they have no past or present financial or other interest in the business of our Company or its subsidiaries or any connection with any core connected person of our Company under the Listing Rules as of the Latest Practicable Date, and (iii) that there are no other factors that may affect their independence at the time of their appointments.

FUTURE PLANS AND USE OF [REDACTED]

FUTURE PLANS

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

USE OF [REDACTED]

We estimate that we will receive net [REDACTED] from the [REDACTED] of approximately HK$[REDACTED] million, after deducting [REDACTED] commissions, fees and estimated expenses payable by us in connection with the [REDACTED], assuming no [REDACTED] is exercised and an [REDACTED] of HK$[REDACTED] per [REDACTED], being the midpoint of the indicative [REDACTED] range stated in this document.

In line with our strategies, we intend to use the net [REDACTED] for the following purposes, subject to changes in light of our evolving business needs and changing market conditions:

(a) approximately [REDACTED]%, or approximately HK$[REDACTED] million, of the net [REDACTED] will be allocated over the next five years for enhancing our R&D capabilities, aiming to drive technological innovation and iteration. We plan to utilize such net [REDACTED] with expected allocations of approximately HK$[REDACTED] million, HK$[REDACTED] million, HK$[REDACTED] million, HK$[REDACTED] million and HK$[REDACTED] million, respectively, in each year over the next five years. We believe that technological innovation is the fundamental force that drives our Company through industry cycles, and that globalized R&D and innovation are crucial to maintaining our technological leadership. We plan to establish three R&D centers in Portland, Munich, and Singapore. These centers will encompass laboratories dedicated to R&D in frontier technologies and industry applications.

The establishment of new R&D centers is driven by our global innovation strategy that emphasizes international collaboration and market-driven R&D to achieve technological leadership. By leveraging the complementary strengths of technologies in the United State, Europe and Southeast Asia, we aim to build an integrated R&D network that supports the development of next-generation products and solutions. These centers will enable us to stay aligned with market demands, transform core technologies into customized solutions, and facilitate a seamless global R&D operation. The new R&D centers are differentiated by their specialized focus areas: the Portland center is dedicated to disruptive and foundational research of underlying technology, including but not limited to the Terahertz and photonics technology, high-speed digital interface standards and measurement AI algorithms, without engaging specific product development tasks; the Munich center transforms core technologies into industry-specific solutions, particularly in areas where Europe excels, such as the automotive electronic solutions and efficient power conversion applications; and the Singapore center emphasizes large-scale, high-efficiency software engineering, testing and delivery. In contrast, the remaining existing R&D centers will continue to concentrate on enhancing production efficiency. Therefore, the new R&D centers will differ from the existing ones in its focuses and objectives. With distinct focuses, the new and existing R&D centers will complement each other to achieve a comprehensive enhancement of our R&D capabilities. We expect to complete the establishment of these centers by 2026, including site selection, leasing, and recruitment of key staff, and complete the construction of laboratories by mid-2027. We target to deliver or commercialize the R&D projects by 2031. This investment will enable us to further innovate and adapt to the evolving needs of our customers and continuously strengthen our technological leadership in the global market. In particular:

(i) approximately [REDACTED]%, or approximately HK$[REDACTED] million, of the net [REDACTED] is expected to be used for recruitment of experienced software and hardware engineers and management team in these three R&D centers. We look for candidates with a strong academic background, and prefer those who have made recognized achievements in the fields of electronic test and measurement. In particular, we plan to recruit approximately nine, seven, three, three and three R&D personnel annually over the next five years.

(ii) approximately [REDACTED]%, or approximately HK$[REDACTED] million, of the net [REDACTED] is expected to be used for the purchase and installation of advanced R&D hardware equipment, system and software, such as high-performance power analyzer, multi-function electrical calibrator, protocol analyzer and high-performance bit error rate tester.

(iii) approximately [REDACTED]%, or approximately HK$[REDACTED] million, of the net [REDACTED] is expected to be used for the leasing and renovation of premises to accommodate specialized laboratories in the R&D centers.

(b) approximately [REDACTED]%, or approximately HK$[REDACTED] million, of the net [REDACTED] will be allocated over the next five years for expanding our overall production capacity and enhancing automation across our product lines. We plan to utilize such net proceeds with expected allocations of approximately HK$[REDACTED] million, HK$[REDACTED] million, HK$[REDACTED] million, HK$[REDACTED] million and HK$[REDACTED] million, respectively, in each year over the next five years. We plan to strategically expand our production capabilities through targeted investments in our facilities in Penang and Suzhou. We believe that these expansions will continue to elevate our manufacturing expertise and capabilities, and help us enhance product quality through advanced technologies, equipment and processes. In particular:

(i) approximately [REDACTED]%, or approximately HK$[REDACTED] million, of the net [REDACTED] will be used for expanding production capacity of the Penang Production Center.

According to Frost & Sullivan, the global market size of electronic test and measurement instruments and solutions in 2024 achieved approximately RMB110 billion. Looking ahead, the market is projected to maintain strong growth momentum, with an estimated CAGR of 8.6% from 2025 to 2029, reaching approximately RMB170 billion in 2029. This trend necessitates the expansion of production capacity to ensure adequate supply capabilities and strengthen global delivery. Penang Production Center is essential for us to efficiently serve overseas markets and accelerate the shift toward mid-to-high-performance product manufacturing and upgrades, which aligns with our strategic goals to expand our international market share. Our relatively low utilization rate of the Penang Production Center for 2024 and 2025 is primarily influenced by the ramp-up and ongoing trial production. Given the typical lead time from investment to capacity ramp-up in electronic test and measurement instruments production and market demand may rise within a short time, we consider it strategically necessary to expand our capacity in advance to prepare ourselves for the future market opportunities. As the Penang Production Center gradually completes customer integration and production setup procedures, we have observed an increase in the factory's utilization rate in 2025. In addition, we also plan to expand the variety of products manufactured at the Penang Production Center, moving towards full-category production. This initiative aims to enhance our capability to meet diverse market needs. Furthermore, to better serve the growing demand of the global market and adapt to the complex international trade environment, we plan to enhance our global production capabilities by upgrading the manufacturing processes and establishing new production lines in our Penang Production Center to mitigate the risks associated with changes in trade policies and other trade-related barriers. These investments are expected to help us achieve greater economies of scale, further optimize our cost structure, bring us closer to our core international

customers, shorten product delivery cycles and allow us to respond flexibly to the trade policies of different countries and regions and strengthen our ability to serve global customers. More specifically:

- approximately [REDACTED]%, or approximately HK$[REDACTED] million, of the net [REDACTED] will be used to establish highly flexible and automated production lines in Penang Production Center to strategically upgrade our manufacturing capabilities. These include purchase and installation of advanced production equipment, storage equipment and automated testing and control systems.

  As of the Latest Practicable Date, we were actively establishing new production lines and upgrading existing production lines by purchasing and installing advanced production equipment and automated testing and control systems. We expect to commence commercial production at this facility around the third quarter of 2026 and our enlarged production capacity to reach approximately 11,400 units per month by 2028. To the extent that our net [REDACTED] are not sufficient to fund the purposes set out above, we intend to fund these activities with available financial resources, including cash available on hands, bank and other borrowings and potential future equity financing.

- approximately [REDACTED]%, or approximately HK$[REDACTED] million, of the net [REDACTED] will be used for recruitment of skilled personnel for production team in Penang Production Center and supply chain service teams in Europe and the U.S., to support the expansion of our overseas production capabilities and enhancement of supply chain efficiency. In particular, we plan to recruit approximately seven, four, three, two and two production personnel, experts and engineers annually over the next five years.

(ii) approximately [REDACTED]%, or approximately HK$[REDACTED] million, of the net [REDACTED] will be allocated over the next five years to carry out comprehensive intelligent and automated upgrades of Suzhou Production Center's existing production lines by introducing advanced intelligent and automated production processes, thereby enhancing and optimizing our production capacity and efficiency to better serve our customers. More specifically:

- approximately [REDACTED]%, or approximately HK$[REDACTED] million, of the net [REDACTED] will be used for the procurement of intelligent manufacturing equipment, system and software, such as automation equipment, robotics, IoT systems and AI software platforms, with the aim of increasing production efficiency, improving product quality and enhancing overall production yield.
- approximately [REDACTED]%, or approximately HK$[REDACTED] million, of the net [REDACTED] will be used for recruitment of experts and engineers in the fields of intelligent manufacturing, AI algorithm, precision manufacturing process and automation.

(c) approximately [REDACTED]%, or approximately HK$[REDACTED] million, of the net [REDACTED] will be allocated over the next five years for strategic investments and acquisition to fulfill our long-term growth objectives. We plan to utilize such net [REDACTED] with expected allocations of approximately HK$[REDACTED] million and HK$[REDACTED] million in 2026 and 2027, respectively. We intend to pursue strategic investment and acquisition opportunities primarily in upstream and downstream sectors of the electronic test and measurement industry's value chain that can generate technological complementarity or market synergy with our existing business. These investments are expected to enhance our vertical integration, foster closer collaborations with our upstream and downstream industries, and strengthen the stability of our supply chain. For more details, see "Business — Our Strategies — Explore Global Strategic Investments and Acquisitions Opportunities to Solidify Market Position." As of the Latest Practicable Date, we had not identified any specific targets for acquisitions or

investments, or entered into any investment agreement, to which we will apply these [REDACTED]. When we look for potential investments and acquisitions targets, we mainly consider the following aspects:

- Differentiated technology capabilities: In the upstream and downstream industries that we target, we explore potential targets that are technologically advanced in subdivided fields, have in-depth industry know-how, rich customer resources and strong brand effects, which can offer business synergy or complementarity with our core operations.
- Strong talent development: The target needs to have a solid technical foundation and a clear talent development logic. At the same time, based on our RBS, it can fully tap the potential for technological and business collaboration to help our business development.
- High growth certainty: The target needs to possess a certain ability to generate profits, with revenue growth rate of approximately 15% to 20% and profit margin of approximately 10%, while also having strong support for long-term growth in its field and the sustainability of its business model.
- Experienced management team: The management team of the target should have knowledge and extensive relevant experience in the electronic test and measurement industry.

(d) approximately [REDACTED]%, or approximately HK$[REDACTED] million, of the net [REDACTED] will be allocated over the next five years for enhancement of global sales, marketing and service network. We plan to utilize such net [REDACTED] with expected allocations of approximately HK$[REDACTED] million, HK$[REDACTED] million, HK$[REDACTED] million, HK$[REDACTED] million and HK$[REDACTED] million, respectively, in each year over the next five years. We plan to strategically establish three customer service centers in our key overseas markets — the United States, Europe and Southeast Asia. Relying on these customer service centers, we aim to further expand the geographical coverage of our sales network and enhance localized technical support and service capabilities to better serve our local customers. We anticipate finalizing the site selection and leasing agreements for these centers by 2026. By 2027, we aim to complete the infrastructure construction, which includes establishing repair and calibration labs, customer service rooms and logistics transit warehouses. We target these centers to commence operations by 2030. In particular,

  (i) approximately [REDACTED]%, or approximately HK$[REDACTED] million, of the net [REDACTED] is expected to be used for the purchase and installation of equipment in these customer service centers, including maintenance and diagnostic devices, calibration equipment and IT system.

  (ii) approximately [REDACTED]%, or approximately HK$[REDACTED] million, of the net [REDACTED] is expected to be used to set up dedicated teams in the customer service centers, encompassing roles in sales and marketing, customer service, as well as calibration and maintenance service. We plan to recruit approximately 25 personnel over the next five years, encompassing roles in sales and marketing, customer service, as well as calibration and maintenance service.

  (iii) approximately [REDACTED]%, or approximately HK$[REDACTED] million, of the net [REDACTED] is expected to be used for the leasing and renovation of these centers.

(e) approximately [REDACTED]%, or approximately HK$[REDACTED] million, of the net [REDACTED] will be allocated as a supplement to the working capital and other general corporate purposes, providing us with sufficient financial flexibility to address ongoing operational needs and maintain stability in unforeseen circumstances.

To the extent that our net [REDACTED] are not sufficient to fund the purposes set out above, we intend to fund the balance through a variety of means, including cash available on hands, bank loans and other borrowings.

The above allocation of the net [REDACTED] will be adjusted on a pro-rata basis in the event that the [REDACTED] is fixed below or above the mid-point of the indicative [REDACTED] range. If the [REDACTED] is set at HK$[34.90] per Share, which is the high end of our indicative [REDACTED] range, the net [REDACTED] from the [REDACTED] will increase to approximately HK$[REDACTED] million. If the [REDACTED] is set at HK$[REDACTED] per Share, which is the low end of our indicative [REDACTED] range, the net [REDACTED] from the [REDACTED] will decrease to approximately HK$[REDACTED] million.

Any additional [REDACTED] received from the exercise of the [REDACTED] will also be allocated to the above purposes on a pro-rata basis. In the event that the [REDACTED] is exercised in full, we will receive net [REDACTED] of HK$[REDACTED] million (after deducting the estimated [REDACTED] commissions and other fees and expenses payable by us in connection with the [REDACTED] and assuming an [REDACTED] of HK$[REDACTED] per Share, being the midpoint of our indicative [REDACTED] range).

To the extent that the net [REDACTED] of the [REDACTED] are not immediately required for the above purposes or if we are unable to put into effect any part of our development plan as intended, we may deposit the net [REDACTED] into short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance or applicable laws and regulations in other jurisdictions). In such event, we will comply with all applicable disclosure requirements as mandated by the Listing Rules.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

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STRUCTURE AND CONDITIONS OF THE [REDACTED]

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[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

The following is the text of a report set out on pages I-[1] to [I-106], received from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF RIGOL TECHNOLOGIES CO., LTD. AND CITIC SECURITIES (HONG KONG) LIMITED

Introduction

We report on the historical financial information of RIGOL Technologies Co., Ltd. ("普源精電科技股份有限公司") (the "Company") and its subsidiaries (together, the "Group") set out on pages I-[4] to I-[106], which comprises the consolidated statements of financial position of the Group as at December 31, 2023, 2024 and 2025, the statements of financial position of the Company as at December 31, 2023, 2024 and 2025, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the three years ended December 31, 2025 (the "Track Record Period") and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-[4] to I-[106] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [•] (the "Document") in connection with the [REDACTED] of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Group's and the Company's financial position as at December 31, 2023, 2024 and 2025, and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the [REDACTED] of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-[4] have been made.

Dividends

We refer to Note 14 to the Historical Financial Information which contains information about the dividends declared or paid by the Company in respect of Track Record Period.

[Deloitte Touche Tohmatsu]
Certified Public Accountants
Hong Kong
[•]

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with IFRS Accounting Standards issued by the International Accounting Standards Board ("IASB") and were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended December 31,		
		2023	2024	2025
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	6	670,538	775,826	900,234
Cost of sales		(312,252)	(349,868)	(424,517)
Gross profit		358,286	425,958	475,717
Other income	8	21,918	23,163	19,918
Impairment losses under expected credit loss model, net of reversal		(2,870)	2,448	(1,515)
Other gains and losses	9	53,732	47,967	54,412
Selling expenses		(102,941)	(102,537)	(122,459)
Administrative expenses		(66,882)	(104,591)	(100,380)
Research and development expenses		(142,851)	(206,665)	(225,895)
Finance costs	10	(4,550)	(8,794)	(8,745)
Share of results of associate		(4)	(131)	—
Profit before tax	11	113,838	76,818	91,053
Income tax (expense) income	13	(5,885)	15,485	(4,970)
Profit for the year		107,953	92,303	86,083
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences arising on translation of foreign operations		739	1,181	5,655
Other comprehensive income for the year		739	1,181	5,655
Total comprehensive income for the year		108,692	93,484	91,738
Earnings per share	15			
— Basic (RMB)		0.60	0.49	0.44
— Diluted (RMB)		0.60	0.49	0.44

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at December 31,		
		2023	2024	2025
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets				
Property, plant and equipment	16	687,876	699,211	675,146
Investment properties	17	51,456	47,563	41,124
Right-of-use assets	18	41,322	38,341	32,224
Goodwill	19	—	322,238	322,238
Intangible assets	20	27,964	44,827	38,247
Investment in associate	21	10,100	—	20,000
Deferred tax assets	22	12,204	28,995	32,249
Other long-term deposits and prepayments	23	7,313	3,716	18,596
		838,235	1,184,891	1,179,824
Current assets				
Inventories	24	204,687	270,547	321,638
Trade and other receivables and prepayments	25	187,324	194,767	240,338
Contract costs	26	—	1,321	5,090
Financial assets at fair value through profit or loss ("FVTPL")	27	1,764,433	1,781,179	1,485,226
Pledged bank deposits	28	—	7,847	7,689
Time deposits	28	—	—	14,215
Bank balances and cash	28	271,004	412,370	330,566
		2,427,448	2,668,031	2,404,762
Current liabilities				
Trade and other payables	29	222,350	203,185	234,362
Borrowings	30	68,735	361,118	62,641
Lease liabilities	31	5,051	7,524	10,146
Contract liabilities	33	31,942	49,767	56,623
Income tax payable		3,201	3,261	5,799
Derivative financial liabilities	35	—	72	316
		331,279	624,927	369,887
Net current assets		2,096,169	2,043,104	2,034,875
Total assets less current liabilities		2,934,404	3,227,995	3,214,699

		As at December 31,		
		2023	2024	2025
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
Non-current liabilities				
Deferred tax liabilities	22	—	1,216	885
Trade and other payables	29	1,029	526	805
Warranty provisions	32	6,413	6,097	7,041
Lease liabilities	31	26,195	23,999	17,085
Deferred income	34	11,537	28,417	28,065
		45,174	60,255	53,881
Net assets		2,889,230	3,167,740	3,160,818
Capital and reserves				
Share capital	39	185,124	194,104	193,874
Reserves		2,704,106	2,973,636	2,966,944
Total equity		2,889,230	3,167,740	3,160,818

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at December 31,		
		2023	2024	2025
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets				
Property, plant and equipment	16	308,768	294,784	276,427
Investment properties	17	36,411	33,351	27,745
Right-of-use assets	18	7,540	7,339	7,138
Intangible assets	20	25,610	27,865	24,373
Investment in subsidiaries	47	616,799	1,055,541	1,073,341
Investment in associate	21	10,100	—	20,000
Deferred tax assets	22	6,253	8,692	12,921
Other long-term deposits and prepayments	23	2,514	931	2,778
		1,013,995	1,428,503	1,444,723
Current assets				
Inventories	24	167,776	202,645	216,357
Trade and other receivables and prepayments	25	330,957	361,874	367,078
Financial assets at FVTPL	27	1,488,677	1,529,295	1,285,580
Pledged bank deposits	28	—	7,188	7,029
Time deposits	28	—	—	14,215
Bank balances and cash	28	97,751	181,110	92,654
		2,085,161	2,282,112	1,982,913
Current liabilities				
Trade and other payables	29	156,239	191,375	231,769
Borrowings	30	68,735	361,118	62,641
Contract liabilities	33	34,006	35,236	35,548
Income tax payable		3,012	2,528	1,922
Derivative financial liabilities	35	—	72	316
		261,992	590,329	332,196
Net current assets		1,823,169	1,691,783	1,650,717
Total assets less current liabilities		2,837,164	3,120,286	3,095,440

		As at December 31,		
		2023	2024	2025
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
Non-current liabilities				
Trade and other payables	29	1,029	526	805
Warranty provisions	32	3,447	3,369	3,998
Deferred income	34	11,537	28,417	28,065
		16,013	32,312	32,868
Net assets		2,821,151	3,087,974	3,062,572
Capital and reserves				
Share capital	39	185,124	194,104	193,874
Reserves	40	2,636,027	2,893,870	2,868,698
Total equity		2,821,151	3,087,974	3,062,572

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital *RMB'000*	Treasury stock *RMB'000*	Share premium *RMB'000*	Equity-settled share-based compensation reserve *RMB'000* *(note ii)*	Translation reserve *RMB'000*	Statutory reserve *RMB'000* *(note i)*	Retained earnings *RMB'000*	Total *RMB'000*
As at January 1, 2023	121,309	—	2,249,496	71,363	408	16,085	105,026	2,563,687
Profit for the year	—	—	—	—	—	—	107,953	107,953
Other comprehensive income for the year								
— Exchange difference arising from translation of foreign operations	—	—	—	—	739	—	—	739
Total comprehensive income for the year	—	—	—	—	739	—	107,953	108,692
Share issued upon placement *(Note 39)*	5,301	—	281,493	—	—	—	—	286,794
Distribution of Share Bonus *(Note 39)*	58,229	—	(58,229)	—	—	—	—	—
Dividends recognized as distribution *(Note 14)*	—	—	—	—	—	—	(84,917)	(84,917)
Recognition of equity-settled share-based compensation	—	—	—	14,974	—	—	—	14,974
Grant of restricted shares *(Note 36)*	285	(9,759)	9,474	—	—	—	—	—
Vest of restricted shares unit	—	—	65,587	(65,587)	—	—	—	—
Transfer to statutory reserve	—	—	—	—	—	12,538	(12,538)	—
As at December 31, 2023	185,124	(9,759)	2,547,821	20,750	1,147	28,623	115,524	2,889,230
Profit for the year	—	—	—	—	—	—	92,303	92,303
— Other comprehensive income for the year								
Exchange difference arising from translation of foreign operations	—	—	—	—	1,181	—	—	1,181
Total comprehensive income for the year	—	—	—	—	1,181	—	92,303	93,484
Share issued upon placement *(Note 39)*	2,166	—	42,117	—	—	—	—	44,283
Shares issued for acquisition of Naishu Electronics Group *(Note 37)*	7,099	—	244,901	—	—	—	—	252,000
Dividends recognized as distribution *(Note 14)*	—	—	—	—	—	—	(92,562)	(92,562)
Recognition of equity-settled share-based compensation	—	—	—	11,185	—	—	—	11,185
Repurchase of shares *(note iii)*	—	(30,022)	—	—	—	—	—	(30,022)
Cancellation of restricted shares *(Note 39)*	(285)	9,759	(9,474)	—	—	—	142	142
Vest of restricted shares unit	—	—	20,207	(20,207)	—	—	—	—
Transfer to statutory reserve	—	—	—	—	—	8,850	(8,850)	—
As at December 31, 2024	194,104	(30,022)	2,845,572	11,728	2,328	37,473	106,557	3,167,740
Profit for the year	—	—	—	—	—	—	86,083	86,083
Other comprehensive income for the year								
— Exchange difference arising from translation of foreign operations	—	—	—	—	5,655	—	—	5,655
Total comprehensive income for the year	—	—	—	—	5,655	—	86,083	91,738
Dividends recognized as distribution *(Note 14)*	—	—	—	—	—	—	(77,501)	(77,501)
Recognition of equity-settled share-based compensation	—	—	—	5,629	—	—	—	5,629
Repurchase of shares *(note iii)*	—	(40,024)	—	—	—	—	—	(40,024)
Exercise of share options	—	16,198	(2,560)	(4,498)	—	—	—	9,140
Cancellation of restricted shares *(Note 39)*	(230)	6,878	(6,648)	—	—	—	92	92
Vest of restricted shares unit	—	6,432	(111)	(2,317)	—	—	—	4,004
Transfer to statutory reserve	—	—	—	—	—	7,326	(7,326)	—
As at December 31, 2025	193,874	(40,538)	2,836,253	10,542	7,983	44,799	107,905	3,160,818

Notes:

(i) In accordance with the Articles of Association of the Company and its subsidiaries, they are required to transfer 10% of the profit after tax to the statutory reserve until the reserve reaches 50% of their registered capital. Transfer to this reserve must be made before distributing dividends to equity holders. The statutory reserve can be used to make up for previous years' losses, expand the existing operations or convert into additional capital of the Company and its subsidiaries.

(ii) The amount represents the equity-settled share-based compensation attributable to owners of the Company in respect of the Company's restricted share award schemes and restricted A shares incentive schemes. Details of the schemes are disclosed in Note 36.

(iii) The Company repurchased its own ordinary shares through the Shanghai Stock Exchange (the "SSE") as follows:

For the year ended December 31,	**Month of repurchase**	**No. of ordinary shares**	**Price per Share**		**Aggregate consideration paid**
			Highest	**Lowest**	
			RMB	*RMB*	*RMB'000*
2024	March	280,185	36.80	34.39	9,997
2024	April	180,635	27.85	27.45	5,001
2024	June	75,542	26.65	26.29	2,006
2024	July	519,286	25.49	23.60	13,018
2025	August	127,633	40.00	38.25	5,001
2025	October	537,428	39.62	37.51	20,933
2025	December	380,000	37.84	36.49	14,090

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
OPERATING ACTIVITIES			
Profit before tax	113,838	76,818	91,053
Adjustments for:			
Finance costs	4,550	8,794	8,745
Interest income	(6,960)	(2,713)	(3,116)
Depreciation of property, plant and equipment	27,287	48,766	61,944
Depreciation of investment properties	3,472	3,893	3,694
Depreciation of right-of-use assets	2,322	9,219	10,062
Amortization of intangible assets	2,816	6,662	8,595
Impairment losses on trade receivables, net of reversal	2,870	(2,448)	1,515
Write-down of inventories, net of reversal	8,240	1,374	1,121
Loss on disposal of property, plant and equipment	33	447	15
Gain from disposal of an associate	—	(31)	—
Gain on fair value changes of financial assets at FVTPL	(53,522)	(54,594)	(50,566)
Fair value change of derivative financial liabilities	767	72	200
Net foreign exchange (gains) losses	(1,158)	6,081	(4,238)
Share-based payments expenses	14,974	11,185	5,629
Income from government grants related to asset	(3,852)	(4,620)	(3,952)
Share of results of associate	4	131	—
Operating cash flows before movements in working capital	115,681	109,036	130,701
Increase in inventories	(43,476)	(57,923)	(52,212)
Increase in contract costs	—	(1,321)	(3,769)
Increase in trade and other receivables and prepayments	(67,422)	(90)	(25,413)
(Decrease) increase in trade and other payables	(24,963)	48,489	34,221
Increase (decrease) in warranty provisions	919	(316)	944
Increase in contract liabilities	2,718	11,052	6,856
Cash generated (used in) from operations	(16,543)	108,927	91,328
Income taxes paid	(12,128)	(3,802)	(6,017)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(28,671)	105,125	85,311

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
INVESTING ACTIVITIES			
Placement of time deposits	—	—	(69,448)
Withdrawal of time deposits	—	—	57,295
Receipt of interest from banks	6,960	2,713	1,054
Proceeds on disposal of an interest in an associate	—	8,000	2,000
Acquisition of investment in an associate	—	—	(20,000)
Acquisition of investment in a subsidiary	—	(84,668)	—
Government grants received	—	21,500	6,100
Placement of pledged bank deposits	—	(7,847)	—
Withdrawal of pledged bank deposits	3,600	450	—
Purchases of financial assets at FVTPL	(1,828,000)	(222,766)	(675,000)
Redemption of financial assets at FVTPL	1,706,819	260,614	1,021,519
Purchases of property, plant and equipment	(146,229)	(142,194)	(55,585)
Purchases of intangible assets	(10,519)	(6,805)	(2,752)
Settlement of derivative financial instruments	(1,352)	—	44
Proceeds from disposal of property, plant and equipment	6	5,669	275
Payments for other deposits	(1,840)	(863)	(433)
Withdrawal of other deposits	263	6	—
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(270,292)	(166,191)	265,069
FINANCING ACTIVITIES			
Dividends paid	(84,917)	(92,562)	(77,501)
Interest paid	(4,315)	(8,794)	(8,745)
Proceeds from bank borrowings	178,500	500,289	202,400
Repayments of bank borrowings	(111,000)	(207,906)	(500,877)
Payments of lease liabilities	(4,741)	(5,987)	(7,682)
Proceeds from issue of shares	297,873	44,283	—
Proceeds from exercise of share options	—	—	9,140
Proceeds from grant of restricted shares	—	13,182	12,527
Payment on repurchase of restricted shares	—	(9,901)	(4,224)
Payment on repurchase of shares	—	(30,022)	(40,024)
Issue cost paid	(1,320)	—	(17,014)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	270,080	202,582	(432,000)

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(28,883)	141,516	(81,620)
Cash and cash equivalents at beginning of the year	297,965	271,004	412,370
Effects of foreign exchange rate changes	1,922	(150)	(184)
Cash and cash equivalents at end of the year	271,004	412,370	330,566

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

RIGOL Technologies Co., Ltd. (the "Company") (formerly known as Suzhou RIGOL Technologies Co., Ltd.) was incorporated as a limited liability company on April 27, 2009 by RIGOL Beijing Technologies Co., Ltd. The Company was converted into a joint-stock company with limited liability on December 31, 2019. The shares of the Company have been listed on the STAR Market of the SSE since April 8, 2022.

Dr. Wang Yue, as one of the founders and chairman of the Company, directly holds 5.93% of the Company's shares, and indirectly holds 32.94%, 3.05% and 3.05% of the Company's shares through Suzhou RIGOL Investment Co., Ltd.* ("RIGOL Investment", 蘇州普源精電投資有限公司), Suzhou Ruige Hezhong Management Consulting Partnership LLP* ("Ruige Hezhong", 蘇州銳格合衆管理諮詢合夥企業(有限合夥)) and Suzhou Ruijin Hezhong management Consulting Partnership LLP* ("Ruijin Hezhong", 蘇州銳進合衆管理諮詢合夥企業(有限合夥)), respectively, in which RIGOL Investment, Ruige Hezhong and Ruijin Hezhong are controlled by him. Additionally, Dr. Wang Yue, Mr. Wang Tiejun with 8.02% direct shareholdings of the Company and Mr. Li Weisen with 8.02% direct shareholdings of the Company, have agreed to act in concert. Accordingly, Dr. Wang Yue, with an aggregate of approximately 61.01% voting rights at the general meetings of the Company, is the controlling shareholder of the Company.

The addresses of the registered office and principal place of business of the Company are disclosed in the section "Corporate Information" of the Document.

The statutory financial statements of the Company for each of three years ended December 31, 2023, 2024 and 2025 were prepared in accordance with Accounting Standards for Business Enterprises of the PRC and were audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP, a certified public accountant registered in the PRC.

* *English name is for identification purpose only*.

2. BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared based on the accounting policies as set out in Note 4, which conforms with IFRS Accounting Standards.

3. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has consistently adopted IFRS Accounting Standards, which are effective for the Group's accounting period beginning on January 1, 2025, throughout the Track Record Period.

New and revised IFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to IFRS Accounting Standards that have been issued but are not yet effective:

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]
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 Accounting Standards	Annual Improvements to IFRS Accounting Standards — Volume 11[2]
IFRS 18	Presentation and Disclosure in Financial Statements[3]
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency[3]

[1] Effective for annual periods beginning on or after a date to be determined.

[2] Effective for annual periods beginning on or after January 1, 2026.

[3] Effective for annual periods beginning on or after January 1, 2027.

Except for the new IFRS Accounting Standard mentioned below, the directors of the Company anticipate that the application of all the amendments to IFRS Accounting Standards will have no material impact on the Group's consolidated financial statements in the foreseeable future.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 *Presentation of Financial Statements*. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (the title of which will be changed to *Basis of Preparation of Financial Statements* upon effective of IFRS 18) and IFRS 7. Minor amendments to IAS 7 *Statement of Cash Flows* and IAS 33 *Earnings per Share* are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. IFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss. Additional disclosures required for the Group's MPMs will be disclosed in a separate note to the consolidated financial statements.

4. MATERIAL ACCOUNTING POLICY INFORMATION

The Historical Financial Information has been prepared in accordance with the following accounting policies which conform with IFRS Accounting Standards issued by the IASB. For the purpose of preparation of the Historical Financial Information, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the Historical Financial Information includes the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

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 listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statements of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of the subsidiary to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Business combinations

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organised workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred 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. Acquisition-related costs are generally recognized in profit or loss as incurred.

The identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the *Conceptual Framework for Financial Reporting* (the "Conceptual Framework") except for transactions and events within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or IFRIC-Int 21 *Levies*, in which the Group applies IAS 37 or IFRIC-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognized.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;

- lease liabilities are recognized and measured at the present value of the remaining lease payments (as defined in IFRS 16 *Leases*) as if the acquired leases were new leases at the acquisition date. Right-of-use assets are recognized and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination.

Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognized in profit or loss.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in an annual period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that annual period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

Investment in associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associate are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associate used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognized in profit or loss. The difference between the carrying amount of the associate and any proceeds from disposing of the relevant interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognized in the consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Investment in subsidiaries

Investment in subsidiaries is included in the statement of financial position of the Company at cost less any identified impairment losses.

Revenue from contracts with customers

Information about the Group's accounting policies relating to revenue from contracts with customers is provided in Notes 6, 26 and 33.

Leases

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Non-lease components are separated from lease component and are accounted for by applying other applicable standards.

Short-term leases

The Group applies the short-term lease recognition exemption to leases of equipment and staff quarters that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

Right-of-use assets

The cost of right-of-use assets includes the amounts of the initial measurement of the lease liabilities.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statements of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognizes and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments are fixed payments (including in-substance fixed payments) less any lease incentives receivable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever the lease term has changed, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

The Group presents lease liabilities as a separate line item on the consolidated statements of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if the modification increases the scope of the lease by adding the right to use one or more underlying assets, and the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as operating leases.

Rental income from operating leases is recognized in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognized as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Group applies IFRS 15 to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted for under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognized at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognized in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity under the heading of translation reserve.

Borrowing costs

All borrowing costs are recognized in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred income in the consolidated statements of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

Employee benefits

Retirement benefit costs

The Group participates in state-managed retirement benefit schemes, which are defined contribution schemes, pursuant to which the Group pays a fixed percentage of its staff's wages as contributions to the plans. Payments to such retirement benefit schemes are recognized as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognized at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognized as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognized for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Share-based payments

Equity-settled share-based payment transactions

Restricted shares granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (equity-settled share-based compensation reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognized in the profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled share-based compensation reserve.

When Type 2 of 2024 Restricted A Shares (as defined in Note 36) are exercised, the amount previously recognized in equity-settled share-based compensation reserve will be transferred to share premium.

When shares granted are vested, the amount previously recognized in equity-settled share-based compensation reserve will be transferred to share premium.

When an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately.

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in the subsidiaries and associate, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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 profits will be available to allow all or part of the asset to be recovered.

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognizes the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to the lease liabilities and the related assets separately. The Group recognizes a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognized in profit or loss. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress as described below). Property, plant and equipment are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Properties and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets are functioning properly and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statements of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognized so as to write off the cost of assets other than property, plant and equipment in the course of construction less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of the reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of property, plant and equipment is determined as the difference between the sales proceeds and an item of the carrying amount of the asset and is recognized in profit or loss.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognized so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortization and any accumulated impairment losses. Amortization for intangible assets with finite useful lives is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognized separately from goodwill and are initially recognized at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at cost, less accumulated amortization and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

Impairment on property, plant and equipment, right-of-use assets, contract costs and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives and contract costs to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Before the Group recognizes an impairment loss for assets capitalised as contract costs under IFRS 15, the Group assesses and recognizes any impairment loss on other assets related to the relevant contracts in accordance with applicable standards. Then, impairment loss, if any, for assets capitalised as contract costs is recognized to the extent the carrying amounts exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services that have not been recognized as expenses. The assets capitalised as contract costs are then included in the carrying amount of the cash generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated to the assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or a cash-generating unit, or the group of cash-generating units) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statements of financial position include:

- cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and

- cash equivalents, which comprises of short-term (generally with original maturity of six months or less). Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined on a weighted average method. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs for inventories which the Group must incur to make the sale.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Warranties

Provisions for the expected cost of assurance-type warranty obligations under the relevant contracts with customers for sales of products are recognized at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Group's obligation.

Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortized cost on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not a designated and effective hedging instrument.

All other financial assets are subsequently measured at FVTPL.

(i) Amortized cost and interest income

Interest income is recognized using the effective interest method for financial assets measured subsequently at amortized cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Financial assets at FVTPL

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss. The net gain or loss recognized in profit or loss includes any interest earned on the financial asset and is included in the "other gains and losses" line item.

Impairment of financial assets subject to impairment assessment under IFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade receivables, other receivables, pledged bank deposits, other long-term deposits, time deposits and cash and cash equivalents) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognizes lifetime ECL for trade receivables and lease receivables.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognizes lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

- significant change in the value of collateral pledged or the guarantees provided by third parties or its credit rating that are expected to reduce the debtor's ability to meet its repayment schedule.

- expected significant changes that results in the borrower's incentive to meet its contractual repayment schedule.

- significant changes in the expected performance and repayment behavior of the debtor.

- changes in the Group's methods of credit management for financial instruments.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definitions.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 360 days past due.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognized in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using provision matrix taking into consideration historical credit loss experience and forward looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For a lease receivables, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16.

Lifetime ECL for certain trade receivables are considered on a collective basis taking into consideration internal credit rating information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the nature and contractual terms of debtors when formulating the grouping.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortized cost of the financial asset.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and other receivables where the corresponding adjustment is recognized through a loss allowance account.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss in the 'Other gains and losses' line item as part of the net foreign exchange gains/(losses).

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities the Group hold are subsequently measured at amortized cost using the effective interest method or at FVTPL.

Financial liabilities at amortized cost

Financial liabilities including borrowings and trade and other payables are subsequently measured at amortized cost, using the effective interest method.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognized in the 'Other gains and losses' line item in profit or loss as part of net foreign exchange gains/(losses) for financial liabilities.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognized in profit or loss for financial liabilities.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Derivative financial instruments

Derivatives are initially recognized at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognized in profit or loss.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognized amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The followings are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the coming twelve months.

Provision of ECL for trade receivables

Trade receivables with credit-impaired are assessed for ECL individually.

In addition, the Group uses practical expedient in estimating ECL on trade receivables which are not assessed individually using a provision matrix. The provision rates are based on aging of debtors as groupings of various debtors based on the shared credit risk characteristics, taking into consideration the Group's historical default rates and forward-looking information that is reasonable, supportable and available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are disclosed in Notes 25 and 43.

Allowance for inventories

The Group reviews the carrying amount of inventories at each balance sheet date to determine whether the inventories are carried at the lower of cost and net realizable value. The review process includes physical inventory count and review of slow-moving and obsolete inventories. Net realizable value is estimated based the most reliable evidence including the ageing analysis, product demand in the current market and subsequent events such as latest prices available in the open market, latest or subsequent product selling prices. Any change in these assumptions, which are affected by the changes in market conditions and technology innovation, may increase or decrease the amount of inventory allowance or its subsequent reversal. For the years ended December 31, 2023, 2024 and 2025, allowance for inventories of RMB8,240,000, RMB1,374,000 and RMB1,121,000 was recognized in the profit or loss.

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of Naishu Electronics Group (as defined in Note 19), the cash-generating unit to which goodwill has been allocated, which is the value in use. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and an appropriate discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss may arise.

As at December 31, 2024 and 2025, the carrying amount of goodwill is RMB322,238,000. Details of the recoverable amount calculation are disclosed in Note 19.

Estimated useful lives and residual values of property, plant and equipment

The Group determines the estimated useful lives and residual values for its property, plant and equipment at least on annual basis at each balance sheet date. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature, taking into consideration of the possible impact from the technology innovation. The Group will increase the depreciation charge where useful lives are expected to be less than previously estimated lives, or will write off or write down those assets which are technically obsolete or abandoned.

Deferred tax

As at 31 December 2023, 2024 and 2025, a deferred tax asset of RMB12,204,000, RMB28,995,000 and RMB32,249,000 in relation to unused tax losses and deductible temporary differences for certain operating subsidiaries has been recognized in the consolidated statement of financial position. No deferred tax asset has been recognized on the tax losses and deductible temporary differences of RMB49,454,000, RMB52,415,000 and RMB108,623,000 due to the unpredictability of future profit streams. The realizability of the deferred tax asset mainly depends on whether sufficient taxable profits will be available in the future or taxable temporary differences are expected to reverse in the same period as the expected reversal of the deductible temporary differences, which is a key source of estimation uncertainty. In cases where the actual future taxable profits generated are less or more than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, a material reversal or further recognition of deferred tax assets may arise, which would be recognized in profit or loss for the period in which such a reversal or further recognition takes place.

6. REVENUE

(i) Disaggregation of revenue from contracts with the customers

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Type of products and solutions			
Products			
— Digital oscilloscope	345,202	365,788	400,223
— Microwave and radio frequency instruments	90,704	99,665	113,648
— Direct current precision instruments	168,049	168,393	191,913
— Modular instrumentation	—	—	28,002
	603,955	633,846	733,786
Solutions	57,571	130,021	150,877
Others	9,012	11,959	15,571
	670,538	775,826	900,234
Sales channel			
Distributor sales	485,942	500,870	586,040
Direct sales			
— Key account sales	61,393	146,953	168,885
— Online sales	114,191	112,710	128,714
Original design manufacturer ("ODM") sales	—	3,334	1,024
Others	9,012	11,959	15,571
	670,538	775,826	900,234
Timing of revenue recognition			
At a point in time	670,538	775,826	900,234

(ii) Performance obligations for contracts with customers and revenue recognition policies

Distributor sales

For sales through distributors, revenue is recognized when control of the goods is transferred, being when the goods have been delivered to the specified location designated by the customers, or upon handed over to the distributor's designated carrier. The Group usually receives 100% advances from certain distributors prior to delivery. Accordingly, a contract liability is recognized for the advances received in respect of sales for which revenue has yet been recognized. Normally, credit term of 30 to 90 days from the date of delivery are extended to distributors with agreed credit terms. Following the delivery, the distributor has full discretion over manner of distribution and price to sell the goods, has the primary responsibility for selling the goods and bears the risk of obsolescence and loss in relation to the goods.

Moreover, certain distributors are granted with options to receive sales rebate on future purchases. These options constitute a material right, as they effectively entitle the distributors to prepay for future goods at a discounted price. Accordingly, the Group defers the recognition of the portion of revenue allocated to these options until the related goods are transferred, or when the option expires, whichever occurs earlier. Since the stand-alone selling price of the option is not directly observable, the Group estimates its value based on the rebate the distributor would receive upon exercising the option, adjusted for any rebate that would be available without exercising the option, and the likelihood that the option will be exercised.

Direct sales

- *Key account sales*

For key account sales, revenue is recognized when control of the goods is transferred, being when the goods have been delivered to the specified location designated by the customers, or upon handed over to the carrier designated by the customers. For certain customers. the Group receives 100% advances from the customers prior to delivery. Accordingly, a contract liability is recognized for the advances received in respect of sales for which revenue has yet been recognized. For other customers, credit term of 30 to 90 days from the date of delivery are granted to the customers.

- *Online direct sales*

For online direct sales, revenue is recognized when control of goods has been transferred to customers, being at the point the goods are delivered to the customer's specific location. When the customer initially purchases the goods online, the transaction price received by the Group is recognized as a contract liability until the goods have been delivered to the customers. For customer with agreed credit terms under online direct sales, a credit period of 60 days from the date of delivery will be granted.

Right to return

For online direct sales, under the Group's standard contract terms, customers are generally entitled to return products within 7 or 30 days, depending on the platform. The Group applies the expected value method based on accumulated historical experience, to estimate the volume of return on a portfolio level. Revenue is recognized only when it is highly probable that a significant reversal of the cumulative revenue recognized will not occur. A refund liability is recognized in respect of the expected refunds for estimated goods to be returned. The Group's right to recover products upon customers exercise their right is recognized as a right to returned goods asset, with a corresponding adjustment to cost of sales.

Points accumulation program

For online direct sales, points are granted to the customers by the Group on certain purchases. These points entitle customers to discounts on future purchases that would not be granted without the initial purchases. As such, the promise providing future discount constitutes a separate performance obligation under the contract. The total transaction price is allocated between the product sold and the points based on their relative stand-alone selling prices. The stand-alone selling price of the points is estimated by reference to the value of the discount offered upon redemption and the expected redemption rate, which is determined using the Group's historical data. At the time of the initial sales, a contract liability is recognized in respect of the points. Revenue relating to the points is subsequently recognized when the points are redeemed. For points not expected to be redeemed, revenue is recognized in proportion to the pattern of the rights exercised by customers.

ODM sales

For ODM sales, revenue is recognized when control of the goods is transferred, being when the goods have been delivered to the specified location designated by the customers, or upon handed over to the carrier designated by the customers. Normally, credit term of 30 to 60 days from the date of delivery are granted to the ODM customers.

Modular instruments and solutions revenue

Revenue from modular instruments and solutions, whether sold through direct sales or distribution channels, is recognized when the goods are delivered to the customer's designated location and have successfully passed the customer's acceptance test.

Sales-related warranties

Sales-related warranties associated with the goods sold cannot be purchased separately and they serve as an assurance that the products sold comply with agreed-upon specification. Accordingly, the Group accounts for warranties in accordance with IAS 37.

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

All the contracts are for periods of one year or less. As the Group applies the practical expedient in IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

7. OPERATING SEGMENTS

For the purpose of resource allocation and assessment of segment performance, the chief operating decision maker ("CODM"), which is also identified as the Chairman of the Group, reviews the overall results and financial position of the Group as a whole which are prepared based on the same accounting policies as set out in Note 4. Accordingly, the Group has only one single operating segment.

Geographical information

During the Track Record Period, an analysis of the Group's revenue from external customers, analyzed by their respective country/region of operation, is detailed below:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Chinese mainland	412,488	501,678	582,923
Overseas:			
North America	84,742	95,237	101,245
Europe	99,852	95,334	108,570
Asia	62,126	69,717	90,573
South America	6,123	6,100	9,933
Oceania	4,653	6,822	6,104
Africa	554	938	886
	670,538	775,826	900,234

Information about the Group's non-current assets (excluding deferred tax assets and other long-term deposits) which is prepared based on geographical location of the assets, is as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Chinese mainland	806,615	1,122,870	1,102,499
Overseas	17,271	30,023	41,638
	823,886	1,152,893	1,144,137

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Customer A	N/A	79,972	N/A
Customer B	N/A	N/A	112,632

Note: N/A: not disclosed as amount less than 10% of total revenue.

8. OTHER INCOME

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Government grants related to:			
— Income *(note i)*	8,892	13,671	10,566
— Assets *(note ii)*	3,852	4,620	3,952
Interest income from banks	6,960	2,713	3,116
Super deduction of value added tax	2,086	1,822	2,031
Others	128	337	253
	21,918	23,163	19,918

Notes:

(i) Income from government grants of the Group during the Track Record Period were mainly related to the Group's contribution to the local high-tech industry and economy. These grants are unconditional and accounted for as immediate financial support with no future related costs expected to be incurred and not related to any assets of the Group.

(ii) The Group has received certain grants as incentive for purchase and construction of property, plant and equipment. These grants were recognized in profit or loss over the useful lives of the relevant assets. Details of the grants are set out in Note 34.

9. OTHER GAINS AND LOSSES

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Net foreign exchange gains (losses)	1,158	(6,081)	4,238
Gain on fair value changes of financial assets at FVTPL	53,522	54,594	50,566
Loss on fair value changes of derivative financial liabilities	(767)	(72)	(201)
Loss on disposal of property, plant and equipment	(33)	(447)	(15)
Gain from disposal of an associate	—	31	—
Others	(148)	(58)	(176)
	53,732	47,967	54,412

10. FINANCE COSTS

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Interest expense on:			
— Bank borrowings	4,129	7,248	6,908
— Lease liabilities	421	1,546	1,837
	4,550	8,794	8,745

11. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging (crediting):

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Depreciation of property, plant and equipment	27,287	48,766	61,944
Depreciation for investment properties	3,472	3,893	3,694
Depreciation of right-of-use assets	2,322	9,219	10,062
Amortization of intangible assets	2,816	6,662	8,595
Total depreciation and amortization	35,897	68,540	84,295
Less: Capitalized in inventories	(5,154)	(8,573)	(14,316)
	30,743	59,967	69,979
Directors' remuneration *(Note 12)*	6,398	4,764	6,658
Salaries, allowances and other benefits	144,426	224,806	271,259
Retirement benefit scheme contributions	18,907	32,815	37,599
Share-based payments	13,815	10,908	5,705
Total staff costs (including directors)	183,546	273,293	321,221
Less: Capitalized in inventories	(26,627)	(52,310)	(67,568)
	156,919	220,983	253,653
Gross rental income from investment properties	(6,415)	(6,819)	(6,638)
Auditor's remuneration	1,500	1,800	1,756
Impairment losses on trade receivables under expected credit loss model, net of reversal	2,870	(2,448)	1,515
[REDACTED]	—	—	323
Cost of inventories recognized as expenses (excluding write-down and reversal of write-down of inventories)	255,927	275,011	351,827
Write-down of inventories (included in cost of sales)	11,757	8,206	8,849
Reversal of inventories write-down (included in cost of sales)	(3,517)	(6,832)	(7,728)

12. DIRECTORS', CHIEF EXECUTIVE'S EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

During the Track Record Period, directors' and chief executive's remuneration disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance, is as follows:

	Director's fee *RMB'000*	**Salaries, allowances and other benefits** *RMB'000*	**Retirement benefit scheme contributions** *RMB'000*	**Share-based payments** *RMB'000*	**Total** *RMB'000*
For the year ended December 31, 2023					
Executive director and Chairman:					
Dr. Wang Yue	—	2,050	48	—	2,098
Non-executive directors:					
Mr. Wang Ning	—	1,536	51	573	2,160
Ms. Wu Yawen	—	1,191	63	586	1,840
Mr. Wang Tiejun	—	—	—	—	—
Independent non-executive directors:					
Dr. Liu Jun	100	—	—	—	100
Dr. Qin Ce	100	—	—	—	100
Ms. Wang Hui	100	—	—	—	100
	300	4,777	162	1,159	6,398
For the year ended December 31, 2024					
Executive director and Chairman:					
Dr. Wang Yue	—	1,790	48	—	1,838
Non-executive directors:					
Mr. Wang Ning	—	1,354	45	61	1,460
Ms. Wu Yawen	—	1,085	18	63	1,166
Mr. Wang Tiejun	—	—	—	—	—
Independent non-executive directors:					
Dr. Liu Jun	100	—	—	—	100
Dr. Qin Ce	100	—	—	—	100
Ms. Wang Hui	100	—	—	—	100
	300	4,229	111	124	4,764

	Director's fee *RMB'000*	Salaries, allowances and other benefits *RMB'000*	Retirement benefit scheme contributions *RMB'000*	Share-based payments *RMB'000*	Total *RMB'000*
For the year ended December 31, 2025					
Executive director and Chairman:					
Dr. Wang Yue	—	2,182	49	—	2,231
Non-executive directors:					
Mr. Wang Ning	—	1,477	—	—	1,477
Ms. Wu Yawen *(note i)*	—	984	—	—	984
Mr. Wang Tiejun *(note i)*	—	—	—	—	—
Dr. Sun Ningxiao *(note ii)*	—	535	39	—	574
Mr. Cheng Jianchuan *(note ii)*	—	1,020	72	—	1,092
Independent non-executive directors:					
Dr. Liu Jun *(note i)*	100	—	—	—	100
Dr. Qin Ce	100	—	—	—	100
Ms. Wang Hui *(note i)*	100	—	—	—	100
Ms. Xuxi *(note iii)*	—	—	—	—	—
Mr. Liu Liansheng *(note iii)*	—	—	—	—	—
	300	6,198	160	—	6,658

Notes:

(i) Resigned on December 21, 2025.

(ii) Appointed as non-executive director on December 22, 2025.

(iii) Appointed as independent non-executive director on December 22, 2025.

The executive directors' emoluments shown above were paid for their services in connection with the management of the affairs of the Company and the Group during the Track Record Period.

The non-executive directors' and independent non-executive directors' emoluments shown above were for their services as directors of the Company during the Track Record Period.

Five highest paid individuals

The five highest paid employees of the Group included 2, 2 and 2 directors of the Company for the years ended December 31, 2023, 2024 and 2025, respectively, details of whose emoluments are set out above. Details of the remuneration of the remaining 3, 3 and 3 individuals are as follows:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Salaries, allowances and other benefits	4,359	3,528	4,085
Retirement benefit scheme contributions	180	190	214
Share-based payments	1,681	670	977
	6,220	4,388	5,276

The numbers of the five highest paid individuals (including directors of the Company) are within the following bands (presented in Hong Kong Dollar ("HK$")):

	Year ended December 31,		
	2023	**2024**	**2025**
	No. of employees		
HK$1,000,001–HK$1,500,000	—	2	—
HK$1,500,001–HK$2,000,000	—	3	3
HK$2,000,001–HK$2,500,000	5	—	2
	5	5	5

During the Track Record Period, no emoluments were paid by the Group to the management of the Group or the five highest paid employees of the Group as an inducement to join or upon joining the Group or as compensation for loss of office. None of the management of the Group waived or agreed to waive any emoluments during the Track Record Period.

During the Track Record Period, certain non-director and non-chief executive highest paid employees were granted restricted shares and share options, in respect of their services to the Group under the restricted shares scheme and share option scheme of the Company. Details of the restricted shares scheme and share option scheme are set out in Note 36.

13. INCOME TAX EXPENSE (INCOME)

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current tax:			
PRC Enterprise Income Tax ("EIT")	3,581	2,502	6,998
Other jurisdictions	13	437	1,296
Under (over) provision in prior years	315	(1,065)	79
	3,909	1,874	8,373
Deferred tax:			
Current year	1,976	(17,359)	(3,403)
	5,885	(15,485)	4,970

Chinese mainland

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the EIT rate of certain PRC subsidiaries is 25%.

Certain PRC subsidiaries, which were accredited as "High and New Technology Enterprise", were eligible for a preferential EIT rate of 15%. Furthermore, certain subsidiaries enjoy income tax exemption of 100% for first two years and 50% for another three years.

The State Taxation Administration of the PRC announced that enterprises engaging in research and development activities would entitle to claim 200% of their research and development expenses as Super Deduction from September 1, 2022.

Hong Kong

Under the two-tiered profits tax rates regime in Hong Kong, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%.

Malaysia

Income tax for the Group's operating subsidiary in Malaysia is calculated at 24% of the estimated assessable profit for the Track Record Period.

The U.S.

The Group has operating subsidiary in the U.S., which are taxed for federal tax rate at 21% and state taxes ranging from 4% to 10% depending on the taxable income generated from each respective state for the Track Record Period.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Income tax expense (income) for the Track Record Period can be reconciled to profit before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Profit before tax	113,838	76,818	91,053
Tax at the applicable PRC tax rate of 25%	28,460	19,205	22,763
Tax at concessionary rate	(11,384)	(7,682)	(9,105)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(143)	(3,103)	782
Tax effect of expenses not deductible for tax purposes	2,497	1,255	527
Tax effect of income not taxable for tax purpose	(255)	—	(67)
Effect of super deduction in research and development expenses	(16,156)	(21,208)	(18,210)
Under (over) provision in prior years	315	(1,065)	79
Tax effect of unused tax losses and deductible temporary difference not recognized as deferred tax assets	3,658	1,624	9,051
Utilization of tax losses previously not recognized as deferred tax assets	(1,107)	(1,180)	(375)
Effect of tax exemptions granted to certain subsidiaries	—	(3,331)	(475)
Income tax expense (income) for the year	5,885	(15,485)	4,970

14. DIVIDENDS

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Dividends for ordinary shareholders of the Company recognized as distribution			
Cash dividend			
— Final dividend of RMB70.00 cent per share for 2022	84,917	—	—
— Final dividend of RMB50.125 cent per share for 2023	—	92,562	—
— Final dividend of RMB40.00 cent per share for 2024	—	—	77,501
Share Bonus	58,229	—	—
	143,146	92,562	77,501

15. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Earnings:			
Profit for the year for the purpose of calculating basic earnings per share	107,953	92,303	86,083
		Number of shares	
Weighted average number of ordinary shares for the purpose of basic earnings per share	181,029	187,803	193,374
Effect of dilutive potential ordinary shares:			
2024 Type 2 Restricted A Shares exercised	—	67	90
Weighted average number of ordinary shares	181,029	187,870	193,464
Earnings per share (RMB)			
— Basic	0.60	0.49	0.44
— Diluted	0.60	0.49	0.44

16. PROPERTY, PLANT AND EQUIPMENT

The Group

	Plant and buildings	Machineries	Motor vehicles	Mechanical and electrical	Leasehold improvements	Office equipment	Construction in progress ("CIP")	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
COST								
As at January 1, 2023	300,309	180,402	6,399	9,051	—	3,746	4,496	504,403
Additions	222,480	59,918	—	8,833	—	181	19,506	310,918
Transfers	8,783	1,341	—	—	—	—	(10,124)	—
Disposals	—	(397)	—	(185)	—	—	—	(582)
Transfer to investment properties ("IP")	(17,532)	—	—	—	—	—	—	(17,532)
Exchange alignment	—	—	—	(1)	—	68	—	67
As at December 31, 2023	514,040	241,264	6,399	17,698	—	3,995	13,878	797,274
Additions	9,927	18,605	503	5,491	3,929	4,018	23,141	65,614
Transfers	17,679	3,713	—	—	13,379	1,991	(36,762)	—
Acquired on acquisition of subsidiary	—	—	—	126	—	41	—	167
Disposals	—	(6,752)	(9)	(868)	—	(572)	—	(8,201)
Exchange alignment	—	—	—	(2)	437	(18)	—	417
As at December 31, 2024	541,646	256,830	6,893	22,445	17,745	9,455	257	855,271
Additions	—	25,265	379	3,196	1,318	2,137	1,824	34,119
Transfers	181	1,215	—	—	—	33	(1,429)	—
Transfers from IP	5,397	—	—	—	—	—	—	5,397
Disposals	—	(321)	(11)	(340)	—	(156)	—	(828)
Exchange alignment	—	198	35	131	877	133	—	1,374
As at December 31, 2025	547,224	283,187	7,296	25,432	19,940	11,602	652	895,333
DEPRECIATION								
As at January 1, 2023	41,010	29,703	5,568	5,708	—	2,683	—	84,672
Provided for the year	14,254	10,695	177	1,931	—	230	—	27,287
Eliminated on disposals	—	(373)	—	(170)	—	—	—	(543)
Transfer to IP	(2,074)	—	—	—	—	—	—	(2,074)
Exchange alignment	—	—	—	—	—	56	—	56
As at December 31, 2023	53,190	40,025	5,745	7,469	—	2,969	—	109,398
Provided for the year	25,607	18,276	217	2,972	986	708	—	48,766
Eliminated on disposals	—	(1,036)	(6)	(657)	—	(386)	—	(2,085)
Exchange alignment	—	—	—	(1)	—	(18)	—	(19)
As at December 31, 2024	78,797	57,265	5,956	9,783	986	3,273	—	156,060
Provided for the year	25,925	22,828	281	3,700	7,516	1,694	—	61,944
Transfers from IP	2,652	—	—	—	—	—	—	2,652
Eliminated on disposals	—	(182)	(9)	(291)	—	(56)	—	(538)
Exchange alignment	—	10	5	9	—	45	—	69
As at December 31, 2025	107,374	79,921	6,233	13,201	8,502	4,956	—	220,187
CARRYING VALUES								
As at December 31, 2023	460,850	201,239	654	10,229	—	1,026	13,878	687,876
As at December 31, 2024	462,849	199,565	937	12,662	16,759	6,182	257	699,211
As at December 31, 2025	439,850	203,266	1,063	12,231	11,438	6,646	652	675,146

The Company

	Plant and buildings	Machineries	Motor vehicles	Mechanical and electrical	Office equipment	CIP	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
COST							
As at January 1, 2023	118,403	169,391	1,183	6,676	1,524	3,525	300,702
Additions	337	57,986	—	8,382	74	15,145	81,924
Transfer	8,783	1,341	—	—	—	(10,124)	—
Disposals	—	(392)	—	(182)	—	—	(574)
As at December 31, 2023	127,523	228,326	1,183	14,876	1,598	8,546	382,052
Additions	518	11,870	—	1,681	2,066	1,617	17,752
Transfer	5,913	3,676	—	—	400	(9,989)	—
Disposals	—	(6,698)	(9)	(469)	(269)	—	(7,445)
As at December 31, 2024	133,954	237,174	1,174	16,088	3,795	174	392,359
Additions	—	5,913	8	1,404	365	1,772	9,462
Transfers	181	1,203	—	—	—	(1,384)	—
Transfers from IP	5,397	—	—	—	—	—	5,397
Disposals	—	(318)	(11)	(250)	(99)	—	(678)
As at December 31, 2025	139,532	243,972	1,171	17,242	4,061	562	406,540
DEPRECIATION							
As at January 1, 2023	24,068	26,280	1,107	4,054	897	—	56,406
Provided for the year	6,033	9,585	6	1,694	94	—	17,412
Eliminated on disposals	—	(369)	—	(165)	—	—	(534)
As at December 31, 2023	30,101	35,496	1,113	5,583	991	—	73,284
Provided for the year	6,327	16,694	5	2,309	369	—	25,704
Eliminated on disposals	—	(985)	(6)	(298)	(124)	—	(1,413)
As at December 31, 2024	36,428	51,205	1,112	7,594	1,236	—	97,575
Provided for the year	6,565	20,499	2	2,563	687	—	30,316
Transfers from IP	2,652	—	—	—	—	—	2,652
Eliminated on disposals	—	(182)	(9)	(235)	(4)	—	(430)
As at December 31, 2025	45,645	71,522	1,105	9,922	1,919	—	130,113
CARRYING VALUES							
As at December 31, 2023	97,422	192,830	70	9,293	607	8,546	308,768
As at December 31, 2024	97,526	185,969	62	8,494	2,559	174	294,784
As at December 31, 2025	93,887	172,450	66	7,320	2,142	562	276,427

The above items of property, plant and equipment, except for construction in progress, are depreciated on a straight-line basis over the following estimated useful lives after taking into account their residual values:

	Useful lives	Residual value
Plant and buildings	20 years	5%
Machineries	5 or 10 years	5%
Motor vehicles	3 to 5 years	5%
Mechanical and electrical	3 or 5 years	5%
Leasehold improvements	Over the shorter of the relevant lease terms or 10 years	—
Office equipment	5 years	5%

17. INVESTMENT PROPERTIES

The Group leases out plant and buildings under operating lease with rentals payable monthly or quarterly. The lease runs for an initial period of 1 to 5 years with rights to extend the lease beyond initial period based on mutual agreement between the Group and lessee.

The lease contract does not contain residual value guarantee and lessee's option to purchase the property at the end of lease term.

The Group

	Leased properties *RMB'000*
COST	
As at January 1, 2023	64,622
Transfer in from property, plant and equipment	17,532
As at December 31, 2023 and 2024	82,154
Transfer to property, plant and equipment	(5,397)
As at December 31, 2025	76,757
DEPRECIATION	
As at January 1, 2023	25,152
Charge for the year	3,472
Transfer from property, plant and equipment	2,074
As at December 31, 2023	30,698
Charge for the year	3,893

	Leased properties *RMB'000*
As at December 31, 2024	34,591
Charge for the year	3,694
Transfer to property, plant and equipment	(2,652)
As at December 31, 2025	35,633
CARRYING VALUES	
As at December 31, 2023	51,456
As at December 31, 2024	47,563
As at December 31, 2025	41,124

The fair value of the Group's investment properties as at December 31, 2023, 2024 and 2025 were RMB64,637,000, RMB62,766,000, and RMB56,567,000, respectively. The fair value has been arrived at based on a valuation carried out by China Alliance Appraisal (Shanghai) Co., Ltd. with registered address of Room 111, Building K, No. 7, Jiayicun, Xianghuaqiao Street, Qingpu District, Shanghai, an independent valuer not connected with the Group.

The fair value was determined based on the income approach, where the market rentals of all lettable units of the properties are assessed and discounted at the market yield rates expected by investors for this type of properties. The market yield rates are assessed by reference to the rentals achieved in the lettable units of the properties as well as other lettings of similar properties in the neighbourhood. There has been no change from the valuation technique used throughout the Track Record Period.

In estimating the fair value of the properties, the highest and best use of the properties is their current use. Details of the Group's investment properties and information about the fair value hierarchy as at the end of the reporting period are as follows:

	As at December 31,		
	2023 *RMB'000*	**2024** *RMB'000*	**2025** *RMB'000*
Fair value at Level 3 hierarchy			
Building 1	48,006	47,996	42,795
Building 2	16,631	14,770	13,772
	64,637	62,766	56,567

The above investment properties are depreciated on a straight-line basis over the following estimated useful lives after taking into account their residual values:

	Useful lives	Residual value
Building 1	20 years	5%
Building 2	20 years	5%

The Company

	Leased properties *RMB'000*
COST	
As at January 1, 2023, December 31, 2023 and 2024	64,622
Transfer to property, plant and equipment	(5,397)
As at December 31, 2025	59,225
DEPRECIATION	
As at January 1, 2023	25,152
Charge for the year	3,059
As at December 31, 2023	28,211
Charge for the year	3,060
As at December 31, 2024	31,271
Charge for the year	2,861
Transfer to property, plant and equipment	(2,652)
As at December 31, 2025	31,480
CARRYING VALUES	
As at December 31, 2023	36,411
As at December 31, 2024	33,351
As at December 31, 2025	27,745

18. RIGHT-OF-USE ASSETS

The Group

	Leasehold lands	Leased properties	Total
	RMB'000	*RMB'000*	*RMB'000*
As at December 31, 2023			
Carrying amount	7,540	33,782	41,322
As at December 31, 2024			
Carrying amount	7,339	31,002	38,341
As at December 31, 2025			
Carrying amount	7,138	25,086	32,224
For the year ended December 31, 2023			
Depreciation charge	201	2,121	2,322
For the year ended December 31, 2024			
Depreciation charge	201	9,018	9,219
For the year ended December 31, 2025			
Depreciation charge	201	9,861	10,062

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Expenses relating to short-term leases	1,335	1,720	1,678
Total cash outflow for leases	8,337	10,555	11,496
Addition to right-of-use assets	33,383	11,330	3,390

During the Track Record Period, the Group leased various offices and warehouse for its operating activities. Lease contracts are entered into for fixed term of 20 months to 10 years. Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group regularly entered into short-term leases for equipment and staff quarters. As at December 31, 2023, 2024 and 2025, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

In addition, the Group owns several industrial buildings where its manufacturing facilities are primarily located and office buildings. The Group is the registered owner and has made lump sum payments upfront to government for these leasehold lands. The Group has obtained the land use right certificates for all such leasehold lands.

Restrictions or covenants on leases

As at December 31, 2023, 2024 and 2025, lease liabilities of RMB31,246,000, RMB31,523,000 and RMB27,231,000 are recognized along with related right-of-use assets of RMB33,782,000, RMB31,002,000 and RMB25,086,000, respectively. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets are not permitted to be used as security for borrowing purposes.

The Company as lessee

	Leasehold lands *RMB'000*
As at December 31, 2023	
Carrying amount	7,540
As at December 31, 2024	
Carrying amount	7,339
As at December 31, 2025	
Carrying amount	7,138
For the year ended December 31, 2023	
Depreciation charge	201
For the year ended December 31, 2024	
Depreciation charge	201
For the year ended December 31, 2025	
Depreciation charge	201

19. GOODWILL

	Acquisition of Naishu Electronics *RMB'000*
COST AND CARRYING VALUES	
As at December 31, 2024 and 2025	322,238

The goodwill was arising from the Group's acquisition of RIGOL Beijing Naishu Electronics Co., Ltd. ("Naishu Electronics", formerly known as Beijing Naishu Electronics Co., Ltd.) and Beijing Naishu Information Co., Ltd. ("Naishu Information") (altogether hereinafter referred to as Naishu Electronics Group) during the year ended December 31, 2024. Please refer to Note 37 for details of acquisition.

For the purposes of impairment testing, the acquired Naishu Electronics Group is set as an individual cash-generating unit. The recoverable amount of Naishu Electronics Group has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period.

The following table sets out the key assumptions for the value in use calculation of the Naishu Electronics Group.

	As at December 31,	
	2024	**2025**
Pre-tax discount rate *(note i)*	13.05%	13.07%
Expected annual growth rate *(note ii)*	5% to 23.29%	1.51% to 5%
Expected profit margin	48.89% to 50.33%	53.18% to 57.37%

Notes:

i. Pre-tax discount rate reflects the current market assessment of the time value of money and the risks specific to the Naishu Electronics Group.

ii. The estimation of expected annual growth rate is based on the revenue backlog and management's expectation for the market development.

The revenue growth rate used beyond the 5-year period is 0%, which is considered appropriate by the management of the Group by reference to the relevant industry growth forecast.

The management of the Group performed sensitivity test on the key assumptions by increasing pre-tax discount rate of 1%, decreasing expected annual growth rate of 15% or decreasing profit margin of 1%, with all other variables held constant. The impact on the amount by which the goodwill's recoverable amount above its carrying amount (headroom) are as below:

	As at December 31,	
	2024	**2025**
	RMB'000	*RMB'000*
Headroom	71,251	145,155
Impact of increasing pre-tax discount rate by 1%	(4,400)	(5,000)
Impact of decreasing annual growth rate by 15%	(14,200)	(11,000)
Impact of decreasing profit margin by 1%	(4,500)	(5,000)

Based on the above assessment, the recoverable amount is significantly above the carrying amount of the Naishu Electronics Group. Management of the Group believes that any reasonably possible change in any of these assumptions would not result in impairment.

20. INTANGIBLE ASSETS

The Group

	Patent *RMB'000*	Intellectual property *RMB'000*	Software *RMB'000*	Total *RMB'000*
COST				
As at January 1, 2023	—	265	38,890	39,155
Additions	—	995	11,756	12,751
Disposals	—	—	(54)	(54)
Exchange alignment	—	—	12	12
As at December 31, 2023	—	1,260	50,604	51,864
Additions	—	—	6,831	6,831
Acquired on acquisition of subsidiaries	16,720	—	—	16,720
Exchange alignment	—	—	(47)	(47)
As at December 31, 2024	16,720	1,260	57,388	75,368
Additions	—	—	1,776	1,776
Exchange alignment	—	—	272	272
As at December 31, 2025	16,720	1,260	59,436	77,416
AMORTIZATION				
As at January 1, 2023	—	126	20,992	21,118
Provided for the year	—	76	2,740	2,816
Eliminated on disposals	—	—	(54)	(54)
Exchange alignment	—	—	20	20
As at December 31, 2023	—	202	23,698	23,900
Provided for the year	3,117	147	3,398	6,662
Exchange alignment	—	—	(21)	(21)
As at December 31, 2024	3,117	349	27,075	30,541
Provided for the year	3,401	208	4,986	8,595
Exchange alignment	—	—	33	33
As at December 31, 2025	6,518	557	32,094	39,169
CARRYING AMOUNT				
As at December 31, 2023	—	1,058	26,906	27,964
As at December 31, 2024	13,603	911	30,313	44,827
As at December 31, 2025	10,202	703	27,342	38,247

The Company

	Intellectual property *RMB'000*	Software *RMB'000*	Total *RMB'000*
COST			
As at January 1, 2023	265	25,461	25,726
Addition	995	9,455	10,450
As at December 31, 2023	1,260	34,916	36,176
Addition	—	5,455	5,455
As at December 31, 2024	1,260	40,371	41,631
Addition	—	1,214	1,214
As at December 31, 2025	1,260	41,585	42,845
AMORTIZATION			
As at January 1, 2023	126	7,817	7,943
Charge for the year	76	2,547	2,623
As at December 31, 2023	202	10,364	10,566
Charge for the year	147	3,053	3,200
As at December 31, 2024	349	13,417	13,766
Charge for the year	208	4,498	4,706
As at December 31, 2025	557	17,915	18,472
CARRYING AMOUNT			
As at December 31, 2023	1,058	24,552	25,610
As at December 31, 2024	911	26,954	27,865
As at December 31, 2025	703	23,670	24,373

The above intangible assets have finite useful lives. Such intangible assets are amortized on a straight-line basis over the following periods:

	Useful lives
Patent	5 years
Intellectual property	10 years
Software	5 to 10 years

21. INVESTMENT IN ASSOCIATES

The Group and the Company

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Cost of investment, unquoted	10,200	—	20,000
Share of post-acquisition result	(100)	—	—
	10,100	—	20,000

Details of the associates of the Group at the end of each reporting period are as follows:

Name of associates	Place of registration/ operation	Principal activities	Percentage of equity interest December 31,			Percentage of voting right December 31,		
			2023	**2024**	**2025**	**2023**	**2024**	**2025**
Harbin Nuoxin HIT Measurement & Control Technology Co., Ltd.* (Harbin Nuoxin, 哈爾濱諾信工大測控技術有限公司) *(notes i & ii)*	PRC	Manufacture and sale of electronic measurement instruments	10%	—	—	33.33%	—	—
Suzhou Yuanhe Chongyuan Yinhu Equity Investment Partnership (Limited Partnership)* ("Chongyuan Yinhu", 蘇州元禾重元寅虎股權投資合夥企業(有限合夥)) *(note iii)*	PRC	Investment holding company	—	—	(note iii)	—	—	(note iii)

* *English name is for identification purpose only.*

Notes:

i. The Group is able to exercise significant influence over Harbin Nuoxin because it has the power to appoint one of three directors of these entities under the article of association of Harbin Nuoxin.

ii. During the year ended December 31, 2024, pursuant to the share buy back agreement entered with the existing shareholders of Harbin Nuoxin, the Group disposed of its interests in Harbin Nuoxin to the existing shareholders of Harbin Nuoxin with carrying amount of RMB9,969,000 for cash consideration of RMB10,000,000, resulting a gain from disposal of associate amounted to RMB31,000. Out of the total consideration, RMB8,000,000 has been settled during the year ended December 31, 2024 and the remaining was settled during the year ended December 31, 2025.

iii. During the year ended December 31, 2025, the Group admitted as a limited partner and subscribed for 45.8716% of the total shares in Chongyuan Yinhu. As of December 31, 2025, the Group has paid RMB20 million for the units of Chongyuan Yinhu. Nonetheless, the Group is entitled to appoint two out of five members of the Chongyuan Yinhu's investment committee. These appointments enable the Group to participate in key investment decisions and provide strategic input. Accordingly, the Group is considered to have significant influence over Chongyuan Yinhu, and the investment is therefore accounted for as an associate using the equity method in the Group's consolidated financial statements.

22. DEFERRED TAXATION

The Group

For the purpose of presentation in the consolidated statements of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Deferred tax assets	12,204	28,995	32,249
Deferred tax liabilities	—	(1,216)	(885)
	12,204	27,779	31,364

The following are the major deferred tax balances recognized and movements thereon during the Track Record Period:

	As at January 1, 2023	**Credited (charged) to profit or loss**	**As at December 31, 2023**	**Credited (charged) to profit or loss**	**As at December 31, 2024**	**Credited (charged) to profit or loss**	**As at December 31, 2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Allowances on inventories	995	1,270	2,265	589	2,854	226	3,080
Warranty provisions	812	(20)	792	495	1,287	180	1,467
Allowances on credit losses	21	424	445	(406)	39	201	240
Contract liabilities	3,215	1,274	4,489	842	5,331	538	5,869
Share-based payments	—	—	—	358	358	(61)	297
Accrued expenses	892	(161)	731	745	1,476	(29)	1,447
Deferred income	4,630	(143)	4,487	(442)	4,045	165	4,210
Derivative financial liabilities	88	(88)	—	11	11	37	48
Lease liabilities	—	7,605	7,605	143	7,748	(1,032)	6,716
Unrealized profit	4,208	824	5,032	3,824	8,856	(1,043)	7,813
Deductible tax losses	1,237	1,315	2,552	18,770	21,322	666	21,988
Revaluation of financial assets at FVTPL	(1,987)	(5,905)	(7,892)	(7,785)	(15,677)	1,655	(14,022)
Right-of-use assets	—	(8,302)	(8,302)	471	(7,831)	1,572	(6,259)
Revaluation of intangible assets	—	—	—	(2,040)	(2,040)	510	(1,530)
Total	14,111	(1,907)	12,204	15,575	27,779	3,585	31,364

As at December 31, 2023, 2024 and 2025, the Group had unused tax losses of RMB44,912,000, RMB170,566,000 and RMB228,596,000 available to offset against future profit. A deferred tax asset has been recognized in respect of such losses amounting to RMB13,054,000, RMB122,351,000 and RMB132,002,000. No deferred tax asset has been recognized in respect of the remaining balance of RMB31,858,000, RMB48,215,000 and RMB96,594,000 due to the unpredictability of future profit streams.

The unrecognized tax losses will be carried forward and expire in years as follows:

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
2026	702	702	702
2027	200	200	200
2028	14,756	14,756	14,756
2029	16,200	24,222	24,222
2030 and subsequent years	—	8,335	56,714
	31,858	48,215	96,594

As at December 31, 2023, 2024 and 2025, the unrecognized deductible temporary differences are RMB17,596,000, RMB4,200,000 and RMB12,029,000, respectively.

The Company

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Deferred tax assets	6,253	8,692	12,921

The following are the major deferred tax balances recognized and movements thereon during the Track Record Period:

	As at January 1, 2023	**Credited (charged) to profit or loss**	**As at December 31, 2023**	**Credited (charged) to profit or loss**	**As at December 31, 2024**	**Credited (charged) to profit or loss**	**As at December 31, 2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Allowances on inventories	855	1,345	2,200	261	2,461	(5)	2,456
Warranty provisions	439	78	517	(12)	505	95	600
Allowances on credit losses	21	422	443	(405)	38	7	45
Contract liabilities	3,211	1,277	4,488	651	5,139	(35)	5,104
Share-based payments	—	4	4	354	358	(61)	297
Accrued expenses	636	29	665	668	1,333	(290)	1,043
Deferred income	4,631	(143)	4,488	(442)	4,046	164	4,210
Deductible tax losses	—	—	—	8,196	8,196	3,032	11,228
Derivative financial liabilities	—	—	—	11	11	37	48
Revaluation of financial assets at FVTPL	(1,303)	(5,249)	(6,552)	(6,843)	(13,395)	1,285	(12,110)
Total	8,490	(2,237)	6,253	2,439	8,692	4,229	12,921

23. OTHER LONG-TERM DEPOSITS AND PREPAYMENTS

Other long-term deposits mainly represent rental deposits paid for certain lease arrangements of office premises, deposits paid as guarantee for certain milestones of construction projects and e-commercial platform, and prepayments for acquisition of property, plant and equipment.

24. INVENTORIES

The Group

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	125,023	167,793	193,071
Work in progress	23,498	56,570	63,662
Finished goods	54,788	46,184	64,905
Goods in transit	1,378	—	—
	204,687	270,547	321,638

Inventories are stated at net of write-down of approximately RMB16,346,000, RMB17,673,000 and RMB18,787,000 for the years ended December 31, 2023, 2024 and 2025, respectively.

The Company

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	125,022	157,709	166,646
Work in progress	23,493	28,592	31,548
Finished goods	17,885	16,344	18,163
Goods in transit	1,376	—	—
	167,776	202,645	216,357

Inventories are stated at net of write-down of approximately RMB14,669,000, RMB16,408,000 and RMB16,372,000 for the years ended December 31, 2023, 2024 and 2025, respectively.

25. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

The Group

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	143,811	165,259	196,050
Less: allowance for credit losses	(2,971)	(267)	(1,775)
	140,840	164,992	194,275
Bills receivables	—	—	234
Consideration receivable from disposal of an associate	—	2,000	—
Security deposits	2,459	839	914
Rental deposits	503	488	432
Lease receivables	548	281	—
Deductible value added tax	32,404	10,162	9,810
Prepayments to suppliers	10,485	13,947	11,276
Prepaid expenses	—	1,855	1,812
Deferred issue cost	—	—	21,241
Others	85	203	344
	187,324	194,767	240,338

As at January 1, 2023, trade receivables amounted to RMB95,090,000 (net of allowances for credit losses of RMB141,000).

The Group allows a credit period ranging from 30 to 90 days to certain of its customers. An aged analysis of trade receivables (net of allowance for credit losses), based on invoice dates, is presented as follows:

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Not past due	70,479	92,271	123,020
Past due:			
30 days	9,654	35,181	22,202
31 to 60 days	38,650	19,689	27,037
61 to 90 days	15,999	7,363	6,290
91 to 120 days	4,067	3,180	5,989
121 to 360 days	1,991	7,308	9,737
	140,840	164,992	194,275

As at December 31, 2023, 2024 and 2025, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB70,361,000, RMB72,271,000 and RMB71,255,000 respectively, which are past due but not credit-impaired as the Group is satisfied with the credit quality of these buyers had not seen deteriorated. The Group does not hold any collateral over these balances.

As at December 31, 2025, the Group's bills receivables are with maturity period of less than 180 days.

Details of impairment assessment of trade and other receivables are set out in Note 43.

Trade and other receivables denominated in currencies other than the functional currency of the respective group entities are set out below:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
United States Dollar ("US$")	4,470	2,200	9,790
Euro ("EUR")	—	723	—

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables			
— Third parties	120,697	119,213	148,150
Less: allowance for credit losses	(2,950)	(252)	(298)
— Subsidiaries	91,314	148,059	188,436
	209,061	267,020	336,288
Bills receivables	—	—	44
Dividend receivables	20,000	—	—
Loan receivable from subsidiaries	93,054	83,626	—
Consideration receivable from disposal of an associate	—	2,000	—
Security deposits	96	203	125
Rental deposits	106	105	106
Lease receivables	548	281	—
Deductible value added tax	62	—	—
Prepayments to suppliers	8,030	7,425	7,743
Prepaid expenses	—	1,214	1,423
Deferred issue cost	—	—	21,241
Others	—	—	108
	330,957	361,874	367,078

26. CONTRACT COSTS

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Costs to fulfill contracts	—	1,321	5,090

Contract costs related to solutions services that remain in progress at the end of each Track Record Period are capitalized. These costs are subsequently recognized as part of cost of sales in the consolidated statement of profit or loss and other comprehensive income when the corresponding revenue from solution sales is recognized. For the year ended December 31, 2024 and 2025, RMB3,748,000 and RMB5,451,000 of capitalized contract costs were recognized in profit or loss, respectively. No impairment loss was recognized on these costs during the Track Record Period.

27. FINANCIAL ASSETS AT FVTPL

The Group

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Large-denominated bank deposits	1,764,433	1,781,179	1,445,179
Structured deposits	—	—	40,047
	1,764,433	1,781,179	1,485,226

During the years ended December 31, 2023, 2024 and 2025, the Group entered into agreements with banks for the purchase of large-denominated bank deposits and structured deposits.

Large-denominated bank deposits are classified as financial assets at FVTPL as they are held with the objectives of selling. These deposits bore interest at rates ranging from 2.90%–3.50%, 2.20%–3.45% and 1.40%–3.30% for the years ended December 31, 2023, 2024 and 2025, respectively.

The returns of the structured deposits are linked to the performance of underlying instruments in the currency market, bond market and gold market. The weighted average return rate of the structured deposits is 2.00% per annum for the year ended December 31, 2025.

Details of the fair value measurement of the financial assets at FVTPL are set out in Note 43.

The Company

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Large-denominated bank deposits	1,488,677	1,529,295	1,245,533
Structured deposits	—	—	40,047
	1,488,677	1,529,295	1,285,580

28. BANK BALANCES AND CASH/PLEDGED BANK DEPOSITS/TIME DEPOSITS

The Group

Bank balances and cash of the Group include short-term bank deposits with original maturity of three months or less are held for the purpose of meeting the Group's short-term cash commitments. These deposits bore interest at market rates ranging from nil to 2.899%, nil to 1.95% and nil to 1.95% per annum as at December 31, 2023, 2024 and 2025, respectively.

As at December 31, 2025, the Group had time deposits amounted to RMB14,215,000, which carried a fixed rate of 3.25% per annum, with original maturity of one year.

Details regarding the assessment of the expected credit loss of the cash and cash equivalents, pledged bank deposits and time deposits of the Group and the Company as at December 31, 2023, 2024 and 2025 are set out in Note 43.

Information on bank balances and cash, pledged bank deposits and time deposits that are denominated in currencies other than the functional currency of the respective group entities are set out below:

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Bank balances and cash			
US$	28,434	36,687	22,951
EUR	15,659	5,634	10,646

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Pledged bank deposits			
US$	—	7,188	7,029

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Time deposits			
US$	—	—	14,215

The Company

Bank balances and cash of the Company include short-term bank deposits with original maturity of three month or less held for the purpose of meeting the Company's short-term cash commitments. These deposits bore interest at market rates range from 0.0001% to 2.899%, 0.0001% to 1.95% and 0.0001% to 1.95% per annum as at December 31, 2023, 2024 and 2025, respectively.

29. TRADE AND OTHER PAYABLES

The Group

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Trade payable	58,029	104,632	108,780
Repurchase obligations under share-based payment arrangement	9,759	13,182	17,390
Salary and bonus payable	32,334	44,315	60,998
Payable for purchase of property, plant and equipment	89,555	13,864	4,392
Refundable rental deposit	1,246	1,219	979
Refundable guarantee deposit	132	703	447
Other taxes payable	5,071	11,783	18,248
Government grants *(note)*	20,500	180	4,680
Accrued issue costs	—	—	4,227
Other payables	6,753	13,833	15,026
	223,379	203,711	235,167
Analyzed for reporting purpose as:			
Current liabilities	222,350	203,185	234,362
Non-current liabilities	1,029	526	805
	223,379	203,711	235,167

Note: These government grants are subject to refund until all the conditions attached have been fulfilled.

The average credit period on purchases of materials and services of the Group ranging from 30 to 60 days. The following is an aged analysis of the trade payables presented based on the invoice date:

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
1–30 days	22,597	43,253	64,115
31 days to 1 year	35,432	61,379	44,665
	58,029	104,632	108,780

Trade and other payables denominated in currencies other than the functional currency of the respective group entities are set out below:

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
US$	13,802	30,701	19,793
Japanese Yen ("JPY")	543	485	470
EUR	19,043	1,370	200

The Company

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Trade payables			
— Third parties	57,434	101,532	103,655
— Subsidiaries	1,785	23,977	47,505
	59,219	125,509	151,160
Other payables			
— Third parties	4,730	9,514	9,524
— Subsidiaries	221	224	876
	4,951	9,738	10,400
Salary and bonus payable	21,763	21,971	28,442
Repurchase obligations under share-based payment arrangement	9,759	13,182	17,390
Payable for purchase of property, plant and equipment	38,649	12,904	3,731
Refundable rental deposit	1,216	1,189	950
Refundable guarantee deposit	131	267	4
Government grants	20,500	180	4,680
Accrued issue cost	—	—	4,227
Other taxes payable	1,080	6,961	11,590
	157,268	191,901	232,574
Analyzed for reporting purpose as:			
Current liabilities	156,239	191,375	231,769
Non-current liabilities	1,029	526	805
	157,268	191,901	232,574

30. BORROWINGS

The Group and the Company

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Bank borrowings			
— Guaranteed	—	8,562	—
— Unsecured and unguaranteed	68,735	352,556	62,641
	68,735	361,118	62,641
Analysed as:			
— Fixed interest rate	28,704	311,098	—
— Variable interest rate	40,031	50,020	62,641
	68,735	361,118	62,641

The ranges of effective interest rates on the Group's fixed and variable-rate borrowings are as follows:

	As at December 31,		
	2023	**2024**	**2025**
Effective interest rate:			
— Fixed-rate borrowings	2.55%–2.60%	2.20%–2.60%	—
— Variable-rate borrowings	2.50%	2.40%	2.11%–2.35%

Borrowings denominated in currencies other than the functional currency of the respective group entities are set out below:

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
US$	—	8,467	—

31. LEASE LIABILITIES

The Group

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Lease liabilities payable			
Within one year	5,051	7,524	10,146
Within a period of more than one year but not exceeding two years	6,128	8,925	3,604
Within a period of more than two years but not exceeding five years	9,994	7,212	8,081
Within a period of more than five years	10,073	7,862	5,400
	31,246	31,523	27,231
Less: Amount due for settlement within one year shown as current liabilities	(5,051)	(7,524)	(10,146)
Amount due for settlement after one year shown as non-current liabilities	26,195	23,999	17,085

During the Track Record Period, the incremental borrowing rates applied to lease liabilities range from 2.01% to 5.48%, 2.01% to 5.48% and 2.01% to 5.48%.

32. WARRANTY PROVISIONS

The Group

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
As at beginning of the year	5,494	6,413	6,097
Additional provision during the year	1,286	1,326	2,146
Utilization of provision during the year	(367)	(1,642)	(1,202)
As at end of the year	6,413	6,097	7,041

The Company

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
As at beginning of the year	2,927	3,447	3,369
Additional provision during the year	874	728	1,594
Utilization of provision during the year	(354)	(806)	(965)
As at end of the year	3,447	3,369	3,998

The warranty provision represents management's best estimate of the Group's liability under 1-year to 3-year assurance-type warranty offered on electrical test and measurement instrument products. This estimate is based on prior experience and industry averages for defective products.

33. CONTRACT LIABILITIES

The Group

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Sales rebate provision	31,083	35,330	37,370
Advances from customers	859	14,437	19,253
	31,942	49,767	56,623

As at January 1, 2023, contract liabilities of the Group amounted to RMB29,224,000.

All contract liabilities outstanding at the end of each reporting period are expected to be recognized as revenue within the following year.

— Advances from customers

The Group usually receives 100% advance payments from certain customers prior to the delivery of goods and provision of maintenance services. These advance receipts are recorded as contract liabilities and are recognized as revenue when the control of the goods is transferred to the customers.

The Company

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Sales rebate provision	29,924	34,261	34,027
Advances from subsidiaries	3,223	—	—
Advances from customers	859	975	1,521
	34,006	35,236	35,548

34. DEFERRED INCOME

The Group

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Government grants related to assets or incomes	11,537	28,417	28,065

Movement of government grants related to assets or incomes:

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
At beginning of the year	15,389	11,537	28,417
Grants received	—	21,500	3,600
Credited to profit or loss *(Note 8)*	(3,852)	(4,620)	(3,952)
At end of the year	11,537	28,417	28,065

The asset-related grants are received from the government for the purpose of purchase of the Group's property, plant and equipment.

The Company

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Government grants related to assets or incomes	11,537	28,417	28,065

Movement of government grants related to assets or incomes:

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
At beginning of the year	14,189	11,537	28,417
Grants received	—	21,500	3,600
Credited to profit or loss	(2,652)	(4,620)	(3,952)
At end of the year	11,537	28,417	28,065

35. DERIVATIVE FINANCIAL LIABILITIES

The Group and the Company

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Derivatives not under hedge accounting			
Foreign currency forward contracts	—	72	316

During the Track Record Period, the Group entered into foreign currency forward contracts with banks to manage its currency risk. Under these contracts, the Group will pay to the bank a notional amount of US$, in return, receive from the bank an equivalent amount in RMB based on notional US$ amount and the relevant strike rate as specified in each contract. There is no outstanding balance as at December 31, 2023. The Group did not elect to adopt hedge accounting for these contracts. A gain of RMB767,000, a loss of RMB72,000 and RMB 200,000 from currency forward contracts was recognized as "fair value change of derivative financial liabilities" in other gains and losses for the years ended December 31, 2023, 2024 and 2025.

36. SHARE-BASED PAYMENT TRANSACTIONS

(a) 2020 Restricted Share Award Scheme

In January 2020, the Group adopted 2020 Restricted Share Award Scheme through Ruige Hezhong and Ruijin Hezhong, which hold shares in the Company. The scheme is primarily designed to attract, retain and motivate the employees of the Group and directors of the Company by granting them indirect ownership of the Company's shares through ownership of shares in Ruige Hezhong and Ruijin Hezhong.

The fair value of the restricted shares units awarded was determined based on the share prices of the Company's shares subscribed by the investors within 6 months of the grant date.

The restricted shares units granted under the 2020 Restricted Share Award Scheme shall be vested upon 24 months to 54 months from the date of grant and certain performance conditions are satisfied.

The Group has granted 4,950,000 units, 2,890,000 units and 260,000 units of restricted shares units in Batch 1, 2 and 3, on January 18, 2020, June 18, 2020 and December 24, 2020, with fair value at the date of grant of RMB3.95, RMB6.99 and RMB6.99, respectively.

The 2020 Restricted Share Award Scheme was valid and effective until May 2025.

Set out below the details of the movements of the outstanding restricted shares units granted under 2020 Restricted Share Award Scheme during the Track Record Period:

	Batch 1 — January 18, 2020	Batch 2 — June 18, 2020	Batch 3 — December 24, 2020	Total
Outstanding as at January 1, 2023	796,875	768,750	130,000	1,695,625
Vested	(274,710)	(216,250)	(105,625)	(596,585)
Forfeited	—	(140,000)	—	(140,000)
Outstanding as at December 31, 2023	522,165	412,500	24,375	959,040
Vested	(272,165)	(412,500)	(21,875)	(706,540)
Forfeited	(250,000)	—	—	(250,000)
Outstanding as at December 31, 2024	—	—	2,500	2,500
Vested	—	—	(2,500)	(2,500)
Outstanding as at December 31, 2025	—	—	—	—

The Group recognized total expenses of approximately RMB13,020,000, RMB1,418,000 and nil during the years ended December 31, 2023, 2024 and 2025, in relation to the restricted shares unit granted by the Group under 2020 Restricted Share Award Scheme.

(b) 2023 Restricted A Share Incentive Scheme

On May 15, 2023, the Group has adopted 2023 Restricted A Share Incentive Scheme for the primary purpose of retaining key talent and aligning the interests of the core employees, shareholders of the Company and the Company ("Selected Participants under 2023 Restricted A Share Incentive Scheme").

Restricted shares granted under 2023 Restricted A Share Incentive Scheme shall be vested in 33%, 33% and 34% upon 12 months, 24 months and 36 months from the date of grant, respectively ("Type 1 of 2023 Restricted A Shares"). The Selected Participants granted with Type 1 of 2023 Restricted A Shares shall pay RMB34.29 per share on the grant date.

The fair value of Type 1 of 2023 Restricted A Shares was determined based on the market value of the Company's shares at grant date.

Furthermore, under 2023 Restricted A Share Incentive Scheme, another type of restricted shares ("Type 2 of 2023 Restricted A Shares") was granted. These shares are subject to the following vesting and exercise schedules:

- 33% may be exercised between the first trading day following 12 months from the grant date and the last trading day of 24 months from the grant date.
- 33% may be exercised between the first trading day of 24 months and the last trading day of 36 months from the grant date.
- 34% may be exercised between the first trading day of 36 months and the last trading day of 48 months from the grant date.

The Selected Participants granted with Type 2 of 2023 Restricted A Shares are required to pay RMB44.72 per share at the time of exercise.

The estimated fair value of Type 2 of 2023 Restricted A Shares at date of grant was calculated using Black-Scholes Option Pricing Model and closing price before grant date at RMB58.20.

The major inputs into the model are as follows:

	Type 2 of 2023 Restricted A Shares
Fair value per restricted share (RMB)	22.88
Exercise price (RMB)	44.72
Expected volatility	44.69% to 44.83%
Expected life	12 months, 24 months and 36 months from the date of grant
Risk-free interest rate	2.42%–2.87%
Forfeiture rate	nil

The risk-free interest rate was based on market yield rate of China government bonds with the term corresponding to the contractual life of the Type 2 of Restricted A Shares. Expected volatility was determined by using the historical volatility of the comparable companies. Changes in variables and assumptions may result in changes in the fair values of the restricted share.

The variables and assumptions used in computing the fair value of the Type 2 of 2023 Restricted A Shares are based on the directors' best estimate. The value varies with different variables of certain subjective assumptions.

On July 23, 2024, a director resolution passed to cancel the 2023 Restricted A Share Incentive Scheme. The Group repurchased all the Type 1 of 2023 Restricted A Shares at RMB33.79 per restricted share. All the Type 2 of 2023 Restricted A Shares which have not yet been exercised on the date of cancellation were forfeited.

The Type 2 of 2023 Restricted A Shares outstanding as at December 31, 2024 and 2025 had a weighted average remaining contractual life of 2 years and 5 months, 1 year and 5 months, and 9 months, respectively.

Set out below the details of the movements of the outstanding restricted shares granted under 2023 Restricted A Share Incentive Scheme during the Track Record Period:

	Type 1 of 2023 Restricted A Shares	Type 2 of 2023 Restricted A Shares
Outstanding as at January 1, 2023	—	—
Granted	284,600	406,570
Outstanding as at December 31, 2023	284,600	406,570
Forfeited	(215,288)	(253,066)
Cancelled	(69,312)	(153,504)
Outstanding as at December 31, 2024 and 2025	—	—

The cancelled restricted shares under 2023 Restricted A Share Incentive Scheme were deemed to be accounted for as an acceleration of vesting, and the Group recognized immediately the amount that otherwise would have been recognized for services rendered over the remainder of the vesting period.

The Group recognized total expenses of approximately RMB844,000, RMB814,000 and nil during the years ended December 31, 2023, 2024 and 2025, in relation to the Type 1 of 2023 Restricted A Shares.

The Group recognized total expenses of approximately RMB1,110,000, RMB2,401,000 and nil during the years ended December 31, 2023, 2024 and 2025, in relation to the Type 2 of 2023 Restricted A Shares.

(c) 2024 Restricted A Share Incentive Scheme

On June 13, 2024, the Group adopted 2024 Restricted A Share Incentive Scheme with the primary purpose of retaining key talent and aligning the interests of the core employees and the Company. Under the scheme, a total of 131 employees, including 15 employees identified as business partners and 116 employees identified as corporation partners of the Group are granted with the 2024 Restricted A Share Incentive Scheme (the "Selected Participants under 2024 Restricted A Share Incentive Scheme").

The restricted shares awarded under 2024 Restricted A Share Incentive Scheme shall be vested in 50% and 50% upon 12 months and 24 months from the grant date, respectively, with performance requirements have been satisfied ("Type 1 of 2024 Restricted A Shares"). The Selected Participants granted with Type 1 of 2024 Restricted A Shares who are business partners and corporation partners shall pay RMB18.03 and RMB19.88 per share, respectively, on the grant date.

The fair value of the Type 1 of 2024 Restricted A Shares was determined based on the market value of the Company's shares at grant date.

Additionally, under 2024 Restricted A Share Incentive Scheme, another type of restricted shares ("Type 2 of 2024 Restricted A Shares") was granted. These shares are subject to the following vesting and exercise schedules:

- 50% may be exercised between the first trading day following 12 months from the grant date and the last trading day of 24 months from the grant date.

- 50% may be exercised between the first trading day of 24 months and the last trading day of 36 months from the grant date.

The Selected Participants granted with Type 2 of 2024 Restricted A Shares who are business partners and corporation partners are required to pay RMB21.73 and RMB23.59 per share, respectively, at the time of exercise.

The estimated fair value of the Type 2 of 2024 Restricted A Shares at date of grant was calculated using Black-Scholes Option Pricing Model and closing price of the grant date at RMB29.44.

The major inputs into the model are as follows:

	Type 2 of 2024 Restricted A Shares
Fair value per restricted share (RMB)	11.17 for business partners and 10.12 for corporation partners
Exercise price (RMB)	21.73 and 23.59
Expected volatility	40.59% to 44.15%
Expected life	12 months and 24 months from the date of grant
Risk-free interest rate	1.82% to 1.89%
Forfeiture rate	nil

The risk-free interest rate was based on market yield rate of China government bonds with the term corresponding to the contractual life of the Type 2 of Restricted A Shares. Expected volatility was determined by using the historical volatility of the comparable companies. Changes in variables and assumptions may result in changes in the fair values of the restricted share.

The variables and assumptions used in computing the fair value of the Type 2 of Restricted A Shares are based on the directors' best estimate. The value varies with different variables of certain subjective assumptions.

The Type 2 of 2024 Restricted A Shares outstanding as at December 31, 2024 and December 31, 2025 had a weighted average remaining contractual life of 11.5 months, and 2.8 months, respectively.

Set out below the details of the movements of the outstanding restricted shares granted under 2024 Restricted A Share Incentive Scheme during the Track Record Period:

	Type 1 of 2024 Restricted A Shares	**Type 2 of 2024 Restricted A Shares**
Outstanding as at January 1, 2024	—	—
Granted	704,081	1,092,188
Outstanding as at December 31,2024	704,081	1,092,188
Forfeited	(229,613)	(391,883)
Vested	(214,692)	—
Exercised	—	(417,786)
Outstanding as at December 31, 2025	259,776	282,519

The Group recognized total expenses of approximately nil, RMB2,493,000 and RMB1,247,000 during the years ended December 31, 2023, 2024 and 2025, in relation to the Type 1 of 2024 Restricted A Shares.

The Group recognized total expenses of approximately nil, RMB3,906,000 and RMB2,375,000 during the years ended December 31, 2023, 2024 and 2025, in relation to the Type 2 of 2024 Restricted A Shares.

(d) 2025 Restricted A Share Incentive Scheme

On September 10, 2025, the Group adopted 2025 Restricted A Share Incentive Scheme with the primary purpose of retaining key talent and aligning the interests of the core employees, and the Company. Under the scheme, a total of 94 employees, including 2 employees identified as business partners and 92 employees identified as corporation partners of the Group are granted with the 2025 Restricted A Share Incentive Scheme (the "**Selected Participants under 2025 Restricted A Share Incentive Scheme**").

The restricted shares awarded under 2025 Restricted A Share Incentive Scheme shall be vested in 50% and 50% upon 12 months and 24 months from the grant date, respectively, with performance requirements have been satisfied ("**Type 1 of 2025 Restricted A Shares**"). The Selected Participants granted with Type 1 of 2025 Restricted A Shares who are business partners and corporation partners shall pay RMB19.68 and RMB21.69 per share, respectively, on the grant date.

The fair value of the Type 1 of 2025 Restricted A Shares was determined based on the market value of the Company's shares at grant date.

Additionally, under 2025 Restricted A Share Incentive Scheme, another type of restricted shares ("**Type 2 of 2025 Restricted A Shares**") was granted. These shares are subject to the following vesting and exercise schedules:

- 50% may be exercised between the first trading day following 12 months from the grant date and the last trading day of 24 months from the grant date.
- 50% may be exercised between the first trading day of 24 months and the last trading day of 36 months from the grant date.

The Selected Participants granted with Type 2 of 2025 Restricted A Shares who are business partners and corporation partners are required to pay RMB23.70 and RMB25.71 per share, respectively, at the time of exercise.

The estimated fair value of the Type 2 of 2025 Restricted A Shares at date of grant was calculated using Black-Scholes Option Pricing Model and closing price of the grant date at RMB35.33.

The major inputs into the model are as follows:

	Type 2 of 2025 Restricted A Shares
Fair value per restricted share (RMB)	15.31 for business partners and 14.15 for corporation partners
Exercise price (RMB)	23.70 and 25.71
Expected volatility	47.38% to 49.49%
Expected life	12 months and 24 months from the date of grant
Risk-free interest rate	1.41% to 1.46%
Forfeiture rate	15.98%

The risk-free interest rate was based on market yield rate of China government bonds with the term corresponding to the contractual life of the Type 2 of Restricted A Shares. Expected volatility was determined by using the historical volatility of the group. Changes in variables and assumptions may result in changes in the fair values of the restricted share.

The variables and assumptions used in computing the fair value of the Type 2 of Restricted A Shares are based on the directors' best estimate. The value varies with different variables of certain subjective assumptions.

The Type 2 of 2025 Restricted A Shares outstanding as at December 31, 2025 had a weighted average remaining contractual life of 1 year and 2 months.

Set out below the details of the movements of the outstanding restricted shares granted under 2025 Restricted A Share Incentive Scheme during the Track Record Period:

	Type 1 of 2025 Restricted A Shares	Type 2 of 2025 Restricted A Shares
Outstanding as at January 1, 2025	—	—
Granted	598,842	341,832
Outstanding as at December 31, 2025	598,842	341,832

The Group recognized total expenses of approximately RMB1,335,000 during the year ended December 31, 2025, in relation to the Type 1 of 2025 Restricted A Shares.

The Group recognized total expenses of approximately RMB748,000 during the years ended December 31, 2025, in relation to the Type 2 of 2025 Restricted A Shares.

37. ACQUISITION OF SUBSIDIARIES

On January 8, 2024, pursuant to a shareholders' resolution, the Company entered into a share purchase agreement with independent third parties unrelated to the Group to acquire 100% of the shares of Naishu Electronics Group for a total consideration of RMB372 million (Purchase Consideration of Naishu Electronics Group). Of this amount, the consideration for 32.2581% of the shares was settled in cash, while the remaining 67.7419% was equity-settled through the issuance of the Company's shares.

On February 7, 2024, the Company completed the acquisition of 32.2581% of the shares in Naishu Electronics Group. Additionally, by entering into a voting rights proxy agreement with Wu Qiongzhi, a former shareholder of Naishu Electronics Group, the Company obtained control over the entity with a voting right of 51.1412%. Subsequently, on August 30, 2024, after receiving approval from the China Securities Regulatory Commission for the issuance of shares for the asset acquisition, the Company issued 7,098,837 shares at a price of RMB35.49875 per share to the former shareholders of Naishu Electronics Group. Of the total proceeds of RMB252,000,000, RMB7,099,000 was credited to share capital, and RMB244,901,000 was credited to the capital reserve. This transaction resulted in the Company acquiring 100% ownership of Naishu Electronics Group.

The original shareholders of Naishu Electronics Group have provided a profit commitment to the Company. Under this commitment, Naishu Electronics Group must achieve a cumulative net profit attributable to the Company's equity holders, excluding non-recurring gains and losses, of no less than RMB87 million for the three years ending December 31, 2026. Additionally, during the profit commitment period, the annual net profit attributable to the Company's equity holders, also excluding non-recurring gains and losses, must not fall below RMB15 million for each year within the three years ending December 31, 2026.

If the original shareholders fail to achieve the profit commitment, the original shareholders of Naishu Electronics Group shall put back all the Company's shares received previously, and pay cash compensation as set out below:

1. If Naishu Electronics Group's actual cumulative net profit in the three years performance commitment period is less than RMB87,000,000, the cash compensation amount shall be calculated as:

   (RMB87million – (RMB15 million × Number of years in which actual net profit below RMB15 million) – Cumulative actual net profit)/RMB87million × Purchase Consideration of Naishu Electronics Group

2. If Naishu Electronics Group's actual net profit in any single year during the three years performance commitment period ending December 31, 2026 is less than RMB15 million, the cash compensation amount shall be calculated as:

   (RMB15 million – actual net profit for the year)/RMB15 million × Purchase Consideration of Naishu Electronics Group

The profit commitment for the years ended December 31, 2024 and 2025 have been fulfilled by the Naishu Electronics Group. The management of the Group expects the profit commitment can be met for the remaining period.

The acquisition has been accounted for as a business acquisition using the acquisition method. Related acquisition costs were immaterial and have been expensed as incurred under administrative expenses in the consolidated statement of profit or loss and other comprehensive income.

Consideration transferred

	RMB'000
Cash	120,000
Ordinary share issued	252,000
Total	372,000

Assets acquired and liabilities recognized at the date of acquisition

	RMB'000
Property, plant and equipment	167
Right-of-use assets	5,046
Intangible assets	16,720
Inventories	3,666
Deferred tax assets	547
Contract costs	5,645
Trade and other receivables and prepayments	3,256
Bank balances and cash	35,332
Trade and other payable	(5,757)
Lease liabilities	(5,579)
Contract liabilities	(6,773)
Deferred tax liabilities	(2,508)
	49,762

The fair value of trade and other receivables and prepayments at the date of acquisition amounted to RMB3,256,000, which is equivalent to its gross contractual amounts. None of the contractual cash flows are not expected to be collected at acquisition date. A deferred tax liabilities arising from revaluation of intangible assets amounting to RMB2,508,000 has been recognized as at the date of acquisition.

Goodwill arising on acquisition

	RMB'000
Consideration transferred	372,000
Less: recognized amounts of net assets acquired	(49,762)
Goodwill arising on acquisition	322,238

Goodwill arose on the acquisition of Naishu Electronics Group primarily due to the inclusion of a control premium in the purchase price. The consideration also reflected expected benefit such as revenue growth, future market opportunities and the assembled value of Naishu Electronics Group's assembled workforce. These benefits were not recognized separately from goodwill because they do not meet the recognition as separate identifiable intangible assets.

None of the goodwill arising on the acquisitions is expected to be deductible for tax purposes.

Net cash outflow arising on acquisition

	RMB'000
Cash consideration paid	120,000
Less: bank balances and cash acquired	(35,332)
	84,668

Impact of acquisition on the results of the Group

Included in the profit for the year ended December 31, 2024 is RMB46,498,000, attributable to the additional business generated by Naishu Electronics Group. Revenue for the year ended December 31, 2024 includes RMB66,474,000 generated from Naishu Electronics Group.

Had the acquisition been completed on January 1, 2024, revenue for the year of the Group would have been RMB775,826,000, and profit for the year of the Group would have been RMB92,530,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on January 1, 2024, nor is it intended to be a projection of future results.

In determining the 'pro-forma' revenue and profit of the Group had Naishu Electronics Group been acquired at the beginning of the year ended December 31, 2024, the directors of the Company have calculated depreciation of property, plant and equipment based on the recognized amounts of property plant and equipment at the date of acquisition, and amortization of intangible assets based on the fair values arising from the initial accounting for the business combination rather than the carrying amounts recognized in the pre-acquisition financial statements, respectively.

Pre-acquisition financial information

The pre-acquisition financial information of Naishu Electronics Group is for the period from January 1, 2023 to February 7, 2024 (the "Pre-acquisition Period"), has been prepared in accordance with the accounting policies set out in Note 4 above, which conform with IFRS Accounting Standards as issued by IASB.

Statement of Profit or Loss and Other Comprehensive Income

	Notes	Year ended December 31, 2023 RMB'000	Period ended February 7, 2024 RMB'000
Revenue	(i)	49,280	—
Cost of sales		(16,322)	—
Gross profit		32,958	—
Other income		1,413	935
Other gains and losses		31	90
Impairment losses, net of reversal		(3)	—
Selling and marketing expenses		(647)	—
Administrative expenses		(3,199)	(303)
Research and development expenses		(10,349)	(443)
Finance costs		(258)	(53)
Profit before tax	(ii)	19,946	226
Income tax expense	(iii)	(145)	—
Profit and total comprehensive income for the year/period		19,801	226

Statement of Financial Position

	Notes	As at December 31, 2023 RMB'000	As at February 7, 2024 RMB'000
Non-current assets			
Property, plant and equipment		171	167
Right-of-use assets	(iv)	5,130	5,046
Deferred tax assets		549	547
		5,850	5,760
Current assets			
Inventories	(v)	3,657	3,666
Trade and other receivables and prepayments	(vi)	2,778	3,256
Contract costs	(vii)	5,371	5,645
Financial assets at FVTPL		—	—
Bank balances and cash		36,379	35,332
		48,185	47,899

	Notes	As at December 31, 2023 RMB'000	As at February 7, 2024 RMB'000
Current liabilities			
Trade and other payables	(viii)	6,434	5,757
Lease liabilities	(ix)	1,144	1,362
Contract liabilities	(x)	7,173	6,773
		14,751	13,892
Net current assets		33,434	34,007
Total assets less current liabilities		39,284	39,767
Non-current liability			
Lease liabilities	(ix)	3,960	4,217
		3,960	4,217
Net assets		35,324	35,550
Capital and reserves			
Share capital		10,000	10,000
Reserves		25,324	25,550
		35,324	35,550

Statement of Changes in Equity

	Share capital RMB'000	Retained earnings RMB'000	Statutory reserve RMB'000	Total equity RMB'000
As at January 1, 2023	8,000	5,103	420	13,523
Issue of shares	2,000	—	—	2,000
Total comprehensive income for the year	—	19,801	—	19,801
Transfer to statutory reserve	—	(546)	546	—
As at December 31, 2023	10,000	24,358	966	35,324
Total comprehensive income for the period	—	226	—	226
As at February 7, 2024	10,000	24,584	966	35,550

Statement of Cash Flows

	Year ended December 31, 2023 *RMB'000*	Period ended February 7, 2024 *RMB'000*
OPERATING ACTIVITIES		
Profit before tax	19,946	226
Adjustments for:		
Depreciation of property, plant and equipment	29	5
Depreciation of right-of-use assets	1,368	125
Impairment losses, net of reversal	3	—
Gain on changes in fair value of financial assets at FVTPL	(31)	—
Finance costs	258	53
Operating cash flows before movements in working capital	21,573	409
Increase in inventories	(1,175)	(9)
Decrease (increase) in trade and other receivables and prepayments	8,768	(477)
Decrease (increase) in contract costs	2,124	(274)
Increase (decrease) in trade and other payables	5,281	(296)
Decrease in contract liabilities	(13,715)	(400)
Cash generated from operation	22,856	(1,047)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	22,856	(1,047)
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(92)	—
Placement of financial assets at FVTPL	(9,969)	—
Withdrawal of financial assets at FVTPL	12,000	—
NET CASH FROM INVESTING ACTIVITIES	1,939	—
FINANCING ACTIVITIES		
Capital injection by shareholders	2,000	—
Payments of lease liabilities	(1,543)	—
NET CASH FROM FINANCING ACTIVITIES	457	—
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	25,252	(1,047)
Cash and cash equivalents at the beginning of year/period	11,127	36,379
Cash and cash equivalents at the end of the year/period	36,379	35,332

(i) Revenue and segment information

	Year ended December 31, 2023	Period ended February 7, 2024
	RMB'000	*RMB'000*
Timing of revenue recognition		
A point in time		
— Solutions	49,280	—

All revenue from external customers was derived from Chinese mainland.

An analysis of the revenue from external customers, analyzed by their respective channel of operation, is detailed below:

	Year ended December 31, 2023	Period ended February 7, 2024
	RMB'000	*RMB'000*
Sales by distributors	1,408	—
Direct sales by the Group	47,872	—
	49,280	—

(ii) Profit before tax

Profit before tax has been arrived at after charging:

	Year ended December 31, 2023	Period ended February 7, 2024
	RMB'000	*RMB'000*
Depreciation for property, plant and equipment	29	5
Depreciation of right-of-use assets	1,368	125
Total depreciation and amortization	1,397	130
Staff costs (including directors' emoluments):		
Salaries, allowances and other benefits	9,551	1,321
Retirement benefit scheme contributions	559	160
Total staff costs (including directors)	10,110	1,481

(iii) Income tax expense

	Year ended December 31, 2023 *RMB'000*	Period ended February 7, 2024 *RMB'000*
Deferred tax		
— Current year	(145)	—

Income tax expense was calculated based on the tax rate at 15% as Naishu Electronics is accredited as "High and New Technology Enterprise" and therefore entitled to a preferential EIT rate.

Income tax expense for the Pre-acquisition Period can be reconciled to profit before tax per the statements of profit or loss and other comprehensive income as follows:

	Year ended December 31, 2023 *RMB'000*	Period ended February 7, 2024 *RMB'000*
Profit before tax	19,946	226
Tax at the applicable PRC tax rate of 25%	4,987	57
Tax at concessionary rate	(1,995)	(23)
Tax effect of expenses not deductible for tax purposes	13	—
Effect of super deduction in research and development expenses	(1,425)	—
Tax effect of unused tax losses not recognized as deferred tax assets	(240)	—
Effect of tax exemptions	(1,195)	(34)
	145	—

(iv) Right-of-use assets

	Leased properties *RMB'000*
As at January 1, 2023	
Carrying Amount	6,498
As at December 31, 2023	
Carrying Amount	5,130
As at February 7, 2024	
Carrying Amount	5,046
For the year ended December 31, 2023	
Depreciation charge	1,368
For the period ended February 7, 2024	
Depreciation charge	125

	As at December 31, 2023 *RMB'000*	As at February 7, 2024 *RMB'000*
Expenses relating to short-term leases	—	—
Total cash outflow for leases	1,801	—
Addition to right-of-use assets	—	—

(v) Inventories

	As at December 31, 2023 *RMB'000*	As at February 7, 2024 *RMB'000*
Raw materials	2,764	2,773
Finished goods	893	893
	3,657	3,666

(vi) Trade and other receivables and prepayments

	As at December 31, 2023 *RMB'000*	As at February 7, 2024 *RMB'000*
Trade receivables from contracts with customers	1,889	1,524
Less: allowance for expected credit losses	(4)	(4)
	1,885	1,520
Loan receivables	—	—
Rental deposits	132	132
Prepayments to suppliers	252	640
Deductible value added tax	500	964
Others	9	—
	2,778	3,256

(vii) Contract costs

	As at December 31, 2023 *RMB'000*	As at February 7, 2024 *RMB'000*
Costs to fulfill contracts	5,371	5,645

(viii) Trade and other payables

	As at December 31, 2023	As at February 7, 2024
	RMB'000	*RMB'000*
Trade payables	1,296	1,269
Salary and bonus payables	2,954	2,969
Other taxes payable	767	—
Other payables	1,417	1,519
	6,434	5,757

(ix) Lease liabilities

	As at December 31, 2023	As at February 7, 2024
	RMB'000	*RMB'000*
Lease liabilities payable		
Within one year	1,144	1,362
Within a period of more than one year but not exceeding two years	1,563	1,564
Within a period of more than two years but not exceeding five years	2,397	2,653
	5,104	5,579
Less: Amount due for settlement within one year shown as current liabilities	(1,144)	(1,362)
Amount due for settlement after one year shown as non-current liabilities	3,960	4,217

(x) Contract liabilities

	As at December 31, 2023	As at February 7, 2024
	RMB'000	*RMB'000*
Advances from customers	7,173	6,773

38. OPERATING LEASING ARRANGEMENTS

The Group as lessor

All of the properties held by the Group for rental purposes have committed lessees for the next 1 to 5 years respectively. For those lease contracts with extension options, all of them contain market review clauses in the event that the lessee exercises its option to extend. The lessee does not have an option to purchase the property or machineries at the expiry of the lease period.

The unguaranteed residual values do not represent a significant risk for the group, as they relate to property which is located in a location with a constant increase in value over the last few years. The group did not identify any indications that this situation will change.

Undiscounted lease payments receivable on leases are as follows:

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within one year	6,700	5,749	4,972
In the second year	4,352	2,171	3,001
In the third year	874	667	1,426
In the fourth year	—	195	—
	11,926	8,782	9,399

39. SHARE CAPITAL

Issued and fully paid:

	Par value	**Numbers of shares**	**Share capital**
	RMB	*'000*	*RMB'000*
As at January 1, 2023	1	121,309	121,309
Share issued upon placement *(note i)*	1	5,301	5,301
Distribution of Share Bonus *(note ii)*	1	58,229	58,229
Issue of new shares *(note iii)*	1	285	285
As at December 31, 2023	1	185,124	185,124
Share issued upon placement *(note iv)*	1	2,166	2,166
Shares issued for acquisition of Naishu Electronics Group *(Note 37)*	1	7,099	7,099
Cancellation of shares *(note v)*	1	(285)	(285)
As at December 31, 2024	1	194,104	194,104
Cancellation of shares *(note vi)*	1	(230)	(230)
As at December 31, 2025	1	193,874	193,874

Notes:

(i) On September 6, 2023, the Company entered into placing agreements with places who are independent third parties to the Company to subscribe for 5,300,676 placing shares at the placing price of RMB54.71 per placing shares (the "Placing"). The gross proceeds from the Placing amounted to approximately RMB290,000,000 and the related directly attributable expenses were approximately RMB3,206,000, resulting an increase of approximately RMB5,301,000 and RMB281,493,000 in share capital and share premium, respectively.

(ii) On May 12, 2023, each of the then existing shares held by the shareholders as at January 1, 2023 of the Company was awarded a bonus share of 0.48 share ("Share Bonus"), resulting an increase of share capital and reduction in share premium amounting to RMB58,229,000 for issuance of 58,228,586 units of new ordinary shares.

(iii) On June 20, 2023, the Company issued and allotted 285,000 new ordinary shares at consideration of RMB34.29 per share to the Selected Participants under the 2023 Restricted Share Award Scheme and Share Option Scheme. Details of the 2023 Restricted Share Award Scheme and Share Option Scheme are set out in Note 36.

(iv) On October 14, 2024, the Company entered into placing agreements with places who are independent third parties to the Company to subscribe for 2,166,377 placing shares at the placing price of RMB23.08 per placing shares (the "Placing"). The gross proceeds from the Placing amounted to approximately RMB50,000,000 and the related directly attributable expenses were approximately RMB5,717,000, resulting an increase of approximately RMB2,166,000 and RMB42,117,000 in share capital and share premium, respectively.

(v) On July 23, 2024, the Company cancelled the 2023 Restricted A Share Incentive Scheme and Share Option Scheme.

(vi) On November 25, 2025, the Company repurchased and cancelled a total of 230,000 the Type 1 of 2024 Restricted A Shares.

40. RESERVES MOVEMENT OF THE COMPANY

	Treasury stock *RMB'000*	Share premium *RMB'000*	Equity-settled share-based compensation reserve *RMB'000*	Statutory reserve *RMB'000*	Retained earnings *RMB'000*	Total *RMB'000*
As at January 1, 2023	—	2,210,031	42,285	16,085	94,951	2,363,352
Profit for the year/Total comprehensive income for the year	—	—	—	—	125,382	125,382
Share issued upon placement	—	281,493	—	—	—	281,493
Distribution of Share Bonus	—	(58,229)	—	—	—	(58,229)
Dividends recognized as distribution *(Note 14)*	—	—	—	—	(84,917)	(84,917)
Recognition of equity-settled share-based compensation	—	—	9,231	—	—	9,231
Grant of restricted shares *(Note 36)*	(9,759)	9,474	—	—	—	(285)
Vest of restricted shares unit	—	39,403	(39,403)	—	—	—
Transfer to statutory reserve	—	—	—	12,538	(12,538)	—
As at December 31, 2023	(9,759)	2,482,172	12,113	28,623	122,878	2,636,027
Profit for the year/Total comprehensive income for the year	—	—	—	—	88,497	88,497
Share issued upon placement	—	42,117	—	—	—	42,117
Shares issued for acquisition of Naishu Electronics Group	—	244,901	—	—	—	244,901
Dividends recognized as distribution	—	—	—	—	(92,562)	(92,562)
Recognition of equity-settled share-based compensation	—	—	4,485	—	—	4,485
Vest of restricted shares unit	—	5,935	(5,935)	—	—	—
Repurchase of shares	(30,022)	—	—	—	—	(30,022)
Cancellation of restricted shares	9,759	(9,474)	—	—	142	427
Transfer to statutory reserve	—	—	—	8,850	(8,850)	—
As at December 31, 2024	(30,022)	2,765,651	10,663	37,473	110,105	2,893,870
Profit for the year/Total comprehensive income for the year	—	—	—	—	73,258	73,258
Dividends recognized as distribution	—	—	—	—	(77,501)	(77,501)
Recognition of equity-settled share-based compensation	—	—	5,629	—	—	5,629
Exercise of share options	16,198	(2,560)	(4,498)	—	—	9,140
Repurchase of shares	(40,024)	—	—	—	—	(40,024)
Vest of restricted shares unit	6,432	(111)	(2,317)	—	—	4,004
Cancellation of restricted shares	6,878	(6,648)	—	—	92	322
Transfer to statutory reserve	—	—	—	7,326	(7,326)	—
As at December 31, 2025	(40,538)	2,756,332	9,477	44,799	98,628	2,868,698

41. CAPITAL COMMITMENTS

The Group had capital commitments primarily related to purchases of property, plant and equipment under non-cancellable contracts as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Contracted but not provided for			
— Property, plant and equipment	7,118	83	765
— Investment in an associate	—	—	18,000
	7,118	83	18,765

42. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance.

The Group's capital structure comprises net debt, which includes lease liabilities and borrowings as disclosed in Notes 31 and 30, net of cash and cash equivalents and equity of the Group, which includes share capital and reserves.

The directors of the Company review the capital structure on a continuous basis taking into account the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, issue of new shares and share buy-backs as well as bank borrowings, if necessary.

43. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Financial assets			
Financial assets at amortized cost	417,036	591,742	552,106
Financial assets at FVTPL	1,764,433	1,781,179	1,485,226
Financial liabilities			
Financial liabilities at amortized cost	253,860	508,404	218,303
Derivative financial liabilities	—	72	316

Financial risk management objectives and policies

The Group's major financial assets and liabilities include trade and other receivables, financial assets at FVTPL, other long-term deposits, derivative financial liabilities, pledged bank deposits, bank balances and cash, time deposits, trade and other payables and borrowings. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial

instruments and the policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

The Group's activities expose it primarily to currency risk. There had been no change in the Group's exposure to this risk or the manner in which it managed and measured the risk during the Track Record Period.

Currency risk

Certain group entities have foreign currency transactions, including sales, which expose the Group to foreign currency risk. Certain of the Group's bank balances and cash, pledged bank deposits, time deposits, trade and other receivables, trade and other payables and borrowings are denominated in currencies other than the functional currency of the relevant group entities and expose to such foreign currency risk. The carrying amounts of relevant group entities' foreign currency denominated monetary assets and liabilities other than their functional currency are disclosed in the respective notes.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the end of the reporting period are as follows:

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Assets			
US$	31,971	44,983	53,985
EUR	15,659	5,634	10,646
Liabilities			
US$	13,802	30,701	19,793
EUR	19,043	1,370	200
JPY	543	485	470

Sensitivity analysis

The following table details the Group's sensitivity to a 5% increase and decrease in RMB against US$ and EUR, the foreign currencies with which the Group may have a material exposure. No sensitivity analysis has been disclosed for the JPY and GBP denominated assets/liabilities as the impact on profit is immaterial. 5% represents management's assessment of the reasonably possible change in foreign exchange rate. The sensitivity analysis uses outstanding foreign currency denominated monetary items as a base and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rate. A negative number below indicates a decrease in post-tax profit where RMB weakens 5% against the relevant currency. For a 5% strengthening of RMB against the relevant currency, there would be an equal and opposite impact a post-tax profit and the amounts below would be positive.

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Impact on profit or loss sensitivity:			
US$	908	714	1,710
EUR	(169)	213	522

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to pledged bank deposits, bank balances, time deposits, lease liabilities and fixed-rate borrowings (see Notes 28, 30 and 31 for details). The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances and variable-rate borrowings (see Notes 28 and 30 for details). The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of interest rate on bank balances and LPR arising from the Group's bank borrowings. The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. The management will review the proportion of borrowings in fixed and floating rates and ensure they are within reasonable range.

The Group currently does not have any interest rate hedging policy. The management of the Group monitors the Group's exposure on an on-going basis and will consider hedging interest rate risk should the need arises.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for its floating-rate bank balances. The analysis is prepared assuming the floating rate bank balances outstanding at the end of the reporting period were outstanding for the whole year. 100 basis points increase or decrease are used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's post-tax profit would have increased/decreased approximately by RMB675,000, RMB1,994,000 and RMB1,167,000 for the years ended December 31, 2023, 2024 and 2025. This is mainly attributable to the Group's exposure to interest rates on its floating-rate bank balances.

The sensitivity analyses below have been determined based on the exposure to interest rates for its floating-rate borrowings. The analysis is prepared assuming the floating rate borrowings outstanding at the end of the reporting period were outstanding for the whole year. 100 basis points increase or decrease are used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's post-tax profit would have decreased/increased approximately by RMB332,000, RMB8,000 and RMB626,000 for the years ended December 31, 2023, 2024 and 2025. This is mainly attributable to the Group's exposure to interest rates on its floating-rate borrowings.

* *Amount below RMB1,000*

Credit risk and impairment assessment

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Group. At the end of each reporting period, the Group's maximum exposure to credit risk, which cause a financial loss to the Group due to failure to discharge an obligation by the counterparties, is arising from the carrying amount of the respective recognized financial assets, as disclosed in the consolidated statements of the financial position.

In order to minimize credit risk, the Group continuously monitors its exposure to counterparties and reviews their historical repayment records for its major customers and other debtors at the end of the reporting period to ensure that adequate impairment losses, if any, are made for irrecoverable amount.

The table below details the credit risk exposures of the Group's financial assets which are subject to ECL assessment:

The Group

			Gross carrying amount		
	Internal Credit rating	**12-month or lifetime ECL**	**2023**	**2024**	**2025**
			RMB'000	*RMB'000*	*RMB'000*
Financial assets at amortized cost					
Bank balances *(note i)*	Low risk	12-month ECL	271,004	412,370	330,566
Pledged bank deposits *(note i)*	Low risk	12-month ECL	—	7,847	7,689
Time deposits *(note i)*	Low risk	12-month ECL	—	—	14,215
Bills receivables *(note ii)*	Low risk	12-month ECL	—	—	234
Other receivables *(note iii)*	Low risk	12-month ECL	3,047	3,530	1,690
Other long-term deposits and prepayments	Low risk	12-month ECL	2,145	3,003	3,437
Trade receivables *(note iv)*	Not applicable	Lifetime ECL (collective assessment)	142,820	165,071	194,698
		Lifetime ECL (individual assessment)	991	188	1,352

Notes:

(i) The Group performed impairment assessment on bank balances, pledged bank deposits and time deposits concluded that the associated credit risk is limited, as the counterparties are reputable banks with high credit ratings.

(ii) For bills receivables issued by banks, the Group assessed impairment loss individually and concluded that the probability of defaults of the counterparty banks are insignificant. Accordingly, no allowance of credit losses is provided.

(iii) For other receivables, the directors of the Company consider that there has been no significant increase in credit risk since initial recognition. Accordingly, the Group provided impairment based on 12m ECL. For the years ended December 31, 2023, 2024 and 2025, the Group assessed the ECL for other receivables, which are insignificant and thus no loss allowance is recognized during Track Record Period.

(iv) Trade receivables are grouped based on the shared credit risk characteristics, in which the trade receivables are grouped into (i) Group A: trade receivables arising from direct sales to end customers, and (ii) Group B: remaining trade receivables arising from other than direct sales to end customers. The directors of the Company consider that the

Group A receivables carried low credit risk and therefore no loss allowance is recognized for this group. On other hand, trade receivables with credit impaired are assessed individually by the Group.

As part of the Group's credit risk management, the Group uses provision matrix to assess the impairment for its customers under Group B because these customers consist of a large number of customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk for trade receivables which are assessed on a collective basis by using provision matrix within lifetime ECL (not credit-impaired).

The estimated loss rates are estimated based on the shared credit risk characteristics, taking into consideration the Group's historical observed default rates and forward-looking information that is reasonable, supportable and available without undue cost or effort.

Gross carrying amount

	December 31, 2023		
	Average loss rate	**Gross amount of trade receivables**	**ECL amount**
	%	*RMB'000*	*RMB'000*
Group A: Current (not past due)	—	4,052	—
Group B: Current (not past due)	0.19	66,551	124
Group B: Past due 30 days	0.20	9,673	19
Group B: Past due 31 to 60 days	1.82	39,367	717
Group B: Past due 61 to 90 days	4.16	16,693	694
Group B: Past due 91 to 120 days	6.33	4,342	275
Group B: Past due 121 to 360 days	7.05	2,142	151
		142,820	1,980

	December 31, 2024		
	Average loss rate	**Gross amount of trade receivables**	**ECL amount**
	%	*RMB'000*	*RMB'000*
Group A: Current (not past due)	—	1,860	—
Group B: Current (not past due)	0.02	90,430	19
Group B: Past due 30 days	0.06	35,203	22
Group B: Past due 31 to 60 days	0.07	19,703	14
Group B: Past due 61 to 90 days	0.11	7,371	8
Group B: Past due 91 to 120 days	0.13	3,184	4
Group B: Past due 121 to 360 days	0.16	7,320	12
		165,071	79

	Average loss rate	December 31, 2025 Gross amount of trade receivables	ECL amount
	%	*RMB'000*	*RMB'000*
Group A: Current (not past due)	—	1,694	—
Group B: Current (not past due)	0.02	121,353	27
Group B: Past due 30 days	0.04	22,210	8
Group B: Past due 31 to 60 days	0.20	27,090	53
Group B: Past due 61 to 90 days	0.40	6,315	25
Group B: Past due 91 to 120 days	0.53	6,021	32
Group B: Past due 121 to 360 days	2.78	10,015	278
		194,698	423

As at December 31, 2023, 2024 and 2025, the Group provided impairment loss of RMB1,980,000, RMB79,000 and RMB423,000 for trade receivables based on collective assessment. The Group provided impairment allowances of RMB991,000, RMB188,000 and RMB1,352,000 on trade receivables with gross carrying amounts of RMB991,000, RMB188,000 and RMB1,352,000 was assessed individually for the Track Record Period.

The following table shows the movement in lifetime ECL that has been recognized for trade receivables.

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Beginning balance	141	2,971	267
Loss allowances recognized (reversed), net	2,870	(2,448)	1,515
Write-offs	(40)	(257)	(8)
Exchange alignment	—	1	1
Closing balance	2,971	267	1,775

For the purposes of impairment assessment, the Group considers its other financial assets (bank balances, pledged bank deposits, time deposits, other receivables, bill receivables and other long-term deposits and prepayment) to be of low credit risk. As such, the loss allowance is measured at an amount equal to 12-month ECL. The directors of the Company considered that the 12-month ECL allowance is insignificant at the end of each reporting period.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of bank balances and cash deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its financial liabilities and lease liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities according to the earliest date on which the Group is required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

The Group

	Range of interest rate	On demand or less than one year	One to five years	More than five years	Total undiscounted cash flows	Total carrying amounts
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
December 31, 2023						
Trade and other payables	N/A	184,096	1,029	—	185,125	185,125
Borrowings						
— Fixed interest rate	2.55–2.60	28,977	—	—	28,977	28,704
— Variable interest rate	2.50	40,192	—	—	40,192	40,031
Lease liabilities	2.01–5.48	6,392	19,692	10,109	36,193	31,246
		259,657	20,721	10,109	290,487	285,106

	Range of interest rate	On demand or less than one year	One to five years	More than five years	Total undiscounted cash flows	Total carrying amounts
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
December 31, 2024						
Trade and other payables	N/A	146,760	526	—	147,286	147,286
Derivative financial liabilities	N/A	72	—	—	72	72
Borrowings						
— Fixed interest rate	2.20–2.60	313,923	—	—	313,923	311,098
— Variable interest rate	2.40	51,217	—	—	51,217	50,020
Lease liabilities	2.01–5.48	8,539	18,111	8,403	35,053	31,523
		520,511	18,637	8,403	547,551	539,999

	Range of interest rate	On demand or less than one year	One to five years	More than five years	Total undiscounted cash flows	Total carrying amounts
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
December 31, 2025						
Trade and other payables	N/A	154,857	805	—	155,662	155,662
Derivative financial liabilities	N/A	316	—	—	316	316
Borrowings						
— Variable interest rate	2.11–2.35	63,047	—	—	63,047	62,641
Lease liabilities	2.01–5.48	11,089	13,356	5,653	30,098	27,231
		229,309	14,161	5,653	249,123	245,850

b. Fair value measurements of financial instruments

Some of the Group's financial instruments are measured at fair value for financial reporting purposes. In estimating the fair value, the Group uses market-observable data to the extent it is available.

(i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

Financial assets/liabilities	Fair value as at December 31, 2023	2024	2025	Fair value hierarchy	Valuation technique and key inputs
	RMB'000	*RMB'000*	*RMB'000*		
Financial assets at FVTPL:					
Large-denominated bank deposits	1,764,433	1,781,179	1,445,179	Level 2	Discounted cash flows method, estimated based on expected return
Structured deposits	—	—	40,047	Level 2	Discounted cash flows method, estimated based on expected return and market foreign exchange rate
Derivative financial liabilities	—	72	316	Level 2	Future cash flows are estimated based on forward exchange rates and contracted forward rates, discounted at a rate that reflects the credit risk of the banks

There were no transfers between Level 1 and 2 during the Track Record Period.

(ii) Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

The management of the Group considers the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the Historical Financial Information approximate their fair value.

The fair values of these financial assets and financial liabilities at amortized cost are determined in accordance with generally accepted pricing models based on discounted cash flow analysis with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

44. RETIREMENT BENEFIT PLANS

The employees of the Group are members of the state-managed retirement benefits schemes operated by government. The Group is required to contribute a certain percentage of payroll costs to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes is to make the specified contributions.

The total cost charged to profit or loss in respect of the above-mentioned schemes amounted to approximately RMB19,069,000, RMB32,926,000 and RMB37,759,000 for the years ended December 31, 2023, 2024 and 2025, respectively.

45. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cashflows will be, classified in the Group's consolidated statements of cash flows as cash flows from financing activities.

	Borrowings	Lease liabilities	Accrued issue cost	Dividend payable	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2023	1,000	2,604	—	—	3,604
Net financing cash flows	63,606	(5,162)	(1,320)	(84,917)	(27,793)
New leases entered	—	33,383	—	—	33,383
Interest expenses	4,129	421	—	—	4,550
Dividends declared	—	—	—	84,917	84,917
Deferred issue cost	—	—	1,320	—	1,320
As at December 31, 2023	68,735	31,246	—	—	99,981
Net financing cash flows	285,135	(7,533)	—	(92,562)	185,040
New leases entered	—	11,330	—	—	11,330
Lease termination	—	(10,645)	—	—	(10,645)
Dividends declared	—	—	—	92,562	92,562
Interest expenses	7,248	1,546	—	—	8,794
Acquisition of investment in subsidiaries	—	5,579	—	—	5,579
As at December 31, 2024	361,118	31,523	—	—	392,641
Net financing cash flows	(305,385)	(9,519)	(17,014)	(77,501)	(409,419)
New leases entered	—	3,390	—	—	3,390
Dividends declared	—	—	—	77,501	77,501
Interest expenses	6,908	1,837	—	—	8,745
Deferred issue cost	—	—	21,241	—	21,241
As at December 31, 2025	62,641	27,231	4,227	—	94,099

46. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the consolidated financial statements, the Group has the following transactions and balances with the related parties during the years ended December 31, 2023, 2024 and 2025.

(a) Names and relationships with related party

In addition to Harbin Nuoxin disclosed in Note 21, the Group had no other related parties with significant transactions and balances during the Track Record Period.

(b) Transactions and outstanding balances with related parties

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Sales of goods			
Harbin Nuoxin	1,603	36	—

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade and other receivables			
Harbin Nuoxin	446	—	—

(c) Compensation of key management personnel

The remuneration of the directors of the Company and key management of the Group during the years ended December 31, 2023, 2024 and 2025 were as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Director's fee	300	300	300
Salaries and other benefits	5,828	5,247	6,198
Retirement benefit scheme contributions	223	179	160
Share-based payments	1,737	217	—
	8,088	5,943	6,658

47. PARTICULARS OF SUBSIDIARIES AND INVESTMENT IN SUBSIDIARIES

During the Track Record Period and as at the date of this report, the Company has direct and indirect shareholding interests in the following subsidiaries:

					Equity interest attributable to the Company as at December 31,				
Name of subsidiaries	Place of incorporation	Establishment date	Registered capital	Paid-up capital	2023	2024	2025	the date of this report	Principal activities
Directly held:									
RIGOL Beijing Technology Co., Ltd.* (北京普源精電科技有限公司) ("RIGOL Beijing") *(note i) (note v)*	The PRC	December 27, 2000	RMB30,000,000	RMB30,000,000	100%	100%	100%	[100%]	Design, development, manufacture and/or measurement instruments, R&D activities.
RIGOL Technologies (Singapore) Pte. Ltd ("Singapore RIGOL") *(note iv)*	Singapore	April 15, 2020	US$10,000	US$10,000	100%	100%	100%	[100%]	Sales and marketing.
Shanghai RIGOL Enterprise Development Co., Ltd.* (上海普源精電企業發展有限公司) ("Shanghai RIGOL") *(note i) (note v)*	The PRC	November 2, 2020	RMB500,000,000	RMB481,794,000	100%	100%	100%	[100%]	Design, development, manufacture and/or measurement instruments, R&D activities.

Name of subsidiaries	Place of incorporation	Establishment date	Registered capital	Paid-up capital	Equity interest attributable to the Company as at December 31, 2023	2024	2025	the date of this report	Principal activities
Xi'an RIGOL Technology Co., Ltd.* (西安普源精電科技有限公司) ("Xi'an RIGOL") *(note ii) (note v)*	The PRC	April 24, 2023	RMB30,000,000	RMB30,000,000	100%	100%	100%	[100%]	Design, development, manufacture and/or measurement instruments, R&D activities.
RIGOL Beijing Naishu Electronics Co., Ltd.* (北京普源耐數電子有限公司) ("Naishu Electronics") *(note iii) (note v)*	The PRC	April 19, 2012	RMB50,000,000	RMB15,000,000	N/A	100%	100%	[100%]	Design, development, manufacture and/or measurement instruments, R&D activities.
Shenzhen RIGOL Technology Co., Ltd.* (深圳普源精電科技有限公司) ("Shenzhen RIGOL") *(note ii) (note v)*	The PRC	July 30, 2024	RMB10,000,000	RMB8,500,000	N/A	100%	100%	[100%]	Design, development, manufacture and/or measurement instruments, R&D activities.
RIGOL Training (Suzhou) Co., Ltd.* (普源培訓(蘇州)有限公司) ("RIGOL Training") *(note iv)*	The PRC	August 4, 2022	RMB5,000,000	—	100%	100%	100%	[100%]	Corporate training and development; consulting service.
Indirectly held:									
RIGOL Technologies EU GmbH ("German RIGOL") *(note iv)*	Germany	September 20, 2011	EUR25,000	EUR25,000	100%	100%	100%	[100%]	Sales and marketing of the Group's products.
RIGOL Technologies USA, Inc. ("U.S. RIGOL") *(note iv)*	The United States of America	August 3, 2009	HK$10,000	HK$10,000	100%	100%	100%	[100%]	Sales and marketing of the Group's products.
RIGOL Technologies Japan G.K. ("Japan RIGOL") *(note iv)*	Japan	January 21, 2015	JPY 30,000,000	JPY 30,000,000	100%	100%	100%	[100%]	Sales and marketing of the Group's products.
RIGOL Technologies HK Limited ("Hong Kong RIGOL") *(note iv)*	Hong Kong	July 30, 2015	HK$10,000	HK$10,000	100%	100%	100%	[100%]	Sales and marketing of the Group's products.
RIGOL South Korea Co., Ltd ("Korea RIGOL") *(note iv)*	South Korea	May 25, 2023	Korean Won ("KRW") 100,000,000	KRW100,000,000	100%	100%	100%	[100%]	Sales and marketing of the Group's products.
RIGOL Technologies (Malaysia) Sdn. Bhd. ("Malaysia RIGOL") *(note iv)*	Malaysia	June 15, 2023	US$11,796,413	US$11,796,413	100%	100%	100%	[100%]	Design, development, manufacture and/or remanufacture of test and/or measurement instruments, modules and parts; R&D activities.
Naishu Information *(note v)*	The PRC	April 20, 2020	RMB4,000,000	N/A	N/A	100%	100%	[100%]	Software development; sales and marketing; technology services.

Notes:

(i) The statutory financial statements of the entities for the years ended December 31, 2023 and 2024 prepared under China Accounting Standards for Business Enterprises ("CASBE") issued by the Ministry of Finance of the PRC were audited by Suzhou Wanlong Yongding Certified Public Accountants Co., Ltd.

(ii) No audited financial statements of these subsidiaries for the year ended December 31,2023. The statutory financial statements of the entities for the year ended December 31, 2024 prepared under CASBE were audited by Suzhou Wanlong Yongding Certified Public Accountants Co., Ltd.

(iii) The statutory financial statements of the entities for the year ended December 31, 2024 prepared under CASBE were audited by Beijing Shunyong Certified Public Accountants (General Partnership).

(iv) No audited financial statements of these subsidiaries for the years ended December 31, 2023, 2024 and 2025, if applicable, have been prepared as of the date of this report.

(v) The statutory financial statements of the entities for the year ended December 31, 2025 have not yet been due to be issued.

None of the subsidiaries had issued any debt securities at the end of the years ended December 31, 2023, 2024 and 2025.

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Investment in subsidiaries			
— Unlisted shares, at cost	616,799	1,048,799	1,069,041
— Deemed capital contributions to the subsidiary *(note)*	—	6,742	4,300
	616,799	1,055,541	1,073,341

Note: The amounts represent the equity-settled share-based compensation in respect of the restricted shares and share options granted by the Company to certain directors and employees of the subsidiaries for employees' services rendered to the respective subsidiaries under the Company's restricted share scheme as disclosed in Note 36. Since the subsidiaries has no obligation to settle the share-based payment transaction, the amounts are treated as deemed capital contribution by the Company to the subsidiaries and included in the Company's cost of investment in the subsidiaries.

48. SUBSEQUENT FINANCIAL STATEMENTS

[No audited financial statements of the Group, the Company or its subsidiaries have been prepared in respect of any period subsequent to December 31, 2025 and up to the date of this report.]

49. SUBSEQUENT EVENTS

[No significant subsequent events have occurred subsequent to December 31, 2025 and up to the date of this report.]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

TAXATION OF SECURITY HOLDERS

Income tax and capital gains tax of holders of H shares is subject to the laws and practices of the PRC and of jurisdictions in which holders of H shares are residents or otherwise subject to tax. The following summary of certain relevant taxation provisions is based on current laws and practices, and has not taken in to account the expected change or amendment to the relevant laws or policies and does not constitute any opinion or advice. The discussion does not deal with all possible tax implications relating to an investment in the H shares, nor does it take into account the specific circumstances of any particular investor, some of which may be subject to special regulation. Accordingly, you should consult your tax adviser regarding the tax implications of an investment in the H shares. The discussion is based upon laws and relevant interpretations in effect as of the Latest Practicable Date, all of which are subject to change or adjustment and may have retrospective effect.

This discussion does not address any aspects of PRC taxation other than income tax, capital gains tax and profits tax, value-added tax, stamp duty and estate duty. Potential investors should consult their financial advisers regarding the PRC, Hong Kong and other tax consequences of purchasing, owning and disposing of the H shares.

TAXATION IN MAINLAND CHINA

Tax on Dividends

Individual Investors

According to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法》) (hereafter referred to as the "IIT Law"), amended by the SCNPC on August 31, 2018 and effective on January 1, 2019, and the Implementation Rules of the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得税法實施條例》) amended by the State Council on December 18, 2018 and effective on January 1, 2019, Dividends and bonus income received by individual residents of China from Chinese enterprises shall be subject to a uniform personal income tax rate of 20%. Non-resident foreign individuals receiving dividends from Chinese enterprises shall generally be liable for a 20% personal income tax, unless specifically exempted by the State Council tax authorities or reduced under relevant tax treaties. Pursuant to the Circular on Certain Issues Concerning the Policies of Individual Income Tax (《關於個人所得税若干政策問題的通知》) issued by the MOF and the SAT on May 13, 1994 and implemented on the same date, dividends and bonus income received by foreign individuals from foreign-invested enterprises are temporarily exempt from individual income tax. Meanwhile, according to Circular on Issues Relating to Differentiated Individual Income Tax Policies for Dividends and Bonuses of Listed Companies (《關於上市公司股息紅利差別化個人所得税政策有關問題的通知》) issued by the MOF, the SAT and the CSRC on September 7, 2015 and effective on September 8, 2015, for shares of listed companies obtained by individuals via public offerings and market transfer and held for more than one year, the income from dividends and bonuses thereof shall temporarily be exempt from individual income tax. For shares of listed companies obtained by individuals via public offerings and market transfer and held for less than one month (including one month), the income from dividends and bonuses

thereof shall be fully included in the individual's taxable income amount; where the shares are held for a period from one month up to one year (including one year), 50% of the income from dividends and bonuses therefrom shall temporally be included in the individual's taxable income amount; the aforesaid income shall be subject to individual income tax based on 20% tax rate on a unified basis.

Pursuant to the Arrangement between the Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排》) (hereafter referred to as the "Arrangement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income"), signed on August 21, 2006 and effective on December 8, 2006, the PRC government may impose tax on dividends paid by a PRC company to a Hong Kong resident (including natural person and legal entity), but such tax shall not exceed 10% of the total amount of dividends payable. If a Hong Kong resident directly holds 25% or more of the equity interests in a PRC company and the Hong Kong resident is the beneficial owner of the dividends and meets other conditions, such tax shall not exceed 5% of the total amount of dividends payable by the PRC company. The Fifth Protocol to the Arrangement between the Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (《國家税務總局關於〈內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排〉第五議定書》) (hereafter referred to as the "Fifth Protocol") signed by the SAT on July 19, 2019 and effective on December 6, 2019 provides that the above provisions do not apply to arrangements or transactions made for the primary purpose of obtaining such tax benefits.

Enterprise Investors

Pursuant to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》) (hereafter referred to as the "EIT Law") amended and effective on December 29, 2018 by the SCNPC, and the Implementation Regulations for the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法實施條例》) (hereafter referred to as the "Implementation Regulations for the EIT Law") amended by the State Council on December 6, 2024 and effective on January 20, 2025, if a non-resident enterprise has not established an institution or place of business within the PRC, or if it has established such an institution or place of business within the PRC but its income derived from within the PRC bears no actual connection with that institution or place of business, it shall be liable to pay a 10% corporate income tax on income derived from within the PRC (including dividends and bonus income distributed by Chinese resident enterprises whose shares are issued and listed in Hong Kong). The aforementioned income tax payable by non-resident enterprises shall be withheld at source. The payer shall act as the withholding agent, deducting the tax from each payment or amount due at the time of payment or when due. Such tax may be reduced or exempted in accordance with applicable agreements for the avoidance of double taxation.

According to the Circular of the State Administration of Taxation on the Issues Concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H Share Holders Which Are Overseas Non-resident Enterprises (《國家税務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得税有關問題的通知》) promulgated by the SAT and effective on November 6, 2008, a PRC resident enterprise is required to withhold and pay enterprise income tax at a rate of 10% on dividends earned by overseas non-resident enterprise holders of H Shares which are derived out of profit generated since 2008. The Reply on the Issues Concerning the Levying of the Corporate Income Tax on Dividends Derived by Non-Resident Enterprises from B Shares, Etc. (《關於非居民企業取得B股等股票股息徵收企業所得税問題的批覆》) promulgated by the SAT and effective on July 24, 2009 further stipulates that PRC resident enterprises that issue shares (including A shares, B shares and overseas shares) on domestic and overseas stock exchanges shall pay dividends to shareholders of non-resident enterprises in 2008 and thereafter. Enterprise income tax should be withheld and paid at a uniform rate of 10%. These rates may be further adjusted in accordance with tax treaties or agreements between the PRC and the relevant jurisdictions, if applicable.

According to the Arrangement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《對所得避免雙重徵税和防止偷漏税的安排》), the PRC government may impose tax on dividends paid by a PRC company to a Hong Kong resident (including natural person and legal entity), but such tax shall not exceed 10% of the total dividends payable by the PRC company. If a Hong Kong resident directly holds 25% or more of equity interest in a PRC company and the Hong Kong resident is the beneficial owner of the dividends and meets other conditions, such tax shall not exceed 5% of the total dividends payable by the PRC company. The Fifth Protocol provides that the above provisions do not apply to arrangements or transactions made for the primary purpose of obtaining such tax benefits. The application of dividend provisions under tax treaties shall comply with the provisions of Chinese tax laws and regulations, including the Circular of the State Administration of Taxation on Issues Concerning the Implementation of Dividend Provisions under Tax Treaties (《國家税務總局關於執行税收協議股息條款有關問題的通知》).

According to the applicable regulations, we intend to withhold and pay income tax at a rate of 10% on dividends distributed to non-resident enterprise holders of H Shares (including Hong Kong settlement agents). Non-resident enterprises entitled to a reduced tax rate under the applicable income tax treaty must apply to the Chinese tax authorities for a refund of the portion of the withholding tax that exceeds the tax rate stipulated in the relevant treaty, and such refund is subject to verification by the Chinese tax authorities.

Tax Treaties

Non-resident investors residing in jurisdictions that have concluded double taxation treaties or arrangements with the PRC may benefit from a reduced rate of Chinese enterprise income tax on dividends received from Chinese companies. China currently maintains double taxation treaties or arrangements with numerous countries and regions, including the Hong Kong Special Administrative Region, the Macao Special Administrative Region, Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom, and the United States. Non-resident enterprises entitled to preferential tax rates under relevant tax treaties or arrangements are required to apply to the Chinese tax authorities for a refund of corporate income tax exceeding the agreed rate, and the refund application is subject to approval by the Chinese tax authorities.

Taxes on Income from Transfer of Equity

VAT and Local Surcharges

Pursuant to the Circular of Ministry of Finance and State Administration of Taxation on Full Implementation the Pilot Reform for the Transition from Business Tax to Value-added Tax (《財政部、國家税務總局關於全面推開營業税改徵增值税試點的通知》) (Circular 36), implemented on May 1, 2016 and partially repealed on July 1, 2017, January 1, 2018, and April 1, 2019, entities and individuals engaged in sales of services within the PRC are subject to VAT and "sales of services within the PRC" refers to the situation where either the seller or the buyer of a taxable service is located within the PRC. Circular 36 also provides that transfer of financial products (including transfer of the ownership of marketable securities) is subject to VAT at 6% on the taxable revenue (which is the balance of sales price upon deduction of purchase price), for a general or a foreign VAT taxpayer. However, individuals who transfer financial products are exempt from VAT, which is also provided in Circular of the Ministry of Finance and the State Administration of Taxation on Several Policies concerning the Exemption of Business Tax on Transactions of Individual Financial Commodities and Other Transactions (《財政部、國家税務總局關於個人金融商品買賣等營業税若干免税政策的通知》) effective on January 1, 2009. According to these regulations, if the holder is a non-resident individual, the PRC VAT is exempted from the sale or disposal of H shares; if the holder is a non-resident enterprise and the H-share buyer is an individual or entity located outside China, the holder is not necessarily required to pay the PRC VAT, but if the H-share buyer is an individual or entity located in China, the holder may be required to pay the PRC VAT.

However, due to the lack of clear regulations, it is still uncertain whether the non-resident enterprises are required to pay the PRC VAT for the disposal of H shares in practice.

At the same time, VAT payers are also required to pay urban maintenance and construction tax, education surtax and local education surcharge, which are usually 12% of the VAT payable (if any).

Income Tax

Individual Investors

According to the IIT Law and its implementation provisions, gains realized on the sale of equity interests in PRC resident enterprises are subject to individual income tax at a rate of 20%. Pursuant to the Circular of Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from the Transfer of Shares issued by the MOF and the SAT and came into effect on March 30, 1998, from January 1, 1997, income of individuals from transfer of the shares of listed enterprises continues to be exempted from individual income tax. The SAT has not clearly stipulated in the newly revised Enterprise Income Tax Law and the Implementation Provisions of the Enterprise Income Tax Law whether income from the transfer of listed company stocks by individuals will continue to be exempt from personal income tax.

However, pursuant to the Circular on Issues on Levying Individual Income Tax over the Income Received by Individuals from the Transfer of Restricted Shares of Listed Company, jointly issued by the MOF, the SAT, and the CSRC on December 31, 2009, and effective from January 1, 2010, income derived by individuals from the transfer of shares of listed companies acquired through public issuance and transfer markets on the Shanghai Stock Exchange and the Shenzhen Stock Exchange shall continue to be exempt from individual income tax, except for shares subject to sale restrictions (as defined in the Supplementary Circular on Issues on Levying Individual Income Tax over the Income Received by Individuals from the Transfer of Restricted Shares of Listed Company, jointly issued and implemented by the aforementioned authorities on November 10, 2010), which must comply with the relevant regulations. As of the Latest Practicable Date, the above provisions do not explicitly stipulate whether individual income tax shall be levied on non-PRC resident individuals who transfer shares of PRC resident enterprises listed on overseas stock exchanges.

Enterprise Investors

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

Shanghai-Hong Kong Stock Connect Taxation Policy

Pursuant to the Circular on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》) promulgated by the MOF, the SAT and the CSRC on October 31, 2014 and effective on November 17, 2014, transfer spread income derived by mainland enterprises from stock investment listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect shall be included in their total income and subject to enterprise income tax according to law. For dividends and bonuses received by mainland individual investors from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the H-share companies shall apply to CSDCC for providing the register of mainland individual investors to the H-share companies and withhold individual income tax at the rate of 20% on behalf of the H-share companies.

Pursuant to the Announcement on Extending the Implementation of the Individual Income Tax Policies Concerning the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and the Mainland-Hong Kong Mutual Recognition of Funds (《關於延續實施滬港、深港股票市場交易互聯互通機制和內地與香港基金互認有關個人所得稅政策的公告》) which promulgated on August 21, 2023 and implemented on the same date, the transfer spread income derived by mainland individual investors from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect shall be exempted from individual income tax to December 31, 2027.

Pursuant to the Circular on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》), dividends derived by mainland enterprises from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect are included in their total income and subject to Enterprise Income Tax according to law. Pursuant to which, dividend income obtained by mainland resident enterprises from holding H shares for 12 consecutive months shall be exempted from enterprise income tax according to law. H-share companies shall not withhold income tax on dividends and bonus income for mainland enterprises investors. The tax payable shall be declared and paid by the enterprise itself.

Shenzhen-Hong Kong Stock Connect Taxation Policy

Pursuant to the Circular on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》) promulgated by the MOF, the SAT and the CSRC on November 5, 2016 and effective on December 5, 2016, transfer spread income derived by mainland enterprises from stock investment listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect shall be included in their total income and subject to enterprise income tax according to law. For dividends and bonuses received by mainland individual investors from investing in H shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect, the H-share companies shall apply to CSDCC for

providing the register of mainland individual investors to the H-share companies and the H-share companies shall withhold individual income tax at the rate of 20% on behalf of the investors.

Pursuant to the Announcement on Continuing the Implementation of the Individual Income Tax Policies Concerning the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and the Mainland-Hong Kong Mutual Recognition of Funds (《關於繼續執行滬港、深港股票市場交易互聯互通機制和內地與香港基金互認有關個人所得税政策的公告》) promulgated by the MOF, the SAT and the CSRC on December 4, 2019 and effective on December 5, 2019, the Announcement on the Extension of Relevant Preferential Policies for Individual Income Tax (《關於延續實施有關個人所得税優惠政策的公告》) promulgated on January 16, 2023 and implemented on the same date, and the Announcement on Extending the Implementation of the Individual Income Tax Policies Concerning the Shanghai-Hong Kong Stock Connect and the Shenzhen- Hong Kong Stock Connect and the Mainland-Hong Kong Mutual Recognition of Funds (《關於延續實施滬港、深港股票市場交易互聯互通機制和內地與香港基金互認有關個人所得税政策的公告》) promulgated on August 21, 2023 and implemented on the same date, the transfer spread income derived by mainland individual investors from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect shall be exempted from individual income tax from December 5, 2019 to December 31, 2027.

Pursuant to the Circular on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (《關於深港股票市場交易互聯互通機制試點有關税收政策的通知》), dividends derived by mainland enterprises investors from investing in shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect are included in their total income and subject to Enterprise Income Tax according to law. In particular, dividend and bonus income obtained by mainland resident enterprises from holding H shares for 12 consecutive months shall be exempted from enterprise income tax according to law. H-share companies shall not withhold income tax on dividends and bonus income for mainland enterprises. The tax payable shall be declared and paid by the enterprise itself.

Stamp Duty

According to the Stamp Duty Law of the People's Republic of China (《中華人民共和國印花税法》), which was promulgated on June 10, 2021 and came into effect on July 1, 2022, the acquisition and disposal of H Shares by non-mainland China investors outside of the mainland China is not subject to the requirements of the Stamp Duty Law of the People's Republic of China.

Estate duty

As at the date of this Document, according to PRC law, no estate duty is currently levied in the mainland China.

Hong Kong Taxation

Taxes involved in dividends According to the current practice of the Hong Kong Inland Revenue Department, no person or company is required to pay tax on dividends paid by the Company.

Capital Gains and Profits Tax

Hong Kong profits tax will not be payable by any Shareholders (other than Shareholders carrying on a trade, profession or business in Hong Kong and holding the Shares for trading purposes) on any capital gains made on the sale or other disposal of the Shares. Shareholders should take advice from their own professional advisers as to their particular tax position.

Stamp Duty

Hong Kong stamp duty will be charged on the sale and purchase of Shares at the current rate of 0.2% of the consideration for, or (if greater) the value of, the Shares being sold or purchased, whether or not the sale or purchase is on or off the Hong Kong Stock Exchange. The Shareholder selling the Shares and the purchaser will each be liable for one-half of the amount of Hong Kong stamp duty payable upon such transfer. In addition, a fixed duty of HK$5 is currently payable on any instrument of transfer of Shares. If one of the buyers and sellers is a non-Hong Kong resident and fails to pay the ad valorem tax payable, the unpaid tax will be assessed on the basis of the transfer instrument (if any) and paid by the assignee. If stamp duty is not paid on or before the due date, a fine of not more than 10 times the tax payable may be imposed.

Estate Duty

The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on February 11, 2006 in Hong Kong, pursuant to which no Hong Kong estate duty is payable and no estate duty clearance papers are needed for an application of a grant of representation in respect of holders of H Shares whose deaths occur on or after February 11, 2006.

Foreign Exchange Management of the PRC

The RMB is the legal currency of the PRC and is still subject to foreign exchange controls and cannot be completely freely converted into foreign exchange. The SAFE under the People's Bank of China is responsible for managing all matters related to foreign exchange, including the implementation of foreign exchange control regulations.

The Foreign Exchange Administration Regulations of the PRC (《中華人民共和國外匯管理條例》), which was issued by the State Council on January 29, 1996, implemented on April 1, 1996 and latest amended on August 5, 2008, classifies all international payments and transfers into current account items and capital account items. Current account items are subject to the reasonable examination of the veracity of transaction documents and the consistency of the transaction documents and the foreign exchange receipts and payments by financial institutions engaging in settlement and sale of foreign currencies and

supervision and inspection by the foreign exchange administrative authorities. For capital account items, overseas organizations and overseas individuals making direct investments in China shall, upon approval by the relevant authorities in charge, process registration formalities with the foreign exchange administrative authorities. Foreign exchange income received overseas can be repatriated or deposited overseas, and foreign exchange and foreign exchange settlement funds under the capital account are required to be used only for purposes as approved by the competent authorities and foreign exchange administrative authorities. Where a serious imbalance in the balance of payments exists or is likely to arise, or where a serious crisis in the national economy exists or is likely to arise, the State may adopt necessary safeguarding and control measures in respect of the balance of payments.

The Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》), which was promulgated by the PBOC on June 20, 1996 and implemented on July 1, 1996, removes other restrictions on convertibility of foreign exchange under current account items, while imposing existing restrictions on foreign exchange transactions under capital account items.

According to the Announcement on Improving the Reform of the Renminbi Exchange Rate Formation Mechanism (《關於完善人民幣匯率形成機制改革的公告》), which was issued by the PBOC and implemented on July 21, 2005, the PRC has started to implement a managed floating exchange rate system in which the exchange rate would be determined based on market supply and demand and adjusted with reference to a basket of currencies since July 21, 2005. Therefore, the Renminbi exchange rate was no longer pegged to the U.S. dollar. PBOC would publish the closing price of the exchange rate of the Renminbi against trading currencies such as the U.S. dollar in the interbank foreign exchange market after the closing of the market on each working day, as the central parity of the currency against Renminbi transactions on the following working day.

According to the relevant laws and regulations in the PRC, PRC enterprises (including foreign investment enterprises) which need foreign exchange for current account item transactions may, without the approval of the foreign exchange administrative authorities, effect payment through foreign exchange accounts opened at the designated foreign exchange bank, on the strength of valid transaction receipts and proof. Foreign investment enterprises which need foreign exchange for the distribution of profits to their shareholders and PRC enterprises which, in accordance with regulations, are required to pay dividends to their shareholders in foreign exchange may, on the strength of resolutions of the board of directors or the shareholders' meeting on the distribution of profits, effect payment from foreign exchange accounts at the designated foreign exchange bank, or effect exchange and payment at the designated foreign exchange bank.

According to the Decisions of the State Council on Matters including Cancelling and Adjusting a Batch of Administrative Approval Items (《國務院關於取消和調整一批行政審批項目等事項的決定》) which was promulgated by the State Council and came into effect on October 23, 2014, it decided to cancel the approval requirement of the SAFE and its branches for the remittance and settlement of the proceeds raised from the overseas listing into RMB domestic accounts.

According to the Circular of the State Administration of Foreign Exchange on Issues Concerning the Foreign Exchange Administration of Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》) promulgated by the SAFE on December 26, 2014 and effective on the same day, the relevant provisions on the management of foreign exchange for overseas listings of domestic limited liability companies (hereinafter referred to as "domestic companies") are as follows:

(i) The SAFE and its branches and the Department of Foreign Exchange Administration (or the Foreign Exchange Administration) shall supervise, manage and inspect the business registration, account opening and use, cross-border income and expenditure, and fund exchange involved in the overseas listing of domestic companies.

(ii) Domestic companies shall register overseas listings with relevant materials at the local branch of the SAFE where they are registered within 15 working days from the date of completion of overseas listing and issuance;

(iii) Where domestic shareholders of a domestic company increase or reduce their holdings in the overseas-listed company following its overseas listing, they shall, within 20 working days prior to the proposed increase or reduction, submit relevant materials to the foreign exchange authority at the location of the domestic shareholder to complete the registration of overseas shareholdings.

(iv) Domestic companies (except banking financial institutions) shall open a special foreign exchange account for the overseas listing of domestic companies in domestic banks with their overseas listing business registration certificates for their initial (or additional issuance) and repurchase business, and handle the exchange and transfer of funds for related businesses.

(v) Proceeds from overseas listings by domestic companies may be repatriated to domestic accounts or retained in overseas accounts, provided that the use of such proceeds remains consistent with the purposes disclosed in their prospectuses and other disclosure documents.

According to the Circular of the SAFE on Further Improving and Adjusting Foreign Exchange Administration Policies for Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) issued on February 13, 2015 and effective on June 1, 2015, the SAFE has canceled the foreign exchange registration approval under domestic direct investment and foreign exchange registration under overseas direct investment, and banks shall, on behalf of SAFE, directly examine and handle foreign exchange registration under domestic direct investment and overseas direct investment. The SAFE and its branches shall exercise indirect supervision over foreign exchange registration of direct investment through banks.

According to the Circular on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) which was promulgated by the SAFE and implemented on June 9, 2016, and partially amended on December 4, 2023, foreign currency earnings in capital account that relevant policies of willingness exchange settlement have been clearly implemented on (including the recalling of raised capital by overseas listing) may undertake foreign exchange settlement in the banks according to actual business needs of the domestic institutions. The tentative percentage of foreign exchange settlement for foreign currency earnings in capital account of domestic institutions is 100%, subject to adjustment of the SAFE in due time in accordance with international revenue and expenditure situations.

PRC LEGAL SYSTEM

The PRC legal system is based on the PRC Constitution (《中華人民共和國憲法》) (hereafter referred to as the "Constitution") and is made up of written laws, administrative regulations, local regulations, separate regulations, rules and regulations of State Council departments, rules and regulations of local governments, autonomous regulations, autonomous region separate regulations, laws of special administrative regions and international treaties of which the PRC government is the signatory and other regulatory documents. Court judgments do not constitute legally binding precedents, although they are used for the purposes of judicial reference and guidance.

According to the Constitution and the Legislation Law of the PRC (《中華人民共和國立法法》) which was amended by the National People's Congress (hereafter referred to as the "NPC") on March 13, 2023 and came into effect on March 15, 2023 (hereafter referred to as the "Legislation Law"), the NPC and the Standing Committee of the NPC are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend basic laws governing civil and criminal matters, State organs, and other matters. The Standing Committee of the NPC formulates and amends the laws other than those required to be enacted by the NPC and to supplement and amend parts of the laws enacted by the NPC during the adjournment of the NPC, provided that such supplements and amendments are not in conflict with the basic principles of such laws. The NPC may authorize the Standing Committee of the NPC to enact relevant laws.

The State Council is the highest organ of state administration and has the power to formulate administrative regulations based on the Constitution and laws. The people's congresses of the provinces, autonomous regions and municipalities and their standing committees may formulate local regulations based on the specific circumstances and actual needs of their respective administrative areas, provided that such regulations do not contravene any provision of the Constitution, laws or administrative regulations. The people's congresses of cities divided into districts and their respective standing committees may formulate local regulations on aspects such as urban and rural construction and management, ecological civilization development, historical and cultural protection, and grass-roots governance based on the specific circumstances and actual needs of such cities, provided that such local regulations do not contravene any provision of the Constitution, laws, administrative regulations and local regulations of their respective provinces or autonomous regions. If the law provides otherwise on the formulation of local regulations by cities divided into districts, those provisions shall prevail. Such local regulations will become enforceable after being reported to and approved by the standing committees of the people's congresses of the relevant provinces or autonomous regions.

The standing committees of the people's congresses of the provinces or autonomous regions shall examine the legality of local regulations submitted for approval, and such approval shall be granted within four months if they are not in conflict with the Constitution, laws, administrative regulations and local regulations of the relevant provinces or autonomous regions. People's congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in light of the political, economic and cultural characteristics of the ethnic groups in the areas concerned. The

ministries and commissions of the State Council, PBOC, the Audit Office, and the subordinate institutions with administrative functions directly under the State Council as well as institutions prescribed by law may formulate departmental rules and regulations within the permissions of their respective departments based on the laws as well as the administrative regulations, decisions and orders of the State Council.

The Constitution holds the highest legal authority, and no law, administrative regulation, local regulation, autonomous regional regulation, separate regulation or rule shall contradict the Constitution. Laws have higher authority than administrative regulations, local regulations and rules. Administrative regulations have higher authority than local regulations and rules. Rules enacted by the people's governments of provinces and autonomous regions have higher authority than rules enacted by the people's governments of cities divided into districts within their respective administrative regions.

The NPC has the power to alter or annul any inappropriate laws enacted by the SCNPC, and to annul any autonomous regulations and separate regulations which have been approved by the SCNPC but which contravene the Constitution and the Legislation Law; the SCNPC has the power to annul administrative regulations that contravene the Constitution and laws, to annul local regulations that contravene the Constitution, laws and administrative regulations, and to annul autonomous regulations and separate regulations which have been approved by the standing committees of the people's congresses of the relevant provinces, autonomous regions or municipalities directly under the Central Government, but which contravene the Constitution and the Legislation Law; The State Council has the power to alter or annul any inappropriate ministerial rules and rules of local governments; The people's congresses of provinces, autonomous regions and municipalities directly under the Central Government have the power to alter or annul any inappropriate local regulations enacted or approved by their respective standing committees; The standing committees of the local people's congresses have the power to annul inappropriate rules enacted by the people's governments at the corresponding level; The people's governments of provinces and autonomous regions have the power to alter or annul any inappropriate rules enacted by the people's governments at a lower level.

Where the scope of local regulations needs to be further defined or additional stipulations need to be made, the standing committees of the people's congresses of provinces, autonomous regions and municipalities directly under the Central Government which have enacted these regulations shall provide the interpretations or make the stipulations. Interpretation of questions involving the specific application of local regulations shall be provided by the competent departments of the people's governments of provinces, autonomous regions and municipalities.

PRC JUDICIAL SYSTEM

According to the Constitution and the Law of the PRC of Organization of the People's Courts (《中華人民共和國人民法院組織法》) amended by the SCNPC on October 26, 2018 and becoming effective on January 1, 2019, the PRC People's Court is made up of the Supreme People's Court, the local people's courts, and other special people's courts. The local people's courts are divided into three levels, namely the basic people's courts, the

intermediate people's courts and the higher people's courts. The basic people's courts may set up certain people's tribunals based on the status of the region, population and cases. The Supreme People's Court shall be the highest judicial organ of the state. The Supreme People's Court shall supervise the administration of justice by the local people's courts at all levels and by the special people's courts. The people's courts at a higher level shall supervise the judicial work of the people's courts at lower levels.

According to The Constitution and d the Law of Organization of the People's Procuratorate of the PRC "《中華人民共和國人民檢察院組織法》" revised by SCNPC on October 26, 2018 and taking effect on January 1, 2019, the People's Procuratorate is the law supervision organ of the state. The Supreme People's Procuratorate shall be the highest procuratorial organ. The Supreme People's Procuratorate shall direct the work of the local people's procuratorates at all levels and of the special people's procuratorates; the people's procuratorates at higher levels shall direct the work of those at lower levels.

The people's courts employ a two-tier appellate system, i.e., judgments or rulings of the second instance at the people's courts are final. A party may appeal against the judgment or ruling of the first instance of a local people's courts should they disagree with it. The people's procuratorate may present a protest to the people's courts at the next higher level in accordance with the procedures stipulated by the laws. In the absence of any appeal by the parties and any protest by the people's procuratorate within the stipulated period, the judgments or rulings of the people's courts are final. Judgments or rulings of the second instance of the intermediate people's courts, the higher people's courts and the Supreme People's Court and those of the first instance of the Supreme People's Court are final. However, if the Supreme People's Court or the people's courts at the next higher level finds any definite errors in a legally effective final judgment or ruling of the people's court at a lower level, or if the chief judge of a people's court at any level finds any definite errors in a legally effective final judgment or ruling of such court, the case can be retried according to judicial supervision procedures.

The PRC Civil Procedure Law (《中華人民共和國民事訴訟法》) (the "PRC Civil Procedure Law (《中國民事訴訟法》)") adopted by the SCNPC on September 1, 2023 and became effective on January 1, 2024 sets forth the requirements for instituting a civil action, the jurisdiction of the people's courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or order. All parties to a civil action conducted within the PRC must comply with the PRC Civil Procedure Law. Civil cases are generally heard by the courts where the defendants are located. The court of jurisdiction in a civil action may be chosen by express agreement between the parties, provided that the court is located at a place that has direct connection with the dispute, such as the plaintiff's or the defendant's place of domicile, the place where the contract is performed or signed or the object of the action is located. However, the choice of the court cannot be in conflict with the regulations of different jurisdictions and exclusive jurisdictions in any case.

A foreign individual, a person without nationality, a foreign-invested enterprise or a foreign organization must have the same litigation rights and bear the same litigation obligations as a PRC citizen, legal person or other organizations when initiating or

defending any proceedings at a people's court. If a foreign court limits the litigation rights of PRC citizens and enterprises, the PRC court may apply the same limitations to the citizens and enterprises of such foreign country. A foreign individual, a person without nationality, a foreign-invested enterprise or a foreign organization must engage a PRC lawyer if such person needs to engage a lawyer in initiating or defending any proceedings at a people's court. Under an international treaty or the principle of reciprocity signed or acceded to by the PRC, the people's court and foreign courts may require each other to act on their behalf to serve documents, conduct investigations, collect evidence and take other actions on behalf of each other. If the request by a foreign court would result in the violation of the PRC's sovereignty, security or public interest, the people's court shall decline the request.

When a party applies to a people's court for enforcing an effective judgment or ruling by a people's court against a party who is not located within the territory of the PRC or whose property is not within the PRC, the party may apply to a foreign court with proper jurisdiction for recognition and enforcement of the judgment or ruling. A foreign judgment or ruling may also be recognized and enforced by the people's court according to the PRC enforcement procedures if the PRC has entered into, or acceded to, an international treaty with the relevant foreign country, which provides for such recognition and enforcement, or if the judgment or ruling satisfies the court's examination according to the principle of reciprocity, unless the people's court finds that the recognition or enforcement of such judgment or ruling will result in a violation of the basic legal principles of the PRC, its sovereignty or security, or for reasons of social and public interests.

The PRC Company Law, Trial Measures for Administration and Guidelines for the Articles of Association

A joint stock limited company incorporated in the PRC seeking a list on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") is mainly subject to the following laws and regulations of the PRC:

The PRC Company Law (《中華人民共和國公司法》) (hereinafter referred to as the "Company Law (《公司法》)") was adopted by the Fifth Standing Committee Meeting of the Eighth NPC on December, 29 1993 and came into effect on July 1, 1994, and was amended on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013 and October 26, 2018, respectively, with last amendment made on December 29, 2023, and became effective on July 1, 2024.

The Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (境內企業境外發行證券和上市管理試行辦法) (hereinafter referred to as the "Trial Measures for Administration") promulgated by the CSRC on February 17, 2023 and effective on March 31, 2023, are applicable to the overseas securities offering and listing by domestic enterprises.

Pursuant to the Trial Measures for Administration and its interpretative guidelines, domestic companies directly listing overseas shall formulate their articles of association in accordance with the Guidelines for Articles of Association of Listed Companies (hereinafter referred to as the "Guidelines for Articles of Association"), thereby superseding the

Mandatory Provisions for the Articles of Association of Companies to be Listed Overseas, which shall cease to apply from March 31, 2023. The Guidelines for the Articles of Association issued by the CSRC on December 16, 1997, which was last amended on December 15, 2023 and became effective on the same date, provides guidance on the articles of association. Accordingly, the contents of the Guidelines are set out in the Company's Articles of Association, and the summary of which is set out in the section headed "Appendix V — Summary of the Articles of Association" of this document.

Set out below is a summary of the major provisions of the Company Law, Trial Measures for Administration and Guidelines for the Articles of Association which are applicable to the Company.

General Provisions

"A joint stock limited company" means is a corporate legal person incorporated under the Company Law. Its registered capital is divided into shares of equal par value. The liability of its shareholders is limited to the extent of the shares held by them and the liability of a company is limited to the full value of all the property owned by it.

Incorporation

A joint stock limited company may be incorporated by promotion or subscription. A joint stock limited company may be incorporated by a minimum of one but not more than 200 promoters, and at least half of the promoters must have residence within the PRC.

The promoters shall convene an inaugural meeting of the company established by means of stock floatation within 30 days after the share capital has been paid-up. Powers to be exercised at the inaugural meeting include but not limited to the adoption of articles of association and the election of members of the board of directors and the board of supervisors of a company. The matters shall be resolved by more than 50% of the votes to be casted by subscribers presented at the meeting.

Within 30 days after the conclusion of the inaugural meeting, the board of directors shall apply to the registration authority for registration of the incorporation of the joint stock limited company. A company is formally established and has the status of a legal person after the business license has been issued by the relevant registration authority.

Registered Capital

Under the Company Law, shareholders may make capital contributions in cash, or with non-monetary property that may be valued in money and legally transferred, such as contribution in kind or with an intellectual property rights, land use rights, equity or bonds.

The Trial Measures for Administration stipulates that fund raising and dividend distributions of a domestic enterprise may be made in foreign currencies or RMB.

Under the Company Law, a joint stock limited company shall maintain a register of shareholders, stating the following matters: (1) the name and domicile of a shareholder; (2) class and number of shares subscribed for by each shareholder; (3) the serial number of the shares if the shares are issued in paper form; and (4) the date on which each shareholder acquired the shares.

Allotment and Issue of Shares

All issue of shares of a joint stock limited company shall be based on the principles of equality and fairness. The same class of shares must carry equal rights. Shares issued at the same time and within the same class must be issued on the same conditions and at the same price. It may issue shares at par value or at a premium, but it may not issue shares below the par value.

According to the Trial Measures for Administration, shareholders holding domestic unlisted shares of a domestic enterprise directly listed overseas and are applying for the conversion of the domestic unlisted shares held by them into overseas listed shares and to be listed for trading at overseas stock exchanges, shall comply with the relevant requirements of the CSRC, and file with the CSRC through a domestic enterprise. The term "domestic unlisted shares" mentioned in the previous paragraph refers to shares that have been issued by domestic enterprises but are not listed or traded on any domestic stock exchange. Domestic unlisted shares should be registered and held centrally at domestic securities registration and clearing institutions. The registration and settlement arrangements for overseas listed shares shall be subject to the regulations of the overseas listing jurisdiction.

Increase in Share Capital

Under the Company Law, in the case of a joint stock limited company issuing new shares, resolutions shall be passed at the shareholders' general meeting in respect of the class and number of new shares, the issue price of the new shares, the commencement and end dates for the issuance of new shares and the class and number of the new shares proposed to be issued to existing shareholders. If no par value stock is issued, the raised funds from the issuance of the new stocks shall be included into the registered capital. Additionally, if a company intends to make public offering of shares, it is required to complete the registration with the securities regulatory authority of the State Council and announce the prospectus.

Reduction of Share Capital

A company may reduce its registered capital in accordance with the following procedures prescribed by the Company Law:

(i) To prepare a balance sheet and a property list.

(ii) A company makes a resolution at shareholders' general meeting to reduce its registered capital.

(iii) A company shall inform its creditors within 10 days and publish an announcement in newspapers or the National Enterprise Credit Information Publicity System within 30 days after the approval of resolution of reducing registered capital.

(iv) The creditors shall have the right to require a company to repay its debts or provide corresponding guarantees within 30 days after receiving the notice or within 45 days after the announcement if the creditors have not received the notice.

(v) When a company reduces its registered capital, it shall register the change with a company registration authority in accordance with the law.

When a company reduces its registered capital, it must reduce the amount of capital contribution or shares in proportion to the capital contribution or shares held by the shareholders, unless otherwise prescribed by any law, or agreed upon by all the shareholders of a limited liability company, or as specified in the articles of association of a joint stock limited company.

Share Buy-back

According to the Company Law, companies are not allowed to acquire shares in the company, except in one of the following circumstances:

(i) where the company's registered capital is reduced;

(ii) where it merges with another company holding its shares;

(iii) where its shares are used for employee stock ownership plan or equity incentives;

(iv) where any shareholder, who raises objections to the resolution of the shareholders' general meeting on the merger or split-up of the company, requests the company to purchase its shares;

(v) where its shares are used for converting the corporate bonds into convertible stocks issued by the company; or

(vi) where it is necessary for a listed company to maintain its company value and its shareholders' equity.

Where a company purchases its own shares under any of the circumstances as mentioned in items (i) or (ii) of the preceding paragraph, a resolution of the shareholders' general meeting shall be adopted. Where a company purchases its own shares under any of the circumstances as mentioned in items (iii), (v) or (vi) of the preceding paragraph, a resolution shall be adopted at the meeting of the board of directors with the attendance of not less than two thirds of the directors, according to the articles of association or the shareholders' general meeting of the company.

After the company purchases its own shares according to the first paragraph of this Article, the shares purchased shall be written off within ten days as of the purchase date under the circumstance as mentioned in item (i); the shares shall be transferred or written off within six months under the circumstance as mentioned in item (ii) or (iv); and the shares held accumulatively by the company shall not exceed 10% of the total shares issued and be transferred or written off within three years under any of the circumstances as mentioned in item (iii), (v) or (vi).

Transfer of Shares

Shares held by a shareholder may be transferred according to the law. Under the Company Law, a shareholder should effect a transfer of his shares on securities established exchange according to the law or by any other means as required by the State Council. The stocks shall be transferred by endorsement of shareholders or by other means stipulated by laws or administrative regulations. After the transfer, a company shall record the name and address of the transferee in the register of shareholders. No changes of registration in the share register provided in the foregoing requirement shall be effected during a period of 20 days prior to the convening of shareholder's general meeting or 5 days prior to the record date for a company's distribution of dividends. However, if any law, administrative regulations or the securities regulatory authority of the State Council provide otherwise for the registration of changes in the register of members of a listed company, such provisions shall prevail.

According to the Company Law, the shares issued before a company makes a public offering of shares shall not be transferred within 1 year as of the day when the stocks of the company are listed and traded on the stock exchange. Directors, supervisors and senior management of a company shall declare to a company their shareholdings in a company and any changes of such shareholdings, and the shares transferred each year during their term of office as determined when they assume the posts shall not exceed 25% of the total shares they hold in a company. Shares of a company held by its directors, supervisors and senior management shall not be transferred within one year from the date of a company's listed on a securities exchange, nor within six months after their resignation from their positions with a company.

Shareholders

Under the Company Law and the Guidelines for the Articles of Association, the rights of a shareholder of ordinary shares of a company include:

(i) to receive dividends and other forms of distributions in proportion to their shareholdings;

(ii) to request, convene, preside over, attend or appoint a proxy to participate in the shareholders' general meeting in accordance with the law, and exercise the corresponding voting rights;

(iii) to supervise and manage a company's business, and to present proposals or to raise inquiries;

(iv) to transfer, grant or pledge shares held by them in accordance with laws, administrative regulations and the provisions of the Articles of Association;

(v) to inspect the Articles of Association, register of members, minutes of general meetings, resolutions of the Board, resolutions of the board of supervisors, financial and accounting reports;

(vi) in the event of the winding-up or liquidation of a company, to participate in the distribution of remaining property of a company in proportion to the number of shares held;

(vii) to require the company to purchase its shares in the event that a shareholder disagrees with the resolution on merger or division of the company approved at a general meeting;

(viii) other rights as stipulated by laws, administrative regulations, departmental rules and the Articles of Association.

The obligations of a shareholder of ordinary shares of a company include:

(i) to comply with the Articles of Association;

(ii) to pay subscription money according to the number of shares subscribed and the method of subscription;

(iii) not to abuse their shareholders' rights to damage the interests of a company or other shareholders; not to abuse the independent legal person status of a company and the limited liability of shareholders to damage the interests of the creditors of a company;

(iv) other obligations conferred by laws, administrative regulations, departmental regulations, and securities regulatory rules of the place where the company's shares are listed and the Articles of Association.

Shareholders' General Meetings

Under the Company Law, the general meeting of a joint stock limited company is made up of all shareholders. The general meeting is the organ of authority of a company, which exercises the following functions and powers:

(i) to elect and replace directors and supervisors and to decide on matters relating to the remuneration of directors and supervisors;

(ii) to examine and approve reports of the Board;

(iii) to examine and approve reports of the Board of Supervisors;

(iv) to examine and approve a company's profit distribution plans and loss recovery plans;

(v) to resolve on increase or reduction in the Company's registered capital;

(vi) to resolve on the issuance of corporate bonds;

(vii) to resolve on merger, division, dissolution, liquidation or change of corporate form of the Company;

(viii) to amend the Articles of Association;

(ix) other functions and powers provided by the Articles of Association.

Under the Company Law, an annual shareholders' general meeting shall be held every year. If any of the following circumstances occurs, an interim shareholders' general meeting shall be held within two months:

(i) where the number of directors is less than two thirds of the number as provided for by the Company Law or the articles of association;

(ii) where the unrecovered losses of the company reach one third of the total capital stock;

(iii) where the shareholders who separately or aggregately hold 10% or more of the company's shares so request;

(iv) where the board of directors deems it necessary;

(v) where the board of supervisors so proposes;

(vi) other circumstances as provided for in the articles of association.

The shareholders' general meeting shall be convened by the board of directors and presided over by the chairman of the board of directors. If the chairman is unable or fails to perform his/her duties, the meeting shall be presided over by the deputy chairman. If the deputy chairman is unable or fails to perform his/her duties, the meeting shall be presided over by a director jointly elected by more than half of the directors.

If the board of directors is unable or fails to perform the duties of convening the shareholders' general meeting, the board of supervisors shall timely convene and preside over the meeting. If the board of supervisors fails to convene and preside over the meeting, shareholders who separately or aggregately hold 10% or more of the shares of the company for 90 or more consecutive days may convene and preside over the meeting by themselves.

If the shareholders who separately or aggregately hold 10% or more of the shares of the company request to convene an interim shareholders' general meeting, the board of directors and the board of supervisors shall, within 10 days after the receipt of such request, decide whether to hold an interim shareholders' general meeting and reply to the shareholders in writing.

The time and place of the meeting and the matters to be deliberated shall be notified to each shareholder 20 days before a shareholders' general meeting is held. For an interim shareholders' general meeting, a notice shall be served 15 days in advance.

Shareholders who individually or jointly hold more than 1% of the company's shares may put forward interim proposals and submit them to the convener in writing 10 days before the meeting of shareholders. The convener shall issue a supplementary notice of the meeting of shareholders within two days after receiving the proposal and announce the contents of the interim proposal.

Under the Company Law, a shareholder may entrust a proxy to attend a shareholders' meeting, and it should clarify the matters, power and time limit of the proxy. The proxy shall present a written power of attorney issued by the shareholder to a company and shall exercise his voting rights within the scope of authorization. There is no specific provision in the Company Law regarding the number of shareholders constituting a quorum in a shareholders' meeting.

Pursuant to the Company Law, each shareholder present at a shareholders' meeting shall have one vote for each share held. Shares held by the company in its own name shall carry no voting rights.

The election of directors and supervisors at shareholders' general meetings may be conducted by cumulative voting in accordance with the provisions of the Articles of Association or resolutions of the shareholders' general meeting. Under cumulative voting, each share shall carry a number of votes equal to the number of directors or supervisors to be elected. Shareholders may concentrate their voting rights when casting their votes.

Pursuant to the Company Law and the Articles of Association, resolutions of the shareholders' meeting shall be passed by a majority of the voting rights held by shareholders present at the meeting. Matters concerning the merger, division or dissolution of the company, the increase or reduction of the registered share capital, the alteration of the company's form, or the amendment of the Articles of Association shall be passed by a majority of two-thirds or more of the voting rights held by shareholders present at the meeting.

Shareholders

Under the Company Law, a joint stock limited company shall have a board of directors, which shall consist of more than three members. The term of office of a director shall be stipulated in the Articles of Association, but each term of office shall not exceed three years. Directors may serve consecutive terms if re-elected.

Meetings of the board of directors shall be convened at least twice a year. All directors and supervisors shall be noticed 10 days before the meeting for every meeting. The Board exercises the following functions and powers:

(i) to convene shareholder's general meetings and report its work to the shareholder's general meetings;

(ii) to implement the resolutions of the shareholder's general meeting;

(iii) to decide the business plans and investment scheme of the company;

(iv) to formulate a company's annual financial budget and final accounts;

(v) to formulate the plans for profit distribution and making up for loss of the company;

(vi) to formulate proposals for the increase or reduction of a company's registered capital and the issue of corporate bonds;

(vii) to formulate the plan for merger, division, dissolution, or change of corporate form of the company;

(viii) to decide the establishment of the internal management body of the company;

(ix) to decide on the appointment or dismissal of the manager of a company and their remuneration;

(x) To decide on the appointment or dismissal of the deputy manager and financial officer of a company based on the nomination of the manager and as well as remuneration;

(xi) to formulate a company's basic management system;

(xii) other functions and powers specified in the Articles of Association or granted in shareholders' general meetings.

Board meetings shall be held only if more than half of the directors are present. If a director is unable to attend a board meeting, he/she may appoint another director by a power of attorney specifying the scope of the authorization for another director to attend the meeting on his/her behalf. If a resolution of the board of directors violates the laws, administrative regulations or the Articles of Association of the Company and decisions of general meetings, and the Company suffers material losses as a result thereof, the directors who participated in the passing of such resolution are liable to compensate the Company therefor. However, if it can be proven that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director may be released from such liability.

According to the Company Law, a person who falls under any of the following circumstances shall not serve as a company director:

(i) a person without capacity or with restricted capacity;

(ii) a person who has been sentenced to criminal punishment due to corruption, bribery, infringement of property, misappropriation of property or destruction of the socialist market economic order; or a person who has been deprived of his political rights due to a crime, where less than five years have elapsed since the

date of completion of the sentence; if he/she is pronounced for suspension of sentence, a two-year period has not elapsed since the expiration of the suspension period;

(iii) a person who was a director, factory manager or manager of a company or enterprise which has entered into insolvent liquidation and who was personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the insolvency and liquidation of such company or enterprise;

(iv) persons who were legal representatives of a company or enterprise which had its business license revoked due to violation of the law and had been closed down by order, and who were personally liable, where less than three years have elapsed since the date of the revocation of the business license of the company or enterprise or the order for closure; and

(v) being listed as a dishonest person subject to enforcement by the people's court due to his/her failure to pay off a relatively large amount of due debts.

The board of directors shall have one chairman, who shall be elected by more than half of all the directors. The chairman shall exercise the following functions and powers (including but not limited to):

(i) to preside over shareholders' general meetings and convene and preside over board meetings;

(ii) to cause and check the implementation of the resolutions of the Board;

(iii) to exercise other powers conferred by the Board.

Managers and Senior Management

Under the Company Law, a company shall have a manager who shall be appointed or removed by the board of directors. The manager is accountable to the board of directors and may exercise the following powers:

(i) to be in charge of the production, operation and management of the company and to organize the implementation of the resolutions of the board of directors;

(ii) to organize the implementation of the company's annual business plans and investment plans;

(iii) to formulate plans for the establishment of the company's internal management structure;

(iv) to draft the company's basic management system;

(v) to formulate the basic rules and regulations of the company;

(vi) to propose the appointment or dismissal of the company's deputy manager and financial controller;

(vii) to appoint or dismiss management personnel other than those required to be appointed or dismissed by the board of directors; and

(viii) to exercise other powers conferred by the Articles of Association and the Board.

According to the Company Law, senior management shall refer to the manager, deputy manager(s), financial controller, secretary of the board of directors and other personnel as stipulated in the Articles of Association of the company.

Duties of Directors and Senior Management

The Company Law requires that a company's directors and senior management must abide by relevant laws, regulations and the Articles of association, and have a duty of loyalty and a duty of diligence to the company. Directors and senior management shall not abuse their power to accept bribes or other illegal income, nor shall they embezzle the company's property.

Directors, supervisors and senior management are prohibited from the following:

(i) embezzling the property or misappropriating the funds of the company;

(ii) depositing the funds of the company into an account opened in his/her own name or in the name of any other individual;

(iii) giving bribes or accepting any other illegal proceeds by taking advantage of his/her power;

(iv) taking commissions from the transactions between the company and any other person into his/her own pocket;

(v) disclosing the confidential business information of the company without permission; or

(vi) other acts in violation of the obligation of loyalty to the company.

Where any director or senior executive directly or indirectly concludes a contract or conducts a transaction with the Company, he/she shall report the matters relating to the conclusion of the contract or transaction to the board of directors or shareholders' general meeting, which shall be subject to the resolution of the board of directors or shareholders' general meeting according to the articles of association.

Where any of the near relatives of the directors or senior executives, or any of the enterprises directly or indirectly controlled by the directors or senior executives or any of their near relatives, and any of the related parties who has any other related-party relationship with the directors or senior executives, concludes a contract or conducts a transaction with the company, the provisions of the preceding paragraph shall apply.

Directors or senior management may not exploit their position to seek any business opportunities belonging to the company for themselves or others, except in any of the following circumstances:

(i) where he/she has reported to the board of directors or the shareholders' general meeting and has been approved by a resolution of the board of directors or the shareholders' general meeting according to the articles of association; or

(ii) where the company cannot make use of the business opportunity as stipulated by laws, administrative regulations or the articles of association.

Where any director or senior executive fails to report to the board of directors or the shareholders' general meeting and obtain an approval by resolution of the board of directors or the shareholders' general meeting according to the Articles of Association, he/she may not engage in any business that is similar to that of the company where he/she holds office for himself/herself or for any other person.

Where any director or senior executive violates any law, administrative regulation or the articles of association during the performance of duties and causes any loss to the company, he/she shall be liable for compensation to the company.

Finance and Accounting

According to provisions of the Company Law, a company shall establish its financial and accounting systems of the Company according to laws, administrative regulations and the regulations of the financial department of the State Council. At the end of each fiscal year, the company shall prepare a financial accounting report which shall be audited by an accounting firm in accordance with the law. The financial accounting report shall be prepared in accordance with the laws, administrative regulations and the regulations of the financial department of the State Council. A limited company's financial accounting report shall be made available for inspection by the shareholders at the company not later than twenty days before the annual meeting of shareholders; a joint stock limited company that has publicly issued shares shall announce its financial accounting report.

A joint stock limited company shall make its financial and accounting reports available at the company for inspection by the shareholders 20 days before the convening of an annual meeting of shareholders. A joint stock limited company issuing its shares in public must publish its financial and accounting reports.

When distributing each year's after-tax profits, the company shall set aside 10% of its profits into its statutory reserve fund. The company can no longer withdraw statutory reserve fund if it has accumulated to more than 50% of the registered capital. If the statutory reserve fund of the company is insufficient to make up for the losses of the previous years, the current year profits shall be used to make up for the losses before making allocations to the statutory reserve in accordance with the preceding paragraph. After the company has made an allocation to the statutory reserve fund from its after-tax profit, it may also make an allocation to the discretionary reserve fund from its after-tax profit upon a resolution of the meeting or the shareholders' meeting.

A joint stock limited company may distribute profits in proportion to the number of shares held by its shareholders, except for profit distributions that are not in proportion to the number of shares held in accordance with the provisions of the Articles of Association of the joint stock limited company.

The premium over issue price of the nominal value of the shares of a joint stock limited company from the issue of shares and other incomes required by the financial department of the State Council to be treated as the capital reserve fund shall be accounted for as the capital reserve fund of the company.

The reserve fund of the company shall be used to make up losses of the company, expand the production and operation of the company or increase the capital of the company. Where the reserve fund of a company is used for making up losses, the discretionary reserve and statutory reserve shall be firstly used. If losses still cannot be made up, the capital reserve can be used according to the relevant provisions. When the statutory reserve fund is converted to increase registered capital, the balance of the statutory reserve shall not be less than 25% of the registered capital before such conversion.

The company shall not keep accounts other than those provided by law.

Appointment and Dismissal of Accounting Firms

Pursuant to the Company Law, the engagement or dismissal of an accounting firm responsible for the company's auditing shall be determined by a shareholders' general meeting or the board of directors in accordance with the articles of association. The accounting firm should be allowed to make representations when the general meeting or the board of directors conduct a vote on the dismissal of the accounting firm. The company should provide true and complete accounting evidence, accounting books, financial and accounting reports and other accounting information to the engaged accounting firm without any refusal or withholding or falsification of information.

Profit Distribution

Where a company distributes profits to shareholders in violation of the provisions of the Company Law, the shareholders shall refund the profits distributed to the company, and the shareholders and the liable directors, supervisors and senior executives shall be held liable for compensation if any loss is caused to the company.

Dissolution and Liquidation

According to the Company Law, a company shall be dissolved for the following reasons:

(i) the expiration of the business period stipulated in the company's articles of association or the occurrence of other causes of dissolution stipulated in the company's articles of association;

(ii) the general meeting or the shareholders' general meeting resolves to dissolve the company;

(iii) dissolution due to merger or demerger of the company;

(iv) suspension of the business license, being ordered to close down or being revoked in accordance with the law;

(v) where the company encounters serious difficulties in its operation and management and its continuance shall cause a significant loss in the interest of shareholders, and where this cannot be resolved through other means, shareholders who hold more than 10% of the total shareholders' voting rights of the company may present a petition to a people's court for the dissolution of the company with the support of the judgment.

If any of the situations as mentioned in the preceding paragraph arises, a company shall publicize the situations through the National Enterprise Credit Information Publicity System within ten days.

Where the company is dissolved in accordance with sub-paragraph (1), (2) above, it may carry on its existence by amending its articles of association or upon a resolution of the shareholders' meeting, which must be approved by more than two-thirds of the voting rights held by the shareholders present at the shareholders' general meeting. Where the Company is dissolved pursuant to sub-paragraphs (1), (2), (4) or (5) above, a liquidation committee shall be established and the liquidation shall commence within 15 days after the occurrence of an event of dissolution. The liquidation committee shall be composed of directors, unless it is otherwise provided for in the company's articles of association or it is otherwise elected by the shareholders' meeting. The liquidation group fails to be formed within the time limit or fails to carry out the liquidation after its formation, any interested party may request the people's court to designate relevant persons to form a liquidation group. The people's court shall accept such requests and organize a liquidation group to carry out the liquidation in a timely manner.

The liquidation group may exercise the following functions during the period of liquidation:

(i) liquidating the property of the company, preparing a balance sheet and an inventory of property, respectively;

(ii) notifying the creditors by mail or public announcement;

(iii) handling and liquidating the unfinished business of the company;

(iv) paying off the taxes overdue and the taxes incurred in the process of liquidation;

(v) liquidation of claims and debts;

(vi) distributing the remaining property after all the debts of the company are paid off; and

(vii) representing the company in civil litigation activities.

The liquidation group shall notify the company's creditors within ten days as of its formation and shall make a public announcement in the newspaper or on the National Enterprise Credit Information Publicity System within 60 days. The creditors shall file their proofs of claim with the liquidation group within 30 days as of the receipt of the notice or within 45 days as of the issuance of the public announcement in the case of failing to receive such notice.

After paying off the liquidation expenses, wages of employees, social insurance premiums and statutory compensations, the outstanding taxes and the debts of the company with the property of the company, the remaining assets may be distributed in proportion to the shares held by the shareholders.

During the period of liquidation, the company survives, but shall not carry out any business operation unrelated to the liquidation. The property of the company shall not be distributed to the shareholders until it has been liquidated in accordance with the preceding paragraph.

Where the liquidation group finds that the property of the company are not sufficient for paying off the debts after liquidating the property of the company and preparing a balance sheet and an inventory of property, it shall file an application to a people's court for bankruptcy liquidation. After the people's court accepts the application for bankruptcy, the liquidation group shall hand over the liquidation matters to the bankruptcy administrator designated by the people's court.

Upon completion of the liquidation of the company, the liquidation group shall produce a liquidation report, report the same to the shareholders' general meeting or the people's court for confirmation, and submit the same to the company registration authority to apply for deregistration of the company.

Where a company has had its business licence revoked, been ordered to close, or been dissolved, and has failed to apply to the company registration authority for deregistration within three years, the company registration authority may publish a notice through the National Enterprise Credit Information Publicity System (國家企業信用信息公示系統). The notice period shall be no less than sixty days. Upon expiry of the notice period, if no objections are raised, the company registration authority may deregister the company.

Overseas Listing

According to the Trial Administrative Measures of Listing, where an issuer makes an overseas initial public offering or listing, it shall file with the CSRC within 3 working days after submitting the application documents for overseas issuance and listing. If an issuer issues securities in the same overseas market after overseas issuance and listing, it shall file with the CSRC within 3 working days after the completion of the issuance. Moreover, if the

filing materials are complete and meet the requirements, the CSRC shall complete the filing within 20 working days from the date of receiving the filing materials, and publicize the filing information through the website. If the filing materials are incomplete or do not meet the requirements, the CSRC shall inform the issuer of the materials to be supplemented within 5 working days after receiving the filing materials. The issuer shall supplement the materials within 30 working days.

Loss of Share Certificates

A shareholder may, in accordance with the public notice procedures set out in the PRC Civil Procedure Law, apply to a people's court if his share certificate(s) in registered form is either stolen, lost or destroyed, for a declaration that such certificate(s) will no longer be valid. After the people's court declared that such certificate(s) will no longer be valid, the shareholder may apply to the company for the issue of a replacement certificate(s).

Suspension and Termination of Listing

The Company Law has deleted provisions governing suspension and termination of listing. The PRC Securities Law (2019 revision) (《中華人民共和國證券法(2019年修訂)》) has also deleted provisions regarding suspension of listing. Where listed securities fall under the delisting circumstances stipulated by the stock exchange, the stock exchange shall terminate its listing and trading in accordance with the business rules.

According to the Trial Measures, in case of active or compulsory termination of listing, the issuer shall report the specific situation to the CSRC within 3 working days from the date of occurrence and announcement of the relevant matters.

SECURITIES LAW AND REGULATIONS

In October 1992, the State Council established the Securities Committee and the CSRC. The Securities Committee is responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of securities markets, directing, coordinating and supervising all securities-related institutions in the PRC and administering the CSRC. The CSRC is the regulatory arm of the Securities Committee and is responsible for the drafting of regulatory provisions of securities markets, supervising securities companies, regulating listing of securities by PRC companies in the PRC or overseas, regulating the trading of securities, compiling securities-related statistics and undertaking research and analysis. On March 29, 1998, the State Council consolidated the above two departments and reformed the CSRC.

The Provisional Regulations Concerning the Issue and Trading of Shares (《股票發行與交易管理暫行條例》) issued by the State Council and effective on April 22, 1993 provide the application and approval procedures for public offerings of shares, trading in shares, the acquisition of listed companies, the deposit, settlement and transfer of listed company's shares, the disclosure of information with respect to a listed company, investigation and penalties and dispute arbitration.

The Regulations of the State Council Concerning the Domestic Listed Foreign Shares of Joint Stock Limited Companies (《國務院關於股份有限公司境內上市外資股的規定》), which were issued by the State Council and came into effect on December 25, 1995, mainly provide for the issue, subscription, trading and payment of dividends of domestic listed foreign shares and disclosure of information of joint stock limited companies with domestic listed foreign shares.

The Securities Law, which was amended by the Standing Committee of the NPC on December 28, 2019 and came into effect on March 1, 2020, provides a series of provisions regulating, among other things, the issue and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of the State Council's securities regulatory authorities in the PRC, and comprehensively regulates activities in the PRC securities market. The PRC Securities Law provides that a domestic enterprise must comply with the relevant provisions of the State Council in issuing securities directly or indirectly outside the PRC or listing and trading its securities outside the PRC. Currently, the issue and trading of foreign issued shares are mainly governed by the rules and regulations promulgated by the State Council and the CSRC.

ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARDS

Under the Arbitration Law of the People's Republic of China (《中華人民共和國仲裁法》), (hereinafter referred to "the Arbitration Law"), amended by the Standing Committee of the NPC on September 1 2017 and effective on January 1 2018, the Arbitration Law is applicable to economic disputes involving foreign parties, and all parties have entered into a written agreement to refer the matter to an arbitration committee constituted in accordance with the Arbitration Law. An arbitration committee may, before the promulgation by the PRC Arbitration Association of arbitration regulations, formulate interim arbitration rules in accordance with relevant regulations under the Arbitration Law and the PRC Civil Procedure Law (《中國民事訴訟法》). Where both parties have agreed to settle disputes by means of arbitration, the people's court will refuse to take legal action brought by a party in the people's court.

Under the Arbitration Law, an arbitral award is final and binding on the parties. If a party fails to comply with an award, the other party to the award may apply to the people's court for enforcement according to the PRC Civil Procedure Law. A people's court may refuse to enforce an arbitral award made by an arbitration commission if there is any procedural irregularity (including irregularity in the composition of the arbitration committee or the making of an award on matters beyond the scope of the arbitration agreement or the jurisdiction of the arbitration commission). A party seeking to enforce an arbitral award of foreign arbitration commission against a party who or whose property is not within the PRC shall apply to a foreign court with jurisdiction over the case for recognition and enforcement. Similarly, an arbitral award made by an overseas arbitration body may be recognized and enforced by the people's court in accordance with the principles of reciprocity or any international treaty concluded or acceded to by the PRC.

According to the Arrangement of the Supreme People's Court on Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的安排》) promulgated by the Supreme People's Court on January 24, 2000 and effective on February 1, 2000, and the Supplementary Arrangement of the Supreme People's Court on Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的補充安排》) promulgated by the Supreme People's Court on November 26, 2020 and effective on November 27, 2020, awards made by PRC arbitral authorities can be enforced in Hong Kong, and Hong Kong arbitration awards are also enforceable in the PRC.

SHARES

Issuance of Shares

The stocks of the Company shall take the form of registered shares.

Shares of the Company shall be issued on the principles of transparency, fairness and equality, and the shares of the same class shall rank *pari passu* in all respects.

Each share of the same class shall be issued under the same conditions and at the same price in each issuance, and the same price shall be paid for each share subscribed for by any entity or individual.

The nominal value of shares issued by the Company is denominated in RMB, with a par value of RMB1.00 each.

The H Shares issued by the Company shall be primarily deposited with a custodian company under the Hong Kong Securities Clearing Company Limited in accordance with the laws and securities regulatory rules, and practices of securities registration and depository of the place(s) where the shares of the Company are listed. They may also be held by individual shareholders under their own names.

Transfer of Shares

The Shares of the Company shall be transferred in accordance with the laws, regulations, the securities regulatory rules in the place(s) where the shares of the Company are listed and the provisions of these Articles of Association.

All H Shares shall be transferred by way of written instruments of transfer in general or ordinary format, or any other format acceptable to the Board of Directors (including the standard transfer format or form of transfer as prescribed by the HKEX from time to time. The instruments of transfer may only be signed by hand or (where the transferor or transferee is a corporation) by a valid seal of the Company. If the transferor or transferee is a recognized clearing house as defined by the relevant ordinances of Hong Kong laws in force from time to time (the "Recognized Clearing House") or its agent, the instruments of transfer may be signed by hand or in a machine-printed format. All instruments of transfer shall be kept at the legal address of the Company or such places as the Board of Directors may designate from time to time.

Shares of the Company held by promoters shall not be transferred within 1 year from the date of establishment of the Company. The Company's controlling shareholders and actual controllers shall not, for a period of 36 months from the date of listing of the Company's shares, transfer or entrust others with the management of the pre-IPO shares directly and indirectly held by them, nor shall they propose the repurchase of such shares by the Company. If the transferor and the transferee are in a relationship of control, or are under the common control of the same actual controller, the aforementioned restrictions may be exempted upon the expiry of 12 months from the date of listing of the Company's shares.

The directors and senior management members of the Company shall notify the Company of their holdings of shares in the Company and the changes therein. During their term of office, their annual transfer of shares shall not exceed 25% of the total number of shares of the same class held by them in the Company. The shares in the Company held by them shall not be transferred within half a year after they have terminated their employment with the Company.

Pledge of Shares

The Company shall not accept its own shares as the subject of pledge.

Repurchase of Shares

The Company may not purchase its own shares, but may purchase its own shares in accordance with laws, administrative regulations, departmental rules and these Articles of Association under the following circumstances:

(I) reducing the Company's registered capital;

(II) merging with other companies holding shares of the Company;

(III) issuing shares under employee stock ownership scheme or share incentive scheme;

(IV) purchasing its shares from Shareholders who have voted against the resolutions on the merger or division of the Company at a shareholders' general meeting upon their request;

(V) use of shares for converting the convertible bonds issued by the listed Company into shares;

(VI) where it is necessary for the listed Company to maintain its value and protect the interests of the shareholders.

The Company does not engage in trading activities involving its own shares except under the abovementioned circumstances.

The Company may acquire its own shares through centralized competitive bidding or a tender offer on a stock exchange, or by other methods approved by laws, regulations, the China Securities Regulatory Commission, the securities regulatory rules in the place(s) where the shares of the Company are listed, and the securities regulatory authorities of the place(s) where the shares of the Company are listed.

If the share repurchase by the Company is made under the circumstances set out in (III), (V) and (VI) above, it shall be conducted by way of open centralized trading.

A resolution at a shareholders' general meeting is required when the Company repurchases its own shares under the circumstances set out in (I) and (II) above. When the Company repurchases its own shares under the circumstances set out in (III), (V) and (VI) above, a board resolution shall be passed by more than two-thirds of the directors attending the board meeting, provided that it complies with the securities regulatory rules of the place where the Company's shares are listed.

After the Company repurchases its own shares in accordance with above regulations, in case of the circumstance set out in (I), the shares shall be cancelled within 10 days from the date of repurchase; in case of the circumstances set out in (II) and (IV), the shares shall be transferred or cancelled within 6 months thereafter; and in case of the circumstances set out in (III), (V) and (VI), the shares held by the Company in aggregate shall not exceed 10% of the total issued shares of the Company, and shall be transferred or cancelled within 3 years.

When a company acquires its own shares, it shall fulfill its information disclosure obligations in accordance with the Securities Law and the securities regulatory rules in the place(s) where the shares of the Company are listed.

SHAREHOLDERS

Register of Shareholders

The Company shall establish a register of members based on the certificates provided by the securities depository and clearing institution of the place where the Company's shares are listed. The register of members shall constitute conclusive evidence of a shareholder's holding of the Company' shares. Shareholders shall enjoy rights and assume obligations according to the class of shares held by them. Shareholders holding shares of the same class shall be entitled to the same rights and assume the same obligations.

The original register of members of the H Shares listed in Hong Kong shall be maintained in Hong Kong and made available for inspection by shareholders. In the event of any inconsistency between the original and duplicate copies of the register of H shareholders, the original shall prevail. However, the Company may, in accordance with the applicable laws and regulations and securities regulatory rules of the place where the Company's shares are listed, and pursuant to provisions equivalent to section 632 of the Companies Ordinance (Cap. 622 of the Laws of Hong Kong), suspend the registration of shareholders.

Any shareholder registered in the H share register or any person who requests that his/her name or title be registered in the H share register may apply to the Company for the issuance of new share certificates in replacement of the lost certificates. A request for the issuance of replacement due to loss of H shares certificates may be handled in accordance with the laws, rules of the securities exchange, or other relevant provisions of the place where the original H share register is maintained.

When the Company convenes a shareholders' general meeting, distributes dividends, conducts liquidation or engages in other activities that require confirmation of shareholder identity, the Board of Directors or the convener of the shareholders' general meeting shall determine the record date. Shareholders whose name appear on the register after the close of trading on the record date shall be entitled to the relevant rights and interests.

Shareholders' Rights and Obligations

Shareholders of the Company enjoy the following rights:

(I) to receive dividends and other forms of interest distributions in proportion to their shareholdings;

(II) to request, convene, preside over, attend, or appoint proxies to attend shareholders' general meetings; speak at shareholders' general meetings, and exercise the corresponding voting rights, in accordance with the law, unless required by the Hong Kong Listing Rules to abstain from voting on specific matters;

(III) to supervise, provide recommendations on, or make inquiries about the operations of the Company;

(IV) to transfer, gift or pledge the shares held by them in accordance with laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association;

(V) to inspect and copy the Articles of Association, the register of members, minutes of shareholders' general meetings, resolutions of the board meetings, resolutions of the meetings of Board of Supervisors, and financial and accounting reports; shareholders who individually or collectively hold more than 3% of the Company. shares for more than 180 consecutive days may inspect the accounting books and vouchers of the Company;

(VI) to participate in the distribution of the remaining properties of the Company in proportion to their shareholdings in the event of the termination or liquidation of the Company;

(VII) for shareholders who dissent from the resolution of the shareholders' general meeting on the mergers or divisions of the Company, to request the Company to acquire their shares;

(VIII) to enjoy other rights stipulated by the laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company' shares are listed, or the Articles of Association.

The Articles of Association, resolutions of the shareholders' general meetings or board meetings shall comply with laws and regulations and shall not deprive or restrict the statutory rights of shareholders. The Company shall protect the statutory rights of shareholders and ensure that they are treated fairly.

Shareholders of the Company shall assume the following obligations:

(I) to abide by the laws, administrative regulations and the Articles of Association;

(II) to pay capital contribution according to the number of shares subscribed for and the method of subscription;

(III) not to withdraw the shares unless required by the laws and administrative regulations;

(IV) not to abuse their shareholders' rights to jeopardize the interests of the Company or other shareholders; not to abuse the status of the Company as an independent legal entity and the limited liability of shareholders to jeopardize the interests of any creditors of the Company; where any shareholder of the Company abuses the shareholders' rights and incur losses to the Company or other shareholders, such shareholder shall be liable for the damages according to laws; where shareholders of the Company abuse the Company's status as an independent legal entity and the limited liability of shareholders for the purposes of evading debts, thereby materially impairing the interests of the creditors of the Company, such shareholders shall be jointly and severally liable for the debts owed by the Company;

(V) other obligations as prescribed by laws, administrative regulations and the Articles of Association.

Shareholders' General Meetings

Notice of Shareholders' General Meetings

The shareholders' general meetings are classified into annual general meetings and extraordinary general meetings. The annual general meeting shall be convened once a year and be held within 6 months of the end of the previous accounting year.

In any of the following circumstances, the Company shall convene an extraordinary general meeting within 2 months from the date upon which the circumstance occurs:

(i) when the number of directors falls short of the number specified in the Company Law or is less than two-thirds of the number specified in the Articles of Association;

(ii) when the unrecovered losses of the Company amount to one-third of the total paid-up share capital;

(iii) when shareholders individually or collectively holding more than 10% of the Company's shares request;

(iv) when the Board of Directors deems necessary;

(v) when proposed by the Board of Supervisors;

(vi) other circumstances stipulated by laws, administrative regulations, departmental rules, securities regulatory rules of the place(s) where the Company's shares are listed or the Articles of Association.

The Company shall convene a shareholders' general meeting at its place of domicile or at any other place specified in the notice of a shareholders' general meeting.

A shareholders' general meeting shall be held at the designated venue in the form of onsite meeting. The Company may also provide telephone, video, fax, email, internet or other means to facilitate shareholders' attendance at general meetings in accordance with the securities regulatory rules in the place(s) where the Company's shares are listed. The specific methods and requirements shall be implemented in accordance with the provisions of laws, administrative regulations, departmental rules, the securities regulatory rules in the place(s) where the Company's shares are listed, and the Articles of Association. Any Shareholders who participate in the meeting through the above means shall be deemed to be present in person.

The convener of a general meeting shall notify each shareholder in writing (including announcement) 20 days before the annual general meeting, and the extraordinary general meeting shall notify each shareholder in writing (including announcement) 15 days before the meeting. The date of the meeting shall not be included in the calculation of the commencement period.

Notice of shareholders' general meeting shall include the following contents:

(i) the date, venue and duration of the meeting;

(ii) matters and proposals to be considered at the meeting;

(iii) an express statement that the entire shareholders are entitled to attend the shareholders' general meeting, and to appoint proxy(ies) to attend and vote on his/her behalf at the meeting, and that a proxy need not be a shareholder of the Company;

(iv) the record date on which the shareholders are entitled to attend the shareholders' general meeting;

(v) the name and telephone number of permanent contact persons for the affairs of the meeting;

The notice and the supplementary notice, if any, of the shareholders' general meeting shall fully and completely disclose the contents of all proposals. If the matters to be discussed require the opinions of the independent non-executive directors, the opinions of the independent non-executive directors and the reasons therefor shall be disclosed at the same time when the notice of general meeting or its supplementary notice is issued. In the event that a general meeting is held online or through other means, the designated time and procedure for voting through internet or other means shall be expressly stated in the notice of such meeting.

Duties and Powers and Resolutions of Shareholders' General Meetings

The shareholders' general meeting is the power of authority of the Company, which shall exercise the following functions and powers in accordance with the law:

(i) to decide on the Company's operational policies and investment plans;

(ii) to elect or replace the directors and to decide on matters relating to the remuneration of directors;

(iii) to examine and approve reports of the Board of Directors;

(iv) to examine and approve the Company's proposed annual financial budget and final accounts;

(v) to examine and approve the Company's proposals for profit distribution plans and loss recovery plans;

(vi) to decide on any increase or reduction of the Company's registered capital;

(vii) to decide on the issue of bonds by the Company;

(viii) to decide on matters such as merger, division, dissolution and liquidation or change of corporate form of the Company;

(ix) to amend the Articles of Association;

(x) to resolve on the appointment and dismissal of accounting firms by the Company;

(xi) to examine and approve the provision of guarantees stipulated in Article 41;

(xii) to examine and approve the provision of trade stipulated in Article 42;

(xiii) to examine matters relating to the purchases and disposals of the Company's material assets within 1 year, which exceed 30% of the Company's latest audited total assets;

(xiv) to consider and approve any change in the use of proceeds;

(xv) to examine and approve the share incentive scheme and employee stock ownership scheme;

(xvi) related party transactions where the transaction amount exceeds RMB30 million and represents more than 1% of the Company's latest audited total assets or market capitalisation;

(xvii) the Company's annual general meeting may authorise the board of directors to issue shares to specific parties with a total financing amount not exceeding RMB300 million and not exceeding 20 per cent of the net assets at the end of the most recent financial year. Such authorisation shall lapse on the date of the next annual general meeting;

(xviii) to consider all transactions where the Company's percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules relating to percentage ratios are not less than 25% (including one-off transactions and a series of transactions which require combined percentage ratio calculation) and related transactions where the percentage ratios are not less than 5% (including one-off transactions and a series of transactions which require combined percentage ratio calculation);

(xix) to consider other matters required to be approved or resolved at the general meeting under the laws, administrative regulations, departmental rules, the securities regulatory rules in the place(s) where the shares of the Company are listed or the Articles of Association.

Resolutions of the general meeting include ordinary resolutions or special resolutions.

Ordinary resolution at a general meeting shall be passed by more than half of the voting shares held by shareholders (including their proxies) attending the general meeting.

Special resolution at a general meeting shall be passed by not less than two-thirds of the voting rights held by shareholders (including their proxies) attending the general meeting.

The following matters shall be approved by ordinary resolutions at a shareholders' general meeting:

(i) work reports of the Board of Directors;

(ii) profit distribution plans and loss recovery plans formulated by the Board of Directors;

(iii) appointment and dismissal of members of the Board, and their remuneration and payment method;

(iv) annual budgets and final accounts report of the Company;

(v) annual report of the Company;

(vi) matters other than those prescribed by laws, administrative regulations, the securities regulatory rules of the place(s) where the Company's shares are listed or the Articles of Association that shall be approved by special resolutions.

The following matters shall be approved by special resolutions at the shareholders' general meeting:

(i) increase or reduction of the registered capital of the Company;

(ii) division, merger, dissolution and liquidation of the Company;

(iii) amendments to the Articles of Association;

(iv) purchase or sale of material assets or guarantees by the Company in excess of 30% of the Company's latest audited total assets within a period of 1 year;

(v) provision of guarantee whose cumulative amount in 12 consecutive months exceeds 30% of the latest audited total assets of the Company;

(vi) share incentive schemes;

(vii) other matters prescribed by the laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed or the Articles of Association, and those matters determined by ordinary resolutions at a shareholders' general meeting to have a material impact on the Company and required to be approved by special resolutions.

Board of Directors

Directors shall be elected or replaced at Shareholders' General Meetings and may be removed from office by Shareholders' General Meetings before the expiration of his term of office. The directors shall have a term of office of three years and are eligible for re-election upon the expiration of the term.

The term of office of a director shall be calculated from the date when he takes office, until expiration of the term of office of the Board of the session. In case of failure to timely elect a director upon expiration of the director's term of office, the existing directors shall continue to perform their duties in accordance with laws, administrative regulations, departmental rules and the Articles of Association until the new directors assume their office.

Any person appointed by the Board of Directors as a director to fill a casual vacancy on the Board of Directors or as an addition to the Board of Directors shall hold office only until the first annual shareholders' general meeting following his/her appointment, and shall then be eligible for re-election.

A director may serve concurrently as general manager, deputy general manager or other senior executives, but the total number of directors serving concurrently as general manager, deputy general manager or other senior executives and employee representative directors shall not be more than half of the directors of the Company.

The Board of Directors shall consist of seven directors, including one Chairman. Board members shall be elected by shareholders in accordance with the law. The number of independent directors shall not be less than three and shall not constitute less than one-third of the total number of directors, and at least one of them shall possess appropriate professional qualifications in accordance with the securities regulatory rules in the place(s) where the Company's shares are listed, or possess appropriate accounting or related financial management expertise. One independent director shall be a permanent resident in Hong Kong.

The Chairman shall be elected by the Board of Directors by a majority vote of all directors.

The following person shall not serve as a director of the Company:

(i) person without capacity or with limited capacity of civil conduct;

(ii) person who has committed offences relating to corruption, bribery, misappropriation of fund, misappropriation of property or disruption of social economic order and has been sentenced to criminal punishment since the date of completion of the sentence, or who has been deprived of his/her political rights due to a criminal offense, where less than 5 years has elapsed since the date of restoring his/her political rights, or who has been pronounced to suspended sentence, where less than two years have elapsed since the date of expiration of the probation period;

(iii) person who was a former director, factory manager or manager of a company or enterprise which was declared bankrupt and was liquidated and who was personally liable for the bankruptcy of such a company or enterprise, where less than 3 years have elapsed since the date of completion of the bankruptcy and liquidation of the company or enterprise;

(iv) person who is a former legal person who was a legal representative of a company or enterprise which had its business license revoked and was ordered to shut down due to violation of the law and who was personally liable, where less than 3 years has elapsed since the date of the revocation or order to shut down;

(v) person who has a substantial number of debts due and outstanding and listed as a judgement defaulter by the People's Court;

(vi) having administrative penalties imposed upon by the CSRC within the most recent three years;

(vii) having received a public reprimand from a stock exchange or three or more written warnings within the last three years;

(viii) a person subject to securities market entry restrictions imposed by the CSRC, with the restriction period not yet expired;

(ix) other content stipulated by laws, administrative regulations or departmental rules are listed.

If a director is elected or appointed in violation of the provisions of this article, such election or appointment shall be deemed null and void.

Duties of the Board

The Board of Directors exercises the following functions and powers:

(i) to convene shareholders' general meetings and report on their work to the shareholders' general meeting;

(ii) to implement the resolutions of the shareholders' general meetings;

(iii) to decide on the Company's business plans and investment plans;

(iv) to formulate the Company's annual financial budgets and annual final accounting plans;

(v) to formulate the Company's profit distribution plan and loss recovery plan;

(vi) to formulate proposals for the increase or reduction of the Company's registered capital, issuance of bonds or other securities, and listing plans;

(vii) to formulate plans for major acquisitions, purchase of our Company's shares, or merger, division, dissolution and change of form of our Company;

(viii) within the scope authorized by the shareholders' general meeting, to decide on the Company's external investment, acquisition and sale of assets, asset pledge, external guarantee matters, entrusted wealth management, related transactions, and external donations, etc.;

(ix) Related party transactions where the transaction amount (excluding guarantees) between the Company and a related natural person is not less than RMB300,000 but less than RMB30 million, and related party transactions where the transaction amount (excluding guarantees) between the Company and a related legal person (excluding wholly-owned subsidiaries) is not less than RMB3 million but less than RMB30 million, or representing 0.1% to 1% of the Company's latest audited total assets or market capitalisation (excluding assets received as gifts and guarantees provided gratuitously by related parties);

(x) to consider external guarantee matters not required to be deliberated by the shareholders' meeting;

(xi) to decide on the establishment of the Company's internal management structure;

(xii) to decide on the appointment or dismissal of the Company's general manager, secretary to the Board of Directors; based on the general manager's nomination, to decide on the appointment or dismissal of the Company's deputy general manager and financial officer, and to determine their remuneration and rewards and penalties;

(xiii) to formulate the Company's basic management system;

(xiv) to formulate proposals for any amendment to the Articles of Association;

(xv) to manage the information disclosure matters of the Company;

(xvi) to propose to the shareholders' general meeting the appointment or change of the accounting firm acting as the auditors of the Company;

(xvii) To discuss and evaluate whether the corporate governance mechanism provides appropriate protection and equal rights to all shareholders, and whether the corporate governance structure is reasonable and effective;

(xviii) Company bank loans or other financing matters;

(xix) to receive the work report of the Company's general manager and examine the general manager's work;

(xx) other powers conferred by the laws, administrative regulations, departmental rules or the Articles of Association.

Matters beyond the scope authorized by the general meeting shall be submitted to the general meeting for consideration.

A meeting of the board of directors may be held only if more than half of the directors are present; except where otherwise provided by laws, administrative regulations, departmental rules and the securities regulatory rules in the place(s) where the shares of the Company are listed or in these Articles of Association, resolutions of the board of directors must be passed by more than half of all directors.

Voting on resolutions of the Board of Directors shall be conducted on the basis of one person, one vote.

Special Committees of the Board

The Board of Directors has established specialised committees including the Audit Committee, the Strategy Committee, the Nomination Committee, and the Remuneration Committee.

All members of the specialised committees shall be directors. Within the Audit Committee, Nomination Committee and Remuneration Committee, independent directors shall constitute a majority and shall serve as conveners. The convener of the Audit Committee shall be an independent director possessing professional accounting

qualifications. The specific composition and qualification requirements of the special committee shall comply with the provisions of laws, administrative regulations, departmental rules, the securities regulatory rules in the place(s) where the shares of the Company are listed, etc.

General Manager

The Company has one general manager, whom shall be appointed or dismissed by the Board.

The general manager shall be accountable to the Board and exercise the following functions and powers:

(i) to be in charge of the production, operation and management of the Company, to organize the implementation of the resolutions of the Board, and to report his/her works to the Board;

(ii) to organize the implementation of the Company's annual business plans and investment plans;

(iii) to draft plans for the establishment of the Company's internal management organization;

(iv) to draft the Company's basic management system;

(v) to formulate the specific rules and regulations of the Company;

(vi) to propose to the Board appointment or dismissal of deputy general manager, the financial controller;

(vii) to decide on the appointment or dismissal of management personnel other than those required to be appointed or dismissed by the Board;

(viii) to exercise other functions and powers conferred by the Articles of Association or the Board.

The general manager shall attend the Board meetings.

Secretary of the Board of Directors

The Board of Directors shall appoint a board secretary responsible for preparing shareholders' meetings and board meetings, safeguarding documents, managing shareholder information, and handling information disclosure matters. The board secretary shall be a senior management officer accountable to the Board of Directors. The Board Secretary shall comply with relevant provisions of laws, administrative regulations, departmental rules, and the Articles of Association.

Financial and Accounting System

The Company establishes its financial and accounting system in accordance with the laws, administrative regulations, the securities regulatory rules in the place(s) where the shares of the Company are listed and requirements of relevant departments of the State.

The Company shall submit its annual financial accounting report to the China Securities Regulatory Commission and the place(s) where the shares of the Company are listed within four months from the end of each fiscal year, submit its semi-annual financial accounting report to the China Securities Regulatory Commission's dispatched agency and the place(s) where the shares of the Company are listed within two months from the end of the first six months of each financial year, and submit its quarterly financial accounting report to the China Securities Regulatory Commission's dispatched agency and the place(s) where the shares of the Company are listed within one month from the end of the first three months and the first nine months of each financial year. Where the securities regulatory authorities of the place(s) where the shares of the Company are listed have other provisions, such provisions shall prevail. The above financial accounting reports are prepared in accordance with the relevant laws, administrative regulations, departmental rules and the securities regulatory rules in the place(s) where the shares of the Company are listed.

Internal Audit

The Company shall implement an internal audit system, where dedicated auditors carry out the internal audit and supervision over the revenue and expenditure and the economic activities of the Company.

The internal audit system of the Company and the duties of the auditing staff shall be subject to the approval of the Board. The officer in charge of audit shall be accountable to the Board and report his/her work to the same.

Engagement of an Accounting Firm

The Company employs an accounting firm that complies with laws, regulations, departmental rules and the securities regulatory rules in the place(s) where the shares of the Company are listed to perform accounting statement audits, net asset verification and other related consulting services. The term of employment is one year and can be renewed.

The appointment of an accounting firm by a company must be decided by the shareholders' meeting through an ordinary resolution, and the board of directors may not appoint an accounting firm before the shareholders' meeting decides.

Dissolution and Liquidation

The Company shall be dissolved upon the occurrence of the following events:

(i) the term of its operations set out in the Articles of Association has expired or other events of dissolution specified in the Articles of Association have occurred;

(ii) a resolution for dissolution is passed by shareholders at a Shareholders' general meeting;

(iii) dissolution is necessary due to a merger or division of the Company;

(iv) the Company's business license is revoked or the Company is ordered to close down or be de-registered according to laws;

(v) The People's Court shall dissolve the company in accordance with Article 231 of the Company Law.

Where the Company finds itself in the circumstances described in subparagraphs (i) and (ii) above and has not yet distributed its assets to shareholders, it may continue in existence by amending the Articles of Association. Any amendment to the Articles of Association pursuant to the preceding paragraph shall be approved by a majority of not less than two-thirds of the voting rights held by shareholders present at the shareholders' general meeting.

Where the Company is dissolved under the circumstances set out in abovementioned items (i), (ii), (iv) and (v), the Company shall establish a liquidation team to carry out liquidation within 15 days from the date when the cause of dissolution occurs. The liquidation committee shall be composed of directors of the Company or such other persons as may be resolved by the shareholders' general meeting. Where a person subject to liquidation obligations fails to perform such obligations in a timely manner, thereby causing loss to the Company or its creditors, that person shall bear liability for compensation. In case no such committee is established to timely proceed with liquidation or if the liquidation committee does not carry out liquidation after establishment, the stakeholders may make an application to a People's Court for appointing relevant persons to form the liquidation committee for liquidation.

The liquidation team shall perform the following powers and duties during the period of liquidation:

(i) to examine the assets of the Company and prepare the balance sheet and inventory sheet;

(ii) to inform creditors by notice or announcement;

(iii) to deal with outstanding businesses of the Company relating to liquidation;

(iv) to settles the taxes in arrears and taxes incurred in the course of liquidation;

(v) to liquidate creditor's rights and debts;

(vi) to allocate the remaining assets of the Company after repayment of debts;

(vii) to represent the Company in civil proceedings.

Amendments to the Articles of Association

The Company shall amend the Articles of Association under any of the following circumstances:

(i) following the amendment in the Company Law or the relevant laws, administrative regulations and other securities regulatory rules of the place(s) where the Company's shares are listed, the matters stipulated in the Articles of Association contradict provisions of the amended laws, administrative regulations and other securities regulatory rules of the place(s) where the Company's shares are listed;

(ii) change in the condition of the Company which makes it inconsistent with the content sets out in the Articles of Association;

(iii) the shareholders' general meeting decides to amend the Articles of Association.

FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation

Our Company was established as a limited liability company in the PRC on April 27, 2009 and was converted into a joint stock limited company with limited liability on December 31, 2019 under the laws of the PRC. As of the Latest Practicable Date, the registered share capital of our Company was RMB193,874,417.

Our Company has established a place of business in Hong Kong at Room 1910, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong and was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on September 29, 2025 with the Registrar of Companies in Hong Kong. Ms. Cheng Choi Ha (鄭彩霞), our company secretary, has been appointed as the authorized representative of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong. The address for service of process on our Company in Hong Kong is the same as our principal place of business in Hong Kong as set out above.

As we were established in the PRC, our corporate structure and Articles of Association are subject to the relevant laws and regulations of the PRC. A summary of the relevant provisions of our Articles of Association is set out in "Appendix V — Summary of Articles of Association."

2. Changes in Share Capital of Our Company

Save as disclosed in the section headed "History, Development and Corporate Structure — Corporate Development and Major Shareholding Changes", there has been no other alteration in the share capital of our Company during the two years immediately preceding the date of this document.

3. Changes in the Share Capital of Members of Our Group

The following sets out the changes in the share or registered capital of the members of our Group within the two years immediately preceding the date of this document:

(a) On August 20, 2024, the registered share capital of RIGOL Malaysia increased from RM14,030,104 to RM26,573,363.

(b) On November 6, 2024, the registered share capital of RIGOL Malaysia increased from RM26,573,363 to RM42,056,845.

(c) on February 6, 2025, the registered share capital of RIGOL Shanghai increased from RMB360,000,000 to RMB500,000,000.

(d) On February 20, 2025, the registered share capital of RIGOL Malaysia increased from RM42,056,845 to RM47,303,128.

(e) On April 29, 2025, the registered share capital of Naishu Electronics increased from RMB10,000,000 to RMB50,000,000.

(f) On May 9, 2025, the registered share capital of RIGOL Malaysia increased from RM47,303,128 to RM53,260,912.

(g) On August 13, 2025, the registered share capital of RIGOL Malaysia increased from RM53,260,912 to RM56,987,276.

Save as disclosed above, there has been no alteration in the share capital of any members of our Group within the two years immediately preceding the date of this document.

4. Resolutions of our Shareholders

Pursuant to the Shareholders' meeting held on September 1, 2025, the following resolutions, among other things, were (subject to the relevant regulatory approval, filing and registration) duly passed:

(i) the [REDACTED] by our Company of the H Shares of nominal value of RMB1.00 each and such H Shares being listed on the Hong Kong Stock Exchange;

(ii) the number of H Shares to be [REDACTED] pursuant to the [REDACTED], and the grant to the [REDACTED] (or their representatives) of the [REDACTED] of not more than [REDACTED] of the number of H Shares [REDACTED] pursuant to the [REDACTED];

(iii) authorization of the Board and its authorized persons to handle matters relating to, among other things, the [REDACTED], the [REDACTED] and [REDACTED] of the H Shares and authorization of the Board to determine the [REDACTED]; and

(iv) subject to the completion of the [REDACTED], the conditional adoption of the Articles of Association, which shall become effective on the [REDACTED].

FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

The following are contracts (not being contracts entered into in the ordinary course of business) entered into by any member of our Group within the two years immediately preceding the date of this document that are or may be material:

(a) the [REDACTED]

2. Intellectual Property Rights

Save as disclosed below, as of the Latest Practicable Date, there were no other trademarks, service marks, patents, intellectual property rights, or industrial property rights which are or may be material in relation to our business.

(a) Trademarks

Trademarks registered in the PRC

As of the Latest Practicable Date, we had registered the following trademarks in China which we consider to be or may be material to our business:

No.	Registered Owner	Trademark	Class	Trademark Number	Effective Date	Expiry Date
1	RIGOL Beijing		9	41719292	2020/08/07	2030/08/06
2	RIGOL Beijing		9	19993522	2017/07/07	2027/07/06
3	RIGOL Beijing		9	5295952	2009/09/14	2029/09/13
4	Our Company	RIGOL	37	82268539	2025/05/28	2035/05/27
5	Our Company	MHO	9	80522743	2025/05/14	2035/05/13
6	Our Company		9	69747801	2023/09/07	2033/09/06
7	Our Company	普源	42	69321266	2024/10/14	2034/10/13
8	Our Company	STATIONMAX	9	68110831	2023/05/14	2033/05/13
9	Our Company	HDO	9	67909279	2023/08/14	2033/08/13
10	Our Company		9	66761935	2023/04/21	2033/04/20
11	Our Company	普源精电	42	56817686	2022/01/07	2032/01/06
12	Our Company	普源	37	56834920	2022/01/14	2032/01/13
13	Our Company	RIGOL	25	55598651	2023/04/07	2033/04/06
14	Our Company	RIGOL	9	48451555	2021/03/21	2031/03/20
15	Our Company	SiFiII	9	45697254	2021/04/07	2031/04/06
16	Our Company	普源精电	9	12552257	2016/07/21	2026/07/20
17	Naishu Electronics	ultraarray	9	81422732	2025/04/14	2035/04/13

No.	Registered Owner	Trademark	Class	Trademark Number	Effective Date	Expiry Date
18	Naishu Electronics	耐数	35	81414151	2025/04/21	2035/04/20
19	Naishu Electronics		42	72383028	2024/01/07	2034/01/06
20	Naishu Electronics	NAISHU	9	52596972	2022/02/21	2032/02/20

Global Trademarks

As of the Latest Practicable Date, we registered the following trademarks globally which we consider to be or may be material to our business:

No.	Trademark	Registered Owner	Place of Registration	Class	Registration Number	Expiry Date
1	RIGOL	Our Company	Argentina	9	3080921	2028/12/12
2	RIGOL	Our Company	Brazil	9	829214410	2029/12/22
3	RIGOL	Our Company	Malaysia	9	07003974	2027/03/08
4	RIGOL	Our Company	Mexico	9	1184937	2030/08/26
5	RIGOL	Our Company	India	9	1990962	2030/07/08
6	RIGOL	Our Company	Chile	9	1250179	2027/11/02
7	RIGOL	Our Company	Madrid Protocol	9	885096	2026/04/10
8	RIGOL	Our Company	South Korea	9	4005876440000	2034/07/14
9	RIGOL	Our Company	Hong Kong	9	301093077	2028/04/13
10	RIGOL	Our Company	Taiwan	9	01355639	2029/03/31
11	RIGOL	Our Company	South Africa	9	2010/15450	2030/07/20
12	RIGOL	Our Company	USA	9	4313436	2033/04/02
13	RIGOL	Our Company	European Union	9, 38, 41	004336483	2035/04/08
14	RIGOL	Our Company	United Kingdom	9, 38, 41	UK00904336483	2035/04/08
15		Our Company	European Union	9, 37, 42	18382745	2031/01/25

No.	Trademark	Registered Owner	Place of Registration	Class	Registration Number	Expiry Date
16	DHO	Our Company	European Union	9	18786427	2032/10/28
17	STATIONMAX	Our Company	Madrid Protocol	9	1723767	2032/11/16
18	RIGOL	Our Company	Argentina	9	3652098	2035/02/14
19	MHO	Our Company	European Union	9	019089483	2034/10/10
20	UltraVision	RIGOL Beijing	United Kingdom	9	UK00801022879	2029/11/23

(b) Copyrights

As of the Latest Practicable Date, we had registered in the PRC the following copyrights which we consider to be or may be material to our business:

No.	Copyright	Registered Owner	Registration Number	Date of First Publication	Expiry Date
1	RIGOL DSG3000B RF Signal Generator Control Software V1.0	RIGOL Beijing	2020SR0960934	2020/8/1	2070/12/31
2	DL3000 Series Programmable Linear DC Electronic Load Remote Control Software	Our Company	2017SR127325	2017/2/16	2067/12/31
3	MSO7000 Series Oscilloscope System Software V2.0	RIGOL Beijing	2017SR075474	2017/1/10	2067/12/31
4	RSA5000 Series Real-Time Spectrum Analyzer System Software V1.0	RIGOL Beijing	2017SR064410	2017/1/6	2067/12/31
5	DSA700 Series Spectrum Analyzer System Software [DAS700] V1.0	RIGOL Beijing	2019SR0524287	2017/1/1	2067/12/31
6	DG4000 series function/arbitrary waveform generator wavetable editing and remote control software	Our Company	2013SR070216	2013/3/20	2063/12/31
7	DG1000Z Series Function/Arbitrary Waveform Generator Control Software V1.0	RIGOL Beijing	2013SR034567	2013/2/25	2063/12/31
8	DG5000 series function/arbitrary waveform generator wavetable editing and remote control software	Our Company	2013SR069480	2013/2/18	2063/12/31
9	DS6000 Series Digital Oscilloscope Control Software V00.00.01.00.00	RIGOL Beijing	2009SRBJ7452	2009/11/11	2059/12/31
10	DM3000 Series Digital Multimeter Control Software V1.0	RIGOL Beijing	2008SRBJ1871	2007/5/18	2057/12/31
11	RCD Data Logger Console Software V1.0	Naishu Electronics	2020SR1849899	2020/3/10	2070/12/31
12	HXI-12 Board Monitoring Software V1.0	Naishu Electronics	2020SR1814100	2019/12/1	2069/12/31

No.	Copyright	Registered Owner	Registration Number	Date of First Publication	Expiry Date
13	DRF Platform Control Software V1.0	Naishu Information	2021SR1888514	2021/10/10	2071/12/31
14	GPU Signal Processing Software V1.0	Naishu Information	2021SR1798451	2021/10/20	2071/12/31
15	Signal Acquisition and Processing FPGA Software V1.0	Naishu Information	2021SR1517884	2021/8/11	2071/12/31

(c) Patents

As of the Latest Practicable Date, we had been granted the following self-developed patents globally which we consider to be or may be material to our business:

No.	Patent	Registered Owner	Patent Number	Application Date	Expiry Date	Jurisdiction
1	Digital oscilloscope and method for controlling the same	Our Company	US13/143239	2011/7/5	2031/8/10	USA
2	Method, apparatus and oscilloscope for automatically identifying trigger types	RIGOL Beijing	JP2022–528126	2022/6/23	2040/5/29	Japan
3	AUTOMATIC TRIGGER TYPE IDENTIFICATION METHOD AND DEVICE, AND OSCILLOSCOPE	RIGOL Beijing	US17/776340	2022/5/12	2040/5/29	USA
4	Display object color control method, apparatus, measurement device, and medium	RIGOL Beijing	JP2021–514615	2021/3/11	2040/5/22	Japan
5	COLOR CONTROL METHOD AND APPARATUS OF A TO-BE-DISPLAYED OBJECT, MEASUREMENT DEVICE, AND MEDIUM	RIGOL Beijing	US17/275831	2021/3/12	2040/5/22	USA
6	COLOR GENERATION SYSTEM, METHOD, AND APPARATUS FOR OBJECT TO BE DISPLAYED, DISPLAY DEVICE, AND MEDIUM	RIGOL Beijing	US17/785058	2022/11/16	2040/7/18	USA
7	ADC sampling data identification method and system, integrated circuit and decoding device	Our Company	JP2021–517867	2021/3/29	2040/5/9	Japan
8	AN ADC SAMPLING DATA IDENTIFICATION METHOD AND SYSTEM, INTEGRATED CIRCUIT AND DECODING DEVICE	Our Company	US17/280719	2021/3/26	2040/5/9	USA

No.	Patent	Registered Owner	Patent Number	Application Date	Expiry Date	Jurisdiction
9	Metastabile state detection device and method, ADC circuit	Our Company	JP2021–518702	2021/3/31	2040/5/9	Japan
10	METASTABILE STATE DETECTION DEVICE AND METHOD, AND ADC CIRCUIT	Our Company	US17/276027	2021/3/12	2040/5/9	USA
11	Multi-channel signal synchronization system, circuit and method	Our Company	JP2022–563188	2022/10/17	2041/4/15	Japan
12	MULTI-CHANNEL SIGNAL SYNCHRONIZATION SYSTEM, CIRCUIT, AND METHOD	Our Company	US17/966133	2022/10/14	2041/4/15	USA
13	Electrical Signal Sampling Device	Our Company	JP2023–542992	2023/7/14	2042/2/23	Japan
14	Electronic test equipment and optional features configuration method	Our Company	JP2023–547689	2023/8/7	2042/2/8	Japan
15	Method of configuring electronic test equipment and selection functions	Our Company	KR10–2023–7030568	2023/9/7	2042/2/8	Korea
16	Multi-channel signal synchronization method, power supply module, electronic device, and power supply device	Our Company	JP2023–573429	2023/11/28	2042/5/25	Japan
17	Method for synchronizing multi-channel signals, power modules, electronic devices and power devices	Our Company	KR10–2023–7044428	2023/12/21	2042/5/25	South Korea
18	Synchronization method for multi-channel signals, power supply module, electronic device and power supply device	Our Company	US18/519866	2023/11/27	2042/5/25	USA
19	Analoger Front-End-Chip und Oszilloskop	Our Company	DE212023000241.8	2024/12/27	2033/3/31	Germany
20	Device synchronous calibration method, device, device, and storage medium	RIGOL Beijing	JP2023–517788	2023/3/16	2041/9/16	Japan

As of the Latest Practicable Date, we had been granted the following patents in China, which we consider to be or may be material to our business:

No.	Patent	Registered Owner	Patent Number	Application Date	Expiry Date
1	A current measuring device	RIGOL Beijing	ZL200910119838.1	2009/03/19	2029/03/19
2	An oscilloscope with high-frequency and low-frequency path separation circuit	RIGOL Beijing	ZL200910237777.9	2009/11/17	2029/11/17
3	A pulse edge control device for a waveform generator	RIGOL Beijing	ZL201010531132.9	2010/11/03	2030/11/03
4	A multi-channel synchronous signal generator	RIGOL Beijing	ZL201110065653.4	2011/03/18	2031/03/18
5	A digital oscilloscope for precise triggering	RIGOL Beijing	ZL201110128582.8	2011/05/18	2031/05/18
6	A measuring device with a variable gain amplifier	RIGOL Beijing	ZL201210089053.6	2012/03/29	2032/03/29
7	Signal processing device with low-frequency response compensation circuit	RIGOL Beijing	ZL201210423069.6	2012/10/30	2032/10/30
8	A power supply with controllable output and a control method thereof	RIGOL Beijing	ZL201210530641.9	2012/12/10	2032/12/10
9	A waveform generating device with arbitrary wave calling function	Our Company	ZL201310513586.7	2013/10/25	2033/10/25
10	A radio frequency signal source with amplitude modulation and automatic level control functions	Our Company	ZL201310721720.2	2013/12/24	2033/12/24
11	A frequency sweeping spectrum analyzer and frequency sweeping method thereof	Our Company	ZL201410048158.6	2014/02/12	2034/02/12
12	A sweep frequency signal generator capable of generating multiple frequency standards	Our Company	ZL201410100044.1	2014/03/18	2034/03/18
13	A signal generator with segment modulation function	Our Company	ZL201510027718.4	2015/01/20	2035/01/20
14	A spectrum analyzer and signal processing method thereof	Our Company	ZL201510918391.X	2015/12/11	2035/12/11
15	Bridge switch peripheral circuit and low voltage differential signal circuit	Our Company	ZL201911415512.3	2019/12/31	2039/12/31
16	Multi-channel signal synchronization system, circuit and method	Our Company	ZL202010315258.6	2020/04/21	2040/04/21
17	Multi-channel signal synchronization method, power supply module, electronic equipment and power supply equipment	Our Company	ZL202110590872.8	2021/05/28	2041/05/28
18	A time-domain interleaved analog-to-digital converter synchronization device and method	Our Company	ZL202210000680.1	2022/01/04	2042/01/04
19	An amplifier and an oscilloscope	Our Company	ZL202410199737.4	2024/02/23	2044/02/23
20	Ripple elimination circuit and circuit using the same	Our Company	ZL202410533781.4	2024/04/30	2044/04/30

(d) Domain names

As of the Latest Practicable Date, we owned or have been licensed to use the following domain names which we consider to be or may be material to our business:

No.	Domain Name	Registered Owner	Expiry Date
1.	rigolmall.cn	Our Company	2027/10/22
2.	rigol.com.cn	RIGOL Beijing	2029/4/17
3.	rigolmall.com.cn	Our Company	2027/10/22
4.	rigolmall.com	Our Company	2027/10/22
5.	rigol.cn	RIGOL Beijing	2027/5/8
6.	rigol.com	RIGOL Beijing	2027/8/5
7.	rigol.com.tw	Our Company	2028/9/7
8.	rigol.tel	Our Company	2028/9/7
9.	rigol.tv	Our Company	2028/9/7
10.	rigol.tw	Our Company	2028/8/18
11.	rigolmall.eu	Our Company	2031/5/26
12.	rigolna.com	Our Company	2028/8/9
13.	rigolshop.co.in	Our Company	2028/1/30
14.	rigolshop.co.jp	Our Company	2026/1/30
15.	rigolshop.eu	Our Company	2031/5/26
16.	rigoltech.com	Our Company	2027/2/26
17.	rigol.hk	RIGOL HK	2023/3/17
18.	rigol.de	RIGOL EU	2026/5/7
19.	rigol.eu	RIGOL EU	2026/5/22
20.	rigoltech.eu	RIGOL EU	2026/1/24

FURTHER INFORMATION ABOUT OUR DIRECTORS

1. Particulars of Directors' Service Contracts and Appointment Letters

(a) Executive Director and Non-executive Directors

We have entered into service contracts with each of our executive Director and our non-executive Directors in respect of, among other things, (i) compliance of the Listing Rules and applicable laws; and (ii) observance of the Articles of Association. Such service contracts have terms of three years commencing from the date of appointment until terminated in accordance with the terms and conditions of the service contract or by either party giving to the other party not less than one month's prior notice in writing.

(b) Independent non-executive Directors

Each of our independent non-executive Directors has entered into a letter of appointment with us. The term of appointment shall be for an initial term of three years from the [REDACTED] or until the third annual general meeting of the Company after the [REDACTED], whichever is sooner (subject to retirement as and when required under the Articles of Association and the Listing Rules). Either party may terminate the agreement by giving not less than three months' written notice.

Under their letter appointments, each of the independent non-executive Directors is entitled to an annual fixed fee.

(c) Others

Save as disclosed in this document, none of our Directors has or is proposed to have a service contract with any member of our Group (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

2. Remuneration of Directors

(a) The aggregate amount of remuneration for our Directors for the years ended December 31, 2023, 2024 and 2025 was RMB6.40 million, RMB4.76 million and RMB6.66 million, respectively.

(b) Under the arrangements currently in force, we estimate that the aggregate remuneration (excluding any discretionary bonus which may be paid) payable to, and benefits in kind receivable by, our Directors by any member of our Group in respect of the year ending December 31, 2026 is approximately RMB6.66 million.

(c) There is no arrangement under which any Director has waived or agreed to waive any remuneration or benefits in kind during the Track Record Period.

3. Disclosure of Interests

A. Substantial Shareholders

Save as disclosed in the section headed "Substantial Shareholders" in this document, up to the Latest Practicable Date, our Directors or chief executive were not aware of any other person, not being a Director or chief executive of our Company, who had an interest or short position in the Shares and underlying Shares of our Company, which following the completion of the [REDACTED], would fall to be disclosed to our Company under the provisions of Divisions 2 an 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10%or more of the issued voting Shares of our Company or any member of our Group.

B. Directors or Chief Executives

Save as disclosed below and in the section headed "Substantial Shareholders" in this document, immediately following completion of the [REDACTED] (and assuming the [REDACTED] is not exercised and no additional Shares are issued pursuant to our Restricted A Share Incentive Schemes), none of our Directors or chief executive of our Company has any interest and/or short position in the Shares, underlying Shares and debentures of our Company or any of its associated corporations (within the meaning of Part XV of the SFO), which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which has been taken or is deemed to have under such provisions of the SFO)

or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to our Company and the Stock Exchange.

C. Disclaimers

Save as disclosed in this document:

i. none of our Directors or chief executive of our Company has any interests and short positions in the shares, underlying Shares and debentures of our Company or any associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to us and the Stock Exchange, in each case once our Shares are listed;

ii. none of our Directors is a director or employee of a company which is expected to have an interest in the Shares falling to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO once our Shares are listed on the Stock Exchange;

iii. none of our Directors, their respective close associates (as defined under the Listing Rules) or Shareholders who own more than 5% of the number of issued shares of our Company have any interests in the five largest suppliers of our Group, and all of our five largest suppliers in each year/period during the Track Record Period are Independent Third Parties; and we do not have any promoter and no cash, securities or other benefit has been paid, allotted or given within the two years immediately preceding the date of this document, or are proposed to be paid, allotted or given to any promoters;

iv. none of our Directors or the experts named in the part headed "— Other information — Consent of experts" above is:

   (a) interested in our promotion, or in any assets which have been, within two years immediately preceding the date of this document, acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to any member of our Group;

   (b) or materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to our business.

4. Restricted A Share Incentive Schemes

(a) 2024 Restricted A Share Incentive Scheme

Our Company adopted the 2024 Restricted A Share Incentive Scheme approved by the Shareholders on June 13, 2024, which was outstanding as of the Latest Practicable Date. The terms of the 2024 Restricted A Share Incentive Scheme are not subject to the provisions of Chapter 17 of the Listing Rules other than Rule 17.12 as they do not involve any grant of restricted Shares by our Company after our [REDACTED] but is partially funded by our treasury Shares which are not listed on the Stock Exchange. Our Company will comply with applicable requirements under Rule 19A.39E of the Listing Rules as and when appropriate and required. The terms of the 2024 Restricted A Share Incentive Scheme are summarized below:

(i) Purpose

The purpose of the 2024 Restricted A Share Incentive Scheme is designed to improve corporate governance, establish a long-term incentive mechanism to retain key talent and align the interests of the shareholders, our Company and our core employees. The 2024 Restricted A Share Incentive Scheme is implemented under the premise of protecting shareholder's interests and with a principle of evaluating the benefits according to contributions.

(ii) Administration of the scheme

The 2024 Restricted A Share Incentive Scheme is subject to the approval of the Shareholders' meeting, the administration of the Board, and the supervision of the independent non-executive Directors of the Company.

(iii) Participants

The participants of the 2024 Restricted A Share Incentive Scheme include career partners, business partners, middle management and key technical employees (excluding independent Directors and supervisors) of our Group who have made significant contributions to the business operations and development of our Group.

(iv) Source and maximum number of Shares

The Shares underlying the 2024 Restricted A Share Incentive Scheme shall be A Shares repurchased by our Company from the secondary market and/or the A Shares to be issued by our Company. 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 vesting period and will only be vested without restrictions upon fulfilling the unlocking conditions stipulated. The maximum number of restricted Shares that can be granted under the Restricted Shares Incentive Scheme is 2,800,000 A Shares.

(v) Date of grant and term of the scheme

Within 60 days following the approval of the 2024 Restricted A Share Incentive Scheme by the shareholders' meeting, the Board shall determine the grant date of the restricted shares and complete the necessary procedures for registration and announcement. The 2024 Restricted A Share Incentive Scheme shall be effective from the date of completion of the grant of restricted shares under the Scheme up to the date when all of the restricted shares granted to the participants have either fully vested or been repurchased and cancelled, provided that the term of the Scheme shall not exceed 36 months.

(vi) Conditions to the grant of restricted Shares

The restricted Shares under the 2024 Restricted A Share Incentive Scheme will only be granted to selected participants when the following conditions are fulfilled:

(a) Regarding our Company, none of the following circumstances has occurred:

(1) an audit report with a disclaimer of opinion or an adverse opinion has been issued by the reporting accountants with respect to our Company's accountants' report for the most recent fiscal year;

(2) an audit report with a disclaimer of opinion or an adverse opinion has been issued by the reporting accountants with respect to the internal control contained in the accountants' report for the most recent fiscal year;

(3) our Company's failure to distribute dividends in accordance with the relevant laws and regulations, the Articles of Association, or the public commitment within the last 36 months after its listing on the STAR Market of the Shanghai Stock Exchange;

(4) applicable laws and regulations prohibit the implementation of any share incentive scheme; or

(5) any other circumstances determined by CSRC.

(b) With respect to the grantee, none of the following circumstances has occurred:

(1) the grantee has been regarded as an inappropriate person by the relevant stock exchange within the last 12 months;

(2) the grantee has been regarded as an inappropriate person by CSRC or its regional 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 regional 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.

(vii) Free Vesting of restricted Shares

Once the performance requirements have been satisfied, the restricted Shares awarded under the 2024 Restricted A Share Incentive Scheme shall vest without restrictions in 50% and 50% upon 12 months and 24 months from the grant date.

(viii) Dividend and voting rights

Upon transfer of the restricted Shares by our Company, the grantees of restricted Shares will be entitled to exercise the right of Shareholders, including but not limited to the right to receive dividends and voting rights. Before the free vesting of the restricted Shares, the restricted Shares (including the rights to voting and receive dividends) shall be locked and such shares shall not be transferred or used to guarantee or repay debts.

(ix) Outstanding restricted Shares

As of the Latest Practicable Date, all restricted Shares under the 2024 Restricted A Share Incentive Scheme have been granted, and the number of outstanding restricted Shares under the 2024 Restricted A Share Incentive Scheme was [542,266], representing approximately [REDACTED]% of the total issued Shares immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no additional Shares are issued pursuant to our Restricted A Share Incentive Schemes).

There have been no restricted Shares granted to Directors, senior management or connected persons under the 2024 Restricted A Share Incentive Scheme as of the Latest Practicable Date.

The table below sets forth the details of outstanding restricted Shares granted to all other grantees under the 2024 Restricted A Share Incentive Scheme as of the Latest Practicable Date.

Range of outstanding restricted Shares	Number of grantees	Date of grant	Number of outstanding restricted Shares	Grant price	Free Vesting Period[2]	Approximate % of total issued Shares immediately after the completion of the [REDACTED][1]
0–5,000	33	June 13, 2024	84,208	RMB17.63–	50% and 50% of the	[REDACTED]%
5,001–10,000	19		116,153	RMB23.19	share awards granted	[REDACTED]%
10,001–15,000	3		38,127		under the 2025	[REDACTED]%
15,001–20,000	1		15,911		Restricted A Share	[REDACTED]%
20,001–25,000	0		0		Incentive Scheme will	[REDACTED]%
25,001–30,000	2		55,754		vest free from	[REDACTED]%
30,001–40,000	2		73,333		restrictions upon 12	[REDACTED]%
40,001–100,000	3		158,809		months and 24 months	[REDACTED]%
					from the date of grant	
Total	**63**		**542,295**			**[REDACTED]%**

Notes:

(1) The calculation is based on the assumption that the [REDACTED] is not exercised and no additional Shares are issued pursuant to our Restricted A Share Incentive Schemes.

(2) Free vesting refers to either the issuance of A Shares directly to the relevant grantee or the expiry of lock-up restrictions on A Shares previously issued to the relevant grantee, as the case may be.

(b) 2025 Restricted A Share Incentive Scheme

Our Company adopted the 2025 Restricted A Share Incentive Scheme approved by the Shareholders on September 1, 2025, which was outstanding as of the Latest Practicable Date. The terms of the 2025 Restricted A Share Incentive Scheme are not subject to the provisions of Chapter 17 of the Listing Rules other than Rule 17.12 as they do not involve any grant of restricted Shares by our Company after our [REDACTED] but is partially funded by our treasury Shares which are not listed on the Stock Exchange. Our Company will comply with applicable requirements under Rule 19A.39E of the Listing Rules as and when appropriate and required. The terms of the 2025 Restricted A Share Incentive Scheme are summarized below:

(i) Purpose

The purpose of the 2025 Restricted A Share Incentive Scheme is designed to improve corporate governance, establish a long-term incentive mechanism to retain key talent and align the interests of the shareholders, our Company and our

core employees. The 2025 Restricted A Share Incentive Scheme is implemented under the premise of protecting shareholder's interests and with a principle of evaluating the benefits according to contributions.

(ii) Administration of the scheme

The 2025 Restricted A Share Incentive Scheme is subject to the approval of the Shareholders' meeting, the administration of the Board, and the supervision of the independent non-executive Directors of the Company.

(iii) Participants

The participants of the 2025 Restricted A Share Incentive Scheme include career partners, business partners, middle management and key technical employees (excluding independent Directors and supervisors) of our Group who have made significant contributions to the business operations and development of our Group.

(iv) Source and maximum number of Shares

The Shares underlying the 2025 Restricted A Share Incentive Scheme shall be A Shares repurchased by our Company from the secondary market and/or the A Shares to be issued by our Company. 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 vesting period and will only be vested without restrictions upon fulfilling the unlocking conditions stipulated. The maximum number of restricted Shares that can be granted under the Restricted Shares Incentive Scheme is 2,000,000 A Shares.

(v) Date of grant and term of the scheme

Within 60 days following the approval of the 2025 Restricted A Share Incentive Scheme by the shareholders' meeting, the Board shall determine the grant date of the restricted shares and complete the necessary procedures for registration and announcement. The 2025 Restricted A Share Incentive Scheme shall be effective from the date of completion of the grant of restricted shares under the Scheme up to the date when all of the restricted shares granted to the participants have either fully vested or been repurchased and cancelled, provided that the term of the Scheme shall not exceed 36 months.

(vi) Conditions to the grant of restricted Shares

The restricted Shares under the 2025 Restricted A Share Incentive Scheme will only be granted to selected participants when the following conditions are fulfilled:

(a) Regarding our Company, none of the following circumstances has occurred:

(1) an audit report with a disclaimer of opinion or an adverse opinion has been issued by the reporting accountants with respect to our Company's accountants' report for the most recent fiscal year;

(2) an audit report with a disclaimer of opinion or an adverse opinion has been issued by the reporting accountants with respect to the internal control contained in the accountants' report for the most recent fiscal year;

(3) our Company's failure to distribute dividends in accordance with the relevant laws and regulations, the Articles of Association, or the public commitment within the last 36 months after its listing on the STAR Market of the Shanghai Stock Exchange;

(4) applicable laws and regulations prohibit the implementation of any share incentive scheme; or

(5) any other circumstances determined by CSRC.

(b) With respect to the grantee, none of the following circumstances has occurred:

(1) the grantee has been regarded as an inappropriate person by the relevant stock exchange within the last 12 months;

(2) the grantee has been regarded as an inappropriate person by CSRC or its regional 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 regional 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.

(vii) Free Vesting of restricted Shares

Once the performance requirements have been satisfied, the restricted Shares awarded under the 2025 Restricted A Share Incentive Scheme shall vest without restrictions in 50% and 50% upon 12 months and 24 months from either the grant date or the date the transfer of restricted shares are legally completed, as the case may be.

(viii) Dividend and voting rights

Upon transfer of the restricted Shares by our Company, the grantees of restricted Shares will be entitled to exercise the right of Shareholders, including but not limited to the right to receive dividends and voting rights. Before the free vesting of the restricted Shares, the restricted Shares (including the rights to voting and receive dividends) shall be locked and such shares shall not be transferred or used to guarantee or repay debts.

(ix) Outstanding restricted Shares

As of the Latest Practicable Date, all restricted Shares under the 2025 Restricted A Share Incentive Scheme have been granted, and the number of outstanding restricted Shares under the 2025 Restricted A Share Incentive Scheme was [940,674], representing approximately [REDACTED]% of the total issued Shares immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no additional Shares are issued pursuant to our Restricted A Share Incentive Schemes).

There have been no restricted Shares granted to Directors, senior management or connected persons under the 2025 Restricted A Share Incentive Scheme as of the Latest Practicable Date.

The table below sets forth the details of outstanding restricted Shares granted to all other grantees under the 2025 Restricted A Share Incentive Scheme as of the Latest Practicable Date.

Range of outstanding restricted Shares	Number of grantees	Date of grant	Number of outstanding restricted Shares	Grant price	Free Vesting Period[(2)]	Approximate % of total issued Shares immediately after the completion of the [REDACTED][(1)]
0–5,000	13	September 10, 2025	48,701	RMB19.68–25.71	50% and 50% of the share awards granted under the 2025 Restricted A Share Incentive Scheme will vest free from restrictions upon 12 months and 24 months from either the date of grant or the date the transfer of restricted Shares are legally completed, as the case may be	[REDACTED]%
5,001–10,000	12		98,998			[REDACTED]%
10,001–15,000	18		213,714			[REDACTED]%
15,001–20,000	0		0			[REDACTED]%
20,001–25,000	3		70,325			[REDACTED]%
25,001–30,000	8		209,135			[REDACTED]%
30,001–40,000	2		69,956			[REDACTED]%
40,001–100,000	1		53,887			[REDACTED]%
100,001–200,000	1		175,958			[REDACTED]%
Total	**58**		**940,674**			**[REDACTED]%**

Notes:

(1) The calculation is based on the assumption that the [REDACTED] is not exercised and no additional Shares are issued pursuant to our Restricted A Share Incentive Schemes.

(2) Free vesting refers to either the issuance of A Shares directly to the relevant grantee or the expiry of lock-up restrictions on A Shares previously issued to the relevant grantee, as the case may be.

OTHER INFORMATION

1. Estate duty

Our Directors have been advised that no material liability for estate duty is likely to fall upon any member of our Group.

2. Litigation

Save as disclosed in this document, no member of our Group is engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against our Company that would have a material adverse effect on our Company's results of operations or financial condition.

3. Preliminary Expenses

As of the Latest Practicable Date, our Company has not incurred material preliminary expenses.

4. Taxation of Holders of H Shares

The sale, purchase and transfer of H Shares registered with our Hong Kong branch register of members will be subject to Hong Kong stamp duty. The current rate charged on each of the seller and purchaser is HK$1.00 for every HK$1,000 (or part thereof) of the consideration or, if higher, the fair value of the H Shares being sold or transferred. In addition, a fixed duty of HK$5.00 is currently payable on any instrument of transfer of H Shares.

5. Sole Sponsor

The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

The Sole Sponsor has made an application on our behalf to the [REDACTED] for [REDACTED] of, and permission to [REDACTED] in, our H Shares, including any [REDACTED] which may be issued pursuant to the exercise of the [REDACTED]. All necessary arrangements have been made to enable the H Shares to be admitted into [REDACTED].

The Sole Sponsor will receive US$600,000 for acting as the sponsor for the [REDACTED].

6. Consent of experts

This document contains statements made by the following experts

Name	Qualification
CITIC Securities (Hong Kong) Limited	A licensed corporation under the SFO for type 4 (advising on securities) and type 6 (advising on corporate finance) of the regulated activities as defined under the SFO
Jingtian & Gongcheng	Legal advisor to the Company as to PRC laws
Deloitte Touche Tohmatsu	Certified Public Accountants Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Independent Industry consultant
Hogan Lovells International LLP	Legal advisor to the Company as to international sanctions laws
Deloitte Touche Tohmatsu	Transfer Pricing Advisor

as disclosed, as of the Latest Practicable Date, none of the experts named above has any shareholding interest in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

Each of the experts named above have given and have not withdrawn their respective written consent to the issue of this document with copies of their reports, letters, opinions or summaries of opinions (as the case may be) and the references to their names included herein in the form and context in which they are respectively included.

7. Binding effect

This document shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

8. Bilingual [REDACTED]

The English language and Chinese language versions of this document are being published separately in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

9. Compliance Advisor

We have appointed Lego Corporate Finance Limited as our compliance advisor in compliance with Rule 3A.19 of the Listing Rules.

10. Restriction on Share Repurchases

For details of the restrictions on share repurchases by our Company, please refer to the sections headed "Appendix IV — Summary of Principal Legal and Regulatory Provisions" and "Appendix V — Summary of the Articles of Association" in this document.

11. Preliminary expenses

We have not incurred any material preliminary expenses in relation to the incorporation of our Company.

12. Promoters

All of the promoters of the Company are the then Shareholders as at December 31, 2019 immediately before our conversion into a joint stock limited liability company. Save as disclosed in this document, within the two years immediately preceding the date of this document, no cash, securities or benefit has been paid, allotted or given, or is proposed to be paid, allotted or given to the promoters named above in connection with the [REDACTED] or the related transactions described in this document.

13. No Material Adverse Change

Our Directors confirm that up to Latest Practicable Date, there had been no material adverse change in our financial, operational or trading positions or prospects since December 31, 2025, being the end of the period reported on as set out in the Accountants' Report included in Appendix I to this document.

14. Miscellaneous

Save as disclosed in this document:

(a) within the two years immediately preceding the date of this document:

(i) no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued, or is proposed to be fully or partly paid either for cash or a consideration other than cash;

(ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(iii) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share of our Company or any of our subsidiaries; and

(iv) no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription for any share in or debentures of our Company;

(b) there are no founder, management or deferred shares in our Company or any of our subsidiaries;

(c) there are no contracts for hire or hire purchase of plant to or by us for a period of over one year which are substantial in relation to our business;

(d) there are no restrictions affecting the remittance of profits or repatriation of capital by us into Hong Kong from outside Hong Kong;

(e) our Company has no outstanding convertible debt securities or debentures;

(f) there is no arrangement under which future dividends are waived or agreed to be waived;

(g) none of our equity and debt securities is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought;

(h) our Company is a joint stock limited company and is subject to the PRC Company Law; and

(i) our Company has adopted a code of conduct regarding Directors' securities transactions on terms as required under the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules.

1. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this document delivered to the Registrar of Companies in Hong Kong for registration were, among other documents:

(a) a copy of each of the material contracts referred to in the section headed "Statutory and General Information — Further Information about our Business — 1. Summary of Material Contracts" in Appendix VI to this document; and

(b) the written consents referred to in the section headed "Statutory and General Information — Other Information — 6. Consent of experts" in Appendix VI to this document.

2. DOCUMENTS AVAILABLE ON DISPLAY

Electronic copies of the following documents will be available on display on the website of our Company at **https://www.rigol.com/** and on the website of the Hong Kong Stock Exchange at **www.hkexnews.hk** during a period of 14 days from the date of this document:

(a) the Articles of Association;

(b) the accountants' report from Deloitte Touche Tohmatsu, the text of which is set out in Appendix I to this document;

(c) the audited consolidated financial statements of our Group for the Track Record Period;

(d) the report from Deloitte Touche Tohmatsu on the [REDACTED] financial information of our Group, the text of which is set out in the section headed "[REDACTED]" in Appendix II to this document;

(e) the Frost & Sullivan Report;

(f) the PRC legal opinion issued by Jingtian & Gongcheng, our PRC legal advisor, in respect of certain general corporate matters and property interests in Mainland China of our Group;

(g) the memorandum of advice prepared by Hogan Lovells International LLP, our legal advisor as to international sanctions laws, summarizing the legal advice in respect of international sanctions laws;

(h) the transfer pricing analysis report issued by Deloitte Touche Tohmatsu, our Transfer Pricing Advisor;

(i) the material contracts referred to in the section headed "Statutory and General Information — Further Information about our Business — 1. Summary of Material Contracts" in Appendix VI to this document;

(j) the written consents referred to in section headed "Statutory and General Information — Other Information — 6. Consent of experts" in Appendix VI to this document;

(k) the contracts referred to in the section headed "Statutory and General Information — Further Information About Our Directors — A. Particulars of Directors' Service Contracts and Appointment Letters" in Appendix VI to this document; and

(l) the PRC Company Law, Securities Law and the Trial Measures, together with unofficial English translations thereof.