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Post Hearing Information Pack of



DKE Holding Company Limited
浙江東方科脈電子股份有限公司

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

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DKE Holding Company Limited
浙江東方科脈電子股份有限公司

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

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

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Page

[REDACTED] iii

CONTENTS vi

SUMMARY 1

DEFINITIONS 18

GLOSSARY OF TECHNICAL TERMS 29

FORWARD-LOOKING STATEMENTS 34

RISK FACTORS 35

WAIVERS 61

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED] 64

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED] 68

CORPORATE INFORMATION 72

INDUSTRY OVERVIEW 74

REGULATORY OVERVIEW 90

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE 106

BUSINESS 129

DIRECTORS AND SENIOR MANAGEMENT 199

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS 212

SUBSTANTIAL SHAREHOLDERS 215

CONTENTS

SHARE CAPITAL 217

FINANCIAL INFORMATION 220

FUTURE PLANS AND [REDACTED] 258

[REDACTED] 264

STRUCTURE OF THE [REDACTED] 275

HOW TO APPLY FOR [REDACTED] 283

APPENDIX I — ACCOUNTANTS' REPORT I-1

APPENDIX II — UNAUDITED [REDACTED] FINANCIAL INFORMATION II-1

APPENDIX III — TAXATION AND FOREIGN EXCHANGE III-1

APPENDIX IV — SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS IV-1

APPENDIX V — SUMMARY OF THE ARTICLES OF ASSOCIATION V-1

APPENDIX VI — STATUTORY AND GENERAL INFORMATION VI-1

APPENDIX VII — DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES AND AVAILABLE ON DISPLAY VII-1

SUMMARY

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

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

OVERVIEW

We are a prominent player in the global electronic paper, or e-paper, display industry mainly engaged in the development, production and sales of e-paper display modules. We were the second largest global e-paper display manufacturer by revenue in 2025, with a market share of 20.8%, and the largest global commercial e-paper display manufacturer by revenue, with a market share of 24.9%, according to CIC. The global commercial e-paper display segment accounted for 83.5% of the overall global e-paper display market in 2025 in terms of revenue, underscoring our market position in the industry.

Over the past 15 years, we have accumulated experience in the e-paper display industry and built capabilities in proprietary design and manufacturing of e-paper display modules. We focus on the R&D, production and sales of a wide range of e-paper display modules covering a full spectrum of display colors and sizes. Our product portfolio is used in diverse application scenarios including smart retail, smart offices, smart education, smart logistics, smart transportation, e-readers and emerging applications.

Below sets forth an illustration of the structure of our e-paper display modules as well as their major end-applications:



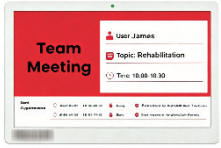
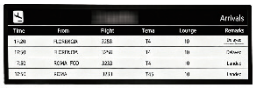
Our e-paper display module constitutes the hardware set of an e-paper display end-product, and it functions as a key component that converts data into image signals for display on e-paper, ultimately driving the operation of the e-paper display end-product. Our production process entails the cutting, lamination, bonding and dispensing of various raw materials to assemble the final e-paper display modules which utilizes core e-paper display technologies owned by third-party suppliers mainly with respect to raw materials such as electronic ink films, or e-ink films. In the overall e-paper display value chain, our e-paper display module can be viewed as a semi-finished product as it needs to be integrated into the e-paper display end-product to deliver its full functionality. The e-paper display end-product may take different forms depending on its downstream applications.

SUMMARY

During the Track Record Period, substantially all of our products were deployed in smart retail. The remaining application scenarios include smart office, smart education, smart logistics, smart transportation, smart healthcare and smart wearables. The following table sets forth illustrations of typical e-paper display end-products integrated with e-paper display modules by size and display color:

Module size	Module display color	Typical e-paper display end-products	
Small-size E-paper Display Module (<4 inches). . . .	Three color	Smart price label	 
	Four color	Smart price label	 
	Multi-color	E-Paper name badge	 
	Black & White	E-Paper word learning device	 
Mid-size E-paper Display Module (4-6 inches) . . .	Three color	Smart price label	 
	Four color	Smart price label	 
	Multi-color	E-Paper table display	 

SUMMARY

Module size	Module display color	Typical e-paper display end-products	
	Black & White	E-Paper label	 
Large-size E-paper Display Module (>6 inches)	Three color	Smart meeting room sign	 
	Four color	IoT-enabled product display tag	 
	Multi-color	IoT-enabled advertising display	 
	Black & White	E-Paper IoT smart display (monochrome)	 
Others	Black & White	Thermostat	 

Over the past 15 years, we have built a presence in the global e-paper display industry through sustained research and development. For further details of our key business development, see "Business — Overview."

Subject to customer specifications, most of the products sold by us during the Track Record Period have a lifespan of generally five years. Subject to different customer requirements, it usually takes around four to six months of lead time from product design to delivery. Our product iteration process is driven by industry technological advancements, evolving customer needs, and product upgrade roadmaps formulated and updated by us from time to time. Core technologies for our products, such as upgrades in key e-paper materials (e.g., e-ink films, driver integrated circuits and thin film transistor substrates), undergo a major iteration cycle every two to three years. The outcomes of these iterations are incorporated into both our existing and new products, ensuring the continuous advancement of our technological competitiveness. We aim to efficiently adapt to evolving needs and trends through continuous product development and iteration, as well as constant interaction with our customers and in meeting customer needs in downstream applications. For further details, see "Business — Our Strengths — Strong technical expertise and continuous innovation as core drivers", "Business — Our Strategies — Continue to invest in technological innovation to expand our product portfolio", "Business — Our Technologies and Research and Development" and "Business — Applications of our Products — Capability to adapt to product iteration and expand downstream applications." According to CIC, we have been historically at the forefront of, or kept pace with, our industry peer companies in the launch of advanced or upgraded products (such as three-color and four-color products).

As a prominent player in the global e-paper display industry, we continuously pursue R&D and innovation to strengthen our core competitiveness. As of the Latest Practicable Date, we held 98 patents, including 32 invention patents, solidifying the technology capabilities to support the expansion of our product portfolio. Going forward, we will continue to invest in the R&D of new and enhanced products such as flexible, full-color and ultra-large displays, further enriching our offerings and delivering more advanced, high-quality products for our customers and the industry.

Our global footprint

To efficiently serve our global customers, we have established four production and R&D bases, being the largest number among industry players worldwide as of the Latest Practicable Date according to CIC, together with multiple offices across China and overseas, which provide comprehensive customer service targeting markets in Europe, America, Asia, among others. Leveraging our localized presence, we continuously optimize supply chain and logistics costs for our customers, ensuring agile and reliable response to their needs.

Our market opportunities and competition

As the world accelerates its transition towards green and low-carbon development, demand for digitalization and paperless displays continues to rise. Among mainstream display technologies, e-paper stands out with unique advantages — ultra-low power consumption, paper-like texture, eye-friendly experience, thinness, shatter resistance and bendability. Compared with liquid-crystal display ("**LCD**") and organic light-emitting diodes ("**OLED**"), which rely heavily on backlighting and consume more energy, e-paper is inherently better suited to the evolution of smart IoT terminals. Its ultra-low power profile also aligns well with the objective of global carbon-neutral strategy.

With continued policy support for low-carbon digital infrastructure, progress in flexible e-paper enabled by organic thin film transistor ("**OTFT**") technology, and the growing demand for flexible, energy-efficient display technologies in smart IoT devices, we believe e-paper is poised to penetrate a wider range of commercial and consumer applications in the years to come.

With ongoing advances in technology and the broadening of application scenarios, e-paper has evolved beyond its traditional uses in smart retail and e-reading, steadily expanding into a variety of emerging industries and niche markets. This expansion not only fuels sustained growth across the sector but also creates significant opportunities for us.

Against this backdrop, the global retail industry is accelerating its digital transformation, with electronic shelf labels gaining wider adoption. According to CIC, the global market for e-paper display in smart retail is expected to reach 803.2 million units by 2030, with a CAGR of 11.2% from 2025 to 2030. At the same time, fast-growing sectors such as smart education, smart offices and smart logistics are opening up new opportunities, with e-paper increasingly applied in areas such as warehouse management systems and interactive smart home displays — further driving market demand. According to CIC, the global market for e-paper related products is projected to grow from RMB74.0 billion in 2025 to RMB111.7 billion in 2030, representing a CAGR of 8.6%.

In 2025, the global e-paper display market remained highly concentrated. Leading players, leveraging years of technological development, market experience and product validation, have established diversified product portfolios encompassing monochrome, multi-color, full-color, flexible and segment-type products. These are widely deployed across commercial and consumer applications, including retail, industrial, healthcare and consumer electronics. With a recovery in downstream demand — particularly for e-paper price tags — industry inventory levels have been rapidly reduced, and sales volumes have become increasingly concentrated among top-tier suppliers, resulting in a stable yet increasingly consolidated competitive landscape.

We have demonstrated strong market competitiveness. We were the second largest global e-paper display manufacturer by revenue in 2025, with a market share of 20.8%, and the largest global commercial e-paper display manufacturer by revenue, with a market share of 24.9%, according to CIC. Notably, according to CIC, we are one of the few players globally with a first-mover advantage in the field of flexible e-paper technology and mass commercialization. For commercial e-paper display, our product portfolio spans full-size, full-color and flexible formats, with diverse and flexible delivery models. Furthermore, we were the first company globally to deploy e-paper display products in the intelligent robotics sector, achieving an edge in both technological innovation and real-world commercial deployment, thereby establishing a competitive advantage.

We intend to continue investing in technological development, refining our customer-focused solutions, and improving operational efficiency. At the same time, we would remain mindful of the dynamic nature of market competition. Competition may come from existing players and new entrants, including our customers and suppliers who may have entered or are contemplating to establish production for e-paper display modules. For further details, see "Risk Factors — Risks relating to Our Business and Industry — We are confronted with competition from other industry players and the pressure of technological iteration." See also "Industry Overview — Overview of Competition in the Global E-Paper Display Industry."

Our financial and business performance

Building on years of industry experience and business capabilities, we have continued to deliver steady progress in both scale and operational efficiency. Sales of our e-paper display modules increased from 56.1 million units in 2023 to 67.1 million units in 2024 and further to 124.5 million units in 2025. During the Track Record Period, we maintained substantial investment in R&D, achieving a CAGR of 21.6% in R&D spending from 2023 to 2025. In 2023, 2024 and 2025, our revenue was RMB1,024.2 million, RMB1,151.6 million and RMB1,713.0 million, respectively, and our profit for the year was RMB50.7 million, RMB53.4 million and RMB80.2 million, respectively.

We have launched new e-paper display products, including full-color, large-size billboard products. Our product pipeline also includes small- and medium-sized full-color OTFT, PI a-Si and other flexible products, full-color, large-size products powered by Spectra 6 technology, as well as multi-color, wide-temperature products powered by Spectra 3100 technology. With these innovations, our application scenarios are extending beyond smart retail into smart office, smart education, smart logistics, smart transportation and smart healthcare, unlocking significant revenue growth potential.

OUR STRENGTHS

We believe the following competitive strengths contribute to our success:

- An early industry entrant with established production scale and deep-rooted customer relationships.
- Stable, mutually beneficial and collaborative supply chain system.
- Strong technical expertise and continuous innovation as core drivers.
- Exceptional large-scale production capabilities and highly automated intelligent manufacturing.
- A management team and staff with a global strategic vision and rich practical experience.

OUR STRATEGIES

We plan to implement the following strategies to achieve our long-term goals:

- Continue to invest in technological innovation to expand our product portfolio.
- Build a cross-regional, multi-layered global customer base to accelerate global expansion.
- Accelerate new capacity projects and intelligent upgrades to strengthen global delivery capabilities.
- Implement a global talent strategy to promote innovation-driven development.

PRODUCTION BASES

As of December 31, 2025, we had four production bases, including three in China and one in Vietnam. The following table sets forth further details of our production bases during the periods indicated.

	Year ended December 31,								
	2023			2024			2025		
	Production Capacity	Production Volume	Utilization Rate	Production Capacity	Production Volume	Utilization Rate	Production Capacity	Production Volume	Utilization Rate
			(%)			(%)			(%)
	(units in thousands, except for percentages)								
Jiaxing Comprehensive Bonded Zone Base	52,350	35,699	68.2	45,925	37,289	81.2	60,040	59,388	98.9
Jiaxing Headquarters Base	9,600	8,588	89.5	21,225	18,747	88.3	54,390	52,840	97.2
Dalian Base	27,000	22,076	81.8	27,000	22,682	84.0	29,160	27,998	96.0
Phu Tho, Vietnam Base	–	–	–	–	–	–	16,400	8,155	49.7

For further details, including notes to the above production table, see "Business — Production — Production Bases."

OUR SALES NETWORK

We primarily conduct our sales through a direct sales model globally, and promote our products and expand our customer base through industry referrals, participation in trade exhibitions, sales team outreach and online marketing. In 2023, 2024 and 2025, revenue from our direct sales was RMB997.6 million, RMB1,127.6 million and RMB1,686.6 million, respectively, representing 97.4%, 97.9% and 98.4% of our total revenue, respectively. To a much lesser extent, we also conduct our sales through distributors. For details, see "Business — Sales and Marketing — Our Sales Network."

During the Track Record Period, our sales to customers domiciled in China and Vietnam in aggregate accounted for a substantial portion of our revenue whereas revenue contribution from customers domiciled in other countries or regions was relatively limited individually. For the years ended December 31, 2023, 2024 and 2025, revenue generated from customers in China accounted for 26.6%, 36.7% and 55.0% of our total revenue, respectively, and revenue generated from customers in Vietnam accounted for 50.7%, 36.2% and 31.9% of our total revenue, respectively. For further details, see "Business — Sales and Marketing — Revenue by Customer Location."

OUR CUSTOMERS

During the Track Record Period, our customers primarily included leading global and domestic providers of smart retail and IoT display solutions. These customers focus on areas such as electronic shelf labels, retail automation, in-store digitalization, digital technology integration, e-paper price tags and related applications. They generally maintain stringent supplier qualification standards, requiring high levels of product quality, reliability and compliance. In 2023, 2024 and 2025, revenue generated from our five largest customers in each year during the Track Record Period was RMB908.4 million, RMB950.9 million and RMB1,555.0 million, respectively, representing 88.7%, 82.6% and 90.8% of our total revenue, respectively.

Solum, a company listed on the Korea Exchange (stock code: 248070) as of the Latest Practicable Date, specializing in power modules, digital tuners, electronic shelf labels and other electronic components and solutions, was our largest customer for 2023 and 2024 and the second largest customer for 2025. In 2023, 2024 and 2025, our revenue from Solum was RMB519.6 million, RMB417.7 million and RMB495.1 million, respectively, representing 50.7%, 36.3% and 28.9%, respectively, of our total revenue for the same years. In addition, our revenue from our largest customer for 2025, Customer A, was RMB48.7 million, RMB168.4 million and RMB605.6 million in 2023, 2024 and 2025, respectively, representing 4.7%, 14.6% and 35.4% of our total revenue, respectively. Any termination, material interruption or adverse modification of our relationship with Solum, Customer A or similar major customer(s), could have a material adverse effect on our operations and financial performance.

Our Directors do not expect that our major customers will materially reduce the amounts of purchase from us. Moreover, leveraging our sales and marketing efforts to seize new business opportunities and our strong customer base, our Directors consider that if we were to lose any major customer in the future, any adverse impact on our financial performance would not be expected to be permanent. We have taken several measures to mitigate our concentration risks. For more details, see "Business — Our Customers — Customer Concentration" and "Risk Factors — Risks Relating to Our Business and Industry — We had a concentration of customers during the Track Record Period."

OUR SUPPLIERS

We purchased raw materials from our five largest suppliers in each year during the Track Record Period which primarily included e-ink films, thin film transistor ("**TFT**") substrates, driver ICs and protective films. In 2023, 2024 and 2025, purchases from our five largest suppliers in each year during the Track Record Period amounted to RMB690.1 million, RMB761.9 million and RMB1,174.9 million respectively, representing 90.2%, 78.4% and 78.9% of our total purchases, respectively.

E Ink Holdings, our largest supplier in each year during the Track Record Period, is a global leader in e-paper display technology. In 2023, 2024 and 2025, our direct purchases from E Ink Holdings were RMB379.0 million, RMB478.1 million and RMB783.9 million, respectively, representing 49.5%, 49.2% and 52.7%, respectively, of our total purchases for the same years. In addition, we also procured e-ink films from six other suppliers which, to the best of our knowledge, also procured e-ink films directly or indirectly from E Ink Holdings. As we sourced e-ink films directly or indirectly from E Ink Holdings during the Track Record Period. if our relationship with E Ink Holdings is either terminated, interrupted or modified in any way adverse to us, there may be material interruptions to our operations and business. For more details, see "Business — Procurement and Suppliers — Supplier Concentration" and "Risk Factors — Risks Relating to Our Business and Industry — Our supplier concentration exposes us to supply chain risks, the loss of which could adversely affect our business."

All our five largest suppliers in each year during the Track Record Period were Independent Third Parties. None of our Directors and their respective associates or our Shareholders, who hold more than 5% of our total issued Shares had any interest in our five largest suppliers in each year during the Track Record Period. Additionally, we did not experience any material disputes with our major suppliers during the Track Record Period and up to the Latest Practicable Date.

RISK FACTORS

We believe there are certain risks and uncertainties involved in our operations, some of which are beyond our control. We have categorized these risks and uncertainties into: (i) risks relating to our business and industry, financial, accounting and tax matters and operations, (ii) risks relating to where we conduct business and (iii) risks relating to the [**REDACTED**], which we strongly urge you to read in full before making an investment in our H Shares. For further details, see "Risk Factors." These risks include, among others, the following: (a) the e-paper display industry in which we operate is characterized by constant changes. If we fail to continuously improve our technology and provide innovative products that meet customers' evolving needs, our business, operating results and financial condition will be materially and adversely affected, (b) we had a concentration of customers during the Track Record Period, (c) our supplier concentration exposes us to supply chain risks, the loss of which could adversely affect our business, (d) if we are not successful in expanding our direct sales customer base, or increasing sales to existing customers, our business, operating results and financial condition could be materially and adversely affected, (e) we have strategic partnerships with certain business partners for joint R&D projects and other initiatives. The termination of any collaboration with our business partners may adversely affect our operations, revenue and profitability, (f) unauthorized use of our intellectual properties by third parties may harm our brand and reputation and materially and adversely affect our business, and we may incur substantial expenses to protect our intellectual property rights, and (g) our historical results may not be indicative of our business, operating results and financial condition, and we may not be able to manage future growth effectively.

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, the Concert Party Group was in aggregate directly and indirectly interested in approximately 36.79% of our issued Shares. Accordingly, the Concert Party Group, alongside Dalian Longgu, Jiaxing Longxi and Jiaxing Longguan (being entities whose voting rights are ultimately controlled by Mr. Zhou) will be regarded as a group of Controlling Shareholders upon [**REDACTED**].

Immediately after completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised):

(i) Mr. Zhou will be entitled to exercise approximately [**REDACTED**] of the voting rights in our Company through (a) [**REDACTED**] H Shares (representing approximately [**REDACTED**] of our issued Shares) directly held by him; (b) [**REDACTED**] H Shares (representing approximately [**REDACTED**] of our issued Shares) held by Dalian Longgu and controlled by him as its general partner; (c) [**REDACTED**] H Shares (representing approximately [**REDACTED**] of our issued Shares) held by Jiaxing Longxi and controlled by him as its general partner; and (d) [**REDACTED**] H Shares (representing approximately [**REDACTED**] of our issued Shares) held by Jiaxing Longguan and controlled by him as its general partner;

(ii) Mr. Lv will be entitled to exercise approximately [**REDACTED**] of our issued Shares through [**REDACTED**] H Shares directly held by him; and

(iii) by virtue of the Acting in Concert Agreement, Mr. Zhou and Mr. Lv will together be interested in and control [**REDACTED**] H Shares, representing approximately [**REDACTED**] of our issued Shares.

See "Relationship with Our Controlling Shareholders" for further details.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The summary of consolidated financial information should be read together with the consolidated financial information to the Accountants' Report in Appendix I to this document, including the accompanying notes and the information set out in "Financial Information" in this document.

Summary of Consolidated Statements of Profit or Loss

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Revenue	1,024,198	100.0	1,151,556	100.0	1,712,981	100.0
Cost of sales	(862,425)	(84.2)	(969,126)	(84.2)	(1,432,810)	(83.6)
Gross profit	**161,773**	**15.8**	**182,430**	**15.8**	**280,171**	**16.4**
General and administrative expenses	(68,126)	(6.7)	(62,301)	(5.4)	(87,892)	(5.1)
Selling and marketing expenses	(17,990)	(1.8)	(19,113)	(1.7)	(21,146)	(1.2)
Research and development expenses	(39,934)	(3.9)	(56,021)	(4.9)	(59,045)	(3.4)
Reversal of impairment losses/(impairment losses) on financial assets	10,568	1.0	1,015	0.1	(6,154)	(0.4)
Other income	13,269	1.3	7,854	0.7	7,226	0.4
Other gains/(losses), net	4,586	0.5	2,266	0.2	(7,370)	(0.4)
Operating profit	64,146	6.2	56,130	4.8	105,790	6.2
Finance income	4,616	0.4	5,826	0.5	971	0.1
Finance costs	(8,580)	(0.8)	(7,283)	(0.6)	(9,666)	(0.6)
Finance (costs)/income, net	(3,964)	(0.4)	(1,457)	(0.1)	(8,695)	(0.5)
Share of profit or loss of investments in associates	(2,393)	(0.2)	–	–	–	–
Profit before income tax	**57,789**	**5.6**	**54,673**	**4.7**	**97,095**	**5.7**
Income tax expense	(7,050)	(0.6)	(1,269)	(0.1)	(16,867)	(1.0)
Profit for the year	**50,739**	**5.0**	**53,404**	**4.6**	**80,228**	**4.7**

See "Financial Information — Principal Components of Consolidated Statements of Profit or Loss and Historical Results of Operations" for details.

Summary of Consolidated Statements of Financial Position

	As of December 31,		
	2023	2024	2025
	Amount	Amount	Amount
	(RMB in thousands)		
Total current assets	720,290	842,154	1,106,298
Total current liabilities	246,690	399,224	738,589
Total non-current assets	407,612	465,041	627,442
Total non-current liabilities	141,679	135,724	137,341
Net current assets	473,600	442,930	367,709
Net assets	739,533	772,247	857,810

Net Current Assets

Our net current assets decreased from RMB442.9 million as of December 31, 2024 to RMB367.7 million as of December 31, 2025, primarily due to (i) the increase in borrowings of RMB228.3 million to support our continued expansion of operations and (ii) the increase in trade and notes payables of RMB58.7 million, reflecting our business expansion, partially offset by (i) the increase in inventories of RMB204.4 million, as we anticipated increased demand for our products and (ii) the increase in trade and notes receivables of RMB111.3 million, resulting from our increased business scale.

Our net current assets decreased from RMB473.6 million as of December 31, 2023 to RMB442.9 million as of December 31, 2024, primarily due to (i) the increase in trade and notes payables of RMB92.1 million, reflecting our growing need for raw materials in anticipation of growing demand of our products, (ii) the increase in the borrowings of RMB47.9 million to support our continued expansion of operations, (iii) the decrease in cash and cash equivalents of RMB28.6 million, reflecting investment in our overseas business expansion, partially offset by (i) the increase in inventories of RMB89.1 million and (ii) the increase in trade and notes receivables of RMB59.6 million, both reflecting increased sales volume of our products.

Net Assets

Our net assets increased from RMB772.2 million as of December 31, 2024 to RMB857.8 million as of December 31, 2025, primarily due to our profit for the year of RMB80.2 million. Our net assets increased from RMB739.5 million as of December 31, 2023 to RMB772.2 million as of December 31, 2024, primarily due to our profit for the year of RMB53.4 million, partially offset by our dividend declared and paid of RMB23.0 million.

Summary of Consolidated Statements of Cash Flows

The following table sets forth a summary of our cash flows during the Track Record Period:

	Year ended December 31,		
	2023	**2024**	**2025**
	Amount	**Amount**	**Amount**
	(RMB in thousands)		
Net cash generated from/(used in) operating activities	178,460	19,433	(135,512)
Net cash used in investing activities	(52,941)	(62,014)	(152,629)
Net cash generated from/(used in) financing activities	(85,393)	10,126	256,689
Cash and cash equivalents at beginning of the year	164,944	206,971	178,355
Effects of exchange rate changes on cash and cash equivalents	1,901	3,839	(3,107)
Cash and cash equivalents at the end of the year	**206,971**	**178,355**	**143,796**

We recorded net operating cash outflows of RMB135.5 million for the year ended December 31, 2025, which was mainly due to the ramp-up in production and order fulfillment led to a significant increase in raw material procurement and inventory stock-up for both our existing and newly added production lines. These arrangements are consistent with our strategy to scale up operations and enhance production capabilities.

Revenue

The following table sets forth the breakdown of our total revenue by product category for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Small-size E-paper Display Module (<4 inches)	805,658	78.7	881,197	76.5	1,420,319	82.9
Mid-size E-paper Display Module (4-6 inches)	152,600	14.9	200,796	17.5	198,551	11.6
Large-size E-paper Display Module (>6 inches)	55,654	5.4	61,303	5.3	83,963	4.9
Other business[(1)]	10,286	1.0	8,260	0.7	10,148	0.6
Total	**1,024,198**	**100.0**	**1,151,556**	**100.0**	**1,712,981**	**100.0**

Note:

(1) Other business primarily includes sale of surplus materials and rental of temporarily vacant factory spaces.

During the Track Record Period, we had considerably higher revenue contribution from small-size products as compared to mid-size and large-size products and the revenue contribution from small-size products also experienced an increase during the Track Record Period from 78.7% in 2023 to 82.9% in 2025. This was mainly because a substantial portion of our revenue was generated from sales targeting the smart retail sector and the smart retail sector in general has the most use of small-size e-paper display modules as compared to other end-sectors for e-paper applications.

During the Track Record Period, we experienced a general increase in the sales of four-color products (across all sizes, and especially in the small-size category) along with a general decrease in sales of three-color products. This was mainly because four-color products began mass production since the second half of 2024 and its demand increased at an accelerated rate in 2025 which was in line with the product iteration and transition trend for four-color product to gradually replace three-color products as the primary product type targeting the smart retail sector. For further details of changes during the Track Record Period in our sales of e-paper display modules (including sales volume and average selling price) by size and by color, see "Financial Information — Principal Components of Consolidated Statements of Profit or Loss and Historical Results of Operations — Revenue — Sales Volume and Average Selling Price." According to CIC, the selling prices of our products were generally in line with the market prices during the Track Record Period.

According to CIC, three-color products remain the mainstream in the global e-paper display industry due to a more mature supply chain and relatively lower costs, while four-color products, driven by the ongoing shift toward color, offer stronger capabilities in information encoding and promotional presentation. Compared to three-color products of either the combination of black/white/red or black/white/yellow, four-color products have richer color performance covering all such four colors to enable more differentiated and targeted content display for more precise and nuanced information presentation. For instance, in retail settings of ESLs, black can indicate the original price, red can be used to highlight the promotional price and yellow can be for further information such as product specifications or promotional terms. The introduction of the additional color dimension helps enhance visual experience and marketing impact. Moreover, four-color products also feature improvements in refresh rate and adaptability to a wider temperature range, making them suitable for more complex scenarios in smart retail and smart home, etc.

For e-paper display modules, the different combination of module size and number of colors for display primarily depends on the requirements of different downstream applications. For instance, ESLs, which need to display product diversity and attract customer attention to key items, tend to favor multi-color displays as opposed to monochrome (black and white) displays. In contrast, industrial control applications, which place greater demands on response speed, temperature range and other industrial performance metrics not heavily hinging on colourful visual impact, tend to prefer monochrome displays. Separately, in terms of module size, the smart retail sector in general utilizes small-size e-paper display modules (such as in the case of ESLs) whereas sectors such as smart transportation and smart education typically utilize larger-size modules.

Cost of Sales

For the years ended December 31, 2023, 2024 and 2025, our total cost of sales amounted to RMB862.4 million, RMB969.1 million and RMB1,432.8 million, representing 84.2%, 84.2% and 83.6% of our total revenue, respectively. For the years ended December 31, 2023, 2024 and 2025, our major cost components included (a) the cost of raw materials and consumables used which were RMB727.5 million, RMB847.3 million and RMB1,252.7 million, respectively, representing 84.4%, 87.4% and 87.4% of our cost of sales, respectively, and the changes of which generally aligned with the change in our revenue during the same periods; and (b) employee benefits expenses which were RMB79.8 million, RMB78.3 million and RMB112.7 million, respectively, representing 9.3%, 8.1% and 7.9% of our cost of sales, respectively, and which increased from RMB79.8 million in 2023 to RMB112.7 million in 2025, as we expanded our production capacities during the Track Record Period.

Gross Profit and Gross Profit Margin

The following table sets forth the breakdown of our gross profit and gross profit margin by product category for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Small-size E-paper Display Module (<4 inches)	122,049	15.1	144,741	16.4	229,130	16.1
Mid-size E-paper Display Module (4-6 inches)	30,848	20.2	30,686	15.3	33,719	17.0
Large-size E-paper Display Module (>6 inches)	3,842	6.9	2,185	3.6	14,822	17.7
Other business [(1)]	5,034	48.9	4,818	58.3	2,500	24.6
Total/Overall	**161,773**	**15.8**	**182,430**	**15.8**	**280,171**	**16.4**

Note:

(1) Other business primarily includes sale of surplus materials and rental of temporarily vacant factory spaces.

For the years ended December 31, 2023, 2024 and 2025, our gross profit amounted to RMB161.8 million, RMB182.4 million and RMB280.2 million, respectively, and our overall gross profit margin was 15.8%, 15.8% and 16.4%, respectively. The majority of our gross profit was from sale of small-size e-paper display modules, which represented 75.4%, 79.3% and 81.8% of our total gross profit for the same periods, respectively.

Our overall gross profit margin remained stable at 15.8% in both 2023 and 2024, and then increased to 16.4% in 2025. The increase in overall gross profit margin in 2025 was mainly attributable to enhanced manufacturing efficiency, better absorption of fixed costs and favorable economies of scale, which offset the impact of lower average selling prices. For further details, see "Financial Information — Principal Components of Consolidated Statements of Profit or Loss and Historical Results of Operations — Gross Profit and Gross Profit Margin."

Profit for the Year

We achieved a profit for the year of RMB50.7 million, RMB53.4 million and RMB80.2 million, with a net profit margin of 5.0%, 4.6% and 4.7%, for the years ended December 31, 2023, 2024 and 2025, respectively. Our profit for the year increased from RMB53.4 million in 2024 to RMB80.2 million in 2025 which was mainly driven by strong revenue growth and improved gross profit, which outweighed the impact of higher operating expenses.

KEY FINANCIAL RATIOS

The following table sets forth certain financial ratios relating to our Group as of the dates or for the periods indicated:

	As of / Year ended December 31,		
	2023	2024	2025
Current ratio[(1)]	2.9	2.1	1.5
Earnings per share[(2)]	1.1	1.2	1.7
Debt to asset ratio[(3)]	34.4%	40.9%	50.5%
Gross profit margin[(4)]	15.8%	15.8%	16.4%
Net profit margin[(5)]	5.0%	4.6%	4.7%

Notes:

(1) Current ratio is calculated by dividing total current assets by total current liabilities as of the date indicated.

(2) Earnings per share is calculated by profit for the year divided by the number of outstanding shares for a relevant year.

(3) Debt-to-asset ratio is calculated by dividing total debts by total assets as of the date indicated.

(4) Gross profit margin is calculated by dividing gross profit for the year by total revenue for a relevant year.

(5) Net profit margin equals profit for the year divided by revenue and multiplied by 100%.

LEGAL PROCEEDINGS AND NON-COMPLIANCE

From time to time, we may be subject to legal proceedings, investigations and claims incidental to the conduct of our business. As of the Latest Practicable Date, there was one legal proceeding involving one of our subsidiaries with a claim amount exceeding RMB10 million which remained unsettled and we were the defendants. For details, see "Business — Legal Proceedings and Compliance — Legal Proceedings."

Our Directors are of the view, and the Sole Sponsor concurs, that such legal proceeding arose from a commercial dispute between contractual parties in the ordinary course of business. Such dispute is beyond our control and does not involve any allegation or finding of misconduct, incompetence or lack of integrity on the part of our Directors.

During the Track Record Period and up to the Latest Practicable Date, none of the legal proceedings to which we were a party, individually or in the aggregate, would have a material adverse effect on our business, financial condition or results of operations.

During the Track Record Period and up to the Latest Practicable Date, we did not have non-compliance incidents that our Directors believe would, individually or in the aggregate, have a material adverse effect on our business, financial condition or results of operations.

DIVIDENDS

We declared and paid dividends of RMB23.0 million in 2024. Other than that, no dividend was declared or paid by our Company or any of our subsidiaries during the Track Record Period and up to the Latest Practicable Date. Our dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by us in the future. Currently, our Group does not have a formal dividend policy and does not have a predetermined dividend distribution ratio.

After completion of the [**REDACTED**], we may distribute dividends in the form of cash or by other means permitted by our Articles of Association. Any proposed distribution of dividends shall be formulated by our Board and will be subject to approval of our Shareholders. A decision to declare or to pay any dividends in the future, and the amount of any dividend, will depend upon a number of factors, including our earnings and financial condition, operating requirements, capital requirements, business prospects, statutory, regulatory and contractual restrictions on our declaration and payment of dividends, and any other factors that our Directors may consider important.

As advised by our PRC Legal Advisors and according to the PRC Company Law, a PRC incorporated company is required to set aside at least 10% of its after-tax profits each year, after making up previous years' accumulated losses, if any, to contribute to certain statutory reserve funds until the aggregate amount contributed to such funds reaches 50% of its registered capital. Such company may pay dividends out of after-tax profits after making up for accumulated losses and contributing to statutory reserve funds as mentioned above.

As confirmed by our PRC Legal Advisors, according to relevant PRC laws, any future net profit that our Company or any of our PRC subsidiaries make will have to be first applied to make up for any historically accumulated losses, after which we will be obliged to allocate 10% of 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 (if any) have been made up for; and (ii) we have allocated sufficient net profit to our statutory common reserve fund as described above.

FUTURE PLANS AND [REDACTED]

Assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the mid-point of the indicative [**REDACTED**] range), we estimate that we will receive [**REDACTED**] of approximately HK$[**REDACTED**] million from the [**REDACTED**] after deducting the [**REDACTED**] commission and other estimated expenses in connection with the [**REDACTED**] and assuming that the [**REDACTED**] is not exercised. In line with our strategies, we intend to use the [**REDACTED**] from the [**REDACTED**] for the purposes and in the amounts set forth below:

- Approximately [**REDACTED**]% (or HK$[**REDACTED**] million) will be applied, as one of the funding sources, toward future production capacity enhancement and intelligentization advancement of our production bases.
- Approximately [**REDACTED**]% (or HK$[**REDACTED**] million) will be used to enhance our R&D and technological capabilities to enrich our product portfolio.
- The remaining approximately [**REDACTED**]% (or HK$[**REDACTED**] million) will be used for working capital and general corporate purposes.

For further details, see "Future Plans and [**REDACTED**]."

[**REDACTED**]

[**REDACTED**] EXPENSES

Assuming an [**REDACTED**] of HK$[**REDACTED**] per H Share (being the mid-point of the indicative [**REDACTED**] range stated in this document), the estimated total [**REDACTED**] expenses for the [**REDACTED**] are approximately RMB[**REDACTED**] million (equivalent to HK$[**REDACTED**] million), accounting for approximately [**REDACTED**]% of our gross [**REDACTED**]. The aforementioned [**REDACTED**] expenses include: (a) [**REDACTED**]-related expenses (including [**REDACTED**] fees and commissions, SFC transaction levy, Stock Exchange trading fee and AFRC transaction levy), of RMB[**REDACTED**] million, (b) professional fees for the Sole Sponsor, our legal advisors and reporting accountants of RMB[**REDACTED**] million and (c) other fees and expenses of RMB[**REDACTED**] million, in connection with the [**REDACTED**] and the [**REDACTED**]. Of the aforementioned [**REDACTED**] expenses, (i) an amount of RMB12.0 million has been expensed through the statement of profit or loss during the Track Record Period, (ii) an estimated amount of RMB[**REDACTED**] million for our [**REDACTED**] expenses is expected to be expensed through the statement of profit or loss after the Track Record Period and (iii) an estimated amount of RMB[**REDACTED**] million is expected to be recognized directly as a deduction from equity upon the [**REDACTED**].

INTERNATIONAL TRADE POLICIES, GEOPOLITICS AND TRADE RESTRICTIONS

We are subject to risks from the continuously evolving international trade and regulatory environment, including in areas such as export controls, sanctions, tariffs and foreign investments. These dynamics can adversely affect our supply chain, limit our access to markets or technologies and increase our compliance costs and operational complexity.

Nonetheless, according to our International Compliance Legal Counsel, during the Track Record Period and up to the Latest Practicable Date, our operations complied in all material respects with all applicable sanctions and export control laws and regulations in all Relevant Jurisdictions. According to our International Compliance Legal Counsel, our business scope has not fallen within the definition of the Covered Activities and we are not a Covered Foreign Person under the Final Rule and the frequently asked questions published by the U.S. Department of the Treasury on December 23, 2025. The limited transaction amount of the products subject to the U.S. tariffs has not resulted and will not result in a material adverse impact on our business operations. For details, see "Risk Factors — Risks relating to our Operations — We may be subject to the risks associated with international trade policies, geopolitics and trade protection measures, including changes in tariff policies, the imposition of trade restrictions and sanctions" and "Business — Trade Restrictions and Tariff."

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Based on our unaudited consolidated management accounts for the four months ended April 30, 2026 as compared to the same period in 2025, (a) our total revenue increased which was primarily attributable to (i) the gradual materialization of additional production capacity resulting from capital investments in equipment, production lines and intelligent manufacturing upgrades completed during the second half of 2025; (ii) continued growth in downstream customer demand driven by the business expansion of our core customers; and (iii) a steady improvement in our delivery capabilities, with our sales volume of e-paper display modules increasing from approximately 34.4 million units for the four months ended April 30, 2025 to approximately 56.9 million units for the same period in 2026; and (b) our gross profit and gross profit margin decreased, which was primarily due to the continued depreciation of USD against RMB and the addition of production capacity in the second half of 2025 being in its initial ramp-up phase, during which we adjusted our sales strategy by accepting a relatively larger proportion of orders for products with lower gross profit margins.

Our Directors have confirmed that, since December 31, 2025 and up to the date of this document, (i) our business continued to grow and there has been no material adverse change in our financial or trading position or prospects and no event has occurred that would materially and adversely affect the information shown in our consolidated financial statements set out in the Accountants' Report included in Appendix I to this document; and (ii) there has been no material adverse change in our business, the industries in which we operate and/or market or regulatory environment to which we are subject.

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

"Accountants' Report"	the accountants' report for the Track Record Period of our Group, the text of which is set out in Appendix I to this document
"Acting in Concert Agreement"	the acting in concert agreement dated April 16, 2018 entered into between Mr. Lv and Mr. Zhou, as further described in "History, Development and Corporate Structure — Establishment and Major Shareholding Changes of our Company — (d) Acting in Concert Agreement"
"AFRC"	the Accounting and Financial Reporting Council of Hong Kong
"Articles of Association" or "Articles"	the articles of association of our Company adopted on September 6, 2025, which shall become effective as of the date on which the H Shares are [**REDACTED**] on the Stock Exchange, as amended from time to time, a summary of which is set out in "Appendix V — Summary of Articles of Association"
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Audit Committee"	the audit committee of our Board
"Board" or "Board of Directors"	the board of Directors
"business day"	a day on which banks in Hong Kong are generally open for normal banking business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
	[**REDACTED**]
"Chairman"	chairman of the Board
"China" or "PRC"	the People's Republic of China, but for the purpose of this document and for geographical reference only and except where the context requires otherwise, references in this document to "China" and the "PRC" do not apply to Hong Kong, the Macau Special Administrative Region and Taiwan Region
"CIC"	China Insights Industry Consultancy Limited, a professional market research and consulting company, which is an independent third party

"CIC Report"	a commissioned industry report prepared by CIC
"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
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company," "our Company," "the Company," "we" or "us"	DKE Holding Company Limited (浙江東方科脈電子股份有限公司), a company established as a limited liability company in the PRC on October 28, 2005 which was converted into a joint stock company with limited liability on December 11, 2015
"Company Law" or "PRC Company Law"	the Company Law of the PRC (《中華人民共和國公司法》), as amended, supplemented or otherwise modified from time to time
"Concert Party Group"	Mr. Zhou and Mr. Lv, both of whom are parties to the Acting in Concert Agreement
"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 Shareholders"	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to the group of Shareholders comprising Mr. Zhou, Mr. Lv, Dalian Longgu, Jiaxing Longxi and Jiaxing Longguan, as further detailed in "Relationship with Our Controlling Shareholders"
"Corporate Governance Code"	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
"CSDC"	China Securities Depositary and Clearing Corporation Limited (中國證券登記結算有限責任公司)
"CSRC"	the China Securities Regulatory Commission (中國證券監督管理委員會)
"Dalian Longgu"	Dalian Longgu Investment Advisory Management Partnership (Limited Partnership) (大連龍谷投資諮詢管理合夥企業(有限合夥)), a limited partnership established on December 29, 2015 in the PRC, one of our Incentive Platforms and one of our Controlling Shareholders
	[**REDACTED**]
"Director(s)"	the director(s) of our Company

"DKE Company"	DKE Company Limited (浙江東方科脈科技有限公司), a limited liability company established on January 23, 2018 in the PRC and one of our wholly-owned subsidiaries
"DKE Fufang"	Zhejiang Fufang Electronic Technology Co., Ltd. (浙江富方電子科技有限公司), a limited liability company established on March 31, 2022 in the PRC and one of our wholly-owned subsidiaries
"DKE Fushen"	DKE (Fushen) Company Limited (浙江富申科技有限公司), a limited liability company established on March 29, 2018 in the PRC and one of our wholly-owned subsidiaries
"DKE Fuyong"	DKE (Fuyong) Company Limited (浙江富湧電子科技有限公司), a limited liability company established on September 24, 2020 in the PRC and one of our wholly-owned subsidiaries
"DKE Hong Kong"	DKE (Hong Kong) Co., Limited (東方科脈(香港)國際有限公司), a company with limited liability established on January 12, 2021 in Hong Kong and one of our wholly-owned subsidiaries
"DKE Longning"	DKE (Longning) Company Limited (大連龍寧科技有限公司), a limited liability company established on September 19, 2010 in the PRC and one of our wholly-owned subsidiaries
"DKE Longyong"	DKE (Longyong) Company Limited (龍甬(上海)貿易有限公司), a limited liability company established on June 25, 2024 in the PRC and one of our wholly-owned subsidiaries
"DKE Shanghai"	DKE (Shanghai) Company Limited (東方科脈(上海)科技有限公司), a limited liability company established on August 30, 2021 in the PRC and one of our wholly-owned subsidiaries
"DKE Vietnam"	CONG TY TNHH QUOC TE DKE (VIET NAM) (DKE (Vietnam) International Company Limited), a limited liability company established on March 12, 2024 in Vietnam and one of our wholly-owned subsidiaries
"E Ink Holdings"	E Ink Holdings Inc., a company incorporated in Taiwan, China and the shares of which were listed on the Taiwan Stock Exchange (stock code: 8069) as of the Latest Practicable Date
"EIT Law"	the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》), as enacted by the NPC on March 16, 2007 and effective on January 1, 2008, as amended, supplemented or otherwise modified from time to time
"ESG"	environmental, social and governance

[**REDACTED**]

"Group"	our Company and all of our subsidiaries
"Guide" or "Listing Guide"	the Guide for New Listing Applicants, as published by the Stock Exchange on November 29, 2023 and effective on January 1, 2024, as amended or supplemented or otherwise modified from time to time
"H Share(s)"	ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which are to be subscribed for and [**REDACTED**] in Hong Kong dollars and to be [**REDACTED**] on the Stock Exchange
"H Shareholder(s)"	holder(s) of H Share(s)

[**REDACTED**]

"HKICPA"	the Hong Kong Institute of Certified Public Accountants

[**REDACTED**]

[**REDACTED**]

"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollar(s)" or "HKD" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong Legal Counsel"	Ms. Queenie W.S. Ng, barrister-at-law in Hong Kong

[**REDACTED**]

"IASB"	International Accounting Standards Board
"IFRS Accounting Standards"	IFRS Accounting Standards as issued by the International Accounting Standards Board
"Incentive Platforms"	Dalian Longgu, Jiaxing Longxi and Jiaxing Longguan
"Independent Third Party(ies)"	Individual(s) or company(ies), who or which, to the best of our Directors' knowledge, information and belief, having made all reasonable enquiries, is not a connected person of our Company within the meaning of the Listing Rules

"International Compliance Legal Counsel"	King and Wood LLP, our international compliance legal counsel as to international compliance in connection with the [**REDACTED**]
	[**REDACTED**]
"Jiaxing Longguan"	Jiaxing Longguan Advisory Management Partnership (Limited Partnership) (嘉興龍觀諮詢管理合夥企業(有限合夥)), a limited partnership established on December 23, 2020 in the PRC, one of our Incentive Platforms and one of our Controlling Shareholders
"Jiaxing Longxi"	Jiaxing Longxi Advisory Management Partnership (Limited Partnership) (嘉興龍溪諮詢管理合夥企業(有限合夥)), a limited partnership established on December 17, 2020 in the PRC, one of our Incentive Platforms and one of our Controlling Shareholders
	[**REDACTED**]
"Latest Practicable Date"	June 21, 2026, being the latest practicable date for the purpose of ascertaining certain information contained in this document prior to its publication
	[**REDACTED**]

"Listing Committee"	the listing sub-committee of the board of directors of the Stock Exchange
	[**REDACTED**]
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented or otherwise modified from time to time
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM (formerly known as the Growth Enterprise Market) of the Stock Exchange
"MIIT"	the Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)
"MOFCOM"	the Ministry of Commerce of the PRC (中華人民共和國商務部)
"Mr. Lv"	Mr. Lv Zhongren (呂忠仁), one of our Controlling Shareholders
"Mr. Zhou"	Mr. Zhou Aijun (周愛軍), our Chairman of the Board, executive Director and general manager, and one of our Controlling Shareholders
"NDRC"	the National Development and Reform Commission of the State Council of the PRC (中華人民共和國國家發展和改革委員會)
"Nomination Committee"	the nomination committee of our Board
	[**REDACTED**]
"[**REDACTED**]"	the [**REDACTED**] as named in "Directors and Parties Involved in the [**REDACTED**]"

[**REDACTED**]

"Overseas Listing 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》) and five supporting guidelines promulgated by the CSRC on February 17, 2023 and effective on March 31, 2023
"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"PRC Company Law"	the Company Law of the People's Republic of China (《中華人民共和國公司法》)
"PRC government"	the central government of the PRC and all governmental subdivisions (including provincial, municipal and other regional or local government entities) and organizations of such government or, as the context requires, any of them
"PRC Legal Advisors"	Jingtian & Gongcheng, our legal advisor as to PRC laws in connection with the [**REDACTED**]
"Pre-[**REDACTED**] Investment(s)"	the pre-[**REDACTED**] investment(s) in our Company, details of which are set out in "History, Development and Corporate Structure — Pre-[**REDACTED**] Investments"
"Pre-[**REDACTED**] Investor(s)"	the investor(s) of the Pre-[**REDACTED**] Investments, details of which are set out in "History, Development and Corporate Structure — Pre-[**REDACTED**] Investments"

[**REDACTED**]

"R&D"	research and development

"Redbanyan Venture Capital"	Redbanyan Venture Capital Co., Ltd. (紅榕創業投資股份有限公司)
"Regulation S"	Regulation S under the U.S. Securities Act
"Relevant Jurisdictions"	the United States, the European Union, the United Kingdom, the United Nations and Australia
"Renminbi" or "RMB"	the lawful currency of the PRC
"Remuneration and Appraisal Committee"	the remuneration and appraisal committee of our Board
"Reporting Accountants"	Confucius International CPA Limited, our reporting accountant
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"SAMR"	the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)
"Sanctioned Country"	any country or territory subject to a general and comprehensive export, import, financial or investment embargo under sanctions related law or regulation of a Relevant Jurisdiction
"Sanctioned Target"	a person or entity (i) designated on any list of targeted persons or entities issued under the sanctions-related law or regulation of a Relevant Jurisdiction; (ii) that is, or is owned or controlled by, a government of a Sanctioned Country; or (iii) that is the target of sanctions under the law or regulation of a Relevant Jurisdiction because of a relationship of ownership, control, or agency with a person or entity described in (i) or (ii)
"Sanctions Guidance"	Chapter 4.4 of the Guide for New Listing Applicant published by HKEX
"SCNPC"	the Standing Committee of the National People's Congress (全國人民代表大會常務委員會)
"Securities and Futures Commission" or "SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, comprising the H Share(s) and the Unlisted Share(s)
"Shareholder(s)"	holder(s) of our Share(s)

"Sole Sponsor"	CITIC Securities (Hong Kong) Limited
"Solum"	Solum Co., Ltd., a company listed on the Korea Exchange (stock code: 248070) as of the Latest Practicable Date, specializing in power modules, digital tuners, electronic shelf labels, and other electronic components and solutions
	[**REDACTED**]
"STA"	the State Taxation Administration of the PRC (中華人民共和國國家税務總局)
	[**REDACTED**]
"State Council"	the State Council of the PRC (中華人民共和國國務院)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited
"Strategic Committee"	the strategic committee of our Board
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Track Record Period"	the years ended December 31, 2023, 2024 and 2025
	[**REDACTED**]
"Unlisted Share(s)"	ordinary Share(s) issued by our Company with a nominal value of RMB1.00 each, which is/are not listed on any stock exchange
"U.S." or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"U.S. dollar(s)", "USD" or "US$"	United States dollar(s), the lawful currency of the United States
"U.S. persons"	U.S. persons as defined in Regulation S
"U.S. Securities Act"	United States Securities Act of 1933, as amended, supplemented or otherwise modified from time to time
"Vietnam Legal Advisors"	RHTLaw Vietnam, our legal advisor as to Vietnam laws in connection with the [**REDACTED**]

[**REDACTED**]

"we," "us" or "our"	the Company or the Group, as the context requires
"%"	per cent

For ease of reference, the names of Chinese laws and regulations, governmental authorities, institutions, natural persons or other entities (including certain of our subsidiaries) have been included in the 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.

Certain amounts and percentage figures included in this document were subjected to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be arithmetic aggregation of the figures preceding them.

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

Unless the content otherwise requires, references to "2023," "2024" and "2025" in this document refer to our financial year ended December 31 of such year.

GLOSSARY OF TECHNICAL TERMS

This glossary contains definitions of certain technical terms used in this document in connection with us and our business. These may not correspond to standard industry definitions, and may not be comparable to similar terms adopted by other companies.

"8D Report"	a structured problem-solving report used in manufacturing and quality management to address and correct defects. It documents the eight disciplines: Team formation, Problem description, Containment actions, Root cause analysis, Corrective actions, Implementation, Preventive measures and Congratulation/Closure. Widely used in e-paper display production to resolve recurring issues and improve quality
"ACeP"	Advanced Color ePaper, a full-color e-paper display technology developed by E Ink that enables each pixel to produce a wide color gamut using a single layer of electrophoretic ink. ACeP achieves color rendering through electronically controlled pigment movement, offering high visibility, low power consumption and a reflective, paper-like appearance suitable for applications such as signage and information displays
"ACF"	anisotropic conductive film, a film-type adhesive material containing conductive particles, which enables electrical conductivity primarily in one direction while remaining electrically insulating in other directions. It is used to form electrical and mechanical connections between components in the assembly of electronic paper display modules and other electronic products
"AOI"	automated optical inspection, a kind of technology that uses cameras and image processing to detect defects or verify quality in electronic assemblies
"black-and-white e-paper display module"	e-paper display modules supporting black and white colors only
"COG"	chip-on-glass, a packaging technology in which an integrated circuit chip is directly mounted and electrically connected onto the glass substrate of an e-paper display. This method reduces module thickness and improves electrical performance
"Class 1,000 cleanroom"	Class 1,000 cleanroom refers to a cleanroom where the number of particles ≥ 0.5 microns does not exceed 1,000 per cubic foot of air, making it ten times cleaner than Class 10,000 cleanroom
"Class 10,000 cleanroom"	Class 10,000 refers to a cleanroom where the number of particles ≥0.5 microns does not exceed 10,000 per cubic foot of air
"customer retention rate"	the percentage of our existing customers in the immediately preceding period which remain as our customers in the current period

GLOSSARY OF TECHNICAL TERMS

"driver IC"	an integrated circuit that controls the operation of an e-paper display module, manages pixel activation, signal timing and data processing
"E4 product"	entry-level e-paper modules designed for basic display scenarios, featuring sunlight readability and low power consumption. They are particularly suitable for applications such as retail promotional boards and electronic shelf labels. Key features include the use of E Ink Spectra 3000 technology from E Ink Holdings, enabling three-color display options of (a) black, white and red or (b) black, white and yellow
"E5 product"	mid-to-high-end e-paper module series offering multi-color display capabilities. The core definition is a functional product designed for IoT and commercial display scenarios, featuring a four-color e-paper display module in black, white, yellow and red. Key features include the adoption of E Ink Spectra 3100 technology, breaking the traditional limitations of black-and-white e-paper to achieve vivid and saturated four-color displays, meeting the needs of commercial advertising and signage for eye-catching visual effects
"EC adhesive"	edge coating adhesive, an adhesive material applied to the edges or periphery of electronic components or display modules, which provides mechanical reinforcement and protection against environmental factors such as moisture and dust during or after the assembly process
"electronic shelf labels" or "ESLs"	electronic shelf labels, also known as electronic price tags, these are electronic display devices that replace traditional paper price tags. They are connected to computer databases via wired or wireless networks to display product prices and related information
"EPD"	e-paper display, a reflective, low-power display technology that uses electrophoretic or other bistable mechanisms to render text and images in a paper-like manner. EPDs maintain displayed content without continuous power, offer high readability under ambient light, and are commonly used in e-readers, electronic shelf labels and digital signage
"e-paper display module"	the core component of e-paper technology, integrating e-ink film, driving circuits, and substrate layers. It features ultra-low power consumption, paper-like display performance and bistability
"four-color e-paper display module"	e-paper display modules supporting four colors: black, white, red and yellow
"FOG"	flex-on-glass, a process to establish electrical interconnection and mechanical bonding between the flexible printed circuit and the glass substrate within the e-paper display module
"FPC"	flexible printed circuit, a flexible circuit board used in e-paper display modules to connect the display panel with driver circuits, allowing bendable or compact wiring designs

GLOSSARY OF TECHNICAL TERMS

"FPL" or "e-ink film"	front plane laminate, being the topmost layer of an e-paper display module made of laminated front-plane materials and used to form the image-displaying surface which directly determines the display performance
"full-color e-paper display module"	e-paper display modules supporting six basic colors (black, white, red, yellow, blue, green) and capable of rendering full-color images through image processing
"IoT"	Internet of Things, a network of interconnected devices embedded with sensors, software and connectivity that enable them to collect, exchange and act on data without requiring direct human intervention
"large-size e-paper display module"	e-paper display modules larger than 6 inches
"LCD"	liquid-crystal display, a flat-panel display or other electronically modulated optical device that uses the light-modulating properties of liquid crystals combined with polarizers to display information
"medium-size e-paper display module"	e-paper display modules ranging from 4 to 6 inches (inclusive of 4 and 6 inches)
"multi-color e-paper display module"	e-paper display modules supporting more than the four colors of black, white, red and yellow
"OLED"	organic light-emitting diode, a type of light-emitting diode in which the emissive electroluminescent layer is an organic compound film that emits light in response to an electric current
"OTFT"	organic thin film transistor, a thin-film transistor technology based on organic semiconductor materials. Unlike traditional inorganic semiconductors (such as silicon), OTFTs feature flexibility, lower cost and suitability for large-area fabrication
"OTP"	one-time programmable, a type of memory or integrated circuit configuration that can be programmed once and retains the programmed data permanently. In e-paper displays, OTP may store calibration parameters, panel-specific data or factory settings
"PI a-Si"	polyimide with amorphous silicon, a flexible display substrate made of polyimide coated with an amorphous silicon thin film, commonly used for thin-film transistors in e-paper and LCD modules

GLOSSARY OF TECHNICAL TERMS

"PCB"	printed circuit board, a board made of insulating material with conductive pathways printed or etched onto it, used to mechanically support and electrically connect electronic components
"protective film"	a functional film mainly made of polystyrene. It provides anti-glare performance, high-level moisture barrier (to prevent e-ink from dampness) and UV blocking capability, thereby extending the lifespan of e-paper modules
"PPM"	Failures Per Million, a quality metric used to measure the number of defective or failed units in a production process per one million units produced or delivered
"RTV"	room-temperature vulcanizing, a type of silicone adhesive or sealant that cures at room temperature. In e-paper display manufacturing, RTV is used for sealing, bonding or protecting components without requiring high-temperature processes
"small-size e-paper display module"	e-paper display modules smaller than 4 inches
"SMT"	surface-mount technology, a method for producing electronic circuits in which components are mounted or placed directly onto the surface of printed circuit boards. SMT allows for higher component density, improved manufacturing efficiency and enhanced electrical performance compared to through-hole assembly
"Spectra 6"	E Ink Spectra 6 is based on the E Ink Spectra technology platform and utilizes blue, white, red and yellow particles to deliver six vibrant and saturated colors. By enhancing the color spectrum and applying advanced color imaging algorithms, it provides full-color display capabilities to improve product advertising and marketing effectiveness. It is widely applicable to scenarios such as digital signage, smart healthcare, smart retail and hospitality
"Spectra 3100"	E Ink Spectra 3100 is a four-color e-ink system that uses black, white, red and yellow particles to deliver four vibrant and saturated colors, enabling the display of rich and diverse information and content. Spectra 3100 shortens image refresh time and expands the temperature range for yellow and red particles, meeting the needs of diverse application environments in retail stores
"TFT"	thin film transistor, a semiconductor device made by depositing thin layers of materials on a substrate, commonly used to precisely control pixels in display technologies

GLOSSARY OF TECHNICAL TERMS

"TFT Substrate"	thin film transistor substrate is the core driving component of an e-paper display module. It is essentially a glass substrate integrated with TFT circuits, enabling precise control of pixel switching and signal transmission
"three-color e-paper display module"	e-paper display modules supporting three colors, either (a) black, white and red, or (b) black, white and yellow

FORWARD-LOOKING STATEMENTS

We have included in this document forward-looking statements. Statements that are not historical facts, including statements about our intentions, beliefs, expectations or predictions for the future, are forward-looking statements.

This document contains certain forward-looking statements and information relating to our Company that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this document, the words "aim," "anticipate," "believe," "could," "expect," "going forward," "intend," "may," "ought to," "plan," "project," "seek," "should," "will," "would" and the negative of these words and other similar expressions, as they relate to our Company or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this document. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing our company which could affect the accuracy of forward-looking statements include, but are not limited to, the following: (a) general political and economic conditions, including those related to the jurisdictions where we operate; (b) our operations and business prospects; (c) our business and operating strategies and our ability to implement such strategies; (d) our ability to develop and manage our operations and business; (e) future developments, trends and conditions in the industry and markets in which we operate or into which we intend to expand; (f) competition for, among other things, capital, technology and skilled personnel; (g) our ability to control costs; (h) changes to regulatory and operating conditions in the industry or in the world and geographical markets in which we operate; and (i) all other risks and uncertainties described in the section headed "Risk Factors."

Subject to the requirements of applicable laws, rules and regulations, we do not have any and undertake no obligation to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this document might not occur in the way we expect or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this document are qualified by reference to the cautionary statements in this section.

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

An [**REDACTED**] *in our H Shares involves significant risks. You should carefully consider all of the information in this document, including the risks and uncertainties described below, as well as our financial statements and the related notes, and "Financial Information", before making an* [**REDACTED**] *in our H Shares. These risks and uncertainties could materially and adversely affect our business, financial condition, results of operations or prospects. The* [**REDACTED**] *price of our H Shares may decline due to any of these risks and uncertainties, and you may lose all or part of your* [**REDACTED**]. *You should pay particular attention to the fact that we are a PRC company and are governed by a legal and regulatory environment which may differ significantly from those prevailing in other jurisdictions. These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given will not be updated after the date hereof, and is subject to the cautionary statements in "Forward-looking Statements" in this document.*

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

The e-paper display industry in which we operate is characterized by constant changes. If we fail to provide innovative products that meet customers' evolving needs, continuously improve our technology, maintain our technological edge and achieve tangible results from our R&D efforts, our business, operating results and financial condition will be materially and adversely affected.

The e-paper display industry has been rapidly changing and evolving and has been driven at various times by the emergence and development of other display technologies, as well as the widespread adoption of other digital smart terminals. Companies in the e-paper display industry have aggressively expanded production capacity in the recent years to meet the market demands. If actual demand from downstream players such as e-paper application providers does not grow as expected or declines, or if the industry experiences technological iteration that shifts market demand, the entire industry will typically go through a period where capacity exceeds demand. However, if industry-wide capacity exceeds demand, our operations would be subject to more intense competition, and our results of operations may suffer because of the resulting pricing pressure and capacity underutilization. Severe pricing pressure could result in the overall industry becoming less profitable, at least for the duration of the downturn, and could prevent us from maintaining profitability. For instance, we have experienced a continuous reduction in the selling prices of our e-paper display modules during the Track Record Period, such as those in relation to our three-color and four-color products of various sizes. We cannot guarantee if such downward pricing trend could be improved or if we could maintain the profitability of the relevant products in the future.

We have made continuous investments in R&D to build our R&D capabilities. Our R&D expenses amounted to RMB39.9 million, RMB56.0 million and RMB59.0 million for the years ended December 31, 2023, 2024 and 2025, respectively, representing 3.9%, 4.9% and 3.4% of our total revenue for the respective periods. The e-paper display industry is undergoing rapid development with respect to technological advancement and product iteration and the market concentration is expected to continue to rise. Due to the rapid pace of product iteration in the industry, we cannot guarantee that we can always adapt our R&D to these trends, successfully launch, commercialize and iterate our products in a timely and commercially viable manner to prevent any product obsolescence, or meet our R&D goals on schedule and within budget. Simultaneously, our competitors are actively developing new technologies. Should they outpace us, their innovations could give them a performance or cost advantage, potentially eroding our competitive position. If any of these events occur, our business, operating results and financial condition could be materially and adversely affected.

Furthermore, R&D activities are inherently uncertain, and we might encounter practical difficulties in commercializing our research and development results. Our significant expenditure on R&D may not generate corresponding benefits. Given the fast pace with which technology has been and will continue to develop, we may not be able to upgrade our technologies in a cost-effective and timely manner, or at all. New technologies in our industries or competition from comparable products adopting other flat panel display technologies (e.g. LCD, LED and OLED) could render our technologies, our technological infrastructure or products that we are developing or expect to develop in the future obsolete or unattractive, thereby undermining our ability to recover related R&D costs and expenses, which could result in a decline in our revenues, profitability and market share.

We had a concentration of customers during the Track Record Period.

In 2023, 2024 and 2025, revenue generated from our five largest customers in each year during the Track Record Period was in aggregate RMB908.4 million, RMB950.9 million and RMB1,555.0 million, representing 88.7%, 82.6% and 90.8% of our total revenue, respectively. In particular, Solum was our single largest customer in 2023 and 2024 and our revenue from Solum was RMB519.6 million, RMB417.7 million and RMB495.1 million, respectively, representing 50.7%, 36.3% and 28.9%, respectively, of our total revenue for the same years. Furthermore, during the Track Record Period, revenue from Customer A increased from RMB48.7 million in 2023 to RMB168.4 million in 2024 and further to RMB605.6 million in 2025, representing 4.7%, 14.6% and 35.4% of our total revenue for the same years, respectively, and Customer A became our largest customer in 2025. For further details, see "Business — Our Customers."

If our major customers, such as Solum and Customer A, were to materially reduce, delay or cease purchases from us, change their procurement allocation among e-paper display module suppliers due to changes in downstream demand, procurement allocation by end-customers or any other factors, or if our relationship with these major customers were terminated, materially interrupted or adversely modified, our revenue, results of operations and financial condition could be materially and adversely affected. The business conditions, liquidity and solvency of our major customers may also have a significant impact on us, and any disruption in our relationship with major customers could materially and adversely affect our business, operating results and financial condition. We generally grant credit terms to our major customers and any material delay or default in payment by them could adversely affect our cash flows and financial condition. In addition, competition may come from existing players and new entrants, including our customers who may by themselves or through affiliation with other players, have entered, or may contemplate entering, the production of e-paper display modules, which may increase the risk for such customers adjusting their procurement strategy in the future. If any of our major customers reduces or ceases purchases from us and we are unable to secure new customers with similar demand at comparable terms within a reasonable period, our business, operating results and financial condition could be materially and adversely affected.

Our supplier concentration exposes us to supply chain risks, the loss of which could adversely affect our business.

Our success depends in part on our ability to manage the supply chain to manufacture and deliver the products in a timely manner and with quality. We source the raw materials and components for our products from third-party suppliers. In 2023, 2024 and 2025, purchase amount from our five largest suppliers in each year during the Track Record Period accounted for 90.2%, 78.4% and 78.9% of our total purchase amount, respectively. Purchase amount from our largest supplier in each year during the Track Record Period accounted for 49.5%, 49.2% and 52.7% of our total purchase amount, respectively. Currently, E Ink Holdings is our largest supplier in each year during the Track Record Period for raw materials including e-ink film and protective film. We expect that purchase from E Ink Holdings will remain as a significant portion of our total purchase in the near future as E Ink Holdings is the largest supplier of e-ink films in the industry. Our major suppliers' stable relationship with us and consistent supply of raw materials are crucial to our business.

If all or a significant number of our suppliers for any particular raw materials are unable or unwilling to meet our requirements for quantity, quality or timing, we could suffer supply shortages or procurement cost increases. Our suppliers could fail to meet our needs for various reasons beyond our control, including fires, natural disasters, extreme weather, manufacturing problems, epidemic, transportation interruptions or governmental regulation. Additionally, relatively high reliance on a limited number of suppliers may weaken our bargaining power in price negotiations for raw materials, and that such suppliers may be unable or unwilling to meet our pricing requirements, potentially resulting in supply shortages or increased procurement costs. A failure of supply could also occur due to suppliers' financial difficulties, including bankruptcy. Changing suppliers may require a long lead time. We may not be able to locate alternative suppliers in sufficient quantities, of suitable quality, or at an acceptable price within a reasonable period of time, or at all. Continued supply disruptions could exert pressure on our costs, and we cannot assure you that all or part of any increased costs can be passed along to our customers in a timely manner or at all, which could negatively affect our business, overall profitability and financial performance.

If we are not successful in expanding our direct sales customer base, or increasing sales to existing customers, our business, operating results and financial condition could be materially and adversely affected.

Our e-paper display module customers primarily consist of e-paper application providers. As our product quality and manufacturing capability have been recognized across various markets, we have established and expanded long-term strategic cooperations with our global customers. For the years ended December 31, 2023, 2024 and 2025, we had 105, 116 and 114 direct sales customers, respectively, which contributed approximately 97.4%, 97.9% and 98.4% of our total revenue for the same period. During the Track Record Period, our customer retention rate reached 82.9%, 95.7% and 98.2%, respectively. However, if our products fail to be upgraded in a timely manner to cater to the market, or we fail to meet existing customers' requirements for products or related services, or our local sales partners fail to provide the services required by overseas customers, we may be unable to retain existing customers or attract new ones in the future, which could adversely affect our business and operating results.

Furthermore, our operations are significantly influenced by economic, political and social conditions in China and globally. Economic downturns, geopolitical tensions, inflations, and/or changes in monetary policies, in our key markets or our customers' key markets, whether actual or perceived, could change demand by players in the downstream industry value chain, which could materially and adversely affect our financial condition and results of operations. Global uncertainties, such as geopolitical tensions, inflation risks and changes in monetary policies, also pose challenges to our business environment.

We have strategic partnerships with certain business partners for joint R&D projects and other initiatives. The termination of any collaboration with our business partners may adversely affect our operations, revenue and profitability.

Enhancing our technological process is critical to our ability to provide high quality products and services for our customers. We intend to continue to advance our process technologies through internal research and development efforts and technology alliances with other entities. Although we have an internal research and development team focused on developing new process technologies, we rely on our technology partners to advance our process-technology portfolio. We may have joint technology development arrangements and technology sharing arrangements with universities and other third parties. During the Track Record Period, we carried out a total of 106 R&D projects, comprising 101 in-house R&D projects and five collaborative R&D projects. We engaged five external partners for these collaborative R&D projects. If we are unable to continue our technological alliances with these entities or maintain on mutually beneficial terms any of our other joint development arrangements, research and development alliances and other similar agreements, we may not be able to continue providing our customers with high-caliber products, which could adversely affect our business and operating results.

Unauthorized use of our intellectual properties by third parties may harm our brand and reputation and materially and adversely affect our business, and we may incur substantial expenses to protect our intellectual property rights.

We regard our copyrights, trademarks, trade secrets and other intellectual properties as critical to our success and rely on a combination of trademark and copyright laws, trade secrets protection, non-disclosure agreements and other contractual restrictions on the use of our intellectual properties to protect these rights. These agreements may not effectively prevent disclosure of confidential information and may not provide an adequate remedy in the event of unauthorized disclosure of confidential information. In addition, third parties may independently discover trade secrets and proprietary information, limiting our ability to assert any trade secret rights against such parties.

Policing unauthorized use of our proprietary technology, trademarks and other intellectual property is difficult and expensive, and litigation may be necessary to enforce our intellectual property rights. Future litigation could result in substantial costs and diversion of our resources and could materially and adversely affect our business, operating results and financial condition.

Moreover, competitors and other third parties may register trademarks or purchase internet search engine keywords or domain names that are similar to ours, in order to divert potential customers from us. Preventing such unfair competition activities is inherently difficult. If we are unable to prevent such activities, competitors and other third parties may drive potential customers away from us, which could harm our reputation and materially and adversely affect our results of operations.

We may be subject to intellectual property infringement claims, which could be time-consuming and costly to defend and may result in diversion of our financial and management resources.

We cannot be certain that our operations or any aspect of our business do not or will not infringe upon or otherwise violate trademarks, copyrights or other intellectual property rights held by third parties. We may from time to time be subject to such proceedings and claims. We cannot assure you that holders of patents purportedly relating to some aspect of our technology infrastructure or business, if any such holders exist, would not seek to enforce such patents against us in China or any other jurisdictions. Further, the application and interpretation of China's patent laws and the procedures and standards for granting patents in China may change from time to time, and we cannot assure you that PRC courts or regulatory authorities would agree with our analysis. If we are found to have violated the intellectual property rights of others, we may be subject to liability for our infringement activities or may be prohibited from using such intellectual property, and we may incur licensing fees or be forced to develop our own alternatives. Defending against such infringement or licensing allegations and claims is costly and time consuming and may divert management's time and other resources from our business and operations, and the outcome of many of these claims and proceedings cannot be predicted. If a judgment, a fine or a settlement involving a payment of a material sum of money were to occur, or an injunctive relief was issued against us, it may result in significant monetary liabilities and may materially disrupt our business and operations by restricting or prohibiting our use of the intellectual property in question, and our business, financial position and results of operations could be materially and adversely affected.

Further, our agreements with third parties may include indemnification provisions under which we agree to indemnify them for losses suffered or incurred as a result of claims of intellectual property infringement, or other liabilities arising from our software, services or other contractual obligations. Large indemnity payments could harm our business, operating results and financial condition. Although we normally contractually limit our liability with respect to such indemnity obligations, generally, those limitations may not be fully enforceable in all situations, and we may still incur substantial liability under those agreements. Any dispute with a customer with respect to such obligations could have adverse effects on our relationship with that customer and other existing and prospective customers and harm our business and results of operations.

Our business is dependent on the strengths and market acceptance of our brands. If we fail to maintain and enhance our brands, or if we incur excessive expenses in this effort, our business, results of operations and prospects may be materially and adversely affected.

Since we operate in a highly competitive market, brand maintenance and enhancement directly affect our ability to maintain our market position. We believe that maintaining and enhancing our brand is significant to the success of our business. Well-recognized brands are important to enhancing our attractiveness to our customers. The successful promotion of our brand will depend on the effectiveness of our marketing efforts and word-of-mouth referrals we receive from satisfied customers.

For the years ended December 31, 2023, 2024 and 2025, we incurred selling and marketing expenses of RMB18.0 million, RMB19.1 million and RMB21.1 million, respectively, representing 1.8%, 1.7% and 1.2% of our total revenue, respectively. In the future, we may incur extra expenses in promoting our brand. However, we cannot assure you that our marketing efforts will be successful, or that they will yield significant benefits that cover the costs of the increased investment. Any such failure may result in our declining market recognition and position, and materially and adversely affect our business, operating results and financial condition.

We may fail to effectively implement our future expansion and acquisition plans.

We may continually and actively seek strategic opportunities for the acquisitions of or investments in businesses, products, technologies, production capacity or know-how that we believe would benefit our product development, R&D capabilities, technology, and distribution network. There can be no assurance that we could successfully execute our expansion and acquisition plans and complete the relevant transactions as expected. In addition, our ability to grow through acquisitions and investments depends on ability to identify and integrate suitable targets and to obtain necessary financing at reasonable terms. Furthermore, we may also discover deficiencies in internal controls, data adequacy and integrity, product quality, and regulatory compliance and liabilities in the businesses we have acquired, which we may not be able to uncover prior to such acquisitions. Consequently, we may become subject to penalties, lawsuits or other liabilities. Any difficulties in the integration of acquired businesses or products, or unexpected penalties, lawsuits or liabilities in connection with such businesses or products could materially and adversely affect our business, operating results and financial condition.

Our historical results may not be indicative of our business, operating results and financial condition, and we may not be able to manage future growth effectively.

Our future growth and profitability are affected by a number of factors, such as our ability to optimize and enrich our product portfolio, relationship with our customers, our ability to successfully implement our business development strategies in a cost-effective manner and our ability to effectively manage our costs and expenses and continuously improve our operational efficiency. Accordingly, you should not rely on the revenue of any prior period as an indication of our future performance. We may also incur unforeseen expenses, or encounter difficulties, complications or delays in deriving revenue or achieving profitability. If we are unable to generate adequate revenues and manage our expenses effectively, we may incur losses in the future and may not be able to achieve profitability.

Any failure to offer high-quality maintenance and support services for our customers may harm our relationships with them and, consequently, our business.

In conjunction with our sales of e-paper display modules, we also need to provide our customers with maintenance and support services. We typically offer our customers technical support such as display waveform debugging. In addition, we also provide warranty services for our products, with the typical warranty period for our products being 12 months. As we continue to grow our customer base, we may not be able to recruit or retain sufficient qualified support personnel with experience in supporting customers of our products. As a result, we may be unable to quickly accommodate short-term increases in customer demand for technical support or maintenance assistance. We may also be unable to modify the future scope of our maintenance services and technical support to keep pace with changes in competitors' technical services.

We are confronted with competition from other industry players and the pressure of technological iteration.

In 2025, the global e-paper display industry demonstrated a high degree of market concentration, with the top five market players accounting for approximately 82.0% of the total market share by sales according to CIC. As the second largest global e-paper display manufacturer and the largest global commercial e-paper display manufacturer in terms of revenue in 2025, we faced intensified competition from approximately 10 to 20 other manufacturers in this sector. We may not succeed in competing with those manufacturers of display modules. As a result, we may not be able to successfully expand our product portfolio or realize business growth in new technologies and application scenarios as we expect. In response to the market competition, our existing competitors may seek to increase their market shares through various measures, such as continued R&D efforts, increased production capacity, optimized production process and active marketing campaigns. Our competitors may also seek to increase their market shares through the reduction in price. Competition not only comes from existing players but also from new entrants, which may include our customers and suppliers who may have entered or are contemplating to establish production for e-paper display modules. Moreover, we also expect to face competition from competitors as we expand our business into new business lines, geographic regions and product categories. Competitive pressure could also have an adverse impact on the demand for and pricing of our products, which in turn affects our growth and market share. Even if there is sufficient downstream demand for e-paper display modules, there is no guarantee that we will always succeed in competing with other market players for orders from downstream customers. If we fail to compete effectively, we may not be able to retain or expand our market share, and our business, operating results and financial condition could be materially and adversely affected.

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

Our growth prospects and future profitability depend on, among others, our ability to upgrade production facilities and increase production capability, either generally or with respect to demand from customers for particular products. As of December 31, 2025, we had four production bases with 50 production lines in the PRC and overseas. Since their commissioning, we have continuously maintained and upgraded these production bases and will continue to enhance their level of automation in the future to improve our production efficiency. At the same time, we are also expanding our existing factory buildings and have constructed a production base in Vietnam. See "Business — Production — Production Bases."

To successfully upgrade our production capability as well as expand our production capacity, we need to make cost-effective and efficient upgrade and expansion plans, expand existing facilities and install new equipment either by our own R&D or procurements from third parties, and hire and train professionals necessary to operate such facilities or equipment. All of these efforts may be affected by factors such as insufficient available working capital, delivery delays and improper installation and use of equipment.

We cannot assure you that our upgrade or expansion plan, if implemented, will be operationally or financially successful and supported by sufficient market demand for, and adequate profit margins on, 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 particular, the implementation of our expansion plans may incur significant staff costs, depreciation and amortization charges and other expenses, which may adversely affect our financial condition. In addition, if we do not receive sufficient orders from our customers to effectively utilize our production bases, we may be subject to low utilization rates of production capacity, over-capacity or high depreciation charges for our production bases, 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 factories or expansion of any existing factories and maintenance of expanded production capacity. Any delay or cancellation of our expansion plans could also subject us to disputes with various counterparties. As a result, our business, operating results, financial condition and prospects may be materially and adversely affected.

RISKS RELATING TO FINANCIAL, ACCOUNTING AND TAX MATTERS

We are exposed to foreign currency exchange rate fluctuations, which may have a material adverse effect on our business, operating results and financial condition.

As we also operate part of our business in certain countries and regions outside of Chinese mainland, and have certain debts and cash denominated in currencies other than RMB, we are exposed to risks associated with foreign currency exchange fluctuations.

Changes in the foreign exchange rates could affect the results of our overseas operations. Our revenue from sales overseas amounted to RMB751.4 million, RMB728.8 million and RMB770.8 million for the years ended December 31, 2023, 2024 and 2025, respectively, accounting for 73.4%, 63.3% and 45.0% of our total revenue for the same periods, respectively. Certain of our income from overseas sales is denominated in foreign currencies such as U.S. dollars. To manage related exchange rate risks, we primarily address foreign exchange volatility through operational natural hedging strategies, reasonably matching foreign currency-denominated revenues with related expenses to reduce net foreign currency exposure. At the same time, we continuously monitor the structure of foreign currency assets and liabilities as well as exchange rate trends, and will, in response to changes in market conditions and actual operational needs, timely evaluate and employ appropriate risk management tools to further prudently manage exchange rate risks. Nonetheless, fluctuations in the RMB exchange rate will directly impact our operating revenue and gross profit margin, and may also result in foreign exchange losses.

It is difficult for us to predict how external factors may impact the exchange rate of RMB to USD or other foreign currencies in the future. Further appreciation of RMB against foreign currencies may affect our overseas operations. On the other hand, if we decide to convert our RMB into Hong Kong dollars for dividends payment on our H Shares or for other business purposes, any depreciation of RMB against the Hong Kong dollar would have a negative effect on the value of, and any dividends payable on, our H Shares.

Failure to maintain optimal inventory levels could increase our inventory holding costs or negatively impact our sales.

Our inventories primarily include raw materials, finished goods and work-in-progress. As of December 31, 2023, 2024 and 2025, the carrying amounts of our inventories amounted to RMB231.8 million, RMB320.9 million and RMB525.3 million, respectively. Our inventory turnover days were 120 days, 124 days and 122 days in 2023, 2024 and 2025, respectively. During the Track Record Period, the inventory level of our finished goods have shown a gradual upward trend. Starting from the second half of 2024, we began to stock up according to orders to better control the inventory level of our finished goods. In addition, with the addition of new production lines in 2025, we purchased a significant number of raw materials to meet the production needs of these lines. Due to changes in market demand and our own production capacity, we may not be able to effectively manage our inventory level or to identify any excessive build-up or insufficient stock of inventory in our global operations. We may misjudge market demand and inventory levels in excess of customer demand may result in inventory write-downs or write-offs, and the sale of excess inventory at discounted prices could impair the image of our brands and harm our gross profit margin. On the other hand, if we underestimate the demand for our products, insufficient stock could result in delays in the shipment of our products, thereby impacting our ability to generate sales and cause damages to our reputation and relationships with our customers. Therefore, failure to maintain optimal inventory levels could increase our inventory holding costs or cause us to lose sales, either of which could adversely affect our business, operating results and financial condition.

We are subject to credit risk related to delay in payment and defaults of customers which may incur impairment losses and adversely affect our liquidity, financial condition and operating results.

Our trade and notes receivables represent amounts due from our customers for products in the ordinary course of business. The carrying amounts of trade and notes receivables of RMB211.1 million, RMB270.7 million and RMB382.1 million, respectively, as of December 31, 2023, 2024 and 2025, represented our maximum exposure as of the respective dates to credit risk in relation to trade and bills receivables, we recorded impairment on trade receivables of RMB26.3 million, RMB25.2 million and RMB20.8 million for the years ended December 31, 2023, 2024 and 2025, respectively.

We generally grant credit terms of 30 to 90 days to our established customers. However, there can be no assurance that the collection of amounts due from our customers will be timely. This might result in slow turnover of our trade and bills receivables and restrict our working capital resources. As of December 31, 2023, 2024 and 2025, the average turnover days for our trade receivables were 91 days, 83 days and 72 days, respectively. See "Financial Information — Description of Selected Consolidated Statements of Financial Position Items — Trade and Notes Receivables." If we fail to receive payments from our customers on a timely basis, our cash flows and financial condition could be materially and adversely affected.

The discontinuation of any of the government subsidies currently available to us could adversely affect our business, operating results, financial condition and prospects.

During the Track Record Period, we benefited from certain government subsidies. In 2023, 2024 and 2025, our government grant under other income amounted to RMB13.2 million, RMB7.7 million and RMB7.1 million, respectively. Not all government grants are recurring in nature. Government grants we received are uncertain and are subject to certain criteria and procedures stipulated by the local government. In addition, the development focus of local government may shift to other industries over time. We cannot assure you that we will be able to receive any such government grants in the future. If we are unable to receive the government grants in the future at the same level as we had during the Track Record Period, our business, operating results and financial condition could be materially and adversely affected.

We have recorded negative operating cash flows in the past, which may continue in the future.

We had negative operating cash flow of RMB135.5 million for the year ended December 31, 2025. Our operating cash outflow was primarily due to increased inventory and trade receivables. See "Financial Information — Liquidity and Capital Resources — Operating Activities." We recorded increased inventory due to our business expansion. Meanwhile, the sheer increase in our sales volume resulted in a higher absolute receivable balance in spite of our collection effort. Therefore, we may have higher cash flow requirements in the future. We cannot assure you that we will be able to generate positive cash flow from operating activities in the future. If we encounter long-term and continual net operating cash outflow in the future, we may not have sufficient working capital to cover our operating costs, and our business, results of operations and financial position may be materially and adversely affected.

If our preferential tax treatments are revoked, become unavailable or if the calculation of our tax liability is successfully challenged by the PRC tax authorities, we may be required to pay tax, interest and penalties exceeding our tax provisions, and our results of operations could be materially and adversely affected.

We and some of our subsidiaries are entitled to preferential tax treatment. See "Financial Information — Principal Components of Consolidated Statements of Profit or Loss and Historical Results of Operation — Income Tax Expense." In 2023, 2024 and 2025, tax savings from preferential tax treatments amounted to RMB3.6 million, RMB0.5 million and nil, respectively, based on a preferential tax rate of 15%. Preferential tax treatments granted to us by PRC governmental authorities and the governmental authorities in other jurisdictions are subject to review and may be adjusted or revoked at any time in the future. We cannot guarantee that the preferential tax treatments to which we are currently entitled to will be successfully renewed and 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 profit.

We are uncertain about the recoverability of our deferred tax assets, which may affect our financial position in the future.

In the application of our accounting policies, our management is required to make judgments, estimates and assumptions about the carrying amounts of certain assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Therefore, actual results may differ from these accounting estimates.

As of December 31, 2023, 2024 and 2025, we recognized deferred tax assets of RMB8.6 million, RMB10.1 million and RMB7.8 million, respectively. Based on our accounting policies, deferred tax assets are recognized for unused tax losses and deductible temporary differences. For details of our deferred tax assets and the relevant recognition policies, see Note 4 and Note 20 to the Accountants' Report. The recognition of a deferred tax asset mainly depends on our management's judgment as to whether sufficient future profits or deductible temporary differences will be available in the future. Management will continue to conduct review and additional deferred tax assets can be recognized if it becomes probable that future taxable profits will allow the deferred tax assets to be recovered. If sufficient profits or deductible temporary differences are not expected to be generated or are less than expected, a material reversal of deferred tax assets may arise in the future.

Our interest-bearing indebtedness exposes us to interest rate risk in relation to our floating-rate debt, and our level of indebtedness may prevent us from meeting relevant obligations under our indebtedness, which may adversely affect our ability to raise additional capital to fund our operations.

During the Track Record Period, we had certain borrowings to finance our business operations and capital expenditures. We expect that we may continue to do so in the future and our liquidity risk may increase. As of December 31, 2023, 2024 and 2025, our borrowings amounted to RMB145.1 million, RMB182.3 million and RMB416.6 million, respectively. As of December 31, 2023, 2024 and 2025, the annual interest rate of short-term borrowings ranged from 3.20% to 4.75%, 2.20% to 4.65% and 1.24% to 3.00% per period, respectively; and the annual interest rate of long-term borrowings ranged from 3.20% to 4.90%, 3.80% and 2.60% to 3.80%, respectively.

We are exposed to interest rate risk resulting from interest rate fluctuations. Rising interest rates could increase interest expenses relating to our outstanding floating-rate borrowings, which could materially and adversely affect our business, operating results, financial condition and prospects.

We cannot assure you that we will not have a substantial amount of borrowings in the future. The high amount of borrowings may (i) expose us to a higher risk of default, which would negatively affect our ability to operate as a going concern, (ii) require us to allocate a higher portion of our cash flow from operations to fund repayments of principal and interest on our borrowings, thus reducing the availability of our cash flow for other purposes; (iii) limit our flexibility in planning for strategic targets, or reacting to changes in our business or in the industry in which we operate; (iv) limit our ability to borrow additional funds; (v) increase our exposure to interest rate fluctuations; (vi) increase our exposure to unpredictable adverse events, such as not having enough cash to cover potential product liability and/or expenses for upgrading technologies or equipment requirement for our production; and (vii) limit our finance budget, each of which could materially and adversely impact our business, operating results and financial condition.

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

We face risks associated with fair value changes of certain financial assets that require judgement and assumptions which are inherently uncertain.

As of December 31, 2023, 2024 and 2025, we recorded financial assets measured at fair value through other comprehensive income ("**FVOCI**") of RMB1.1 million, RMB8.7 million, and RMB49.5 million, respectively. Fair values of financial assets at FVOCI are determined based on quoted prices in active markets, other market-observable inputs, or unobservable inputs using valuation techniques. See Note 3.2 and Note 3.5 to the Accountants' Report.

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

We are subject to regulatory risks with respect to our tax compliance.

In the ordinary course of business we may be subject to inquiries, reviews, claims, assessments or other regulatory actions conducted by relevant tax or revenue authorities in the jurisdictions in which we operate. Such regulatory actions may also divert our management's attention and other resources, especially if they are not resolved in a timely manner. For example, we carried out certain intra-group transactions during the Track Record Period, and our profit allocation and income tax positions in connection with such transfer pricing arrangements are subject to the interpretations by relevant tax authorities of applicable tax law as well as applicable rules and regulations with respect to transfer pricing in relevant jurisdictions. There is no assurance that the respective tax authorities would not challenge the appropriateness of our historical transfer pricing arrangements or that the relevant regulations or standards governing such arrangements will not be subject to future changes. If a competent tax authority later determines that the transfer prices and the transaction terms that we have adopted as well as our historical income tax provisions and accruals are not appropriate, such authority may require the relevant subsidiaries to re-assess the transfer prices and re-allocate the income or adjust the taxable income. If we are considered not to be in compliance with the applicable transfer pricing rules and regulations, the relevant tax authority may also have the power to order us to pay all outstanding tax and statutory interest and/or fines.

RISKS RELATING TO OUR OPERATIONS

Our success depends substantially on the continued service and contributions of our founders, Directors, senior management and talent pool comprising senior R&D personnel and skilled engineers that support our existing operations and future growth.

Management and R&D capabilities are one of the key factors for our business development and successful operations. Our sustainable growth relies heavily on our ability to maintain a highly skilled senior management and technical team. We place great emphasis on cultivating and recruiting management and technical talent to ensure effective coordination and successful implementation of our management and R&D activities. To maintain the motivation and stability of our core management and technical personnel, we have established incentive schemes that encourage technical innovation, effectively ensuring the stability of our R&D system and continuous improvement of our R&D capabilities. However, due to intense competition for talent, we may face risks of losing core management and technical personnel.

We face uncertainties and risks in overseas manufacturing and operations.

In addition to the PRC, we also have a production base in Vietnam. We may continue to build overseas manufacturing bases for e-paper display modules and related materials in the future. For details, see "Business — Production — Production Bases." The construction and operations in relation to the overseas manufacturing base are subject to various risks and uncertainties, including but not limited to: (a) political and economic instabilities, including changes in government policies or regulations affecting foreign investments, economic fluctuations and currency volatility, geopolitical tensions or conflicts impacting business operations; (b) lack of familiarity with local laws, regulatory requirements and risk of legal proceedings in foreign jurisdictions; (c) potential differences in environmental, construction and other standards between overseas and the PRC; (d) lack of familiarity with local operating, market conditions and industry standards; (e) operational constraints imposed by local labor union systems and potentially more stringent labor protection regulations; (f) potential failure to achieve the expected returns from investing in manufacturing bases; (g) potential difficulties in managing relationships with foreign customers; (h) difficulties in enforcing agreements and collecting overdue receivables under local legal systems; (i) difficulties and costs of staffing and managing overseas operations; (j) challenges due to differences in social environment, culture and languages; (k) difficulties in managing relationships with local communities and potential disputes with them; and (l) other obstacles and risks related to overseas manufacturing and operations.

As a global company, our success depends, in part, on our ability to manage these risks. The above-mentioned risks vary from country to country and are difficult to predict. We may not be able to develop and implement initiatives that address these risks effectively in each region in which we conduct business, and there can be no assurance that risks we may face as we expand our overseas manufacturing and operations will not adversely affect our business, operating results and financial condition.

We may be involved in legal proceedings and commercial disputes, which could have a material adverse effect on our business, operating results and financial condition.

We may be involved from time to time in disputes with various parties involved in our business operations, including but not limited to our customers, suppliers, employees, local sales partners, logistics service providers, insurers and banks. As of the Latest Practicable Date, there was one legal proceeding involving one of our subsidiaries with a claim amount exceeding RMB10 million which remained unsettled and we were the defendants. For details, see "Business — Legal Proceedings and Compliance — Legal Proceedings." In addition, we also had two legal proceedings that remained unsettled as of the Latest Practicable Date which were commercial in nature and involved potential payment obligations of approximately RMB2.0 million in aggregate as of the Latest Practicable Date. The disputes arising from our business operations may lead to legal or other proceedings, including those that are threatened, which may result in damage to our reputation, substantial costs and diversion of our resources and management's attention.

Price fluctuation and inadequate supply of materials and equipment used in our production could adversely affect our business, operating results and financial condition.

The materials for e-paper display module manufacturing mainly include e-ink films, TFT substrates, driver ICs, protective films, FPCs and other related components. The supply and prices of these materials may fluctuate depending on a number of factors beyond our control, including but not limited to market supply and demand, potential speculative activities, market disruptions and natural disasters. Prices and supply of these parts are also affected by factors such as supply and demand and technological advances. For the years ended December 31, 2023, 2024 and 2025, our purchase of e-ink film reached RMB364.2 million, RMB454.1 million and RMB761.9 million, respectively. The above-mentioned price fluctuations and changes in supply of materials and parts required for manufacturing may affect our procurement costs and production activities.

We also purchase various equipment used in our production. To ensure the quality of our products, we purchase from reputable suppliers to secure a cost-efficient and timely supply of critical equipment. If our suppliers fail to meet our requirements, our business and results of operations may be affected.

We rely on third parties to provide logistics services for our business.

We engage logistics service providers to transport products to our customers. For the years ended December 31, 2023, 2024 and 2025, we engaged 25, 31 and 51 logistics service providers, respectively, with related expenses amounting to RMB3.3 million, RMB6.7 million and RMB13.7 million for the same periods. The services provided by our logistics service providers may be suspended, canceled or delayed for various reasons beyond our control, including improper handling by our logistics service providers, labor disputes or strikes, acts of war or terrorism, outbreaks of epidemics, earthquakes and other natural disasters, which could cause interruption to the sales or delivery of our products. Disputes with or a termination of our contractual relationships with one or more of our logistics companies could result in delayed delivery of products or increased costs. If we are unable to maintain or develop good relationships with logistics companies or find suitable replacements in a timely manner, it may inhibit our ability to offer products in sufficient quantities, on a timely basis, or at prices acceptable to our customers. In addition, any improper handling of our products by the logistics service providers could also result in product damage, which may in turn lead to product recalls, product liabilities, increased costs and damage to our reputation, which may materially and adversely affect our business, operating results and financial condition. Any increase in the service costs of our logistics service providers may also lead to an increase in our logistics expenses, which may in turn have a material adverse effect on our business, operating results and financial condition.

Rumors or negative publicity involving our Company, products and services, management, customers, business partners or the e-paper display industry in general, may materially and adversely affect our reputation, business, results of operations and prospects.

Negative publicity and allegations involving us, our shareholders, Directors, officers, employees and business partners, or the e-paper display module market as a whole may materially and adversely harm our brand image and reputation and cause deterioration in the level of market recognition of and trust in the products provided by us, thereby resulting in reduced sales volumes and revenues, potential loss of business partners as well as the loss of highly qualified personnel with specialized skills. In addition, such negative publicity may come from malicious harassment or unfair competition acts by third parties, which are beyond our control. Such negative publicity may also result in the diversion of management's attention, and governmental investigations or other forms of scrutiny, which may materially and adversely affect our business, operating results and financial condition.

Confidentiality agreements and non-compete covenants with employees and other third parties may not adequately prevent disclosure of trade secrets and other proprietary information.

We have devoted substantial resources to the development of our technology and know-how. Although we enter into employment agreements with confidentiality, non-compete covenants and intellectual property ownership clauses with our employees, we cannot assure you that these agreements will not be breached, that we will have adequate remedies for any breach, if at all, or that our proprietary technology, know-how or other intellectual property will not otherwise become known to third parties. In addition, others may independently discover trade secrets and proprietary information, limiting our ability to assert any proprietary rights against such parties. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and failure to obtain or maintain trade secret protection could adversely affect our competitive position.

We are exposed to risks in relation to work safety and the occurrence of accidents as well as other operational, transportation-related, occupational and environmentally related risks.

Our business and production are subject to various risks, including operational and transportation-related risks and occupational and environmental hazards. We must comply with laws and regulations on hazardous-substance handling, chemical manufacturing, health and safety and stringent standards in relation to the manufacturing and sale of e-paper display products. According to these laws and regulations, we are required to maintain safe production conditions and protect the occupational health of our employees.

We may experience various difficulties in manufacturing our products. Some of our raw materials require low-temperature storage and contain toxic substances, and their storage and use in the manufacturing process involve inherent risks, including pneumoconiosis, chemical poisoning, and other occupational diseases, as well as equipment failures, industrial accidents, fires, and explosions. Accidents, if they occur, could materially affect our production and may give rise to personal injuries and fatalities, damages to or destruction of properties or manufacturing facilities, and pollution and other environmental damages. Any of these consequences, if significant, could result in business interruption, legal liability and damages to our reputation and corporate image.

Our operations may also be subject to difficulties related to manufacturing, such as capacity constraints, mechanical and systems failures, construction and upgrade delays and equipment delivery delays, any of which could cause suspension of production and reduced output. Scheduled and unscheduled maintenance programs may also affect our manufacturing output. Any significant production suspension or reduction could adversely affect our ability to produce and sell our products, which could have a material adverse effect on our business, operating results and financial condition.

We may be the subject of anti-competitive, harassing or other detrimental conduct by third parties that could harm our reputation and cause us to lose market share, customers and revenues.

We may face unfair competition, harassment, or other detrimental conduct by third parties. Such conduct includes complaints to the regulatory authorities, negative social media postings, and malicious claims or accusations against us. We may be subject to government or regulatory investigation as a result of such third-party conduct and may be required to spend significant time and incur substantial costs to address such third-party conduct, and we may not be able to refute each of the allegations conclusively within a reasonable period of time. Additionally, allegations against us may be disseminated by anyone, whether or not related to us. Social media often publish such content without verifying the accuracy of the content posted and without affording us an opportunity for redress or correction. The occurrence of any of these events may harm our reputation, and in turn may cause us to lose customers and revenue.

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

Our global business operations, as well as new projects and project expansions, are required to obtain certain licenses, permits, registrations, certificates, approvals and filings, including the Customs registration for consignors and consignees of import and export goods. In addition, various completion inspections and acceptances may be required before we commence production at new manufacturing bases.

We must meet various specific conditions for the government authorities to issue or renew any such license, permit, registration, certificate, approval and filing, or complete necessary inspection and acceptance. In the event that we fail to obtain or renew, or encounter significant delays in obtaining or renewing, the necessary government approvals for any of our operations, we will not be able to continue with our relevant business development plans or production activities, and our business, operating results and financial condition may be adversely affected.

Undetected defects, errors or bugs of our products could adversely affect our business, operating results and financial condition.

Most of our products are sold to providers of smart retail and IoT display solutions for deployment in the various application scenarios of their end-users. The products we develop are technical and complex, requiring rigorous standards. They may contain errors, defects, security vulnerabilities or software issues that are difficult to detect and correct. Any real or perceived error, defect, security vulnerability, service interruption or software issue in our products may weaken customers' confidence and trust in our products and result in losses to our customers. Although we engage in extensive product quality programs and processes, these may not be sufficient to avoid product failures, which could cause us to lose operating revenue, incur increased costs such as warranty expenses and costs of customer support, experience delays, cancellations or rescheduling of orders for our products, experience increased product returns or discounts, or damage our reputation. Although we strive to address any issues identified in our products promptly, these efforts may not be timely enough to meet our customers' expectations and may disrupt our production. In such an event, we may be required, or may choose, for customer relations or other reasons, to allocate additional resources to correct the problem. Furthermore, these issues could potentially lead to complaints, liability claims or lawsuits, including those filed against us by our customers, and end-users or other parties, exposing us to potential liabilities and damages. There may also be subsequent negative publicity associated with litigation or negative user experience, regardless of the validity of the allegations or our ultimate liability. As a result, our customer satisfaction could be diminished, our reputation and brand could be significantly harmed, and our business, operating results and financial condition may be materially and adversely affected.

We engage third parties in our operations to supply certain components of our products and package and deliver certain of our products.

We engage third parties in our business operations. Such arrangements may reduce our direct control over the quality, development and deployment of our products and services. We may experience operational difficulties with our third-party suppliers, including reductions in the availability of production capacity, failures to comply with product specifications, insufficient quality control, failures to meet deployment schedules, increases in assembly costs and longer lead times. Our third-party suppliers may experience disruptions in their operations due to equipment breakdowns, labor strikes or shortages, natural disasters, component or material shortages, cost increases, environmental noncompliance issues or other similar problems. In addition, we may not be able to renew contracts with our third-party suppliers or identify substitute partners. Although arrangements with these suppliers may contain provisions for warranty expense reimbursement, we may remain responsible to the customer for warranty service in certain events. Any failure of our third-party vendors to perform their responsibilities or to keep in compliance with all applicable laws and regulations may have a material adverse effect on our business. See "Business — Production."

We may be subject to various risks relating to third-party payment.

During the Track Record Period, a few of our customers were unable to directly settle with us amounts owed to us in connection with their purchases of our products for varying reasons and had third parties make the relevant payments to us. See "Business — Third-party Payment Arrangement." Such payments settled through third parties amounted to RMB6.1 million and RMB9.9 million in 2023 and 2024, respectively, and further decreased to RMB2,044 in 2025. In particular, a total amount of RMB15.9 million was related to a customer who was unable to settle with us due to its deteriorating financial and business situation and was being settled by the local law enforcement and such customer's parent company and its subsidiaries through a settlement agreement. As of the Latest Practicable Date, save for the above mentioned customer, we have ceased such payment arrangements with other customers. We may be subject to risks relating to such third-party payment arrangements, including possible claims from third-party payers for the return of funds.

Any failure to make adequate contributions to various employee benefit plans as required by PRC regulations may subject us to penalties.

Pursuant to the PRC laws and regulations, we are required to participate in the employee social welfare plan administered by local governments. Such plan consists of pension insurance, medical insurance, work-related injury insurance, maternity insurance, unemployment insurance and housing provident fund. If we fail to pay social insurance and housing provident fund contributions in full based on employees' actual salaries, we may be required to pay the outstanding amount and could face late payment penalties or legal enforcement. In the event of any such non-compliance, we may be required to pay any shortfall in the contribution of social insurance plans and housing provident fund within a prescribed period and to pay penalties if we fail to do so. In addition to the above, if we fail to comply with any other relevant labor laws and regulations in the PRC, we may be exposed to penalties or be required to compensate employees.

During the Track Record Period and up to the Latest Practicable Date, we did not make full contributions to the social insurance and housing provident funds for some of our employees in the PRC. There is no assurance that there will not be any employee complaint against us in relation to our failure to make full social insurance and housing provident fund contributions. The aggregate shortfall of social insurance and housing provident fund contributions amounted to RMB7.0 million, RMB5.5 million and RMB7.1 million in 2023, 2024 and 2025, respectively. As advised by our PRC Legal Advisors, pursuant to applicable PRC laws and regulations, if an employer fails to make social insurance contributions in full, the relevant authorities could order the employer to pay, within a prescribed time limit, the outstanding amount with an additional late payment penalty at the daily rate of 0.05%, and if the employer fails to make the overdue contributions within such time limit, a fine equal to one to three times the outstanding amount may be imposed. Furthermore, if an employer fails to pay or withhold and remit social insurance premiums as required, the labor security administrative department or the tax authority shall order it to make payment within a prescribed period. If payment is not made within such period, in addition to the outstanding amount, a late payment surcharge of 0.2% per day shall be imposed from the date of default. If an employer fails to declare the amount of social insurance premiums payable as required, the labor security administrative department shall order it to rectify within a prescribed period. Where an employer is overdue in the payment and deposit of, or underpays, the housing provident fund, the authority could order it to make the payment and deposit within a prescribed time limit, and where the payment and deposit has not been made after the expiration of the time limit, an application may be made to a court in China for compulsory enforcement. There is also no assurance that we will not be ordered to rectify the outstanding amount or subject to penalties imposed by the relevant PRC authorities as a result thereof, or be subject to any court order that is adverse to us (including without limitation, court orders pursuant to the Interpretation II of the Supreme People's Court on Several Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》). Any such complaints, orders or penalties may have an adverse effect on our business, operating results and financial condition.

We are subject to anti-corruption, anti-money laundering, anti-bribery and other relevant laws and regulations.

During the Track Record Period, our revenue from sales to overseas customers amounted to RMB751.4 million, RMB728.8 million and RMB770.8 million for the years ended December 31, 2023, 2024 and 2025, respectively, accounting for 73.4%, 63.3% and 45.0% of our total revenue, respectively. We are subject to anti-corruption, anti-bribery, sanctions and similar laws and regulations in various countries or jurisdictions in which we conduct business. During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any incidents or claims due to anti-corruption, anti-bribery, sanctions and similar laws, and noncompliance with such laws that had materially and adversely affected our business operations. However, our directors, officers, employees, representatives, consultants, agents and business partners may engage in improper conduct for which we may be held responsible. Specifically, exports of our products must be made in compliance with various economic sanctions and export control laws in different jurisdictions. We take precautions to prevent our products from being provided to any target of sanctions. However, we cannot assure you that our products would not be resold or otherwise provided to such targets by our distributors or customers. Any such resale or provision could subject us to potential government investigations, penalties and reputation damage.

Our interests in leased or owned properties may be defective and our right to lease or use the properties may be challenged, which could cause additional expenses or significant disruption to our operation.

As of the Latest Practicable Date, seven of our leased properties (including four leased from, and three leased to, third parties) in the PRC had not been registered and filed with the competent PRC government authorities as required by applicable PRC laws and regulations. According to the relevant PRC laws and regulations, we may be ordered by the relevant government authorities to register the relevant lease agreements within a prescribed period, failing which we may be subject to a fine ranging from RMB1,000 to RMB10,000 for each non-registered lease. We cannot assure you that the lessors or lessee(s) will cooperate and complete the registration in a timely manner. See "Business — Properties — Owned Properties." If we are challenged by third parties or government authorities upon any of the circumstances stated above, we may be subject to fines and may be forced to relocate and, as a result, our business, operating results and financial condition may be materially and adversely affected. Furthermore, if we are not able to find a suitable location with commercially reasonable terms or on a timely basis or at all, our operations will be interrupted.

Failure to renew our current leases at reasonable terms or to locate desirable alternatives for our offices and facilities could materially and adversely affect our business and results of operations.

We may not be able to successfully extend or renew our leases upon the expiration of the current term on commercially reasonable terms, or at all, and may therefore be forced to relocate our affected operations. This could disrupt our operations and result in significant relocation expenses that could materially and adversely affect our business, operating results and financial condition. In addition, we compete with other businesses for premises at certain locations or of desirable sizes. As a result, even if we are able to extend or renew our leases, rental payments may significantly increase as a result of the high demand for the leased properties. In addition, we may not be able to locate desirable alternative sites for our facilities as our business continues to grow, and failure in relocating our affected operations could adversely affect our business and operations.

Our limited insurance coverage could expose us to significant costs and business disruption.

We face various risks in connection with our business and may lack adequate insurance coverage or have no relevant insurance coverage. As of the Latest Practicable Date, we had obtained and maintained insurance policies that we believe are customary for businesses of our size and type and in line with standard commercial practice in China. During the Track Record Period and up to the Latest Practicable Date, we did not carry any business interruption or litigation insurance. See "Business — Insurance." We cannot guarantee that a product liability claim or other litigation will not be brought against us in the future, or that we will be able to purchase product liability insurance or other related insurance on acceptable terms. If we were to incur substantial losses or liabilities due to fire, explosions, floods or other natural disasters, disruption in our network infrastructure, production facilities or business operations, or any material litigation, our results of operations could be materially and adversely affected. Our current insurance coverage may not be sufficient to prevent us from suffering any loss and there is no certainty that we will be able to successfully claim for our losses under our current insurance policy on a timely basis, or at all. If we were held liable for uninsured losses or amounts and claims for insured losses exceeding the limits of our insurance coverage, our business, operating results and financial condition may be materially and adversely affected.

Any future occurrence of force majeure events, natural disasters or outbreaks of contagious diseases may materially and adversely affect our business, operating results and financial condition.

Any future occurrence of force majeure events, natural disasters or outbreaks of epidemics and contagious diseases, including COVID-19, avian influenza, severe acute respiratory syndrome, H1N1 influenza or Ebola virus, may materially and adversely affect our business, operating results and financial condition. An outbreak of an epidemic or contagious disease could result in a widespread health crisis and restrict the level of business activities in affected areas, which may, in turn, materially and adversely affect our business. We are also vulnerable to natural disasters, wars and other calamities because our production facilities, warehouses and information systems are susceptible to damage or disruption from fire, floods, typhoons, earthquakes, power loss, telecommunications failures, break-ins, war, riots, terrorist attacks or similar events. Any of the foregoing events may give rise to interruptions, damage to our property, delays in production, breakdowns, system failures, technology platform failures or internet failures, which could materially and adversely affect our business, financial condition and results of operations.

RISKS RELATING TO CONDUCTING BUSINESS IN THE PRC AND OTHER JURISDICTIONS

We are subject to complex laws as amended from time to time, regulations and governmental policies on market supervision and administration, as well as on overseas investment.

We are subject to various laws and regulations in the PRC and other jurisdictions in which we operate and are required to obtain and renew various permits, licenses, certificates, consents and other approvals from administrative authorities.

Given the magnitude, complexity and continuous amendments to these laws and regulations, compliance with them may be onerous and may involve substantial financial resources as well as other resources to establish efficient compliance and monitoring systems. The liabilities, costs, obligations and requirements associated with these laws and regulations may therefore be substantial and may delay the commencement of, or cause interruptions to, our operations. Non-compliance with the laws and regulations applicable to our operations may even result in substantial penalties or fines, suspension or revocation of our relevant licenses, among other things. Such events could impact our business, operating results and financial condition.

Policies and regulations regarding foreign currency conversion may influence our foreign exchange transactions, including our ability to pay dividends and other obligations, and may affect the value of your investment.

The conversion of RMB into foreign currencies should be in compliance with relevant laws and regulations. We receive a majority of payments from our operations in the PRC in RMB and may need to convert certain RMB into other currencies to fund our business activities outside of the PRC, and for payment of dividends, if any, to holders of our Shares, among other things. The convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency out of the PRC are subject to related regulatory requirements.

Under current foreign exchange regulations in the PRC, payment of current account items, including profit distributions and trade- and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from the SAFE or its local branches, through licensed banks for foreign exchange business, by complying with certain procedural requirements. If we cannot fulfill the regulatory requirements over foreign currency conversion to obtain sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our Shareholders. However, prior registration and other procedures with competent government authorities are required where RMB is to be converted into foreign currency and remitted out of the PRC to pay capital expenses. These requirements on currency exchange may influence our ability to purchase raw materials and components outside of the PRC or otherwise fund any future business activities that are conducted in foreign currencies.

Our operations are subject to and may be affected by amendments in PRC tax laws and regulations.

We are subject to periodic examinations on fulfillment of our tax obligations under the PRC tax laws and regulations by PRC tax authorities. Although we believe that in the past, we have acted in compliance with the requirements under the relevant PRC tax laws and regulations in all material aspects and established effective internal control measures in relation to accounting regulations, we cannot assure you that future examinations by PRC tax authorities would not result in fines, other penalties or action that could adversely affect our business, operating results or financial condition, as well as our reputation. Furthermore, PRC tax laws and regulations may be adjusted from time to time. For example, under the Individual Income Tax Law of the People's Republic of China (the "**IIT Law**") (《中華人民共和國個人所得税法》), which was amended in 2018 and became effective on January 1, 2019, foreign nationals who have no domicile in the PRC but have resided in the PRC for a total of 183 days or more in a tax year would be subject to PRC individual income tax on their income gained within or outside the PRC. Our ability to attract and retain highly skilled foreign personnel to work in China may be materially affected by such tax regulations, which may in turn affect our operating results and financial condition. The PRC tax laws and regulations may be amended from time to time in the future, which could materially and adversely affect our business, operating results, and financial condition.

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

Under applicable PRC tax laws, both the dividends we pay to non-PRC resident individual holders of H shares ("**Non-Resident Individual Holders**"), and gains realized through the sale or transfer by other means of H shares by such shareholders, are subject to PRC individual income tax at a rate of 20%, unless reduced by applicable tax treaties or arrangements. And the dividends we pay to, and gains realized through the sale or transfer by other means of H shares by non-PRC resident enterprise holders of H shares are both subject to PRC enterprise income tax at a rate of 10%, unless reduced by applicable tax treaties or arrangements. With respect to Non-Resident Individual Holders, income received from transfer of stocks of listed companies are currently exempt from individual income tax pursuant to applicable PRC regulations. However, the aforesaid regulations have not expressly provided that individual income tax shall be exempted from non-PRC resident individuals on the sale of shares of PRC resident enterprises listed on overseas stock exchanges. On February 3, 2013, the State Council approved and promulgated the *Notice of Suggestions to Deepen the Reform of System of Income Distribution* (《國務院轉批發展改革委等部門關於深化收入分配制度改革若干意見的通知》). On February 8, 2013, the General Office of the State Council promulgated the *Circular Concerning Allocation of Key Works to Deepen the Reform of* System of Income Distribution (《國務院辦公廳關於深化收入分配制度改革重點工作分工的通知》). According to these two documents, the PRC government may be introducing regulations or policies that have the effect of cancelling foreign individuals' tax exemption for dividends obtained from foreign-invested enterprises. There is no assurance that any gains on the sales of our H Shares and the dividend thereon will not be subject to PRC income taxes in the future.

It may be difficult to effect service of process upon us or our management who reside in China or to enforce against them in China any judgments obtained from non-PRC courts.

As of the Latest Practicable Date, all of our executive Directors, Supervisors and executive officers resided within China, and substantially all of our assets were located within China. Similar to the difficulties faced by most of the countries around the world on effecting service of process and enforcing judgments obtained from foreign countries, it may be difficult for investors to effect service of process upon us or our executive Directors, Supervisors and officers inside China or to enforce against us or them in China any judgments obtained from non-PRC courts.

China does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts of many other countries and regions. Therefore, recognition and enforcement in China of judgments of a court in any of these non-PRC jurisdictions in relation to any matter not subject to a binding arbitration provision may be difficult or impossible.

Our existing international operations and our plans to expand into additional overseas markets subject us to various business, economic, political, regulatory and legal risks.

Our global operations subject us to various applicable sanctions and export controls regulations. We have exported our products to a number of countries and regions and derive significant sales from exporting to these countries and regions. In the event that any of these countries or regions which we export to imposes economic sanctions or enforces import restriction or tariffs in relation to our products, our business and operations may be adversely affected. Furthermore, we rely on a global network of suppliers to obtain components and raw materials for production. In the event that any of the countries or regions where we procure imposes export controls, tariffs, trade restrictions or other trade barriers on any of the raw materials or components supplied to us, we may not be able to obtain a steady supply of necessary raw materials at competitive prices, and our business and results of operations may be materially and adversely affected. Exports of our products must be made in compliance with various economic sanctions and export controls laws in different jurisdictions. For example, U.S. economic sanctions prohibit the provision of products and services to certain countries or regions, governments, and persons targeted by U.S. sanctions. European Union sanctions also have similar regime to prohibit the provision of products and services to countries or regions, governments and persons on their respective target list. Any such provision could have negative consequences, including government investigations, penalties and reputational harm. We could be subject to future enforcement action with respect to compliance with governmental economic sanctions and export controls laws that result in penalties and costs that could have a material effect on our business and operating results.

We have operations in a large number of jurisdictions. Therefore, government policies restricting international trade and investment, such as capital controls, economic or trade sanctions, export controls, tariffs or foreign investment filings and approvals, may affect the demand for our products and services, impact the competitive position of our products, or prevent us from being able to sell products in certain countries or regions. If any new tariffs, legislation, or regulations are implemented (including those imposing economic or trade sanctions, export control restrictions or outbound investments restrictions), or if existing trade agreements are renegotiated, such changes could adversely affect our business, operating results, and financial condition.

In recent years, there have been heightened complexity in international relations. Such tensions could reduce levels of international trade, investment, technological exchange, and other economic activities, which would have a material adverse effect on global economic conditions and the stability of global financial markets. Any of these factors could have a material adverse effect on our and our customers' prospects, business, operating results, and financial condition. In addition, as our business depends on markets and supplies located overseas, economic sanctions and trade restriction measures (including tariffs) taken by government authorities or other trade tensions or unfavorable trade policies may affect the costs and/or marketability of our products. The current international trade tensions and political tensions, and any escalation of such tensions, may have a material adverse impact on our ability to secure the supply of raw materials for our production and our ability to continue to sell to global customers and further grow our customer base.

We may be subject to the risks associated with international trade policies, geopolitics and trade protection measures, including changes in tariff policies, the imposition of trade restrictions and sanctions.

Certain foreign jurisdictions have imposed or may impose export controls, economic sanctions or other trade-related measures in various forms (such as heavy tariffs or harsh trade conditions) against certain countries, individuals and legal entities, which, from time to time, prohibit or restrict export and import activities to a certain extent. Export controls and economic sanctions laws or regulations could change in a way that could affect our business, exports or sales in other countries and/or could result in restrictions, penalties or fines. In particular, the U.S. government imposed economic and trade sanctions directly or indirectly affecting China-based technology companies. It is possible that the extent and scope of such sanctions may escalate. There is no assurance as to how the U.S.-China trade tensions might develop or whether there will be any changes to the scope and extent of goods that are or will be being subject to such export controls, sanctions, tariffs, or new trade policies introduced by the two countries. We cannot predict the implications of the ongoing U.S.-China trade tensions and the resulting impact on our industry and the global economy.

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

In addition, on August 9, 2023, the Biden Administration issued Reverse CFIUS EO granting the U.S. government the authority to establish and enforce an outbound investment screening regime. On October 28, 2024, the Department of the Treasury issued the Final Rule to implement an outbound investment program that restricts investments by U.S. persons and U.S.-controlled entities imposed by Executive Order 14105, "Addressing United States Investments in Certain National Security Technologies and Products in Countries of Concern." The Final Rule has become effective on January 2, 2025. The Final Rule targets investments by U.S. persons involving persons and entities associated with "countries of concern," currently including China (including Hong Kong SAR and Macau SAR), that engaged in activities in certain sectors such as semiconductors and microelectronics, quantum information technologies or artificial intelligence (which the Final Rule defines as "covered activities"). The persons and entities from countries of concern engaged in covered activities defined as "covered foreign persons." The Final Rule imposes prohibition or notification requirements on a wide range of investments by U.S. persons subject to the Final Rule, which are defined as "covered transactions," include acquisitions of equity interests (including purchases of shares in an [**REDACTED**] or contingent equity), certain debt financing, joint ventures, and certain investments as a limited partner in a non-U.S. person pooled investment fund. Our business has no relation to any covered activity and does not fall into the prohibited scope nor the notifiable scope under the Final Rule. However, there is no assurance that the U.S. Department of Treasury will take the same view; in addition, the Final Rule nonetheless may increase the compliance burden of U.S. persons and may cause certain U.S. persons to adopt a more cautious approach in their investments, affecting the investor sentiment towards us, and therefore negatively impacting our ability to raise capital.

In 2025, the United States government announced a series of tariff increases on imports from China. Beginning in February 2025, a baseline 10% tariff was imposed on all imports from China, followed by successive adjustments in March and April 2025. As of April 11, 2025, the tariff rate on imports from China introduced by the U.S. government had increased to 145%. In response to the tariff tensions initiated by the United States, China implemented a series of measures, including raising additional tariffs on U.S. goods to as high as 125%. As of the Latest Practicable Date, the U.S. Supreme Court has ruled that tariffs imposed under the International Emergency Economic Powers Act (IEEPA), including the aforementioned reciprocal tariffs and fentanyl-related tariffs, were in violation of the law, and the collection of such tariffs has therefore been suspended. However, the Trump administration has currently imposed a broad 10% tariff through Section 122. Consequently, this 10% tariff will apply to products of PRC origin. In the event that our customers reduce their orders, be such due to a decrease in overall demand for our products, replacing us with other suppliers, downturn of the macro-economy or other reasons, our business, operating results, and financial condition will be adversely affected. Also, in the event that we are required to adjust our pricing strategies due to the changes of competition dynamics, our business, operating results, and financial condition will be adversely affected. We cannot assure you that our sales to the U.S. in the future will remain unaffected or how our sales will be affected considering the uncertainties relating to the geopolitical landscape and the development of the trade tension and tariff imposition. Any trade restrictions imposed by the U.S. on our products may increase our U.S. customers' purchase costs of our products and hence lower our competitiveness.

During the Track Record Period, our products were offered to customers in China and overseas markets. We cannot assure you that our customers will not engage in the export of their goods incorporating our products into the U.S. or other countries and regions, and that such export will not be subject to the restrictions introduced by the U.S. or other jurisdictions. If the export sales of such end products are restricted, prohibited or made subject to any trade conditions under any international policies or international export controls or economic sanctions imposed by any jurisdictions, the end customers' demand in our products may drop significantly and, as a result, our business, operating results, and financial condition may be materially and adversely affected.

We are subject to risks for expansion into international markets.

In 2023, 2024 and 2025, our revenue from sales to outside of Chinese mainland was RMB751.4 million, RMB728.8 million and RMB770.8 million, respectively, accounting for 73.4%, 63.3% and 45.0% of our total revenue, respectively. We expect to expand further into international markets, and may subject ourselves to the following risks: (a) challenges in providing products, services and support, in recruiting personnel for international markets, and in managing sales channels and distribution networks effectively; (b) revenue fluctuation from period to period in the future due to unfavorable market conditions, intense competition, unattractive products and services, downward pressure on our selling price and any other inherent risks associated with international sales; (c) difficulties in dealing with regulatory regimes and government policies with which we may be unfamiliar, in order to gain access and sell products to the international markets; (d) adverse changes in, or our failure or the failure of our suppliers to comply with customs laws, regulations, tariffs and quotas set by the local government and PRC government in connection with such international sales; (e) potentially reduced protection for our IP rights and potential breach of third-party intellectual property rights; (f) differences in accounting treatment in different countries and jurisdictions, potential adverse tax implications and foreign exchange losses; (g) inability to effectively enforce contractual or legal rights; and (h) changes in laws, regulations and policies as well as political, economic and market instability or civil unrest in the relevant countries and jurisdictions. If we are unable to effectively avoid or mitigate these risks, our ability to expand in international markets will be impaired, or our international business may not be able to achieve or sustain profitability, which could have a material adverse effect on our prospects, business, operating results, and financial condition.

RISKS RELATING TO THE [REDACTED]

There has been no prior public market for our H Shares and there can be no assurance that an active market would develop, and the price and [REDACTED] volume of our H Shares may be volatile.

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

We have applied for [**REDACTED**] of and permission to [**REDACTED**] in our H Shares on the Stock Exchange. A [**REDACTED**] on the Stock Exchange, however, does not guarantee that an active and liquid trading market for the H Shares will develop, or if it does develop, that it will be sustained following the [**REDACTED**], or that the market price of the H Shares will not decline following the [**REDACTED**]. In addition, the [**REDACTED**] price and [**REDACTED**] volume of the H Shares may be subject to significant volatility in responses to various factors beyond our control, including the general market conditions of the securities in Hong Kong and elsewhere in the world. In particular, the business and performance and the market price of the shares of other companies engaging in similar business may affect the price and [**REDACTED**] volume of our H Shares. In addition to market and industry factors, the price and [**REDACTED**] volume of our H Shares may be highly volatile for specific business reasons, such as regulatory developments affecting the relevant markets, industries and other related matters, fluctuations in our revenue, earnings, cash flows, investments and expenditures, relationships with our customers and suppliers, movements or activities of key personnel, or actions taken by competitors.

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

The market price of our H Shares could decline as a result of future sales of a substantial number of our H Shares or other securities relating to our H Shares in the public market, or the issuance of new shares or other securities, or the perception that such sales or issuances may occur. Future sales, or anticipated sales, of substantial amounts of our securities, including any future [**REDACTED**], 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 H Shares.

You will experience immediate and substantial dilution and raising additional capital may cause further dilution or restrict our operation.

The [**REDACTED**] of the H Shares is higher than the net tangible asset value per H Share immediately prior to the [**REDACTED**]. Therefore, purchasers of the [**REDACTED**] in the [**REDACTED**] will experience an immediate dilution in [**REDACTED**] consolidated net tangible asset value. There can be no assurance that if we were to liquidate immediately after the [**REDACTED**], any assets will be distributed to our Shareholders after the creditors' claims. If we raise additional capital through the sale of equity or convertible debt securities, your ownership interest will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect your rights as a shareholder. Debt financing and preferred equity financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures, limiting our ability to acquire or license intellectual property rights or declaring dividends, or other operating restrictions.

Our Controlling Shareholders have significant influence over us and their interests may not always be aligned with the interests of our other Shareholders.

Our Controlling Shareholders will, through their voting power at the Shareholders' meetings and their delegates on the Board, have significant influence over our business and affairs, including decisions in respect of mergers or other business combinations, acquisition or disposition of assets, issuance of additional Shares or other equity securities, timing and amount of dividend payments, and our management. Our Controlling Shareholders may not act in the best interests of our minority Shareholders. In addition, without the consent of our Controlling Shareholders, we could be prevented from entering into certain transactions that could be beneficial to us. This concentration of ownership may also discourage, delay or prevent a change in control of our Company, which could deprive our Shareholders of an opportunity to receive a premium for the Shares as part of a sale of our Company and may significantly reduce the price of our H Shares.

Payment of dividends is subject to influences under PRC law.

Under PRC law, dividends may be paid only out of distributable profit, for which the PRC laws do not specify the applicable accounting principles. Distributable profit is our profit as determined under PRC GAAP or IFRS Accounting Standards, whichever is lower, less any recovery of accumulated losses and appropriations to statutory and other reserves that we are required to make. We may not have sufficient or any distributable profit to enable us to make dividend distributions to our Shareholders, including in years in which we are profitable. Any distributable profit not distributed in a given year is retained and available for distribution in subsequent years.

In addition, we are required to comply with the dividend distribution rules prescribed by the PRC regulatory authorities when determining our dividend payout ratios. The PRC regulatory authorities may further amend the dividend distribution rules for listed companies in the future, which may significantly affect the amount of capital available to support the development and growth of our business.

Moreover, as the calculation of distributable profits under PRC GAAP is different from the calculation under IFRS Accounting Standards in certain respects, our subsidiaries may not have distributable profits as determined under PRC GAAP, even if they have profits for that year as determined under IFRS Accounting Standards, or vice versa. Accordingly, we may not receive sufficient distributions from our subsidiaries. Failure by our subsidiaries to pay dividends to us could have a negative impact on our cash flows and our ability to make dividend distributions to our Shareholders in the future, including those periods in which our financial statements indicate that our operations have been profitable.

We cannot assure you that we will declare and distribute any amount of dividends in the future.

There can be no assurance that we will declare and pay dividends because the declaration, payment and amount of dividends are subject to the discretion of our directors, depending on, among other considerations, our operations, earnings, cash flows and financial position, operating and capital expenditure requirements, our strategic plans and prospects for business development, our constitutional documents and applicable law. See "Financial Information — Dividends."

The future conversion of Unlisted Shares into H Shares upon completion of the [REDACTED] may increase the supply of H Shares in the market and may negatively affect the market price of our H Shares.

Our Unlisted Shares are currently not [**REDACTED**] or [**REDACTED**] on any stock exchange. Upon completion of the [**REDACTED**], these Unlisted Shares will be converted into H Shares on a one-for-one basis. For details, see "History, Development and Corporate Structure" and "Share Capital" in this document. The conversion of our Unlisted Shares will increase the number of H Shares available on the market. As a result, it may negatively affect the trading price of our H Shares due to the increased supply in the market.

Certain facts, forecasts and other statistics in this document are derived from official government sources, which have not been independently verified and may not be reliable.

Certain facts, forecast and other statistics in this document are derived from official government sources. However, our Directors cannot guarantee the quality or reliability of such source materials. We believe that the sources of the said information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. Nevertheless, information from official government sources has not been independently verified by us, the Sole Sponsor, the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**] or any other party involved in the [**REDACTED**], and no representation is given as to its accuracy. Further, we cannot assure our [**REDACTED**] that they are stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In all cases, our [**REDACTED**] should consider carefully how much weight or importance should be attached to or placed on such facts or statistics.

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

This document contains certain statements and information that are forward-looking and uses forward-looking terminology such as "believe," "expect," "estimate," "predict," "aim," "intend," "will," "may," "plan," "consider," "anticipate," "seek," "should," "could," "would," "continue," and other similar expressions. You are cautioned that reliance on any forward-looking statement involves risks and uncertainties and that any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect. In light of these and other risks and uncertainties, the inclusion of forward-looking statements in this document should not be regarded as representations or warranties by us that our plans and objectives will be achieved and these forward-looking statements should be considered in light of various important factors, including those set forth in this section. Subject to the requirements of the Listing Rules, we do not intend publicly to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this document are qualified by reference to this cautionary statement.

You should read the entire document carefully and should not rely on any information contained in press articles or other media regarding us and 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 may have 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. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this document, we disclaim responsibility for it, and you should not rely on such information.

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

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 and Rule 19A.15 of the Listing Rules, a new applicant applying for a primary [**REDACTED**] on the Stock Exchange must have a sufficient management presence in Hong Kong. This normally means that at least two of the new applicant's executive directors must be ordinarily resident in Hong Kong. Rule 19A.15 of the Listing Rules further provides that the requirement in Rule 8.12 may be waived by having regard to, among other considerations, the applicant's arrangements for maintaining regular communication with the Stock Exchange.

Our management, business operations and assets are primarily located outside Hong Kong. Our executive Directors are based in the PRC as our Board believes it would be more effective and efficient for our executive Directors to be based in a location where our significant operations are located.

Accordingly, pursuant to Rule 19A.15 of the Listing Rules, we have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with the requirements under Rule 8.12 and Rule 19A.15 of the Listing Rules, provided that the Company implements the following arrangements:

(a) the Company has appointed and will continue to maintain two authorized representatives (the "**Authorized Representatives**"), namely Mr. Zhou and Mr. Lau Kwok Yin ("**Mr. Lau**"), who will act as the Company's principal communication channel with the Stock Exchange. Each of the Authorized Representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable time frame upon the request of the Stock Exchange and will be readily contactable by telephone and email. As and when the Stock Exchange wishes to contact the Directors on any matters, each of the Authorized Representatives will have means to contact all of the Directors promptly at all times. The Company will also inform the Stock Exchange promptly in respect of any change in the Authorized Representatives.

(b) the Company has provided the contact details of each Director (such as mobile phone numbers, office phone numbers and email addresses) to each of the Authorized Representatives and to the Stock Exchange. This will ensure that the Authorized Representatives and the Stock Exchange will have the means to contact any of the Directors (including the independent non-executive Directors) promptly as and when required, including means to communicate with the Directors when they are traveling. The Company confirms and will ensure that all Directors who are not ordinarily resident in Hong Kong possess or can apply for valid travel documents to visit Hong Kong and will be able to meet with the Stock Exchange within a reasonable period of time when required.

(c) the Company has appointed Red Solar Capital Limited as our compliance advisor (the "**Compliance Advisor**"), pursuant to Rule 3A.19 of the Listing Rules. The Compliance Advisor will have access at all times to the Authorized Representatives, Directors and senior management of the Company, and will act as an additional channel of communication between the Stock Exchange and the Company for the period commencing on the [**REDACTED**] and ending on the date on which the Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year commencing after the [**REDACTED**]. The Compliance Advisor will maintain constant contact with the Authorized Representatives, Directors and senior management of the Company through various means, including regular meetings and telephone discussions whenever necessary. The Authorized Representatives, Directors and other officers will provide promptly such information and assistance as the Compliance Advisor may reasonably require in connection with the performance of the Compliance Advisor's duties as set forth in Chapter 3A of the Listing Rules.

JOINT COMPANY SECRETARIES

Rule 8.17 of the Listing Rules provides that the issuer must appoint a company secretary who satisfies the requirements under Rule 3.28 of the Listing Rules. Rule 3.28 of the Listing Rules provides that the issuer must appoint as its company secretary an individual who, by virtue of his academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary.

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

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

(b) a solicitor or barrister (as defined in the Legal Practitioners Ordinance); and

(c) a certified public accountant (as defined in the Professional Accountants Ordinance).

Note 2 to Rule 3.28 of the Listing Rules provides that in assessing "relevant experience", the Stock Exchange will consider the individual's:

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

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

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

(d) professional qualifications in other jurisdictions.

Paragraph 13 of Chapter 3.10 of the Guide for New Listing Applicants provides that the Stock Exchange will consider waiver applications in relation to Rules 3.28 and 8.17 of the Listing Rules based on the specific facts and circumstances. Factors that will be considered by the Stock Exchange include:

(a) whether the applicant has principal business activities primarily outside Hong Kong;

(b) whether the applicant is able to demonstrate the need to appoint a person who does not have the Acceptable Qualification (as defined under paragraph 11 of Chapter 3.10 of the Guide for New Listing Applicants) nor Relevant Experience (as defined under paragraph 11 of Chapter 3.10 of the Guide for New Listing Applicants) as a company secretary; and

(c) why the directors consider the proposed company secretary to be suitable to act as the applicant's company secretary.

The Company has appointed Ms. Chen Dandan ("**Ms. Chen**") and Mr. Lau as the joint company secretaries of the Company (the "**Joint Company Secretary(ies)**") to jointly discharge the duties and responsibilities of our company secretaries with reference to their work experience and qualifications.

Ms. Chen currently serves as vice general manager of the Company and secretary of the Board. Further biographical details of Ms. Chen are set out in "Directors and Senior Management." Although Ms. Chen does not possess the qualifications set out in Rule 3.28 of the Listing Rules, the Company has appointed her as one of the Joint Company Secretaries due to her extensive experience in business management and corporate governance matters, as well as a thorough understanding of the daily operations and internal administration of the Group accumulated since her joining the Group in October 2017. Mr. Lau has been appointed as the other Joint Company Secretary in September 2025 to assist Ms. Chen in discharging the duties of our company secretary. Mr. Lau is a member of the Hong Kong Institute of Certified Public Accountants, a Chartered Financial Analyst charterholder, and a fellow of the Chartered Governance Institute and the Hong Kong Chartered Governance Institute, and is therefore qualified under Rule 3.28 of the Listing Rules to act as a Joint Company Secretary. Further biographical details of Mr. Lau are set out in "Directors and Senior Management."

The Directors believe that the Joint Company Secretaries should, apart from being able to meet the professional qualifications or the relevant experience (the "**Relevant Experience**", unless otherwise defined, within the meaning of Note 2 to Rule 3.28 of the Listing Rules), have sufficient knowledge about (a) the operation and business environment of the Company; and (b) regulatory requirements in the PRC which are applicable to the Company.

Since Ms. Chen does not possess the Relevant Experience, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules such that Ms. Chen may be appointed as a joint company secretary of the Company. Pursuant to paragraph 13 of Chapter 3.10 of the Guide for New Listing Applicants, the waiver will be granted for a fixed period of time (the "**Waiver Period**") and on the following conditions:

(a) the Company appoints a person who meets the requirements under Note 1 to Rule 3.28 of the Listing Rules as a joint company secretary to assist the proposed company secretary in discharging his functions as a joint company secretary and in gaining the Relevant Experience; and

(b) the waiver will be revoked immediately if the person who meets the requirements under Note 1 to Rule 3.28 of the Listing Rules so appointed as a joint company secretary ceases to provide assistance to the proposed company secretary, or if there are material breaches of the Listing Rules by the Company.

The following arrangements have been, or will be, put in place to assist Ms. Chen in acquiring the qualifications and experience required under Rule 3.28 of the Listing Rules:

(a) Mr. Lau will work closely with Ms. Chen to jointly discharge the duties and responsibilities as the Joint Company Secretaries and to assist Ms. Chen to acquire the Relevant Experience for an initial period of three years from the [**REDACTED**], a period which should be sufficient for Ms. Chen to acquire the Relevant Experience;

(b) the Company will ensure that Ms. Chen and Mr. Lau have access to relevant training, support and advice from the Compliance Advisor (appointed pursuant to Rule 3A.19 of the Listing Rules) and the Company's legal and professional advisors, who can provide professional guidance to the Company and the Joint Company Secretaries as to compliance with the Listing Rules and all other applicable laws and regulations; and

(c) before the end of the three-year period, the qualifications and experience of Ms. Chen and the need for on-going assistance of Mr. Lau will be further evaluated by the Company. The Company will demonstrate to the Stock Exchange and seek the Stock Exchange's confirmation that Ms. Chen, having had the benefit of Mr. Lau's assistance during the three year period, has attained the Relevant Experience and is capable of discharging the functions of company secretary under Rule 3.28 of the Listing Rules so that a further waiver from Rules 3.28 and 8.17 of the Listing Rules will not be necessary. The Company understands that the waiver will be revoked immediately if Mr. Lau ceases to provide assistance to Ms. Chen as a joint company secretary during the three-year period or where there are material breaches of the Listing Rules by the Company.

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Zhou Aijun (周愛軍)	No. 206, Lane 6633 Jiasong Middle Road Zhaoxiang County Qingpu District Shanghai PRC	Chinese
Mr. Wang Wenliang (王文亮) . . .	2-3-2, No. 9 Hengshunyuan Southwest Road Shahekou District Dalian, Liaoning PRC	Chinese
Non-executive Directors		
Mr. Wang Xiao (汪嘯)	No. 67, Group 1 Wengjiadi Village Xihu District Hangzhou, Zhejiang PRC	Chinese
Ms. Wang Yang (王揚)	4-2, 194 Yingbin Road Zhongshan District Dalian, Liaoning PRC	Chinese
Mr. Liu Yu (劉喻)	No. 402, Unit 1 Building 1, Cuiwei West Lane Haidian District Beijing PRC	Chinese
Mr. Di Chen (狄琛)	9000 Gushan Road Dongshan Street Jiangning District Nanjing, Jiangsu PRC	Chinese
Independent Non-executive Directors		
Prof. Zeng Aimin (曾愛民)	Unit 202 Building 6-1 Sangda Building 27 Xiasha Street Qiantang District Hangzhou, Zhejiang PRC	Chinese

Name	Address	Nationality
Prof. Zhou Guofu (周國富)	Room 504, Building 3 Huashi Teaching Staff Quarters 378 Waihuanxi Road Guangzhou Higher Education Mega Center Panyu District, Guangzhou, Guangdong PRC	Netherlands
Mr. Ruan Tim (阮添士)	Flat 31B, Tower 1 University Heights 23 Pokfield Road Hong Kong	Chinese (Hong Kong)

For further details on our Directors and other senior management members, see "Directors and Senior Management."

PARTIES INVOLVED IN THE [REDACTED]

Sole Sponsor

CITIC Securities (Hong Kong) Limited
18/F, One Pacific Place
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Hong Kong

[**REDACTED**]

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Legal Advisors to the Sole Sponsor and the [REDACTED]

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Reporting Accountants and Independent Auditor	**Confucius International CPA Limited** *Certified Public Accountants* *Registered Public Interest Entity Auditor* Room 1501-08, Tai Yau Building 181 Johnston Road Wan Chai Hong Kong
Industry Consultant	**China Insights Industry Consultancy Limited** 10F, Block B, Jing'an International Center 88 Puji Road Jing'an District Shanghai PRC
[**REDACTED**]	[**REDACTED**]

CORPORATE INFORMATION

Registered Office	Room 130, Building 2 No. 16 Fuxing Avenue Xitang Town Jiashan County Jiaxing, Zhejiang PRC
Headquarters and Principal Place of Business in the PRC	No. 1999 Xihan Road Xitang Town Jiashan County Jiaxing, Zhejiang PRC
Principal Place of Business in Hong Kong	40th Floor, Dah Sing Financial Center 248 Queen's Road East Wanchai Hong Kong
Company's Website	**www.dke.com.cn** *(The information contained on this website does not form part of this document)*
Joint Company Secretaries	**Ms. Chen Dandan** No. 1999 Xihan Road Xitang Town Jiashan County Jiaxing, Zhejiang PRC **Mr. Lau Kwok Yin** 40th Floor, Dah Sing Financial Center 248 Queen's Road East Wanchai Hong Kong
Authorized Representatives	**Mr. Zhou Aijun** No. 1999 Xihan Road Xitang Town Jiashan County Jiaxing, Zhejiang PRC **Mr. Lau Kwok Yin** 40th Floor, Dah Sing Financial Center 248 Queen's Road East Wanchai Hong Kong

Audit Committee	Mr. Ruan Tim *(Chairman)* Prof. Zeng Aimin Ms. Wang Yang
Nomination Committee	Prof. Zhou Guofu *(Chairman)* Prof. Zeng Aimin Ms. Wang Yang
Remuneration and Appraisal Committee	Prof. Zeng Aimin *(Chairman)* Mr. Ruan Tim Mr. Wang Xiao
Strategy Committee	Mr. Zhou Aijun *(Chairman)* Prof. Zhou Guofu Mr. Di Chen
Compliance Advisor	**Red Solar Capital Limited** Unit 402B, 4/F China Insurance Group Building No. 141 Des Voeux Road Central Central Hong Kong
	[**REDACTED**]
Principal Banks	**China Merchants Bank** **Dalian Zhangqian Road Branch** No. 2-17 Jialin North Park Ganjingzi District Dalian, Liaoning PRC
	Bank of Hangzhou Co., Ltd. **Jiaxing Jiashan Branch** Room 201 No.185 Yangguang East Road Luoxing Street Jiashan, Zhejiang PRC

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

OVERVIEW OF THE GLOBAL FLAT PANEL DISPLAY TECHNOLOGY

The current mainstream display technologies employed in tablets primarily fall into four categories: electronic paper, liquid crystal display (LCD), light emitting diode (LED), and organic light emitting diode (OLED). 1) Operating on electrophoretic or electrochromic principles, e-paper reflects ambient light to form an image, eliminating the need for a backlight. It is characterized by its paper-like quality, sunlight readability, and bendability. Its power consumption is exceptionally low, being nearly zero in a static state and only required during screen refreshes, making it significantly more efficient than other technologies. Furthermore, as it is not self-emissive, it produces no blue light and has no flicker, offering superior eye comfort. This technology can be integrated with flexible substrates, making it suitable for rollable, thin, and lightweight smart device form factors. 2) LCDs function by controlling the passage of a separate backlight through liquid crystal molecules to produce an image. They offer the advantages of mature manufacturing processes, low cost, and display stability, cementing their status as the most widely adopted display technology currently available. 3) An emissive technology, LED displays form images through a matrix of high-density point light sources. They are known for high brightness and long viewing distances, making them the predominant solution for large-format outdoor display scenarios. 4) OLED technology uses organic compounds that emit light upon electrical excitation. It provides high contrast ratios, wide viewing angles, and fast response times. Its key advantages include exceptional contrast, rapid response, and inherent support for flexibility, securing its position as the leading technology for high-end mobile devices and wearable devices.

Comparative Analysis of Flat Panel Display Technologies

	Technical Characteristics									Commercialisation Progress	
	Emission Principle	*Power Consumption per Unit Area (mW/inch)*	*Eye Comfort*	*Flexibility*	*Refresh Rate*	*Contrast Ratio*	*Response Speed*	*Brightness*	*Lifespan*	*Environmental Friendliness*	*Applications*
E-paper	Reflective	0.1~1.0 (Near-zero power in static display)	No blue light, no flicker, readable under sunlight	√ (Achievable with flexible substrate technology)	Low (< 10Hz)	Medium (depends on specific electrochemical implementation)	Slow (only suitable for static display) 100-500ms	Ambient light-dependent	Long (no burn-in issue)	High	E-tags, conference displays, bus stop boards, e-readers
LCD	Transmissive	150	Risk of backlight, blue light, and flicker	×	High (up to 60-240Hz)	Medium (affected by polarizer and backlight)	Fast 1-20ms	Medium (may reflect outdoors)	Relatively long (50k–100k hours)	Low	Monitors, medium-sized TVs, industrial instruments
LED	Self-emissive (Point Light Source)	>700	Strong blue light and point light source stimulation	×	High (up to hundreds of Hz)	High (depends on backlight and color processing)	Very Fast < 1-5ms	Extremely High (sunlight-resistant)	Long (100k+ hours)	Relatively Low	Indoor/outdoor advertising displays, backlit signage
OLED	Self-emissive (Surface Light Source)	120~150	Presence of blue light, partial use of PWM flicker	√	High (up to 60-120Hz)	Very high (true black, infinite contrast)	Extremely Fast < 0.1ms	Relatively High	Medium (30k–50k hours)	Relatively Low	Smartphones, wearable devices, in-vehicle displays

Source: CIC

Notes: (1) Environmental friendliness is determined primarily with reference to the power consumption per unit display area under typical usage and the emission mechanism of each technology.

Traditional flat panel displays predominantly serve mainstream consumer electronics. In contrast, e-paper is primarily deployed in commercial and enterprise applications, such as electronic shelf labels (ESLs) and digital signage. In these commercial environments, large-scale deployment of LCD or OLED screens is generally cost-prohibitive and impractical due to higher unit costs, constant power consumption, and susceptibility to screen burn-in. E-paper perfectly addresses these commercial needs through superior cost-effectiveness, ultra-low power consumption (bistable display), and long-term durability.

Within the consumer electronics sector, LCD, LED, and OLED technologies dominate the mass market by fulfilling demands for high contrast, vibrant colors, and high refresh rates. E-paper, however, targets a specific, complementary niche focused on eye protection, paper-like reading and writing experiences, and extended battery life. These specialized user needs cannot be effectively met by standard light-emitting displays.

Given their distinct technological characteristics, e-paper and traditional flat panel displays serve different market segments. Rather than competing directly, they act as complementary technologies within the broader display industry, making the threat of substitution from LCD, LED, and OLED products inherently limited.

In comparison to alternative display solutions, e-paper holds significant advantages in power consumption management, eye-comfort, and environmental sustainability. These characteristics make it particularly well-suited for smart devices where energy efficiency and persistent display capabilities are paramount. Currently, e-paper technology is already extensively deployed across a diverse range of applications, including smart retail, smart office, smart education, smart logistics, smart transportation, e-readers, and other emerging use cases. Its operational profile aligns perfectly with the strategic shift towards green and low-carbon technologies in the smart device sector, strongly supporting the global "carbon neutrality" objectives. Looking forward, as color and flexible display technologies continue to achieve breakthroughs, e-paper is expected to achieve further penetration in more advanced application scenarios, including digital wallets, curved displays, and flexible wearable devices.

Amid a competitive landscape of coexisting display technologies, e-paper tablets are achieving steadily increasing penetration within the global market for static application. Measured by sales, their market penetration rate of the global static application market has increased from 8.3% in 2021 to 12.9% by 2025. This growth is being driven by sustained demand across key application scenarios such as electronic shelf labels, paperless office products, smart transportation systems, and other low-power devices. As these sectors continue to expand, e-paper is well-positioned for large-scale adoption across an even broader range of downstream applications. Consequently, its market penetration of the global static application market is forecast to rise further, reaching 13.0% by 2030.

OVERVIEW OF THE GLOBAL E-PAPER RELATED SOLUTION INDUSTRY

Definition and Classification of E-Paper Related Solution Industry

E-paper related solution impart interactive capabilities to smart devices, allowing them to simulate human sensory functions to achieve environmental perception, information comprehension, and user interaction. The ecosystem for these solutions encompasses e-paper display e-paper, application and supporting services, delivering a fully integrated hardware and software package. In contrast to traditional LCD, LED, and OLED solutions, e-paper related solution consume a negligible amount of energy only during screen refreshes. Once an image is updated, it is maintained indefinitely with zero or ultra-low power draw, drastically reducing overall energy consumption. Furthermore, due to its use of ambient light reflection — much like traditional paper — this technology provides a comfortable reading experience, is ultra-thin and lightweight, and can be viewed for extended periods without causing visual fatigue.

E-paper related solution are categorized primarily by their size and display characteristics, with size classifications typically segmented into small (<4 inches), medium-to-large (4-6 inches), and large (>6 inches) displays, each suited to distinct application scenarios, while display performance is differentiated by color capability, including monochrome, three/four-color, and multi-color variants, each offering specific characteristics in terms of power consumption, refresh rate, and overall suitability for particular use cases.

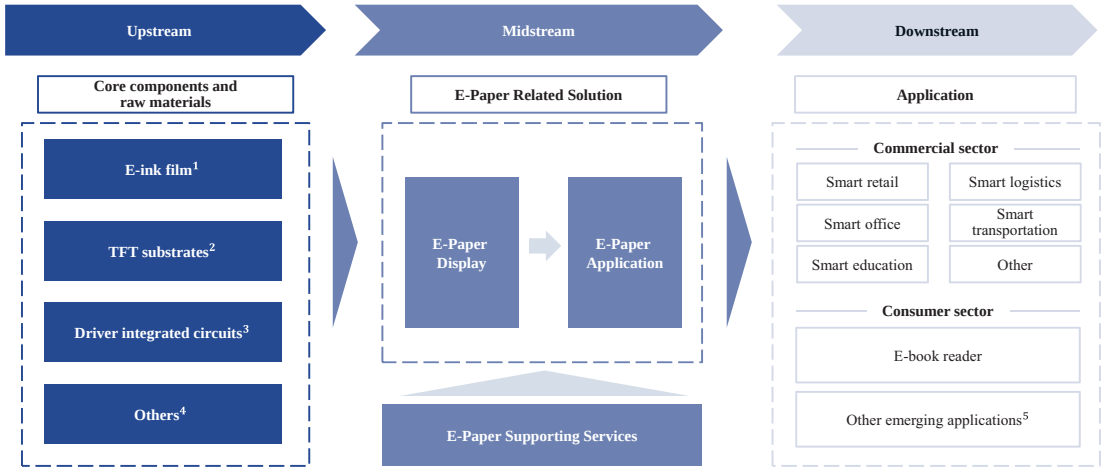
Technological Development Paths and Trends in the E-Paper Related Solution Industry

At its core, the display technology underpinning e-paper related solution is a reflective, passive technology, which relies on ambient light for visibility. It is non-emissive, and only consumes power when updating the image. Its fundamental operating principle involves modulating the reflection and absorption of ambient light to achieve a reading experience virtually indistinguishable from that of traditional paper.

Current R&D in e-paper technology is primarily focused on three key directions: color performance, medium-to-large sized displays, and flexible screen applications. In color display, the mainstream application currently centers on three- and four-color schemes, which are predominantly used in electronic shelf labels and have recently begun to expand into smart retail and smart office. Regarding size, evolving application demanding higher information capacity and expanded interactive scenarios are driving a shift from small displays towards medium and large-sized panels, consequently expanding their use from price tags into advertising signage and others. In flexible displays, leveraging the innate flexibility of e-paper film by substituting glass substrates with flexible alternatives enables the development of bendable and foldable applications, thereby unlocking new possibilities for wearable technology and foldable screen applications.

Industry Chain of E-Paper Related Solution Industry

Industry Chain of E-Paper Related Solution Industry



Source: RUNTO, CIC

Notes:

(1) E-ink films function as flexible, low-power display layers made of millions of microcapsules filled with positively charged white and negatively charged black particles suspended in fluid.

(2) TFT substrates are active-matrix backplane substrates that enable pixel-level addressing and voltage storage to generate and maintain the required local electric fields.

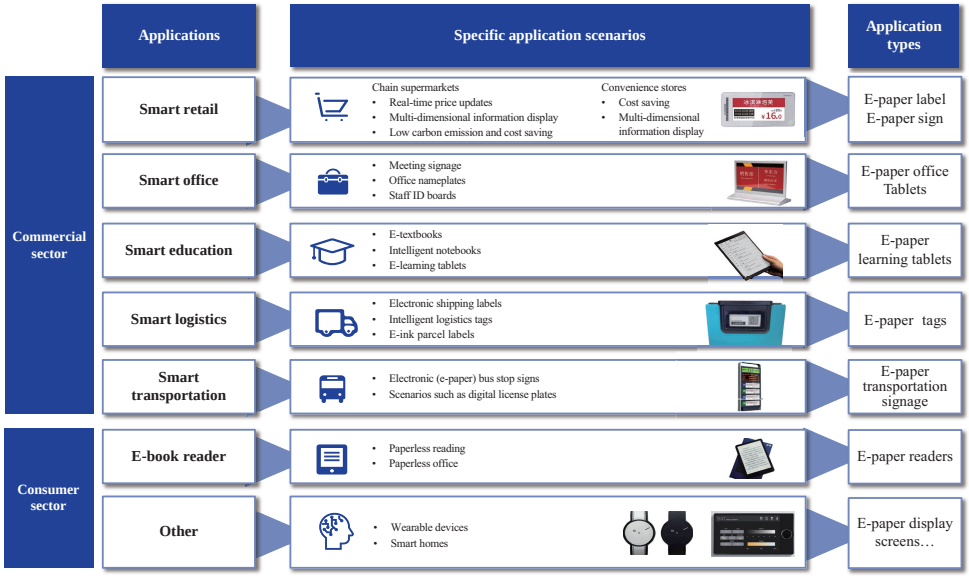
(3) Driver integrated circuits convert system data and timing into the required gate/source drive signals and waveforms to refresh and control the panel.

(4) Others refer to structural components, PS protective films, FPC flexible circuit boards, etc.

(5) Emerging areas refer to wearable devices, smart homes, etc.

The global industry chain for e-paper display solutions is segmented into three core tiers. The upstream sector supplies E-ink film, TFT substrates, driver integrated circuits, and other core components and raw materials of e-paper related solutions industry. The midstream sector focuses on the manufacturing and service of E-Paper related solutions, transforming upstream materials and components into display solutions, then manufacturing them into E-Paper devices, ultimately providing stable products and services to the downstream customers in commercial sector and consumer sector. Within the midstream, the main players includes the Company, BOE Technology Group, Pervasive Displays, Qingyue Optoelectronics, Xingtai Technology, Yes Optoelectronics, etc. The downstream sector includes application scenarios, spanning commercial fields such as smart retail, smart office, smart education, smart logistics, and smart transportation, as well as consumer-facing products like e-book readers and other emerging applications.

Key Downstream Application Scenarios of E-Paper Related Display Solution Industry

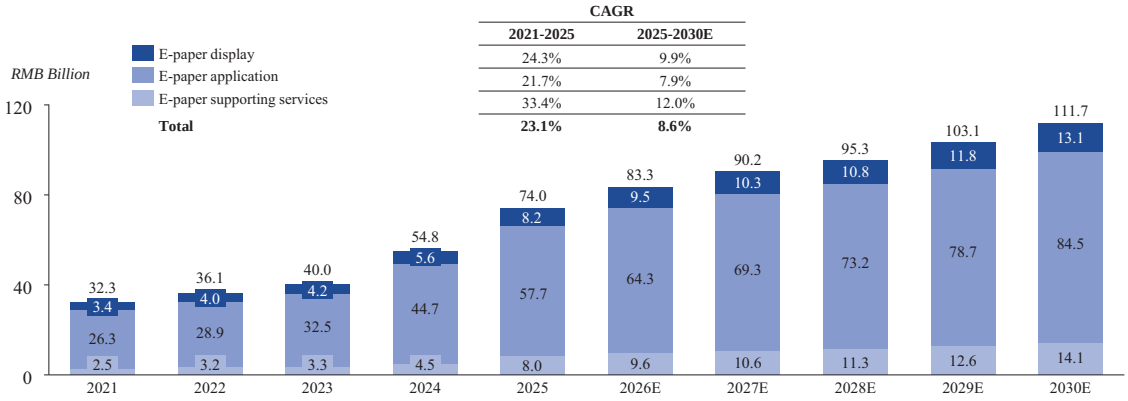


Source: CIC

Market Size of Global E-Paper Related Solution Industry

In 2021, the global market size for e-paper related solution was RMB32.3 billion. Accelerated iteration of core e-paper technologies and the increasingly synergistic effects within the industry's upstream and downstream supply chains has driven this market to RMB74.0 billion by 2025, representing a CAGR of 23.1% for the period. With continued breakthroughs in low-power display technology and the accelerating commercial deployment of smart application scenarios, this market is poised to unlock further growth potential and application value. Consequently, the market size is forecast to reach RMB111.7 billion by 2030, achieving a CAGR of 8.6% during the period.

Market Size of Global E-paper Related Solution Industry, in Terms of Revenue, 2021-2030E



Source: ePaper Insight, RUNTO, CIC

Note: The global e-paper related solution industry market includes the e-paper display market, the e-paper application market, and the e-paper supporting services market. In 2025, their respective proportions were 11.1%, 78.1%, and 10.8%.

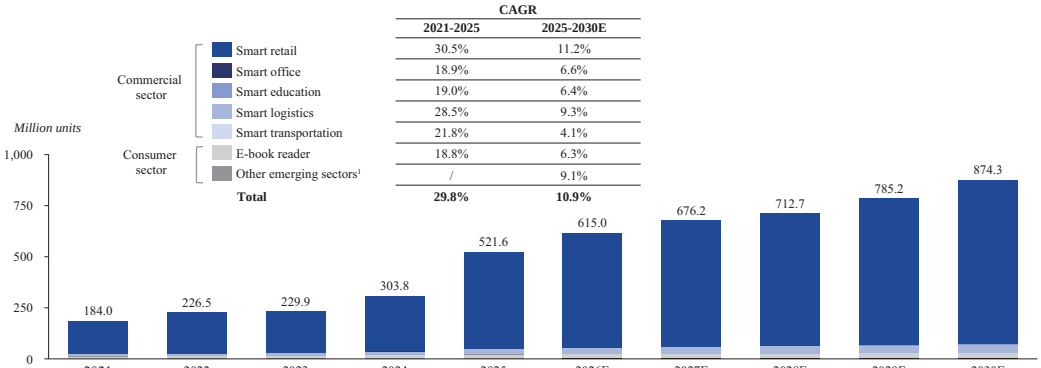
Market Size of Global E-Paper Display Industry by Downstream Applications

In 2025, the global sales volume for e-paper display reached 521.6 million units. Driven by increasing demand for low-power, paperless display solutions and supportive environmental and digitalisation policies, it is projected to grow to 874.3 million units by 2030, representing a CAGR of 10.9% for the period.

In particular, the global commercial e-paper display market reached a sales volume of 502.5 million units in 2025 and is projected to grow to 848.4 million units by 2030, achieving a CAGR of 11.0% for this period. The smart retail segment continues to hold the largest market share within the global commercial e-paper display market. In 2021, the sales volume for in global smart retail was 163.4 million units, a figure which has increased to 473.3 million units by 2025, representing a CAGR of 30.5% for the period. As the digital transformation of the global retail industry continues to deepen, the sales volume of global e-paper display in the smart retail segment is forecast to reach 803.2 million units by 2030, with a CAGR of 11.2%.

Concurrently, within the global consumer e-paper display market, benefited from the continued proliferation of e-reader devices, sales volume reached 9.6 million units in 2021 and has increased to 19.0 million units by 2025, representing a CAGR of 18.8% for the period. In the future, while the rate of adoption for e-reader tablets is expected to gradually moderate, this segment is anticipated to reach a sales volume of 25.8 million units by 2030, driven by steady growth in global demand for low-carbon reading solutions. This projected growth corresponds to a CAGR of 6.3% for the period.

Market Size of Global E-paper Display Industry, in Terms of Sales Volume, by Downstream Applications, 2021-2030E



	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E
Smart retail	163.4	203.1	200.9	268.9	473.3	561.2	618.0	651.2	718.7	803.2
Smart office	0.7	0.8	0.9	1.3	1.5	1.6	1.7	1.8	1.9	2.0
Smart education	0.3	0.3	0.4	0.6	0.6	0.7	0.7	0.8	0.8	0.9
Smart logistics	10.0	12.5	15.1	15.9	27.1	31.5	34.2	35.8	39.1	42.3
Smart transportation	0.003	0.003	0.004	0.007	0.007	0.005	0.006	0.007	0.007	0.008
E-book reader	9.6	9.8	12.5	17.1	19.0	20.0	21.6	23.1	24.6	25.8
Other emerging sectors	0.000	0.007	0.004	0.007	0.007	0.008	0.008	0.009	0.010	0.011
Total	**184.0**	**226.5**	**229.9**	**303.8**	**521.6**	**615.0**	**676.2**	**712.7**	**785.2**	**874.3**

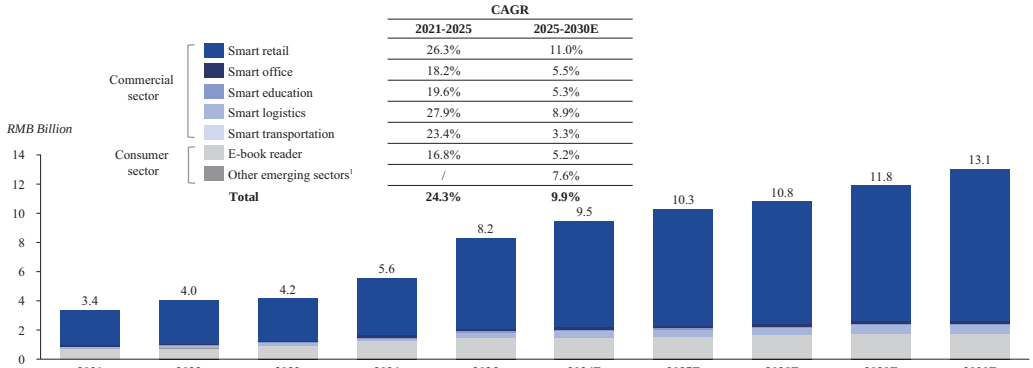
Source: ePaper Insight, RUNTO, CIC

Notes: (1) Emerging areas refer to wearable devices, smart homes, etc.

(2) Only revenue-generating e-paper display are included in these statistics.

The global E-paper Display industry shows continuous growth from 2021 to 2030, with total market size increasing from approximately RMB3.4 billion in 2021 to RMB13.1 billion in 2030, as shown in the chart. Commercial-sector applications — such as smart retail, smart office, smart education, and smart logistics — remain the primary growth drivers, with smart retail being the largest and consistently expanding segment. On the consumer side, the e-book reader market is expected to remain relatively stable, while other emerging sectors contribute additional incremental growth. Overall, the industry maintains a strong CAGR of about 24.3% for 2021-2025 and around 9.9% for 2025-2030.

Market Size of Global E-paper Display Industry, in Terms of Revenue, by Downstream Applications, 2021-2030E



	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E
Smart retail	2.4	3.0	2.9	3.9	6.2	7.3	8.0	8.4	9.3	10.4
Smart office	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Smart education	0.03	0.03	0.04	0.06	0.07	0.07	0.08	0.08	0.08	0.09
Smart logistics	0.1	0.2	0.2	0.2	0.4	0.5	0.5	0.5	0.6	0.6
Smart transportation	0.0001	0.0001	0.0001	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002
E-book reader	0.7	0.7	0.9	1.2	1.4	1.4	1.5	1.6	1.7	1.7
Other emerging sectors	0.000	0.001	0.001	0.001	0.001	0.001	0.002	0.002	0.002	0.002
Total	**3.4**	**4.0**	**4.2**	**5.6**	**8.2**	**9.5**	**10.3**	**10.8**	**11.8**	**13.1**

Source: ePaper Insight, RUNTO, CIC

Market Drivers of E-paper Display Industry

- **Accelerated technological iteration and enhanced product capability:** The production processes for e-paper display are undergoing continuous refinement, leading to consistent breakthroughs in production yield. This advancement effectively reduces unit costs and is fostering the development of a more standardized supply chain, which collectively propels their large-scale adoption across downstream applications. Concurrently, breakthroughs in the technology, spanning dimensions such as size, display characteristics, and flexibility, are enabling diversification of their applications. Use cases are expanding beyond traditional e-readers and price tags into a growing number of emerging sectors, including smart transportation and smart logistics. This ongoing diversification is providing sustained impetus for market growth.

- **Supportive policies drive green display technology and market development:** Governments in Europe, North America, and China have successively announced clear carbon neutrality and carbon peak targets, providing both policy and financial support for green display technologies. Europe is promoting the adoption of low-power consumption display technologies, such as e-paper, through its Extended Producer Responsibility (EPR) schemes. The United States leverages standards such as the Electronic Product Environmental Assessment Tool (EPEAT) to guide enterprises in developing low-energy, recyclable e-paper technologies. In China, underpinned by its "dual carbon" goals, multiple policies have been introduced to support the e-paper industry. For example, the "Notice on Issuing the Action Plan for Steady Growth in the Electronic Information Manufacturing Industry (2023-2024)" (《關於印發電子信息製造業2023-2024年穩增長行動方案的通知》) explicitly includes e-paper as a key solution for paperless substitution, encouraging the adoption of green technology in retail, education, and other scenarios and further proposes to promote the application of e-paper in new smart terminal, culture, tourism, landscape and commercial display fields, and to support e-paper in accelerating paperless substitution applications. Furthermore, the "Outline of the Strategy for Expanding Domestic Demand (2022-2035)" (《擴大內需戰略規劃綱要(2022-2035年)》) emphasized innovation and application in new display technologies.

Market Trends of E-Paper Display Industry

- **Rapidly growing downstream demand for medium and large-sized e-paper, and continuously expanding new application scenarios:** The current market is still predominantly characterized by small-sized products such as price label and name tag, etc, which accounted for 89.1% of the global sales volume for e-paper display in 2025. However, fuelled by rising downstream requirements for greater information capacity and cost reductions achieved through economies of scale, medium and large-sized products are emerging as a critical growth driver for the e-paper industry. These larger displays combine reading comfort with adaptability, finding broad application potential in emerging fields such as retail price tags, smart transportation, and smart logistics, which are mainly medium to large-sized e-paper application scenarios. From 2025 to 2030, the global market for medium and large-sized e-paper display is projected to achieve a CAGR of 36.8%, with its volume expanding from 56.9 million units in 2025 to 272.5 million units in 2030.
- **Technological evolution centers on colorization, video capability, flexibility, and deep smart devices integration:** Beyond traditional black/ white/ red and black/ white/ yellow tri-color e-paper, the industry has successfully developed technologies supporting four to six color, as well as multi-color capabilities based on platforms such as ACeP in recent years, demonstrating a clear and sustained trend towards advanced color performance. Furthermore, products manufactured using flexible substrates possess the capability to bend and fold, aligning perfectly with emerging consumer demands for foldable screens and wearable technology. In the age of smart devices, the inherent characteristics of ultra-low power consumption and wireless updating allow these products to remotely refresh pricing or inventory information in retail stores, dynamically update departure information in smart transportation systems, and visually synchronize temperature, humidity, and routing data in smart logistics, solidifying their status as a preferred display for smart devices.
- **Increasing market concentration with leading players gaining more prominent advantages:** Firstly, technological barriers to entry continue to rise. Established players have constructed a formidable intellectual property moat through extensive patent portfolios covering critical components such as e-ink film, driver integrated circuits, and TFT substrates. Secondly, the advantages of economies of scale are becoming increasingly pronounced. Leading manufacturers achieve substantial cost reductions through vertical integration of their supply chains and the implementation of highly automated production lines. Finally, downstream manufacturers, particularly those in the commercial sector, exhibit a strong preference for partnering with major suppliers that can guarantee consistent product quality and reliable delivery.

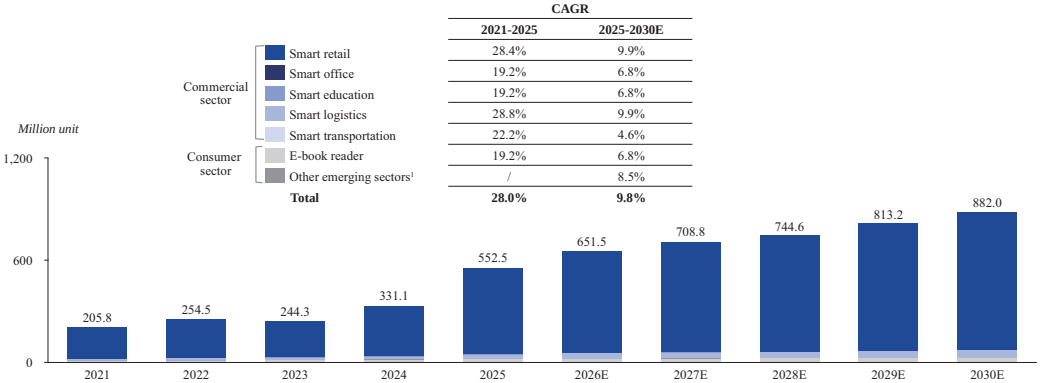
Market Size of Global E-Paper Application Industry by Downstream Applications

Global sales of e-paper application reached 552.5 million units in 2025. This figure is projected to grow to 882.0 million units by 2030, representing a CAGR of 9.8% for the period.

In particular, global sales of commercial e-paper application reached 533.8 million units in 2025 and are projected to grow to 855.9 million units by 2030, achieving a CAGR of 9.9% for this period. The smart retail sector continues to represent the core application domain within the global commercial e-paper application market. Sales of these application in smart retail amounted to 186.0 million units globally in 2021 and has increased to 505.2 million units by 2025, corresponding to a CAGR of 28.4%. As the global retail ecosystem progressively evolves towards intelligent operations and data-driven management, the sales volume of global e-paper application in the smart retail segment is forecast to reach 810.5 million units by 2030, representing a CAGR of 9.9%.

Concurrently, the global consumer market for e-paper display is demonstrating robust growth, underpinned by an expanding user base for e-reader devices. Sales in this segment reached 9.2 million units in 2021 and has increased to 18.8 million units by 2025, representing a CAGR of 19.4% for the period. In the future, the steady expansion of the paperless work environment is anticipated to become the primary growth driver for this market. Consequently, sales of global consumer e-paper display are forecast to reach 26.1 million units by 2030, achieving a CAGR of 6.8%.

Market Size of Global E-paper Application Industry, in Terms of Sales Volume, by Downstream Applications, 2021-2030E



	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E
Smart retail	186.0	231.7	216.2	296.9	505.2	597.8	650.5	682.9	746.5	810.5
Smart office	0.7	0.7	0.9	1.3	1.4	1.6	1.7	1.8	1.9	2.0
Smart education	0.3	0.3	0.4	0.6	0.6	0.7	0.7	0.8	0.8	0.9
Smart logistics	9.6	12.1	14.7	15.5	26.5	31.3	34.1	35.8	39.1	42.5
Smart transportation	0.003	0.003	0.004	0.007	0.006	0.005	0.006	0.007	0.007	0.008
E-book reader	9.2	9.5	11.9	16.7	18.6	20.0	21.6	23.2	24.7	25.9
Other emerging sectors	0.000	0.141	0.086	0.128	0.138	0.149	0.161	0.175	0.190	0.208
Total	**205.8**	**254.5**	**244.3**	**331.1**	**552.5**	**651.5**	**708.8**	**744.6**	**813.2**	**882.0**

Source: ePaper Insight, RUNTO, CIC

Notes: (1) Emerging areas refer to wearable devices, smart homes, etc.

Market Drivers of E-Paper Application Industry

- **The imperative for low-carbon energy efficiency and extended battery life.** Against the backdrop of the global push for "Carbon Neutrality" strategic goals, there is a stringent requirement for electronic devices to drastically reduce their energy consumption. The ultra-low power consumption characteristic of e-paper application perfectly aligns with this market imperative. Consequently, e-paper application are positioned as the ideal technological pathway to replace traditional high-power display and propel green, low-carbon transformation across numerous industries.
- **A virtuous cycle driven by technological maturation and ecosystem expansion.** In recent years, e-paper application have achieved significant breakthroughs in refresh rate, color performance, and flexible/bendable form factors, substantially broadening their application boundaries. The maturation of technology has lowered the barriers to application, while the expansion of the ecosystem has stimulated innovative vitality. The virtuous cycle formed by these two factors is collectively driving the industry towards greater diversification and scale.

Market Trends of E-Paper Application Industry

- **The trend towards larger sizes and colorization.** Commercial e-paper application are reshaping the business display ecosystem through technological breakthroughs in medium/large-sized formats and color performance. Regarding larger sizes, the industry is moving beyond the traditional application boundaries of e-paper. Leading players, through optimized display technology and production processes, have achieved breakthroughs in mass production. This enables these larger application to meet the demands of diverse scenarios such as retail shelf labels and conference room displays, significantly increasing information capacity while simultaneously reducing deployment and maintenance costs. In terms of colorization, the evolution from three/four-color systems towards multi-color technology has resulted in a display quality that much more closely resembles printed material, dramatically enhancing the visual experience and marketing impact.
- **The trend towards high-value-added products.** The commercial e-paper application sector is evolving towards higher value-added offerings, progressively building a comprehensive ecosystem of value-enhancing services. Manufacturers are effectively enhancing customer satisfaction and improving response times by expanding into high-value application scenarios, such as healthcare and education, and by providing customized and differentiated products. This integrated service ecosystem, which spans the entire industry chain, serves to further broaden the value proposition of commercial devices.
- **Diversification of application scenarios.** With the maturation of OTFT technology for integration into devices, the performance of e-paper backplanes and substrate materials has been substantially enhanced. This advancement in flexible design further supports the continued volume expansion into downstream application scenarios. Leading players in the industry are subsequently exploring emerging fields such as digital wallets and wearable devices. The accelerated adoption of flexible product designs and their deployment across multiple scenarios is driving a sustained increase in market penetration rates.

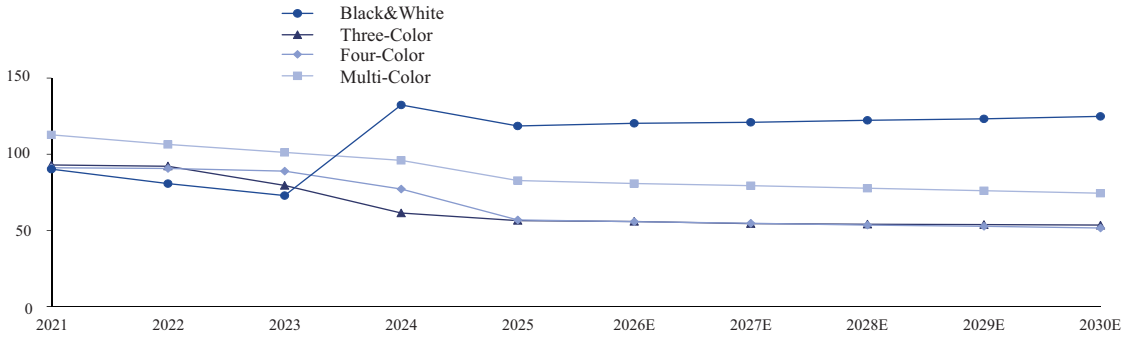
Threats and Challenges of Global E-paper Display Industry

- **Supply chain concentration and scale-driven cost and supply pressure.** Suppliers of core materials and key technologies in the e-paper module industry are relatively concentrated, creating sector-wide uncertainty in pricing, capacity and licensing. Smaller players, with weaker scale and bargaining power, are more exposed to adverse changes in procurement costs, supply allocation and technical support, leading to greater earnings volatility.
- **Customer concentration and qualification barriers.** Downstream customers has stringent requirements on reliability, delivery and global service, and long qualification processes. Smaller manufacturers often rely on a limited number of key customers, making them more vulnerable if those customers change procurement strategies or switch suppliers. Market leaders, supported by stronger brand recognition, extensive track records and a more diversified customer base, are generally better positioned to withstand such concentration risk.
- **Technology evolution and product upgrade pressures on R&D.** The Global E-paper Display Industry is moving towards color, larger sizes and higher refresh rates, which raises technical requirements in display driving, mechanical design and system integration, and calls for continuous R&D and capital investment. Smaller players with limited R&D resources, funding and technological accumulation may be disadvantaged in product upgrade cycles and cost control, facing higher risks of technological lag and margin compression. Leading companies with stronger technology reserves and the ability to sustain R&D spending generally have greater flexibility in managing product roadmaps and absorbing related risks.

Price Index of Global E-Paper Display Solutions Industry

The overall average selling prices of small-size e-paper display solutions exhibit a long-term downward trend driven by economies of scale, process maturation and intensifying competition, which collectively support ongoing cost reductions across the industry. Black&White small-size e-paper display solutions has experienced a price uplift due to demand spikes arising from concentrated procurement by downstream customers.

Price Index of Global Small-Size E-Paper Display Solutions Industry, by Color, 2021-2030E



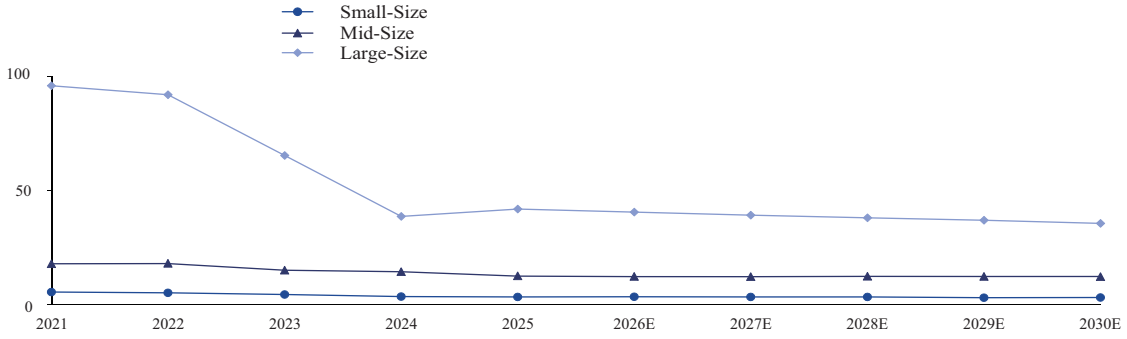
Source: Expert Interviews, CIC

Notes:

(1) The price index of global small-size e-paper display solutions industry is based on the average price of Black&White global small-size e-paper display solutions in 2021, which is set as 100.

Overall, three-color e-paper display solutions generally decline and then stabilize, driven by scale effects, yield and process improvements, and intensifying competition. Large-size ASPs fall the most as early pricing reflected ramp-up constraints, lower panel utilization and higher process complexity; as capacity and yields improved, prices declined sharply from 2020 to 2024, and then stabilized with a modest rebound as costs approached a floor and specification upgrades provided support.

Price Index of Global Three-Color E-Paper Display Solutions Industry, by Size, 2021-2030E



Source: Expert Interviews, CIC

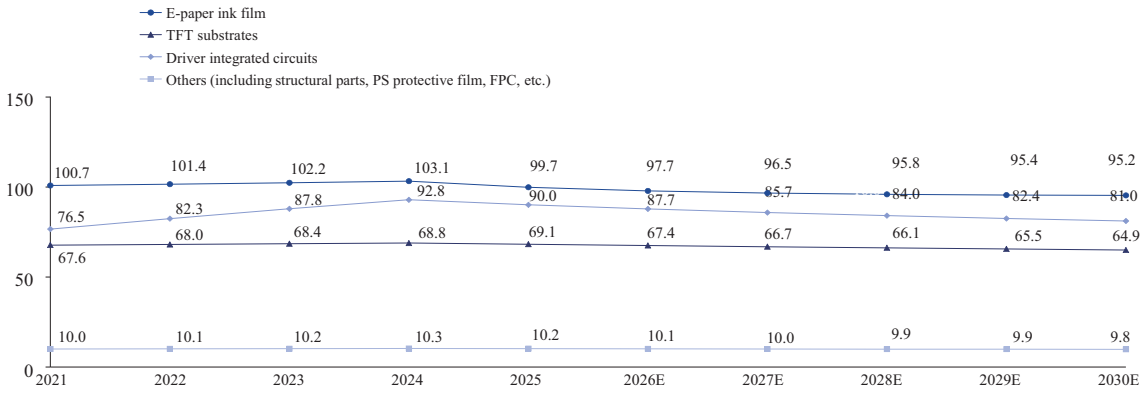
Notes:

(1) The price index of global three-color e-paper display solutions industry is based on the average price of large-size global small-size e-paper display solutions in 2021, which is set as 100.

Price Index of Raw Materials in the Global E-Paper Display Industry

The raw materials of Global e-paper display industry includes e-ink films, TFT substrates, driver integrated circuits and others. With the intensification of market competition and the expansion of production capacity, the overall price of E-ink films is expected to show a downward trend. TFT substrates have remained broadly stable with only minor cyclical fluctuations, benefiting from mature production processes and sufficient panel capacity. Driver integrated circuits rose during periods of semiconductor supply demand imbalance and process migration, then gradually eased as foundry capacity and inventories normalised. Other auxiliary materials such as structural parts, protective films and FPCs first increased with demand growth and product specification upgrades, and subsequently softened slightly as upstream capacity expanded and competition intensified.

Price Index of Raw Materials in the Global E-Paper Display Industry, 2021-2030E



Source: Expert Interviews, CIC

OVERVIEW OF COMPETITION IN THE GLOBAL E-PAPER DISPLAY INDUSTRY

Competitive Landscape of the Global E-Paper Display Industry

In 2025, the global e-paper display industry demonstrated a high degree of market concentration, with the top five market players accounting for approximately 82.0% of the total market share by sales. Through years of market cultivation and product validation, these leading manufacturers have developed diversified product portfolios encompassing a wide range of e-paper display, including monochrome, multi-color, flexible, and segment code and prism, which are extensively deployed across various application scenarios in both commercial and consumer end-markets. Recently, with the recovery in demand for downstream electronic shelf label applications, major manufacturers have rapidly reduced inventory levels. While the competitive landscape has remained stable, market share has become further concentrated towards these leading players.

Currently, within the global e-paper display industry, manufacturers from Chinese Mainland and Taiwan, China hold a dominant position. Notably, Chinese Mainland manufacturers account for over 90% of this share. As downstream application demand continues to expand, industry shipments are expected to become further concentrated with leading Chinese Mainland manufacturers.

Top Five Global E-Paper Display Manufacturers

In 2025, the Company ranked second among global top five manufacturers of e-paper display by revenue, securing a market share of 20.8%.

Ranking of Top Five Global Manufacturers in E-paper Display Industry, in Terms of Revenue of E-paper Display, 2025

Ranking	Company Name	Revenue	Market Share
		(RMB Billions)	*(%)*
1	Company A	2.7	33.3%
2	The Company	1.7	20.8%
3	Company B	1.4	17.1%
4	Company C	0.5	5.7%
5	Company D	0.4	5.2%
	Top five total	**6.7**	**82.0%**
	Total	**8.2**	**100.0%**

Source: Annual Reports, Expert Interviews, CIC

Notes:

(1) Company A, established in China in 1993 and listed on the Shenzhen Stock Exchange in 2001, is a company providing products and services related to IoT innovation, sensors and solutions, MLED, and integrated smart medical and engineering development, with semiconductor display as its core business.

(2) Company B, established in China in 2015, is a company providing one-stop services for the smart IoT application ecosystem, focusing on the research and development, production, and sales of e-paper display modules.

(3) Company C, established in China in 2012 and listed on the Shenzhen Stock Exchange in 2019, is a company engaged in the research and development, design, production, and sales of customized LCD devices and e-paper display modules, among other optoelectronic display products.

(4) Company D, established in China in 2010 and listed on the Shanghai Stock Exchange in 2022, is a company primarily engaged in PMOLED, e-paper, and silicon-based OLED, providing comprehensive IoT applications.

Top Five Global Commercial E-Paper Display Manufacturers

In 2025, the Company ranked first among the world's top five manufacturers of commercial e-paper display by revenue, achieving a market share of 24.9%. Furthermore, the Company maintains commercial relationships with all of the global top five commercial e-paper application customers, demonstrating a highly diverse and resilient client portfolio.

Ranking of Top Five Global Manufacturers in Commercial E-paper Display Industry, in Terms of Revenue of Commercial E-paper Display, 2025

Ranking	Company Name	Top Clients Coverage*	Revenue	Market Share
			(RMB Billions)	*(%)*
1	The Company	100.0%	1.7	24.9%
2	Company A	60.0%	1.6	23.9%
3	Company B	100.0%	1.4	20.5%
4	Company C	60.0%	0.5	6.7%
5	Company D	20.0%	0.4	6.1%
	Top five total		**5.6**	**82.2%**
	Total		**6.8**	**100.0%**

Source: Annual Reports, Expert Interviews, CIC

Note: Top clients coverage refers to the company's coverage ratio of top five global commercial E-paper application manufacturers

Entry Barriers in the E-Paper Display Industry

- **Barriers of customer resources of leading players.** Within the global e-paper display industry, leading companies have established a dominant position in terms of revenue, customer coverage, and brand recognition, leveraging their first-mover advantage and economies of scale. Their customer base encompasses major global brands and channel partners, with whom they maintain long-term, stable collaborative relationships. This extensive and highly loyal client network not only ensures steady growth for existing business but also provides these leading players with a natural advantage when pursuing new potential partnerships, further reinforcing their formidable customer resource barriers.
- **Barriers of industrial chain synergies.** Within the global e-paper display industry, leading players have established significant synergistic advantages through deep, strategic partnerships with key upstream material suppliers and core downstream customers. Conversely, leading downstream brand customers demonstrate a strong preference for deep collaboration during the new product introduction phase, facilitating rapid market validation and scalable deployment. This end-to-end synergistic advantage throughout the entire industrial chain equips leading companies with the capability to maintain continuous leadership in both established and emerging markets, creating a formidable barrier that is exceptionally difficult for potential new entrants to overcome.

- **Barriers of supply chain management.** An advanced, efficient, and stable supply chain management system is critical for suppliers of e-paper display. Leading players in the sector have established dedicated supply chain management centers, creating a comprehensive, multi-dimensional system that encompasses supplier evaluation, raw material procurement, and quality testing. Furthermore, leveraging their stable customer base and strong industry standing, these leading players are typically able to negotiate more favorable commercial terms with core customers regarding delivery and payment cycles. This includes securing shorter payment terms and achieving rapid fulfillment of large-volume orders, thereby significantly enhancing their working capital liquidity and operational stability.
- **Barriers of cost control and efficiency optimisation.** The e-paper display industry is characterized by high economies of scale and significant cost sensitivity. Leading enterprises, leveraging years of accumulated experience, have established sophisticated production management systems and process optimisation capabilities. They achieve substantial unit cost reductions through volume purchasing, automated production lines, and improved production yields. Furthermore, these leading players engage in joint development with customers during the R&D phase to reduce trial-and-error costs, implement flexible manufacturing and supply chain collaboration to enable rapid changeovers and efficient delivery during production, and utilize their stable customer relationships to shorten payment cycles.
- **Barriers of core technology and independent R&D capability.** The e-paper display sector is a technology-intensive industry characterized by rapid iterative development, which places significant demands on a company's R&D prowess and process expertise. Through long-term accumulation, leading enterprises in the industry have established systematic R&D platforms and comprehensive patent portfolios. This foundation not only enables them to effectively control production yields, operational efficiency, and raw material utilization in mass production but also allows for sustained investment in cutting-edge fields such as novel driving architectures, flexible display materials, and low-power consumption technologies. This sustained advantage further solidifies a dual barrier encompassing both advanced technology and superior research and development capabilities.
- **Barriers of capacity and intelligent quality control system.** Production efficiency, product quality, and economies of scale are of critical importance to manufacturers of e-paper display. Leading players leverage expanded production capacity to amortize fixed R&D costs, creating a significant price advantage and ultimately establishing a virtuous cycle of "capacity driving orders, and orders justifying further capacity expansion." Concurrently, mature process systems and intelligent production workflows are essential to effectively manage the quality and precision challenges inherent in the mass production of e-paper module products across various size specifications.
- **Barriers of organizational management and digital capability.** The e-paper display industry is characterized by rapid technological iteration and high customer demand for customisation, placing exceptional demands on a company's strategic planning, management systems, and R&D execution. Leading enterprises in the sector not only possess multidisciplinary professional teams with deep, long-term expertise in the field but also leverage sophisticated management structures and digital operation platforms to achieve highly efficient coordination across R&D processes, supply chain management, project delivery, and customer service.

SOURCES AND RELIABILITY

We commissioned CIC to conduct an analysis and report on the global e-paper display market. CIC is a market research and consulting firm founded in Hong Kong, engaged in providing professional consulting services across various industries. We have agreed to pay CIC a fee of RMB680,000 for the preparation of the CIC Report. The data cited in this section, as well as in the "Summary", "Risk Factors", "Business", "Financial Information", and other sections of this document, are provided to enable potential investors to gain a more comprehensive understanding of the industries in which we operate. Unless otherwise stated, all data and forecasts contained in this section are derived from the CIC Report.

The data collected by CIC have been analyzed, assessed, and validated using CIC's in-house analysis models and techniques. Primary research was conducted through interviews with key industry experts and leading industry participants. Secondary research involves analyzing data from public data sources.

The market forecast in the CIC Report is based on the following key assumptions: (1) during the forecast period, the overall social, economic and political environment in the world and China is expected to remain stable; (2) during the forecast period, relevant key industry drivers may continue to drive the growth of the global e-paper display market, such as increasing downstream demand, technological advancements, policy support, etc.; and (3) during the forecast period, there will be no extreme force majeure or unforeseen industry regulations that may have a drastic or fundamental impact on the market.

PRINCIPAL REGULATORY AUTHORITIES

The Company's main industry regulatory authorities are the National Development and Reform Commission (the "**NDRC**") and the Ministry of Industry and Information Technology (the "**MIIT**"), which are mainly responsible for formulating industrial policies, industrial planning and macro-control.

INDUSTRIAL POLICES

According to the Guiding Catalogue of Key Products and Services for Strategic Emerging Industries (2016 Edition) (《戰略性新興產業重點產品和服務指導目錄(2016年版)》) issued by the NDRC on January 25, 2017, new display panels (devices) are included in the catalogue.

According to the Classification of Strategic Emerging Industries (2018) (《戰略性新興產業分類(2018)》) released by the National Bureau of Statistics on November 7, 2018, the manufacturing of e-paper displays among the manufacturing of new electronic components and equipment is classified as a strategic emerging industry.

According to the Information Industry Development Guide (《信息產業發展指南》) jointly issued by the NDRC and MIIT on January 16, 2017, the development of key electronic materials such as e-paper, as well as new display technologies including flexible displays, is encouraged.

According to the Guiding Catalogue for Industrial Structure Adjustment (2024 Edition) (《產業結構調整指導目錄(2024年本)》) issued by the NDRC on December 27, 2023, key components and key materials such as thin-film transistor LCDs (TFT LCDs), organic light emitting diodes (OLEDs), e-paper displays, laser displays, 3D displays and other new flat panel display devices, glass substrates for the LCD panel industry, and cover glass for the electronics and information industries are included in the encouraged category.

LAWS AND REGULATIONS RELATING TO FOREIGN INVESTMENT

According to the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the "**Foreign Investment Law**"), which was promulgated by the National People's Congress of the PRC (the "**NPC**") on March 15, 2019 and implemented on January 1, 2020, and the Regulations for the Implementation of the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》), which was promulgated by the State Council on December 26, 2019 and implemented on January 1, 2020, such laws and regulations provide for principles and measures aimed at promoting foreign investment in China and clearly stipulate that China legally protects the investments, profits and other legitimate rights and interests of foreign investors in China. According to the Foreign Investment Law, China implements a pre-establishment national treatment plus negative list management system for foreign investment.

According to the Catalogue of Encouraged Industries for Foreign Investment (2022 Edition) (《鼓勵外商投資產業目錄(2022年版)》) promulgated by the NDRC and the Ministry of Commerce of the PRC (the "**MOFCOM**") on October 26, 2022 and effective from January 1, 2023, and the Special Administrative Measures for Foreign Investment Access (Negative List) (2024 Edition) (《外商投資准入特別管理措施(負面清單)(2024年版)》) (the "**Negative List**") promulgated by the NDRC and the MOFCOM on September 6, 2024 and effective from November 1, 2024, foreign-invested industries are divided into a catalogue of encouraged industries and a negative list. The Negative List is further subdivided into the catalogue of industries for restricted foreign investment and the catalogue of industries for prohibited foreign investment. Industries not included in the Negative List are considered to be permitted industries for foreign investment. According to the Catalogue of Encouraged Industries for Foreign Investment (2022 Edition) (《鼓勵外商投資產業目錄(2022年版)》), the manufacturing of flat panel displays such as TFT-LCDs, OLEDs, AMOLEDs, laser displays, quantum dots, 3D displays, and display materials (excluding G6 TFT-LCDs and below) is an encouraged industry for foreign investment.

According to the Measures for the Security Review of Foreign Investment (《外商投資安全審查辦法》) promulgated by the NDRC and the MOFCOM on December 19, 2020 and effective from January 18, 2021, any foreign investment that affects or may affect national security shall be subject to security review in accordance with the provisions of these Measures. The working mechanism for the security review of foreign investment (the "**Working Mechanism**") has been established, which is responsible for organizing, coordinating and guiding the security review of foreign investment. The office of the Working Mechanism is located in the NDRC and is led by the NDRC and the MOFCOM. It is responsible for the day-to-day work of foreign investment security reviews. Foreign investors or domestic related parties that invest in critical infrastructure, key technologies and other important areas related to national security, and obtain de facto control of the invested enterprise, shall proactively declare to the Working Mechanism office before implementing the investment.

Regulations in Relation to Overseas Direct Investment

Pursuant to the Administrative Measures for Outbound Investment (《境外投資管理辦法》) (Order No. 3 [2014] of the MOFCOM, effective on October 6, 2014) promulgated by the MOFCOM, the MOFCOM and provincial competent commerce departments shall carry out administration either by record-filing or approval, depending on different circumstances of outbound investment by enterprises. Outbound investment by enterprises that involves sensitive countries and regions or sensitive industries shall be subject to administration by approval. Outbound investment by enterprises that falls under any other circumstances shall be subject to administration by record-filing.

Pursuant to the Administrative Measures for Outbound Investment by Enterprises (《企業境外投資管理辦法》) (Order No. 11 of the NDRC, effective on March 1, 2018), a domestic enterprise (the "**investor**") making an outbound investment shall obtain approval, conduct record-filing or other procedures applicable to outbound investment projects (the "**Projects**"), reporting relevant information, and cooperating with the supervision and inspection. Sensitive Projects carried out by Investors directly or through overseas enterprises controlled by them shall be subject to approval; non-sensitive Projects directly carried out by Investors, namely, non-sensitive projects involving investors' direct contribution of assets or rights and interests or provision of financing or guarantee shall be subject to record-filing. The aforementioned "sensitive project" means a project involving a sensitive country or region or a sensitive industry. The NDRC promulgated the Catalogue of Sensitive Sectors for Outbound Investment (2018 Edition) (《境外投資敏感行業目錄(2018年版)》), effective on March 1, 2018 to list the current sensitive industries in detail. As of the Latest Practicable Date, we do not have any "sensitive Project" involving a sensitive country or region or a sensitive industry. Pursuant to the Regulations on the Administration of Foreign Exchange of the PRC (《中華人民共和國外匯管理條例》) promulgated by the State Council on January 29, 1996, and last amended and effective on August 5, 2008, any domestic organization or individual that seeks to make a direct investment overseas or engage in the issuance or trading of negotiable securities or derivatives overseas shall make the appropriate registrations in accordance with the provisions promulgated by the foreign exchange administrative department under the State Council. Any such organization or individual that is required to obtain approval from or make a filing with the relevant competent authority in accordance with state provisions shall undergo the approval or filing formalities before making said registrations.

The Circular of the State Administration of Foreign Exchange on Further Improving and Adjusting Foreign Exchange Administration Policies on 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 "**Circular 59**"), which was issued by the State Administration of Foreign Exchange (the "**SAFE**") on November 19, 2012, and last amended on October 10, 2018, part of which was abolished on December 30, 2019, substantially amends and simplifies the foreign exchange procedures. Pursuant to Circular 59, the opening of various special purpose foreign exchange accounts, such as pre-establishment expenses accounts, foreign exchange capital accounts, and deposits accounts, the reinvestment of RMB proceeds derived by foreign investors within 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 the SAFE, and multiple capital accounts for the same entity may be opened in different provinces. In February 2015, the SAFE promulgated the Notice on Further Simplifying and Improving Foreign Exchange Administration Policies on 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》), part of which was abolished in December 2019. It stipulates that banks shall, on behalf of the SAFE, directly examine and handle foreign exchange registration under domestic direct investment and overseas direct investment, and the SAFE and its branches shall exercise indirect supervision over foreign exchange registration of direct investment through banks. On April 3, 2024, the SAFE promulgated the Guidelines of Capital Account Foreign Exchange Business (2024 Version) (《資本項目外匯業務指引(2024年版)》), which came into effective on May 6, 2024, and stipulates guidelines for the capital account foreign exchange business.

LAWS AND REGULATIONS ON OVERSEAS SECURITIES OFFERING AND LISTING BY DOMESTIC ENTERPRISES

Pursuant to 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 China Securities Regulatory Commission (the "**CSRC**") on February 17, 2023, which became effective on March 31, 2023, it regulates the overseas securities offering and listing activities of domestic companies, whether directly or indirectly: (1) where a PRC company carries out securities offering and listing in an overseas market, it shall go through the filing procedures with the CSRC and submit relevant information, and shall submit the initial filing materials within three working days of submitting the [**REDACTED**] and listing application documents; and (2) PRC companies that are directly or indirectly listing in overseas markets and intend to conduct subsequent offerings in the same overseas markets shall go through the filing procedures with the CSRC and report relevant information; they shall also submit the filing within three working days of the completion date of the subsequent offering. In addition, no overseas offering and listing shall be conducted under any of the following circumstances: (1) it is prohibited by the PRC laws, administrative regulations or relevant rules of the state to conduct overseas offering and listing; (2) overseas offering and listing may endanger national security as reviewed and determined by the relevant competent department of the State Council in accordance with the laws; (3) a domestic enterprise or its controlling shareholder or actual controller has committed a criminal crime in the last three years; (4) a domestic enterprise is under investigation according to the laws for being suspected of crimes or major violations of laws and regulations and no conclusion has yet been made thereof; or (5) there is a major dispute over ownership of the equity interests held by the controlling shareholder or the shareholder controlled by the controlling shareholder or the actual controller.

According to the Provisions on Strengthening the Confidentiality and Archives Management of Overseas Securities Offering and Listing by Domestic Enterprises (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the "**Archives Provisions**") promulgated by the CSRC, the Ministry of Finance (the "**MOF**"), the State Secrets Bureau and the State Archives Administration of the PRC on February 24, 2023 and implemented from March 31, 2023, domestic enterprises, securities companies and securities service institutions providing corresponding services shall strictly comply with the relevant requirements for confidentiality and archives management, establish and improve confidentiality and file management systems, and take the necessary measures to implement confidentiality and archives management responsibilities, in the direct or indirect overseas securities offering or listing activities by domestic enterprises. According to the Archives Provisions, during the process of domestic enterprises conducting offering and listing overseas, if documents or data involving state secrets or adversely affecting national security or the public interest need to be provided or publicly disclosed to relevant securities companies, securities service agencies, overseas regulatory authorities and other units and individuals, the relevant approval/filing and other regulatory procedures shall be completed.

LAWS AND REGULATIONS ON PRODUCT QUALITY

According to the Product Quality Law of the PRC (《中華人民共和國產品質量法》) latest amended by the SCNPC on December 29, 2018, and effective on the same day, the market regulatory authorities of the State Council are responsible for the supervision and administration of the quality of products of the whole country. Producers are prohibited from producing or selling products that do not meet the standards and requirements for ensuring human health and the safety of persons and property. Products shall not contain unreasonable dangers threatening personal and property safety. Victims who suffer personal injury or property losses due to product defects may claim for compensation either from the producer or the seller. Producers and sellers of substandard products may be ordered to cease production and sales, and may have their products confiscated and/or be fined. If the act generates illegal income, the illegal income will also be confiscated. If the circumstances are serious, their business license may be revoked. If the act constitutes a crime, criminal responsibility shall be investigated according to law.

LAWS AND REGULATIONS ON IMPORT AND EXPORT TRADE

According to the Foreign Trade Law of the PRC (《中華人民共和國對外貿易法》) (the "**Foreign Trade Law**") promulgated by the SCNPC on May 12, 1994 and amended on December 30, 2022, starting from December 30, 2022, foreign trade operators are not required to register for record-filing. The Chinese government permits the free import and export of goods and technologies, except as otherwise provided by laws and administrative regulations. Before December 30, 2022, foreign trade operators engaged in the import and export of goods or technology in accordance with the Foreign Trade Law before the revision shall apply for registration of filing with the foreign trade department under the State Council or an institution entrusted by it, except as otherwise provided by laws, administrative regulations, and the foreign trade department under the State Council. Where a foreign trade operator fails to go through the registration of filing formalities according to the relevant provisions, the customs are entitled to refuse to handle the formalities for declaration and clearance of imported or exported goods.

In accordance with the Provisions on the Administration of Filing of Customs Declaration Entities of the PRC (《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 of the PRC on November 19, 2021, and effective as of January 1, 2022, customs declaration entities refer to the consignees or consignors of imports and exports and customs declaration enterprises which have filed with the Customs pursuant to these provisions. Consignees or consignors of imports and exports and customs declaration enterprises applying for filing shall obtain market entity qualification; in the case of consignees or consignors of imports and exports applying for filing, they shall also complete filing formalities for foreign trade operators.

According to the Regulations on the Administration of Import and Export of Goods of the PRC (《中華人民共和國貨物進出口管理條例》), promulgated by the State Council on December 10, 2001, and last amended on March 10, 2024, which took effect on May 1, 2024, trade activities that import goods into or export goods from China's customs territory shall comply with the Regulations on the Administration of Import and Export of Goods. Goods that are prohibited from import and export shall not be imported or exported; goods that are restricted from import and export shall be subject to licensing or quota management; and goods that are freely import and export shall not be restricted. Import and export operators shall go through customs clearance procedures with the relevant import and export licenses or import and export quota licenses.

LAWS AND REGULATIONS RELATING TO LABOR PROTECTION

According to the Labor Law of the PRC (《中華人民共和國勞動法》) promulgated by the SCNPC in 1994 and last amended in 2018, the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) promulgated by the SCNPC in 2007 and amended in 2012, and the Implementing Regulations of the Labor Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》) promulgated by the State Council on September 18, 2008 and came into effect on the same day, employers must enter into written labor contracts with full-time employees. All employers shall comply with local minimum wage standards. Employers must establish a system for labor safety and sanitation, strictly comply with national standards, and provide relevant education to their employees. Violations of the Labor Contract Law and the Labor Law may result in fines, and in serious cases, other administrative and criminal liabilities may be incurred.

According to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) promulgated by the SCNPC on October 28, 2010 and amended on December 29, 2018, and the Provisional Regulations on Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) last amended by the State Council and effective on March 24, 2019, employers are required to pay basic pension insurance, basic medical insurance, unemployment insurance, maternity insurance, and work injury insurance for their employees. Employers failed to promptly contribute social security premiums in full amount shall be ordered by the social security premium collection agency to make or supplement contributions within a prescribed period, and shall be subject to a late payment fine computed from the due date at the rate of 0.05% per day; where payment is not made within the prescribed period, the relevant administrative authorities shall impose a fine ranging from one to three times the amount of the amount in arrears.

According to the Supreme People's Court's Interpretation (II) 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)》), promulgated on July 31, 2025, and effective as of September 1, 2025, if an employer and an employee agree or the employee commits that social insurance contributions are not required to be paid, the People's Court shall deem such agreement or commitment invalid, and where an employer fails to pay social insurance contributions in accordance with the law, and the employee requests to terminate the labor contract and claims economic compensation from the employer in accordance with Article 38(3) of the PRC Labor Contract Law (《中華人民共和國勞動合同法》), the People's Court shall support such claims in accordance with the law. Where the aforementioned circumstances exist, and the employer subsequently makes supplementary payments of social insurance contributions in accordance with the law, the People's Court shall support the employer's request for the employee to return the social insurance contribution compensation already paid, in accordance with the law.

According to the Regulations on the Administration of Housing Provident Funds (《住房公積金管理條例》), promulgated by the State Council on April 3, 1999 and last amended on March 24, 2019, employers must contribute to housing provident funds for their employees. If employers fail to pay the housing provident fund within the time limit or have a shortfall in payment, they will be ordered by the housing provident management center to pay or make up the deficiency within the prescribed period. If they still fail to do so after the prescribed period, the housing provident fund management center is entitled to apply for compulsory enforcement with the people's court. Each employee may only have one housing accumulation fund account. The contribution ratio of the housing accumulation fund for both the employee and the employer may not be lower than 5% of the employee's monthly average salary of the previous year; in cities where conditions permit, the contribution ratio may be appropriately increased.

Regulations in Relation to Prevention and Control of Occupational Diseases

The Prevention and Control of Occupational Diseases Law of the PRC (《中華人民共和國職業病防治法》), which was promulgated by the SCNPC on October 27, 2001 and latest amended on December 29, 2018 (the "**Prevention and Control of Occupational Diseases Law**"), is the basic law for the prevention and control of occupational diseases. According to the Prevention and Control of Occupational Diseases Law, budget for facilities for the prevention and control of occupational diseases of a construction project shall be included in the budget of the project and those facilities shall be designed, constructed and put into operation simultaneously with the main body of the project. The entity that takes charge of the project should carry out the assessment of the effectiveness of measures for the prevention and control of occupational diseases before the final acceptance of the construction project. In addition, employers shall take required administrative measures to prevent and control occupational diseases in work.

LAWS AND REGULATIONS IN RELATION TO TAXATION

Income tax

According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》), which was promulgated by the NPC on March 16, 2007, implemented on January 1, 2008, and last amended by the SCNPC and implemented on December 29, 2018, and the Regulations on the Implementation of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法實施條例》), which was promulgated by the State Council on December 6, 2007, implemented on January 1, 2008, and last amended on December 6, 2024, implemented on January 20, 2025, and the Administrative Measures for the Recognition of High-tech Enterprises (《高新技術企業認定管理辦法》), which was promulgated by the Ministry of Science and Technology, the MOF and the State Administration of Taxation on January 29, 2016, and took effect on January 1, 2016, enterprises that have obtained the "High-tech Enterprise" certificate are subject to a corporate income tax rate of 15%, and small low-profit enterprises that meet the conditions are subject to a corporate income tax rate of 20%.

According to the Notice of the State Administration of Taxation on Issues Related to the Implementation of the Provisions of Tax Treaties on Dividends (《國家税務總局關於執行税收協定股息條款有關問題的通知》), which was issued and implemented by the State Administration of Taxation on February 20, 2009, if a PRC resident company pays dividends to a tax resident of the other party to the tax treaty, and the tax resident of the other party (or the dividend recipient) is the beneficial owner of the dividend, the tax resident of the other party may enjoy the tax treaty treatment for the dividend, that is, the tax resident of the other party shall calculate its income tax payable in China at the tax rate stipulated in the tax treaty. If the tax rate stipulated in the tax treaty is higher than the tax rate stipulated in the domestic tax law of China, the taxpayer may still pay taxes according to the domestic tax law of China. Where a Chinese resident company paying dividends is directly owned by a tax resident of the other party to the tax treaty, who owns more than a certain percentage (generally 25% or 10%) of the capital, the dividends received by the tax resident of the other party may be taxed at the rate specified in the tax treaty.

According to the Circular of the State Administration of Taxation on Issues Related to 'Beneficial Owner(s)' in Tax Treaties (《國家税務總局關於税收協定中'受益所有人'有關問題的公告》), issued by the State Administration of Taxation on February 3, 2018 and implemented on April 1, 2018, the term "beneficial owner" in the provisions on dividends, interest and royalties in the avoidance of double taxation agreements signed by the PRC Government with foreign countries refers to the person who has the ownership and control of the income or the rights or property from which the income arises. When determining the status of the "beneficial owner" of a resident of the contracting party who needs to enjoy the treatment of the tax agreement, it should be comprehensively analyzed based on the factors listed in the circular and the actual situation of the specific case.

Value-added tax

The Interim Regulation on Value-added Tax of the PRC (《中華人民共和國增值税暫行條例》) were promulgated by the State Council on December 13, 1993 and last revised on November 19, 2017. The Implementation Rules for the Interim Regulations on Value-added Tax of the PRC (《中華人民共和國增值税暫行條例實施細則》) were promulgated by the MOF and the State Administration of Taxation on December 25, 1993 and last revised on October 28, 2011. The Notice of the Ministry of Finance and the State Administration of Taxation on Adjusting Value-added Tax Rates (《財政部、國家税務總局關於調整增值税税率的通知》) was issued by the MOF and the State Administration of Taxation on April 4, 2018 and implemented on May 1, 2018. The Announcement on Relevant Policies for Deepening the Value-Added Tax Reform (《關於深化增值税改革有關政策的公告》) was issued by the MOF, the State Administration of Taxation and the General Administration of Customs on March 20, 2019 and implemented on April 1, 2019. In addition, on December 25, 2024, the SCNPC promulgated the Value-Added Tax Law of the PRC (《中華人民共和國增值税法》), which will come into effect on January 1, 2026. According to the above laws, regulations and provisions, entities and individuals that sell goods, services, intangible assets, or immovables, or import goods within the territory of the PRC are taxpayers of value-added tax. Starting from April 1, 2019, the generally applicable value-added tax rates are 13%, 9%, 6%, and 0%, and the value-added tax rate applicable to small-scale taxpayers is 3%.

LAWS AND REGULATIONS ON WORK SAFETY

Pursuant to the Work Safety Law of the PRC (《中華人民共和國安全生產法》) promulgated on June 29, 2002, last amended on June 10, 2021 and effective on September 1, 2021, a system of accountability for production safety accidents has been implemented. Production and business entities must strengthen work safety management, improve work safety conditions, strengthen standardization and informatization of work safety, and raise work safety levels. Production and business entities shall meet the work safety conditions prescribed by such law and other relevant laws, administrative regulations, and national or industry standards. Entities that fail to meet such work safety conditions shall not be engaged in production and other business activities. In addition, safety equipment shall be designed, manufactured, installed, used, tested, maintained, improved, and retired in accordance with national or industry standards. Production and business entities shall establish and improve a full-staff work safety responsibility system, clearly defining the responsible person for each position, the scope of duties, and the evaluation criteria, among others. Production and business entities shall provide employees with labor protection equipment and work safety training. Where the primary person-in-charge of a production and business entity fails to perform his or her duties in respect of work safety, he or she would be subject to legal liabilities, depending on the seriousness of the relevant work safety accidents.

LAWS AND REGULATIONS ON ENVIRONMENTAL PROTECTION

The PRC laws and regulations relating to environmental protection mainly include: the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), amended by the SCNPC on April 24, 2014 and implemented on January 1, 2015, and the Law of the PRC on Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》), amended by the SCNPC on June 27, 2017 and implemented on January 1, 2018, the Law on the Prevention and Control of Air Pollution of the PRC (《中華人民共和國大氣污染防治法》), which was amended and implemented by the SCNPC on October 26, 2018, the Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Wastes (《中華人民共和國固體廢物污染環境防治法》), as amended by the SCNPC on April 29, 2020 and implemented on September 1, 2020, the Environmental Protection Tax Law of the PRC (《中華人民共和國環境保護税法》), as amended and implemented by the SCNPC on October 26, 2018, the Regulations for the Implementation of the Environmental Protection Tax Law of the PRC (《中華人民共和國環境保護税法實施條例》), as amended by the State Council on December 25, 2017 and implemented on January 1, 2018, the Administrative Measures for Pollutant Discharge Licensing (《排污許可管理辦法》), as promulgated by the Ministry of Ecology and Environment on April 1, 2024 and implemented on July 1, 2024, and the Law of the PRC on the Prevention and Control of Environmental Noise Pollution (《中華人民共和國環境噪聲污染防治法》), as amended by the SCNPC on December 29, 2018, and implemented, and repealed and replaced by the Law of the PRC on the Prevention and Control of Noise Pollution (《中華人民共和國噪聲污染防治法》), promulgated by the SCNPC on December 24, 2021 and effective on June 5, 2022. Pursuant to the above laws and regulations, enterprises that discharge and dispose of toxic and hazardous substances such as wastewater, waste gas, and solid waste must meet national and local standards for use, declare and register with the relevant environmental protection administrative department, and pay environmental protection taxes and fees in accordance with applicable laws.

According to the Environmental Impact Assessment Law of the PRC (《中華人民共和國環境影響評價法》), promulgated by the SCNPC on October 28, 2002, and amended on July 2, 2016 and December 29, 2018, respectively, the construction entity shall prepare an environmental impact report, report form or fill in an environmental impact registration form according to the degree of impact of the construction project on the environment: (1) if the construction project is likely to cause significant environmental impact, an environmental impact report shall be prepared to comprehensively evaluate the environmental impact; (2) if the construction project is likely to cause minor environmental impact, an environmental impact report form should be prepared to analyze or specifically evaluate the environmental impact; (3) if the environmental impact is small and no environment assessment is required, an environmental impact registration form shall be submitted.

According to the Interim Measures for the Acceptance of Environmental Protection for the Completion of Construction Projects (《建設項目竣工環境保護驗收暫行辦法》) promulgated by the former Ministry of Environmental Protection on November 20, 2017 and effective on the same day, and the Administrative Regulations on the Protection of the Environment for Construction Projects (《建設項目環境保護管理條例》) promulgated by the State Council on November 29, 1998, last revised on July 16, 2017 and implemented on October 1, 2017, the construction entity shall, after the completion of a construction project for which an environmental impact report or environmental impact report form has been compiled, carry out the completion acceptance inspection and preparation of the acceptance report in accordance with the standards and procedures stipulated by the competent environmental protection administrative department under the State Council. The construction projects for which an environmental impact report or an environmental impact report form has been compiled shall only be put into operation or use after passing the environmental protection acceptance inspection.

According to the Administrative Measures on Licensing 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, latest amended on December 1, 2022 and came into effect on February 1, 2023, enterprises, institutions and individual businesses engaging in industrial, construction, catering, medical and other activities and discharging sewage into urban facilities must apply for and obtain a license for urban drainage.

LAWS AND REGULATIONS RELATING TO REAL ESTATE

According to the Land Administration Law of the PRC (《中華人民共和國土地管理法》), which was promulgated by the SCNPC on June 25, 1986, and last amended on August 26, 2019, and which took effect on January 1, 2020, land owned by the State may be allocated to be used by entities or individuals according to law. According to the Interim Regulations on Real Estate Registration (《不動產登記暫行條例》), promulgated by the State Council on November 24, 2014, and last amended on March 10, 2024, which took effect on May 1, 2024, real estate registration shall be handled by the real estate registration agencies of the People's Government at or above the county level where the real estate is located.

According to the Civil Code of the PRC (《中華人民共和國民法典》) promulgated by the NPC on May 28, 2020 and implemented on January 1, 2021, the creation, modification, transfer, and extinction of real property rights that are subject to registration in accordance with the law shall take effect when they are recorded in the real estate registration book. A real estate ownership certificate is the proof that the owner has the right to the real estate. Pursuant to the Administrative Measures for Commodity Housing Leasing (《商品房屋租賃管理辦法》) promulgated by the Ministry of Housing and Urban-Rural Development on December 1, 2010 and came into effect on February 1, 2011, the parties to house leasing shall, within 30 days after the execution of the house leasing contract, go through the house leasing registration and filing formalities with the competent construction (real-estate) departments of the People's Government of the municipality directly under the Central Government, city or county at the place where the leased house is located. If a violation of the measures occurs, the party shall be ordered to rectify within a prescribed time limit, and if any party fails to do so, it shall be imposed of a fine of more than RMB1,000 and less than RMB10,000.

LAWS AND REGULATIONS RELATING TO CORPORATE INVESTMENT PROJECTS

The State Council promulgated the Administrative Regulations on the Approval and Filing of Enterprise Investment Projects (《企業投資項目核准和備案管理條例》) on November 30, 2016, which took effect on February 1, 2017. The NDRC issued the Administrative Measures for the Approval and Filing of Enterprise Investment Projects (《企業投資項目核准和備案管理辦法》) on March 8, 2017, which took effect on April 8, 2017 and was amended by the Decision of the NDRC on Amending Relevant Regulations and Administrative Normative Documents on Investment Management (《國家發展改革委關於修訂投資管理有關規章和行政規範性文件的決定》) issued on March 23, 2023 and effective from May 1, 2023. In accordance with the aforementioned regulations and measures, projects related to national security, the layout of major national productive forces, the development of strategic resources, and major public interests shall be subject to approval formalities. Specific projects and approval authorities shall be determined in accordance with the catalogue of investment projects approved by the government. The catalogue shall be proposed by the competent investment authority of the State Council in conjunction with the relevant departments of the State Council, implemented after being approved by the State Council, and adjusted regularly. Unless otherwise specified, other items shall be subject to filing formalities, which generally follows the principle of territoriality, with local governments stipulating the filing authorities and their jurisdiction.

LAWS AND REGULATIONS RELATING TO ENERGY CONSERVATION

According to the Energy Conservation Law of the PRC (《中華人民共和國節約能源法》) by the SCNPC, last amended on October 26, 2018 and effective on the same day, the State implements an energy conservation assessment and review system for fixed asset investment projects. Construction entities shall not commence construction of projects that do not meet mandatory energy conservation standards; those that have already been built shall not be put into production or use. Government investment projects that do not meet mandatory energy conservation standards shall not be approved for construction by the authorities responsible for project approval in accordance with the law. The specific measures shall be formulated by the department of the State Council that is responsible for energy conservation in conjunction with the relevant departments of the State Council.

According to the Measures for Energy Conservation Review of Fixed Asset Investment Projects (《固定資產投資項目節能審查辦法》), amended by the NDRC on March 28, 2023 and effective on June 1, 2023, the energy conservation review opinions of fixed asset investment projects are an important basis for the commencement of construction, completion and acceptance, and operation and management of the project. For government investment projects, the construction entity shall obtain an energy conservation review opinion issued by the energy conservation review authority before submitting the project feasibility study report. For enterprise investment projects, the construction entity shall obtain an energy conservation review opinion issued by the energy conservation review authority before construction begins. Construction entities shall not commence construction for projects that have not undergone energy conservation review or have failed the energy conservation review, and those that have already been built shall not be put into production or use.

LAWS AND REGULATIONS RELATING TO FIRE PROTECTION

Pursuant to the Fire Protection Law of the PRC (《中華人民共和國消防法》) promulgated by the SCNPC on April 29, 1998, and last amended on April 29, 2021 and effective on the same day, the Department of Emergency Management under the State Council and the local people's governments at or above county level shall supervise and administer the matters of fire protection, while the fire control and rescue institutions of such people's governments shall be responsible for implementation. The fire protection design of construction projects shall comply with the national technical standards of fire protection. Construction projects that shall undergo fire safety protection review shall not be constructed without legally required review or if the review is not passed. If a completed construction project has not undergone fire protection inspection or fails to meet the fire protection requirements upon inspection, it shall not be put into use or operation.

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》), last amended by the Ministry of Housing and Urban-Rural Development on August 21, 2023 and effective on October 30, 2023, special construction projects shall conduct fire protection design review and fire protection final inspection, construction projects other than special construction projects shall file the fire protection acceptance of the project with the competent authority.

LAWS AND REGULATIONS RELATING TO INTELLECTUAL PROPERTY RIGHTS

Pursuant to the Patent Law of the PRC (《中華人民共和國專利法》) latest amended by the SCNPC on October 17, 2020 and came into effect on June 1, 2021 and the Implementation Rules of the Patent Law of the PRC (《中華人民共和國專利法實施細則》) latest amended by the State Council on December 11, 2023 and came into effect on January 20, 2024, patents in China are divided into three types, i.e., invention patent, utility patent and design patent. 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, all calculated from the date of application.

In accordance with the Trademark Law of the PRC (《中華人民共和國商標法》) which was latest amended by the SCNPC on April 23, 2019, with the latest revision effective on November 1, 2019, and the Implementation Regulations for the Trademark Law of the PRC (《中華人民共和國商標法實施條例》) which was latest amended by the State Council on April 29, 2014, with the latest revision effective on May 1, 2014, trademarks approved and registered by the Trademark Office of the National Intellectual Property Administration are registered trademarks, including commodity trademarks, service marks, collective trademarks, and certification marks; the validity period of a registered trademark is 10 years, calculated from the date of approval of registration. A trademark registrant intending to continue to use the registered trademark upon expiry of the period of validity shall undergo the renewal formalities within 12 months before expiry according to the relevant provisions. Each renewal is valid for 10 years and is calculated from the day after the previous validity period of the trademark expires.

According to the Administrative Measures for Internet Domain Names (《互聯網域名管理辦法》) promulgated by the MIIT on August 24, 2017 and effective from November 1, 2017, domain name registration is handled through a domain name service institution established in accordance with relevant regulations, and the applicant becomes the domain name holder after successful registration.

According to the Copyright Law of the PRC (《中華人民共和國著作權法》) promulgated by the SCNPC, last amended on November 11, 2020 and effective from June 1, 2021, the works of citizens, legal persons, or unincorporated organizations within the territory of China, that is, intellectual achievements in the literary, artistic, and scientific fields that are original and capable of being expressed in a certain form, whether published or not, shall enjoy copyright according to law. Copyright includes a series of personal and property rights, such as the right of publication, the right of attribution, the right to modify, the right to protect the integrity of the work, and the right to reproduce.

According to the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) promulgated by the National Copyright Administration on February 20, 2002 and the Regulation on Computer Software Protection (《計算機軟件保護條例》) amended by the State Council on January 30, 2013 and effective on March 1, 2013, the National Copyright Administration is mainly responsible for the registration and management of software copyright in China and recognizes the China Copyright Protection Center as the software registration organization. The China Copyright Protection Center shall grant certificates of registration to computer software copyright applicants in compliance with the regulations of the Measures for the Registration of Computer Software Copyright and the Regulations on Computer Software Protection.

LAWS AND REGULATIONS RELATING TO OUR BUSINESS IN HONG KONG

The major applicable Hong Kong laws and regulations of Hong Kong which relate to the business and the subsidiary incorporated in Hong Kong are set out below. This summary does not purport to be a comprehensive description of all the laws and regulations applicable to our business in Hong Kong, and/or which may be important to potential investors.

Business Registration Ordinance (Chapter 310 of the Laws of Hong Kong)

Section 5 of the Business Registration Ordinance (Chapter 310 of the Laws of Hong Kong) requires every person (a company or an individual) carrying on a business in Hong Kong to register with the Inland Revenue Department and obtain a business registration certificate within one month of the commencement of the business. Business registration is a process based on application and does not involve government approval. Once the requisite criteria are met, a business registration certificate will be granted. Business registration serves to notify the Inland Revenue Department of the establishment of a business in Hong Kong and facilitate the collection of tax from businesses in Hong Kong.

Import and Export Ordinance (Chapter 60 of the Laws of Hong Kong)

The Import and Export Ordinance (Chapter 60 of the Laws of Hong Kong) provides for the regulation and control of the import of articles into Hong Kong, the export of articles from Hong Kong, the handling and carriage of articles within Hong Kong which have been imported into Hong Kong or which may be exported from Hong Kong, and any matter incidental to or connected with the foregoing. The import and export of certain articles are prohibited unless with the relevant licences under sections 6C and 6D which are issued under section 3 of the Import and Export Ordinance (Chapter 60 of the Laws of Hong Kong).

Import and Export (Registration) Regulations (Chapter 60E of the Laws of Hong Kong)

Pursuant to regulations 4 and 5 of the Import and Export (Registration) Regulations, every person, including company, who imports or exports or re-exports any article other than an exempted article set out in regulation 3 of the Import and Export (Registration) Regulations shall lodge with the Commissioner of Customs and Excise and any Deputy or Assistant Commissioner of Customs and Excise of Hong Kong an accurate and complete import or export declaration relating to such article using services provided by a specified body, in accordance with the requirements that the Commissioner of Customs and Excise of Hong Kong may specify. Every declaration required to be lodged shall be lodged within 14 days after the importation or exportation of the article to which it relates.

Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong)

The Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) is an ordinance for the purposes of imposing taxes on property, earnings and profits in Hong Kong. The Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) provides, among others, that persons, which 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.

LAWS AND REGULATIONS RELATING TO FOREIGN INVESTMENT IN VIETNAM

The principal legislation regulating foreign investment in Vietnam comprises (i) Law No. 61/2020/QH14 on Investment (the "**2020 Law on Investment**"), effective from January 1, 2021, (ii) Law No. 143/2025/QH15 on Investment (the "**2025 Law on Investment**"), effective on March 1, 2026 and replacing the 2020 Law on Investment, and (iii) Law No. 59/2020/QH14 on Enterprises (the "**2020 Law on Enterprises**"), effective on January 1, 2021, as amended from time to time.

A foreign investor may invest in Vietnam by way of, amongst others (i) setting up a new company; or (ii) contributing capital to or acquiring shares in an existing company. The general licensing procedures will be comprised of, as the case may be, (i) obtaining capital acquisition approval; (ii) obtaining/amending an enterprise registration certificate ("**ERC**"); and/or (iii) obtaining/amending an investment registration certificate ("**IRC**"). Certain capital transactions which satisfy the thresholds and criteria as prescribed by laws may also be subject to the economic concentration review by the competent authorities.

During the course of business, the foreign investor and the foreign-invested company must strictly follow the contents in the issued IRC and ERC and submit certain periodical reports relating to the business operation and investment activities. Any changes to the contents of the granted IRC, ERC and enterprise registration contents must be registered with or notified to the licensing authorities within the statutory timeline. The amended IRC or amended ERC or confirmation on changes to enterprise registration contents (where applicable) will be issued accordingly.

The 2020 Law on Investment and 2025 Law on Investment set out the principles of investment protection applicable to investors doing business in Vietnam. Generally, the lawful assets of investors shall not be nationalized or confiscated by administrative measures. The foreign investors are permitted to remit overseas the investment capital, proceeds from liquidation of investment, income generating from investment activities, and other lawfully-owned monies and assets after fully discharging financial obligations to the State of Vietnam in accordance with the laws. In case of change of laws resulting in new investment incentives, the investors may, as the case may be, be entitled to more favourable incentives under new regulations or former ones (except for cases relating to national defence and security, social order and safety, social morals, health of the community or environmental protection, in which investors will apply for certain measures in consideration for loss of incentives).

LAWS AND REGULATIONS RELATING TO EMPLOYMENT IN VIETNAM

The principal statute currently governing employment and labour safety are Labour Code No. 45/2019/QH14 coming into effect on January 1, 2021 and Law No. 84/2015/QH13 on Occupational Safety and Hygiene coming into effect on July 1, 2016.

Labour Contract

Employment relationships are governed by the contractual agreement between employers and employees. Labour contracts may take one of the following forms: (i) indefinite-term labour contract; or (ii) definite-term labour contract (the term of which must not exceed thirty-six months from the effective date of the contract).

A labour contract shall have mandatory contents such as the particulars of employer, particulars of employees, details of job, employment term, wage/salary, working and resting time, and social insurance.

A signed labour contract may be terminated under circumstances specified under the laws. In certain events of termination (such as unilateral termination or dismissal or termination due to restructuring), the terminating party shall comply with the specific procedures and conditions required by laws.

Internal Labour Rules (ILRs)

An employer shall promulgate the ILRs which comprise several required contents, including, inter alia, working hours, occupational safety and hygiene, protection of assets and intellectual properties and labour discipline. The ILRs must be notified to the employees and its main contents must be posted at essential locations in the workplace.

If the employer has at least 10 employees or more, it shall register the ILRs with the local labour authority at the province where the employer is located.

Foreign Employees

Foreigners who work in Vietnam are required to obtain from the local labour authority a work permit or a confirmation/notification that they are exempted from work permits before starting to work. The term of a work permit shall not exceed two years. The term of labour contract of a foreigner working in Vietnam must not exceed the term of the work permit.

Statutory Insurance

Employers and employees shall contribute compulsory insurance at respective rates based on salary, as stipulated under the Vietnam laws and regulations, to the social insurance fund on a monthly basis.

Labour safety and hygiene

Employers and employees are subject to various requirements on labour safety and hygiene at the workplace such as periodical testing of machinery, equipment and materials with strict requirements on labour safety; personal protective facilities; and periodic health checks.

LAWS AND REGULATIONS RELATING TO TAXATION IN VIETNAM

A foreign-invested company in Vietnam is mainly subject to the following taxes:

Corporate Income Tax (CIT)

Enterprises established under Vietnam laws are subject to corporate income tax with the standard corporate income tax rate being 20%. However, preferential tax rates, tax exemptions or tax reductions may be available to eligible projects in certain industries that are encouraged by the Vietnamese government (e.g. scientific research and technological development, construction investment and business of high-tech incubator, high-tech enterprise incubator) or preferential investment locations (i.e. poor and remote areas).

Personal Income Tax (PIT)

Companies are not subject to PIT. However, as income-paying entities, companies will, for and on behalf of employees, declare, withhold and pay the PIT imposed on income, that companies pay to employees, to the State Budget monthly or quarterly. In addition, the companies will conduct PIT finalization of all types of tax income paid to the employees by the end of tax period upon authorization by employees.

Value-Added Tax (VAT)

Goods and services used for manufacturing, business and consumption in Vietnam are subject to VAT, except for several goods and services, inter alia, software, certain financial, insurance and banking services, and medical health services and veterinary services. Different standard VAT rates, including 10%, 5% and 0%, are applied subject to the types of goods and services. Tax incentives may be available subject to the policies of the Vietnamese government from time to time.

Import Tax and Export Tax

Import tax or export tax imposes on goods imported or exported across the borders of Vietnam, or which pass between the domestic market and a non-tariff zone in Vietnam, with certain exemptions such as goods in transit and goods given as humanitarian aid and non-refundable aid. The different tax rates are applied subject to the type of imported or exported goods.

Foreign Withholding Contractor Tax (FWCT)

FWCT applies to certain payments to foreign parties including interest, royalties, service fees, lease, insurance, transportation, transfers of securities and goods supplied within Vietnam or associated with services rendered in Vietnam, and certain distribution arrangements. FWCT comprises a combination of CIT (or PIT in case of payment to foreign individuals) and VAT at varying rates subject to specific types of goods supplied and service rendered.

LAWS AND REGULATIONS RELATING TO FOREIGN EXCHANGE CONTROL IN VIETNAM

A company incorporated under the laws of Vietnam is designated as a "resident" for exchange control purposes in Vietnam. This includes foreign-invested enterprises.

Foreign Currency Payment

Foreign currency payments within the territory of Vietnam are strictly prohibited for most of transactions between Vietnamese residents and are subject to the strict control of the State Bank of Vietnam. The law provides for certain exceptions such as: (i) resident organizations may internally transfer capital in foreign currencies via bank transfer (as between an entity with legal status and a 'dependent accounting entity' or vice versa); (ii) residents may contribute capital in foreign currencies via bank transfers in order to implement foreign investment projects in Vietnam; and/or (iii) residents are entitled to receive payments in foreign currencies made via bank transfers in accordance with import or export contracts; (iv) residents that are export processing enterprises may quote, price, and settle payments in foreign currencies via bank transfer for certain processing and export-related transactions.

Foreign Currency Conversion and Remittance

A resident company incorporated under the laws of Vietnam is allowed to remit overseas foreign currency to meet its payment requirements for permitted transactions with non-residents, subject to applicable Vietnam laws and the bank's verification. Certain permitted transactions include (i) payments and remittance in relation to import and export of goods and services; (ii) payments and remittance in relation to revenues from direct and indirect investment; (iii) payments for principal and interest under foreign loans; and/or (iv) other payments and transfers as prescribed by the State Bank of Vietnam.

Direct Investment Capital Account

A resident foreign-invested company shall open a direct investment capital account (the "**DICA**"), in foreign currency which foreign investor selects to contribute capital to the company, at a licensed bank in Vietnam. Certain transactions and payments are required to be made via the DICA, inter alia, (i) receipt of charter capital contributions; (ii) disbursement outside Vietnam of capital, profit and other lawful income of a foreign investor; (iii) disbursement and repayment of foreign loans in the same currency of DICA; and/or (iv) other revenue and disbursement transactions relating to direct foreign investment activities.

Repatriation of Dividends

Foreign investors may remit overseas the profits from foreign-invested company via DICA once such foreign-invested company has been profitable and has discharged all its financial obligations towards the Government of Vietnam and completed statutory procedures. A notification on overseas remittance of profits must be submitted to the competent tax authority before the offshore repatriation of dividends is made.

There are no withholding taxes or remittance taxes imposed on dividends paid to the foreign corporate investors or owners of the foreign-invested companies.

Offshore Loans

Loans granted by foreign lenders to Vietnamese entities, including foreign-invested companies, are permitted upon satisfaction of relevant conditions and, if application, completion of the procedural registration. Loans provided by offshore lenders with a term of more than 12 months must be registered with the State Bank of Vietnam. Offshore loans shall be disbursed and repaid via a proper bank account such as DICA as the case may be.

LAWS AND REGULATIONS RELATING TO INTELLECTUAL PROPERTY RIGHTS IN VIETNAM

Copyright

Copyright comprises moral rights and economic rights. Authors who use their own time, finance and material or technical facilities to create works shall have the moral rights and the economic rights under the laws. Certain of such moral rights and economic rights may also be vested in an organization which assigns its staff or engages an author to create a work, unless otherwise agreed.

Literary, artistic and scientific works are covered by copyright, including, among others, computer programs, data collections, books, music, paintings, and others. No copyright registration is compulsory in Vietnam.

Trademark, Patent and Industrial Design

Registration of trademark, patent or industrial design is not compulsory under laws of Vietnam. An organization may register for protecting its (i) patent and industrial designs the creation of which is funded by such organization in the form of job assignment or engagement with authors (unless otherwise legally agreed) and (ii) trademarks in relation to the products produced or services provided by such organization, from unlawful usage by third parties.

A certificate of registered trademark shall be valid from the grant date until the end of ten years from the filing date, and may be renewed for many consecutive terms, each of ten years. An invention patent shall be valid from the grant date until the end of twenty years after the filing date. An industrial design patent shall be valid from the grant date until the end of five years from the filing date, and may be renewed for two consecutive terms, each of five years.

LAWS AND REGULATIONS RELATING TO ENVIRONMENTAL PROTECTION IN VIETNAM

The principal statute currently governing environmental matters is Law No. 72/2020/QH14 on Environmental Protection which has come into effect since January 1, 2022, as amended from time to time.

The investors and/or the investee companies are required to comply with environmental protection obligations, including, among others: (i) carrying out licensing procedures for environmental impact assessment, environmental permits, and/or environmental registration before commencing the investment project; and (ii) during the operation of the investment project, applying appropriate measures to protect the environment, such as collecting, classifying, storing, and/or treating waste, and ensuring sufficient human resources and equipment to prevent or respond to environmental incidents, in accordance with Vietnamese laws.

OVERVIEW

Our Company was incorporated under the name of Dalian Dongfang Kemai Electronics Co., Ltd. (大連東方科脈電子有限公司) in the PRC on October 28, 2005 as a limited liability company with a registered capital of RMB10,000,000.

On December 11, 2015, our Company was converted into a joint stock company with limited liability.

We are a prominent player in the global e-paper display industry. We were the second largest global e-paper display manufacturer by revenue in 2025, with a market share of 20.8%, and the largest global commercial e-paper display manufacturer by revenue, with a market share of 24.9%, according to CIC. The global commercial e-paper display segment accounted for 83.5% of the overall global e-paper display market in 2025 in terms of revenue, underscoring our market position in the industry.

KEY MILESTONES

The following is a summary of our key milestones:

Year	Milestones
2005	Our Company was incorporated under the name of Dalian Dongfang Kemai Electronics Co., Ltd. (大連東方科脈電子有限公司)
	We commenced our business initially focusing on the design and R&D of industrial-grade LCD monitors and display modules
2008	In light of the development potential of e-paper display industry, we established our e-paper R&D team, becoming one of the earliest companies in the PRC to enter the e-paper display industry
2010	We entered into joint development agreement with E Ink Corporation, a subsidiary of E Ink Holdings, which is a global leader in e-paper display technology
2015	Our Company was converted into a joint stock company with limited liability
2018	We extended cooperation with E Ink Holdings through its strategic equity investment in us
	We ceased our business on the design and R&D of industrial-grade LCD monitors and display modules due to market saturation and intense competition

Year	Milestones
2021	Groundbreaking of the production base of DKE Fuyong
	Setting up of marketing centers in Shanghai and Hong Kong
2022	Successful trial production of the first fully automated e-paper production line of DKE Fushen
	Launch of our full-color e-paper display
	We were awarded National-level "Little Giant" Enterprise and Liaoning Province "Little Giant" Enterprise
	We were listed on Top 100 Manufacturing Enterprises in Dalian
2023	Production commenced in the production base of DKE Fuyong
	We became the first provider globally to deploy e-paper display products applied in the field of intelligent robotics
	We were awarded the 8th China Innovation Challenge Excellence Award
2024	Groundbreaking of the production base in Vietnam
	Awarded the international EcoVadis corporate social responsibility certification
2025	Production commenced in the production base in Vietnam
	We were awarded the 2025 IOTE Gold Award and the 2025 ePaper Industry Alliance Pioneering Award for e-paper technological innovation

OUR MAJOR SUBSIDIARIES

The date of establishment and principal business activities of each of our major subsidiaries are set out in the table below:

No.	Name of subsidiary	Date and place of establishment	Principal business activities	Registered capital/ issued share capital	Ownership as of the Latest Practicable Date
1.	DKE (Fushen) Company Limited (浙江富申科技有限公司)	March 29, 2018, PRC	R&D, manufacturing, processing and sales of e-paper display modules	RMB30,000,000	100%
2.	DKE (Fuyong) Company Limited (浙江富湧電子科技有限公司)	September 24, 2020, PRC	R&D, manufacturing, processing and sales of e-paper display modules	RMB100,000,000	100%
3.	DKE (Longning) Company Limited (大連龍寧科技有限公司)	September 19, 2010, PRC	R&D, manufacturing, processing and sales of e-paper display modules	RMB40,000,000	100%
4.	DKE (Shanghai) Company Limited (東方科脈(上海)科技有限公司)	August 30, 2021, PRC	R&D and sales of e-paper display modules; provision of technical services	RMB30,000,000	100%
5.	DKE Company Limited (浙江東方科脈科技有限公司)	January 23, 2018, PRC	Procurement and sales of e-paper display modules and their raw materials	RMB30,000,000	100%
6.	DKE (Longyong) Company Limited (龍甬(上海)貿易有限公司)	June 25, 2024, PRC	Sales of e-paper display modules	RMB1,000,000	100%
7.	DKE (Hong Kong) Co., Limited (東方科脈(香港)國際有限公司)	January 12, 2021, Hong Kong	Procurement and overseas sales of e-paper display modules and their raw materials	US$13,000,000	100%
8.	CONG TY TNHH QUOC TE DKE (VIET NAM) (DKE (Vietnam) International Company Limited)	March 12, 2024, Vietnam	Manufacturing, processing and sales of e-paper display modules	VND 72,210,000,000	100%

For changes in the registered capital of our subsidiaries, see "Appendix VI — Statutory and General Information — A. Further Information about Our Group — 3. Changes in the Share Capital of Our Subsidiaries."

ESTABLISHMENT AND MAJOR SHAREHOLDING CHANGES OF OUR COMPANY

(a) Early Development and Conversion into a Joint Stock Company

To the best knowledge, information and belief of our Directors, with an aim to develop a business focusing on the design and R&D of industrial-grade LCD monitors and display modules, Dalian Weina Trading Co., Ltd. (大連維納貿易有限公司) ("**Weina Trading**"), together with Ms. Tang Hong (湯紅) and Dalian Jiajing Precision Industry Co., Ltd. (大連佳井精工有限公司) ("**Jiajing Precision**") which provided technical support, established our Company on October 28, 2005 as a limited liability company under the laws of the PRC with an initial registered capital of RMB10,000,000. The shareholding structure of our Company as of the establishment date was as follows:

No.	Shareholder	Registered capital subscribed for	Percentage of shareholding in our Company
		(RMB)	*(%)*
1. . . .	Weina Trading[(1)]	6,000,000	60.00
2. . . .	Ms. Tang Hong (湯紅)[(2)]	2,500,000	25.00
3. . . .	Jiajing Precision[(3)]	1,500,000	15.00
	Total	**10,000,000**	**100.00**

Notes:

(1) During the period when Weina Trading was a shareholder of our Company, Weina Trading was a garment trading company and was owned by Liu Jie (劉捷) as to 42.0%, Dalian Bonded Zone Furong Trading Co., Ltd. (大連保稅區富榮貿易有限公司) as to 38.3% and Chen Liansheng (陳連生) as to 19.7%. Dalian Bonded Zone Furong Trading Co., Ltd. is owned as to 50% by Jiang Derong (姜德榮), 10% by Wang Mei (王玫), 10% by Chen Liansheng, 10% by Zhang Songdong (張松棟), 10% by Liu Zaiyong (劉在永) and 10% by Zhang Yan (張岩).

(2) To the best of knowledge, information and belief of our Directors, Ms. Tang Hong is the spouse of Mr. Zhao Jingguang (趙景廣). Mr. Zhao Jingguang (趙景廣) is the brother of Mr. Zhao Jinggang (趙景罡).

(3) During the period when Jiajing Precision was a shareholder of our Company, Jiajing Precision was owned as to 33.4% by Mr. Zhao Jingguang, Ms. Tang Hong as to 33.3% and Sun Baisheng (孫百勝) as to 33.4%.

Since our Company required capital from a new investor, pursuant to the equity transfer agreement dated March 18, 2008 entered into by Weina Trading and Mr. Zhou, Weina Trading agreed to transfer 41% equity interest in our Company to Mr. Zhou at a consideration of RMB410,000. Among the 41% equity interest in our Company transferred to Mr. Zhou, Mr. Zhou held 4% of the equity interest in our Company on behalf of Mr. Ma Zuquan (馬祖銓) ("**Mr. Ma**"), an Independent Third Party, pursuant to a nominee shareholding arrangement between them. Mr. Ma paid a consideration of RMB40,000 to Mr. Zhou in respect of the 4% equity interest in our Company attributable to Mr. Ma pursuant to the nominee shareholding arrangement. In August 2020, Mr. Ma agreed to transfer the 4% equity interest in our Company attributable to him to Mr. Zhou at a consideration of RMB3.84 million, and the nominee arrangement was therefore terminated. The appreciation of RMB3.80 million from RMB40,000 to RMB3.84 million constituted Mr. Ma's return on his equity investment in our Company.

Upon the establishment of our Company, Ms. Tang Hong held her equity interest in our Company on behalf of Mr. Zhao Jinggang. Pursuant to the equity transfer agreement dated April 18, 2008 entered into by Ms. Tang Hong and Mr. Zhao Jinggang, Ms. Tang Hong agreed to transfer all her equity interest in our Company to Mr. Zhao Jinggang at a consideration of RMB1, and the nominee arrangement was therefore terminated.

Since our Company required capital from a new investor, pursuant to the equity transfer agreement dated April 18, 2008 entered into by Jiajing Precision and Mr. Lv, Jiajing Precision agreed to transfer all its equity interest in our Company to Mr. Lv at a consideration of RMB975,000. Mr. Lv is an investor and has held management roles in various information technology companies in the PRC. Mr. Lv acquired equity interest in our Company as he was of the view that the e-paper display industry had favorable growth prospects. The Directors confirm that Mr. Lv was independent from the other shareholders of our Company at the time of his acquisition of our Company's interest from Jiajing Precision.

On June 19, 2009, the registered capital of our Company was increased from RMB10,000,000 to RMB12,000,000.

Upon the completion of the above equity transfers and capital increase, our shareholding structure was as follows:

No.	Shareholder	Registered capital subscribed for	Percentage of shareholding in our Company
		(RMB)	*(%)*
1.	Mr. Zhou	5,000,000	41.67
2.	Mr. Lv	2,600,000	21.67
3.	Mr. Zhao Jinggang (趙景罡)	2,500,000	20.83
4.	Weina Trading	1,900,000	15.83
	Total	**12,000,000**	**100.00**

Since Weina Trading required capital for its continued operation, pursuant to the equity transfer agreement dated February 10, 2011, Weina Trading agreed to transfer RMB650,000, RMB650,000 and RMB600,000 of the registered capital of our Company, representing 5.41%, 5.41% and 5% of the equity interest of our Company, to Mr. Zhou, Mr. Lv and Jiang Derong (姜德榮) respectively, at a consideration of RMB1.3 million, RMB1.3 million and RMB1.2 million respectively.

Upon the completion of the above equity transfer, our shareholding structure is as follows:

No.	Shareholder	Registered capital subscribed for	Percentage of shareholding in our Company
		(RMB)	*(%)*
1.....	Mr. Zhou	5,650,000	47.08
2.....	Mr. Lv	3,250,000	27.08
3.....	Mr. Zhao Jinggang	2,500,000	20.83
4.....	Jiang Derong	600,000	5.00
	Total	**12,000,000**	**100.00**

Between 2011 and 2015, our Company underwent several rounds of capital increases and transfers, upon completion of which our registered capital increased to RMB17,150,000.

(b) Conversion into a Joint Stock Company with Limited Liability

On December 11, 2015, our Company (then known as Dalian Dongfang Kemai Electronics Co., Ltd. (大連東方科脈電子有限公司)) was converted into a joint stock company with limited liability with a registered share capital of RMB17,150,000 divided into 17,150,000 Shares, which were subscribed by all of the then Shareholders in proportion to their respective equity interests in our Company. The shareholding structure of our Company immediately following our conversion into a joint stock company with limited liability was as follows:

No.	Shareholder	Number of Shares	Percentage of shareholding in our Company
			(%)
1.	Mr. Zhou	5,650,000	32.94
2.	Redbanyan Venture Capital	5,150,000	30.03
3.	Mr. Lv	3,250,000	18.95
4.	Mr. Zhao Jinggang	2,500,000	14.58
5.	Jiang Derong	600,000	3.50
	Total	**17,150,000**	**100.00**

(c) Share Capital Changes subsequent to our conversion into a Joint Stock Company with Limited Liability

Between 2016 and the Latest Practicable Date, our Company underwent further rounds of capital increases and transfers, upon completion of which our registered capital increased to RMB46,067,139 and the number of total issued Shares increased to 46,067,139.

(d) Acting in Concert Agreement

On April 16, 2018, in order to optimize the governance structure, consolidate the control of our Company and ensure the sustainable development of our Company, the Concert Party Group entered into the Acting in Concert Agreement, pursuant to which Mr. Lv acknowledges and confirms that he will consult with Mr. Zhou and reach a unanimous decision with Mr. Zhou before exercising his Shareholder's right, especially on the rights to convene a Shareholders' meeting, right to propose and right to vote. If no consensus can be reached after full discussions, Mr. Lv will act according to the decision of Mr. Zhou. The Acting in Concert Agreement is effective from the date of the Acting in Concert Agreement until any of the Concert Party Group ceases to be interested in any of our issued Shares.

As of the Latest Practicable Date, the Concert Party Group was in aggregate directly and indirectly interested in approximately 36.79% of our issued Shares. Accordingly, the Concert Party Group, alongside Dalian Longgu, Jiaxing Longxi and Jiaxing Longguan (being entities whose voting rights are ultimately controlled by Mr. Zhou) will be regarded as a group of Controlling Shareholders upon [**REDACTED**].

(e) Shareholding structure as of the Latest Practicable Date

After January 2026, our Company did not undergo any further capital increase and transfer. See "— Corporate Structure — Corporate Structure Immediately Before the Completion of the [**REDACTED**]" for details of our shareholding structure as of the Latest Practicable Date.

INCENTIVE PLATFORMS

In recognition of the contributions of the relevant persons (primarily comprise our employees) and to incentivize them to further promote our development, Dalian Longgu, Jiaxing Longxi and Jiaxing Longguan, were established in the PRC as our incentive platforms.

Dalian Longgu

Dalian Longgu is a limited partnership established in the PRC on December 29, 2015 and managed by its general partner, Mr. Zhou. As of the Latest Practicable Date, Dalian Longgu had 46 limited partners holding approximately 53.33% partnership interest in it, and Dalian Longgu directly held approximately 4.72% equity interest in our Company. Its partners are set out as follows:

Partners	Current position(s) in our Company	Partnership interest
General partner		
Mr. Zhou	Executive Director, chairman of the Board and general manager	46.67%
Limited partners[(1)]		
Mr. Wang Wenliang	Executive Director and vice general manager	6.90%
Ms. Wang Lei	Vice general manager	6.90%
Mr. Zhu Lianjun	Vice general manager	2.41%
43 employees of the Group	Management members, core technical personnel and key personnel	37.13%
Total		**100.00%**

Note:

(1) None of the limited partners of Dalian Longgu hold more than 30% partnership interest.

Jiaxing Longxi

Jiaxing Longxi is a limited partnership established in the PRC on December 17, 2020 and managed by its general partner, Mr. Zhou. As of the Latest Practicable Date, Jiaxing Longxi had 32 limited partners holding approximately 73.72% partnership interest in it, and Jiaxing Longxi directly held approximately 2.25% equity interest in our Company. Its partners are set out as follows:

Partners	Current position(s) in our Company	Partnership interest
General partner		
Mr. Zhou	Executive Director, chairman of the Board and general manager	26.28%
Limited partners(1)		
Ms. Chen Dandan	Vice general manager and secretary of the Board	14.49%
Mr. Wen Shifeng	Vice general manager	14.49%
Ms. Wang Lei	Vice general manager	5.80%
29 key employees of the Group	Management members, core technical personnel and key personnel	38.94%
Total		**100.00%**

Note:

(1) None of the limited partners of Jiaxing Longxi hold more than 30% partnership interest.

Jiaxing Longguan

Jiaxing Longguan is a limited partnership established in the PRC on December 23, 2020 and managed by its general partner, Mr. Zhou. As of the Latest Practicable Date, Jiaxing Longguan had 34 limited partners holding approximately 77.93% partnership interest in it, and Jiaxing Longguan directly held approximately 2.14% equity interest in our Company. Its partners are set out as follows:

Partners	Current position(s) in our Company	Partnership interest
General partner		
Mr. Zhou	Executive Director, chairman of the Board and general manager	22.07%
Limited partners(1)		
34 key employees of the Group	Management members, core technical personnel and key personnel	77.93%
Total		**100.00%**

Note:

(1) None of the limited partners of Jiaxing Longguan hold more than 30% partnership interest.

For further details, see "Appendix VI — Statutory and General Information — C. Further Information about our Directors and Substantial Shareholders — 5. Employee Incentive Schemes."

PRE-[REDACTED] INVESTMENTS

Our Company obtained several rounds of investments from the Pre-[**REDACTED**] Investors through equity subscriptions and transfers. For further details, see "— Establishment and Major Shareholding Changes of Our Company" above.

(a) Principal terms of the Pre-[REDACTED] Investments

The following table summarizes the details of the Pre-[**REDACTED**] Investments to our Company made by the Pre-[**REDACTED**] Investors:

Pre-[REDACTED] Investor	Date of Agreement	Settlement Date	Amount of registered capital/ Shares subscribed for/acquired *(RMB)*	Amount of consideration paid *(RMB)*[1]	Approximate cost per Share paid *(RMB)*[1][2]	Discount to the [REDACTED][3]
Mr. Lv	April 18, 2008	April 18, 2008	1,500,000	975,000	0.43	[REDACTED]
	June 3, 2009	June 11 and 15, 2009	1,100,000	1,100,000	0.67	[REDACTED]
	February 10, 2011	April 15, 2011	650,000	1,300,000	1.33	[REDACTED]
Jiang Derong[4]	February 10, 2011	February 10, 2011	600,000	1,200,000	1.33	[REDACTED]
Redbanyan Venture Capital	March 6, 2011	March 6, 2011	5,150,000	20,000,000	2.59	[REDACTED]
Fuzhou Zhuiyuan Venture Capital Partnership (福州追遠創業投資合夥企業) ("**Fuzhou Zhuiyuan**")	August 15, 2017	September 1 and 29, 2017	930,000	10,000,000	7.17	[REDACTED]
Chuanqi Optoelectronics Technology (Yangzhou) Co., Ltd. (川奇光電科技(揚州)有限公司) ("**Chuanqi Optoelectronics**")	January 31, 2018	February 7, 2018	837,000	9,000,000	7.17	[REDACTED]
Huang Tao (黃濤)[5]	June 30, 2018	June 8, 15, July 11, 23, 24 and 25, 2018	3,379,315	43,468,899	8.58	[REDACTED]
Fuzhou Zijing Jiayi Phase II Investment Partnership (Limited Partnership) (福州紫荊嘉義二期投資合夥企業(有限合夥)) ("**Fuzhou Zijing**")		June 8, 2018	342,612	4,531,079	8.81	[REDACTED]
Fuzhou Zhuiyuan		May 31, 2018	1,272,570	16,829,722	8.81	[REDACTED]

Pre-[REDACTED] Investor	Date of Agreement	Settlement Date	Amount of registered capital/ Shares subscribed for/acquired *(RMB)*	Amount of consideration paid *(RMB)*[1]	Approximate cost per Share paid *(RMB)*[1][2]	Discount to the [REDACTED][3]
Dalian Aerospace Peninsula Venture Capital Fund Partnership (Limited Partnership) (大連航天半島創業投資基金合夥企業(有限合夥)) ("**Dalian Peninsula**")	November 11, 2020	November 25, 2020	456,952	10,000,000	14.59	[**REDACTED**]
Mr. Gao Yanfeng (高雁峰)		November 23, 2020	456,952	10,000,000	14.59	[**REDACTED**]
Ningbo Meishan Bonded Port Area Gongshang Huifu Investment Management Center (Limited Partnership) (寧波梅山保稅港區共商惠福投資管理中心(有限合夥)) ("**Ningbo Gongshang Huifu**")		November 26, 2020	274,171	6,000,000	14.59	[**REDACTED**]
Dalian Junhao Enterprise Management Consulting Center (Limited Partnership) (大連浚豪企業管理諮詢中心(有限合夥)) ("**Dalian Junhao**")		November 25, 2020	182,781	4,000,000	14.59	[**REDACTED**]
Pingyang Kunyi Equity Investment Partnership (Limited Partnership) (平陽昆毅股權投資合夥企業(有限合夥)) ("**Pingyang Kunyi**")		November 23, 2020	456,952	10,000,000	14.59	[**REDACTED**]

Pre-[REDACTED] Investor	Date of Agreement	Settlement Date	Amount of registered capital/ Shares subscribed for/acquired *(RMB)*	Amount of consideration paid *(RMB)*[1]	Approximate cost per Share paid *(RMB)*[1][2]	Discount to the [REDACTED][3]
Tianjin Junxian Enterprise Management Partnership (Limited Partnership) (天津駿賢企業管理合夥企業(有限合夥)) ("**Tianjin Junxian**")	November 25, 2021	December 8, 2021	269,362	20,000,000	49.50	[**REDACTED**]
Dalian Junhao		December 3, 2021	134,681	10,000,000	49.50	[**REDACTED**]
Dongguan Chenkang Equity Investment Partnership Enterprise (Limited Partnership) (東莞市辰康股權投資合夥企業(有限合夥)) ("**Dongguan Chenkang**")[6]		December 1, 2021	134,681	10,000,000	49.50	[**REDACTED**]
Zhu Zhaofu (朱兆服)		November 30, 2021	134,681	10,000,000	49.50	[**REDACTED**]
Shenzhen Xinrui Venture Capital Partnership (Limited Partnership) (深圳芯瑞創業投資合夥企業(有限合夥)) ("**Shenzhen Xinrui**")		December 20, 2021	1,346,815	100,000,000	49.50	[**REDACTED**]
Shanghai Chaoyue Moore Investment Management Co., Ltd. (上海超越摩爾股權投資基金合夥企業(有限合夥)) ("**Shanghai Chaoyue Moore**")		December 3, 2021	673,407	50,000,000	49.50	[**REDACTED**]
Hainan Chaoyue Moore Entrepreneurship Investment Partnership Enterprise (Limited Partnership) (海南超越摩爾創業投資合夥企業(有限合夥)) ("**Hainan Chaoyue Moore**")		December 13, 2021	4,040	300,000	49.50	[**REDACTED**]
Shenzhen Jianyuan Investment–Debt Linkage Equity Investment Fund Partnership (Limited Partnership) (深圳建遠投貸聯動股權投資基金合夥企業(有限合夥)) ("**Shenzhen Jianyuan**")[7]		December 9, 2021	404,044	30,000,000	49.50	[**REDACTED**]
Lishui Shanrong Haina Venture Capital Partnership (Limited Partnership) (麗水山容海納創業投資合夥企業(有限合夥)) ("**Lishui Shanrong Haina**")		December 1, 2021	134,681	10,000,000	49.50	[**REDACTED**]
Pingyang Kunyi		December 7, 2021	673,407	50,000,000	49.50	[**REDACTED**]
Zhuhai Hengzhen Tianxing Consulting Management Center (Limited Partnership) (珠海恒臻天行諮詢管理中心(有限合夥)) ("**Zhuhai Hengzhen Tianxing**")		November 26, 2021	134,681	10,000,000	49.50	[**REDACTED**]
Beijing Yitang Changhou Display Chip Venture Capital Center (Limited Partnership) (北京屹唐長厚顯示芯片創業投資中心(有限合夥)) ("**Beijing Yitang Changhou**")		December 9, 2021	134,681	10,000,000	49.50	[**REDACTED**]
Mr. Gao Yanfeng (高雁峰)		December 1, 2021	134,681	10,000,000	49.50	[**REDACTED**]

Pre-[REDACTED] Investor	Date of Agreement	Settlement Date	Amount of registered capital/ Shares subscribed for/acquired *(RMB)*	Amount of consideration paid *(RMB)*[1]	Approximate cost per Share paid *(RMB)*[1][2]	Discount to the [REDACTED][3]
Dalian Junhao[6]	December 22, 2025	December 31, 2025	202,022	14,000,000	69.30	[REDACTED]
Jiaxing Honghai Venture Capital Partnership (Limited Partnership) (嘉興弘海創業投資合夥企業(有限合夥)) ("**Jiaxing Honghai**")[7]		January 19, 2026	606,066	39,600,000	65.34	[REDACTED]

Notes:

(1) The Consideration for the Pre-[**REDACTED**] Investments was determined based on arm's length negotiations among the relevant parties taking into account our Company's post-money valuation and the then development of our Company's technology development prospects.

(2) Calculated based on the number of Shares as adjusted after the last round of capital increase in June 2022.

(3) The discount to the [**REDACTED**] is calculated based on the assumption that the [**REDACTED**] is HK$[**REDACTED**] per [**REDACTED**] (being the mid-point of the indicative [**REDACTED**] range stated in this document), assuming that the [**REDACTED**] is not exercised.

(4) Jiang Derong passed away on February 28, 2022 and her shareholding in our Company has been inherited by her son Gu Jinzhou (谷錦洲).

(5) Huang Tao participated as a Pre-[**REDACTED**] Investor through Fuzhou Jinyuan Bauhinia Venture Capital Partnership (Limited Partnership) (福州金源紫荊創業投資合夥企業(有限合夥)) ("**Fuzhou Jinyuan**"), Tibet Wanqing Investment Management Co., Ltd. (西藏萬青投資管理有限公司) ("**Tibet Wanqing**") and Tibet Yuankun Venture Investment Co., Ltd. (西藏元昆創業投資有限公司) ("**Tibet Yuankun**"), all of which are controlled by Huang Tao.

(6) Pursuant to an equity transfer agreement dated December 22, 2025, Dongguan Chenkang has transferred its entire interest in our Company to Dalian Junhao. After such transfer, Dongguan Chenkang no longer holds any shareholding interest in our Company.

(7) Pursuant to an equity transfer agreement dated December 22, 2025, Shenzhen Jianyuan has transferred its entire interest in our Company to Jiaxing Honghai. After such transfer, Shenzhen Jianyuan no longer holds any shareholding interest in our Company.

(i) Lock-up Period

Pursuant to the applicable PRC laws and regulations, within the 12 months following the [**REDACTED**], no existing Shareholders (including the Pre-[**REDACTED**] Investors) may dispose of any of the Shares held by them.

(ii) Use of Proceeds

As of the Latest Practicable Date, all of the funds raised from the Pre-[**REDACTED**] Investments has been utilized as our general working capital in our business activities.

(iii) Strategic Benefits

The Pre-[**REDACTED**] Investments not only fuelled our research and development and business operation, but also demonstrated the investors' confidence in our business operation and strengths, and our growth prospects. Our Group could benefit from the business resources and potential business opportunities that may be provided by the Pre-[**REDACTED**] Investors from time to time. Some of Pre-[**REDACTED**] Investors are professional investment entities, and they brought us valuable industrial strengths, experience in market expansion and their insight on business strategies, and they also provided us with advice on our corporate governance, financial reporting and internal control.

(iv) Special Rights of the Pre-[**REDACTED**] *Investors*

Pursuant to the second supplemental agreement to the capital increase agreement entered into between the Company and each of the Pre-[**REDACTED**] Investors in May 2022 (the "**Termination Agreement**"), (i) all special rights of the Pre-[**REDACTED**] Investors granted by the Company have been terminated, which will not be reinstated upon occurrence of events which are beyond the control of the Company; and (ii) with effect from June 30, 2023, being the date on which the Company submitted its A Share [**REDACTED**], the redemption rights granted by Mr. Zhou were automatically terminated and will not be reinstated under any circumstances. The Company has not provided any guarantee in respect of the redemption rights and there is no side agreement entered into in this respect. In light of the above, no financial liability regarding the redemption rights was recorded during the Track Record Period. As such, no special rights of the Pre-[**REDACTED**] Investors exist after the submission of the first [**REDACTED**] to the Stock Exchange.

(b) Sole Sponsor's Confirmation

On the basis that (i) the respective consideration for the Pre-[**REDACTED**] Investments has been irrevocably settled no less than 120 clear days before the [**REDACTED**]; and (ii) no special rights of the Pre-[**REDACTED**] Investors will exist after the submission of the first [**REDACTED**] to the Stock Exchange, the Sole Sponsor confirms that the Pre-[**REDACTED**] Investments are in compliance with the Chapter 4.2 of the Guide for New Listing Applicants.

(c) Information about Pre-[**REDACTED**] **Investors**

Set out below is a description of our principal Pre-[**REDACTED**] Investors.

(i) Redbanyan Venture Capital

Redbanyan Venture Capital was established in the PRC on July 16, 2010, primarily engaged in industrial investment and asset management. As of the Latest Practicable Date, it is owned as to 48.9% by Xu Xiande (徐憲德), 30.2% by Li Zhongliang (李忠良), 11.4% by Xu Chaodan (徐朝丹) and 9.6% by Yu Qingchao (俞慶超).

(ii) Fuzhou Zhuiyuan

Fuzhou Zhuiyuan is a limited partnership established in the PRC on September 30, 2016, primarily engaged in venture capital business and venture capital consulting services. As of the Latest Practicable Date, the general partner of Fuzhou Zhuiyuan is Beijing Zhuiyuan Venture Capital Investment Co., Ltd. (北京追遠創業投資有限公司), which was controlled by Liu Chengmin (劉成敏), an Independent Third Party. The limited partners of Fuzhou Zhuiyuan include Qianhai Equity Investment Fund (Limited Partnership) (前海股權投資基金(有限合夥)) with 30% partnership interest and nine other limited partners each holding not more than 20% partnership interest. Qianhai Equity Investment Fund (Limited Partnership) is ultimately controlled by Jin Haitao (靳海濤), an Independent Third Party.

(iii) Huang Tao

Huang Tao, an Independent Third Party, participated as an Pre-[**REDACTED**] Investor through three entities controlled by him, namely Tibet Wanqing, Fuzhou Jinyuan and Tibet Yuankun.

Tibet Wanqing was established in the PRC on January 12, 2015, primarily engaged in business management planning and consulting. As of the Latest Practicable Date, Tibet Wanqing is wholly owned by Huang Tao (黃濤).

Fuzhou Jinyuan is a limited partnership established in the PRC on October 19, 2017, primarily engaged in venture capital business. As of the Latest Practicable Date, the general partner of Fuzhou Jinyuan is Tibet Wanqing, which is wholly owned by Huang Tao (黃濤) and the limited partner of Fuzhou Jinyuan is Tibet Tengyun Investment Management Co., Ltd. (西藏騰雲投資管理有限公司), which is also ultimately controlled by Huang Tao.

Tibet Yuankun was established in the PRC on July 24, 2017, primarily engaged in venture capital business. As of the Latest Practicable Date, Tibet Yuankun is wholly owned by Tibet Century Tengyun Business Management Co., Ltd. (西藏世紀 騰雲商業管理有限責任公司), which is in turn controlled by Huang Tao.

(iv) Shenzhen Xinrui

Shenzhen Xinrui is a limited partnership established in the PRC on January 29, 2019, primarily engaged in venture capital business. The general partner of Shenzhen Xinrui is China Reform Venture Capital Investment Management (Shenzhen) Ltd. (國新風險投資管理(深圳)有限公司). As of the Latest Practicable Date, the limited partners of Shenzhen Xinrui are China State-owned Venture Capital Investments Co., Ltd. (中國國有資本風險投資基金股份有限公司) and Shenzhen Xinfeng Investment Partnership (Limited Partnership) (深圳芯峰投資合夥企業(有限合夥)), with 98.5% and 1.5% partnership interest, respectively. All of China Reform Venture Capital Investment Management (Shenzhen) Ltd., China State-owned Venture Capital Investments Co., Ltd. and Shenzhen Xinfeng Investment Partnership (Limited Partnership) are ultimately controlled by China Reform Holdings Corporation Ltd. (中國國新控股有限責任公司), which is in turn controlled by the State-owned Assets Supervision and Administration Commission.

(v) Pingyang Kunyi

Pingyang Kunyi is a limited partnership established in the PRC on December 5, 2019, primarily engaged in private equity investment fund management. The general partner of Pingyang Kunyi is Huaqiang Venture Capital Co., Ltd. (華強創業投資有限責任公司), which is in turn beneficially owned by Mr. Liang Guangwei (梁光偉), an Independent Third Party. As of the Latest Practicable Date, the limited partners of Pingyang Kunyi are Shenzhen Huaqiang Investment Holdings Co., Ltd. (深圳華強投資控股有限公司), Mr. Li Zhongliang (李忠良) and Redbanyan Venture Capital, with 59.0%, 39.0% and 1.0% partnership interest, respectively. Shenzhen Huaqiang Investment Holdings Co., Ltd. is ultimately controlled by Mr. Liang Guangwei (梁光偉), an Independent Third Party.

(vi) Chuanqi Optoelectronics

Chuanqi Optoelectronics was established in the PRC on May 21, 2002, primarily engaged in display device manufacturing. As of the Latest Practicable Date, it is wholly owned by E Ink Holdings, an Independent Third Party. E Ink Holdings is a company listed on the Taiwan Stock Exchange (stock code: 8069). As of the Latest Practicable Date, none of the shareholders of E Ink Holdings hold more than 30% interest of E Ink Holdings.

(vii) Shanghai Chaoyue Moore

Shanghai Chaoyue Moore is a limited partnership established in the PRC on November 2, 2017, primarily engaged in equity investment and venture capital. As of the Latest Practicable Date, the general partner of Shanghai Chaoyue Moore is Shanghai Chaoyue Moore Private Equity Management Co., Ltd. (上海超越摩爾私募基金管理有限公司), which is controlled by Sino-IC Capital Ltd. (華芯投資管理有限責任公司), an Independent Third Party. As of the Latest Practicable Date, Sino-IC Capital Ltd. is owned as to 45% by China Development Bank Capital Corporation Limited (國開金融有限責任公司), which is a wholly owned subsidiary of the China Development Bank, and seven other shareholders holding not more than 10% interest, all of whom are Independent Third Parties. China Development Bank is a state-funded and state-owned development finance institution. As of the Latest Practicable Date, the limited partners of Shanghai Chaoyue Moore include China Integrated Circuit Industry Investment Fund Corporation (國家集成電路產業投資基金股份有限公司) with 39.2% partnership interest, and eight other limited partners each holding not more than 15% partnership interest. China Integrated Circuit Industry Investment Fund Corporation is ultimately controlled by Ministry of Finance of the PRC.

(viii) Dalian Peninsula

Dalian Peninsula is a limited partnership established in the PRC on June 1, 2018, primarily engaged in investment management and consulting. The general partner of Dalian Peninsula is Dalian Aerospace Peninsula Advanced Venture Capital Management Co., Ltd. (大連航天半島高新創業投資管理有限公司), which is ultimately controlled by Zhao Hongbin (趙洪賓), an Independent Third Party. The limited partners of Dalian Peninsula include Dalian Peninsula Morning Post Media Co., Ltd. (大連半島晨報傳媒有限公司) with 20.3% partnership interest, and 8 other limited partners with not more than 20% partnership interest. Dalian Peninsula Morning Post Media Co., Ltd. is ultimately controlled by Liaoning Press and Publication Media Group (遼寧報刊傳媒集團), an Independent Third Party. Liaoning Press and Publication Media Group is an organization under the Liaoning Provincial Party Committee of the PRC.

(ix) Jiaxing Honghai

Jiaxing Honghai is a limited partnership established in the PRC on August 8, 2025, primarily engaged in venture capital business. The general partner of Jiaxing Honghai is Zhejiang Huakong Zijing Venture Capital Co., Ltd. (浙江華控紫荊創業投資有限公司) ("**Huakong Zijing**"), with 1.67% partnership interest. Jiaxing Honghai has six limited partners and none of the limited partners hold more than 30% partnership interest in Jiaxing Honghai. Huakong Zijing is a limited liability company established in the PRC and is controlled by Beijing Huakong Zijing Investment Management Center (Limited Partnership) (北京華控紫荊投資管理中心(有限合夥)), which in turn is controlled by Yiwu Jiayong Enterprise Management Co., Ltd. (義烏嘉永企業管理有限公司) ("**Yiwu Jiayong**"). Yiwu Jiayong is a limited liability company owned as to 70% by Zhang Xin (張鑫) and 30% by Ren Wenze (任文澤).

(x) Fuzhou Zijing

Fuzhou Zijing is a limited partnership established in the PRC on July 31, 2017, primarily engaged in investment consulting. The general partner of Fuzhou Zijing is Beijing Zijing Huaxin Investment Management Center (Limited Partnership) (北京紫荊華信投資管理中心(有限合夥)), which is ultimately controlled by Shen Zhengning (沈正寧), an Independent Third Party. The limited partners of Fuzhou Zijing include Ningbo Meishan Bonded Port Area Zihui Qingying Investment Management Center (Limited Partnership) (寧波梅山保税港區紫惠清盈投資管理中心(有限合夥)) with 44.4% partnership interest, Tibet Tengyun Investment Management Co., Ltd. (西藏騰雲投資管理有限公司) with 27.8% partnership interest and three other limited partners each holding less than 15% partnership interest. Ningbo Meishan Bonded Port Area Zihui Qingying Investment Management Center (Limited Partnership) is ultimately controlled by Shen Zhengning (沈正寧), an Independent Third Party. Tibet Tengyun Investment Management Co., Ltd. is ultimately controlled by Huang Tao, an Independent Third Party.

(xi) Dalian Junhao

Dalian Junhao is a limited partnership established in the PRC on August 18, 2020, primarily engaged in enterprise management consulting. The general partner of Dalian Junhao is Qu Shengjun (曲聖軍) with 55% partnership interest, and the limited partner of Dalian Junhao is Wang Mei (王美) with 45% partnership interest, both of whom are Independent Third Parties.

(xii) Ningbo Gongshang Huifu

Ningbo Gongshang Huifu is a limited partnership established in the PRC on January 12, 2017, primarily engaged in investment management and consulting. The general partner of Ningbo Gongshang Huifu is Beijing Huayi Investment Management Center (Limited Partnership) (北京華義投資管理中心(有限合夥)). Beijing Huayi Investment Management Center (Limited Partnership) is ultimately controlled by Li Guowen (李國文), an Independent Third Party. The limited partners of Ningbo Gongshang Huifu are Wang Liandi (王聯弟) and Yang Tingting (楊婷婷), holding 76.9% and 22% of the partnership interests respectively, both of whom are Independent Third Parties.

(xiii) Tianjin Junxian

Tianjin Junxian is a limited partnership established in the PRC on August 5, 2021, primarily engaged in enterprise management. The general partner of Tianjin Junxian is Guo Wenlin (郭文林), an Independent Third Party. The limited partners of Tianjin Junxian are Zhang Shize (張世澤) and Zhan Tingting (詹婷婷), both of whom are Independent Third Parties.

(xiv) Lishui Shanrong Haina

Lishui Shanrong Haina is a limited partnership established in the PRC on August 30, 2021, primarily engaged in venture capital business. The general partner of Lishui Shanrong Haina is Jiaxing Muqing Equity Investment Partnership Corporation (Limited Partnership) (嘉興沐清股權投資合夥企業(有限合夥)). Jiaxing Muqing Equity Investment Partnership Corporation (Limited Partnership) is ultimately controlled by Yan Jianzhang (嚴見璋), an Independent Third Party. The limited partners of Lishui Shanrong Haina include Zhejiang Yeestor Electronic Co., Ltd. (浙江得一微電子有限責任公司) with 20.4% partnership interest, and six other limited partners each holding not more than 20% partnership interest. Zhejiang Yeestor Electronic Co., Ltd. is ultimately controlled by Wu Dawei (吳大畏), an Independent Third Party.

(xv) Zhuhai Hengzhen Tianxing

Zhuhai Hengzhen Tianxing is a limited partnership established in the PRC on August 20, 2021, primarily engaged in enterprise management consulting. The general partner of Zhuhai Hengzhen Tianxing is Chen Yongchao (陳泳潮), an Independent Third Party. The limited partners of Zhuhai Hengzhen Tianxing are Ma Guoxing (馬國慶), Yuan Bin (阮斌) and Li Guopeng (李國鵬), holding 26.4%, 26.4% and 20.8% of the partnership interests respectively, all of whom are Independent Third Parties.

(xvi) Beijing Yitang Changhou

Beijing Yitang Changhou is a limited partnership established in the PRC on November 23, 2018, primarily engaged in investment management. The general partner of Beijing Yitang Changhou is Beijing Yitang Changhou Venture Capital Management Co., Ltd. (北京屹唐長厚創業投資基金管理有限公司). Beijing Yitang Changhou Venture Capital Management Co., Ltd. is ultimately controlled by Wan Rong (萬榮), an Independent Third Party. The limited partners of Beijing Yitang Changhou include Zhuhai Dahengqin Innovative Development Co., Ltd. (珠海大橫琴創新發展有限公司) with 20.3% partnership interest, Zhuhai Technology Venture Capital Co., Ltd. (珠海科技創業投資有限公司) with 20.3% partnership interest, Beijing Yizhuang International New Industry Investment Center (Limited Partnership) (北京亦莊國際新興產業投資中心(有限合夥)) with 20.3% interest, and six other limited partners with not more than 20% partnership interest. Zhuhai Dahengqin Innovative Development Co., Ltd., Zhuhai Technology Venture Capital Co., Ltd. and Yizhuang International New Industry Investment Center (Limited Partnership) are ultimately controlled by the State-owned Assets Supervision and Administration Commission.

(xvii) Hainan Chaoyue Moore

Hainan Chaoyue Moore is a limited partnership established in the PRC on October 27, 2021, primarily engaged in venture capital investment. The general partner of Hainan Chaoyue Moore is Sanya Chaoyue Moore Enterprise Management Co., Ltd. (三亞超越摩爾企業管理有限公司). Sanya Chaoyue Moore Enterprise Management Co., Ltd. is ultimately controlled by Wang Jun (王軍), an Independent Third Party. The limited partners of Hainan Chaoyue Moore are Wang Jun, Shi Jingxing (史晶星) and Guo Qihang (郭啟航), holding 38.3%, 38% and 20.3% of the partnership interests respectively, all of whom are Independent Third Parties.

COMPLIANCE WITH PRC LAWS AND REGULATIONS

As advised by our PRC Legal Advisor, all the abovementioned capital increases and equity transfers of our Company and our subsidiaries are effective, legally completed, duly settled and in compliance with the PRC laws and regulations, and all permits, authorisations, approvals and consents necessary for the above transactions have been obtained from the relevant PRC governmental authorities.

PUBLIC FLOAT

Based on an [**REDACTED**] of HK$[**REDACTED**], HK$[**REDACTED**] and HK$[**REDACTED**] per H Share, being the low-end, mid-point and high-end of the [**REDACTED**] range respectively, the minimum public float percentage threshold under Rule 19A.13A(1) is 25%, 25% and 25% respectively.

Upon completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised) and the conversion of Unlisted Shares into H Shares, [**REDACTED**] Unlisted Shares will be converted into H Shares and listed on the Stock Exchange.

Upon the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised) and the conversion of Unlisted Shares into H Shares, the Shares held by certain of our Shareholders who are, or directly or indirectly controlled by our core connected persons, will not be counted towards the public float. Details of these Shareholders are set out below:

- Dalian Longgu, Jiaxing Longxi, Jiaxing Longguan and the Concert Party Group are our Controlling Shareholders and the [**REDACTED**] H Shares held by them will not count towards the public float; and
- Redbanyan Venture Capital is our substantial shareholder and the [**REDACTED**] H Shares held by it will not count towards the public float.

To the best knowledge of our Directors, save as disclosed above, upon the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised) and the conversion of Unlisted Shares into H Shares, [**REDACTED**] H Shares held or controlled by our Shareholders who are not our core connected persons, representing approximately [**REDACTED**]% of our total issued Shares, will be counted towards the public float, which is in compliance with the requirement under Rule 19A.13A(1) of the Listing Rules.

FREE FLOAT

[**REDACTED**]

CAPITALIZATION OF OUR COMPANY

The table below sets out the capitalization of our Company as of the date of the Latest Practicable Date and upon the completion of the [**REDACTED**] and the conversion of Unlisted Shares into H Shares (assuming that the [**REDACTED**] is not exercised):

		As at the Latest Practicable Date		Immediately following the completion of the [REDACTED] and conversion of the Unlisted Shares into H Shares (assuming the [REDACTED] is not exercised)		
No.	**Shareholder**	**Number of Unlisted Shares**	**Ownership percentage of shareholding in the Unlisted Shares**	**Number of H Shares**	**Number of Unlisted Shares**	**Ownership percentage of shareholding in the total issued share capital**
1	Mr. Zhou	9,578,935	20.79%	[REDACTED]	[REDACTED]	[REDACTED]
2	Redbanyan Venture Capital	6,975,000	15.14%	[REDACTED]	[REDACTED]	[REDACTED]
3	Huang Tao[(1)]	5,068,972	11.00%	[REDACTED]	[REDACTED]	[REDACTED]
4	Fuzhou Zhuiyuan	3,303,855	7.17%	[REDACTED]	[REDACTED]	[REDACTED]
5	Mr. Lv	3,172,978	6.89%	[REDACTED]	[REDACTED]	[REDACTED]
6	Mr. Zhao Jinggang	2,700,000	5.86%	[REDACTED]	[REDACTED]	[REDACTED]
7	Dalian Longgu	2,175,000	4.72%	[REDACTED]	[REDACTED]	[REDACTED]
8	Shenzhen Xinrui	2,020,223	4.39%	[REDACTED]	[REDACTED]	[REDACTED]
9	Pingyang Kunyi	1,695,538	3.68%	[REDACTED]	[REDACTED]	[REDACTED]
10	Chuanqi Optoelectronics	1,255,500	2.73%	[REDACTED]	[REDACTED]	[REDACTED]
11	Jiaxing Longxi	1,035,000	2.25%	[REDACTED]	[REDACTED]	[REDACTED]
12	Shanghai Chaoyue Moore	1,010,111	2.19%	[REDACTED]	[REDACTED]	[REDACTED]
13	Jiaxing Longguan	985,500	2.14%	[REDACTED]	[REDACTED]	[REDACTED]
14	Mr. Gao Yanfeng (高雁峰)	887,449	1.93%	[REDACTED]	[REDACTED]	[REDACTED]
15	Dalian Peninsula	685,428	1.49%	[REDACTED]	[REDACTED]	[REDACTED]
16	Dalian Junhao	678,215	1.47%	[REDACTED]	[REDACTED]	[REDACTED]
17	Jiaxing Honghai	606,066	1.32%	[REDACTED]	[REDACTED]	[REDACTED]
18	Fuzhou Zijing	513,922	1.12%	[REDACTED]	[REDACTED]	[REDACTED]
19	Ningbo Gongshang Huifu	411,256	0.89%	[REDACTED]	[REDACTED]	[REDACTED]
20	Tianjin Junxian	404,043	0.88%	[REDACTED]	[REDACTED]	[REDACTED]
21	Lishui Shanrong Haina	202,022	0.44%	[REDACTED]	[REDACTED]	[REDACTED]
22	Zhuhai Hengzhen Tianxing	202,022	0.44%	[REDACTED]	[REDACTED]	[REDACTED]
23	Beijing Yitang Changhou	202,022	0.44%	[REDACTED]	[REDACTED]	[REDACTED]
24	Zhu Zhaofu (朱兆服)	202,022	0.44%	[REDACTED]	[REDACTED]	[REDACTED]
25	Gu Jinzhou (谷錦洲)	90,000	0.20%	[REDACTED]	[REDACTED]	[REDACTED]
26	Hainan Chaoyue Moore	6,060	0.01%	[REDACTED]	[REDACTED]	[REDACTED]
27	[**REDACTED**] taking part in the [**REDACTED**]	–	–	[REDACTED]	[REDACTED]	[REDACTED]
	Total	**46,067,139**	**100%**	[REDACTED]	**–**	**100%**

Note:

(1) Huang Tao's interest is held through Tibet Wanqing, Fuzhou Jinyuan and Tibet Yuankun, all of which are controlled by Huang Tao.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

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

PREVIOUS [REDACTED] APPLICATION

On June 30, 2023, our Company submitted an application (the "**A Share Listing Application**") for listing (the "**A Share Listing**") of our Shares on the main board of the Shanghai Stock Exchange. The Shanghai Stock Exchange issued two rounds of comments while reviewing the A Share Listing Application, to which our Company provided responses.

In view of (i) our business development and strategic planning considerations; (ii) the then listing qualifications applicable to us; and (iii) after a thorough analysis of the prevailing capital market conditions and other relevant factors, we decided to withdraw the A Share Listing Application and the plan for A Share Listing. There is no material outstanding comments in relation to the A Share Listing Application prior to such withdrawal.

On May 10, 2024, we applied for withdrawal of the A Shares Listing Application, and the Shanghai Stock Exchange has accepted such withdrawal application and issued the Decision in relation to the Termination of the Review of the Initial Public Offering and Listing of DKE Holding Company Limited on the Main Board (《關於終止對浙江東方科脈電子股份有限公司首次公開發行股票並在主板上市審核的決定》) on May 20, 2024. We had addressed all comments raised by the Shanghai Stock Exchange, and no additional comments were received from them, up to the date of the withdrawal of the A Share Listing Application. The withdrawal of the A Share Listing was not attributable to any issues related to the operations of our Company or the Controlling Shareholders.

Considering that the Stock Exchange would provide our Company with an international platform to access foreign capital, attract diverse overseas investors and increase our international exposure, all of which being beneficial to our expansion to the international market, our Company decided to pursue a [**REDACTED**] of the H Shares on the Stock Exchange in order to provide further capital for our R&D and general working capital as described in more details in "Future Plans and [**REDACTED**]."

To the best of our Directors' knowledge, information and belief, our Directors are not aware of any material matter in relation to the A Shares Listing Application which may materially and adversely affect the Company's suitability for [**REDACTED**] and needs to be brought to the attention of the Stock Exchange or the Shareholders.

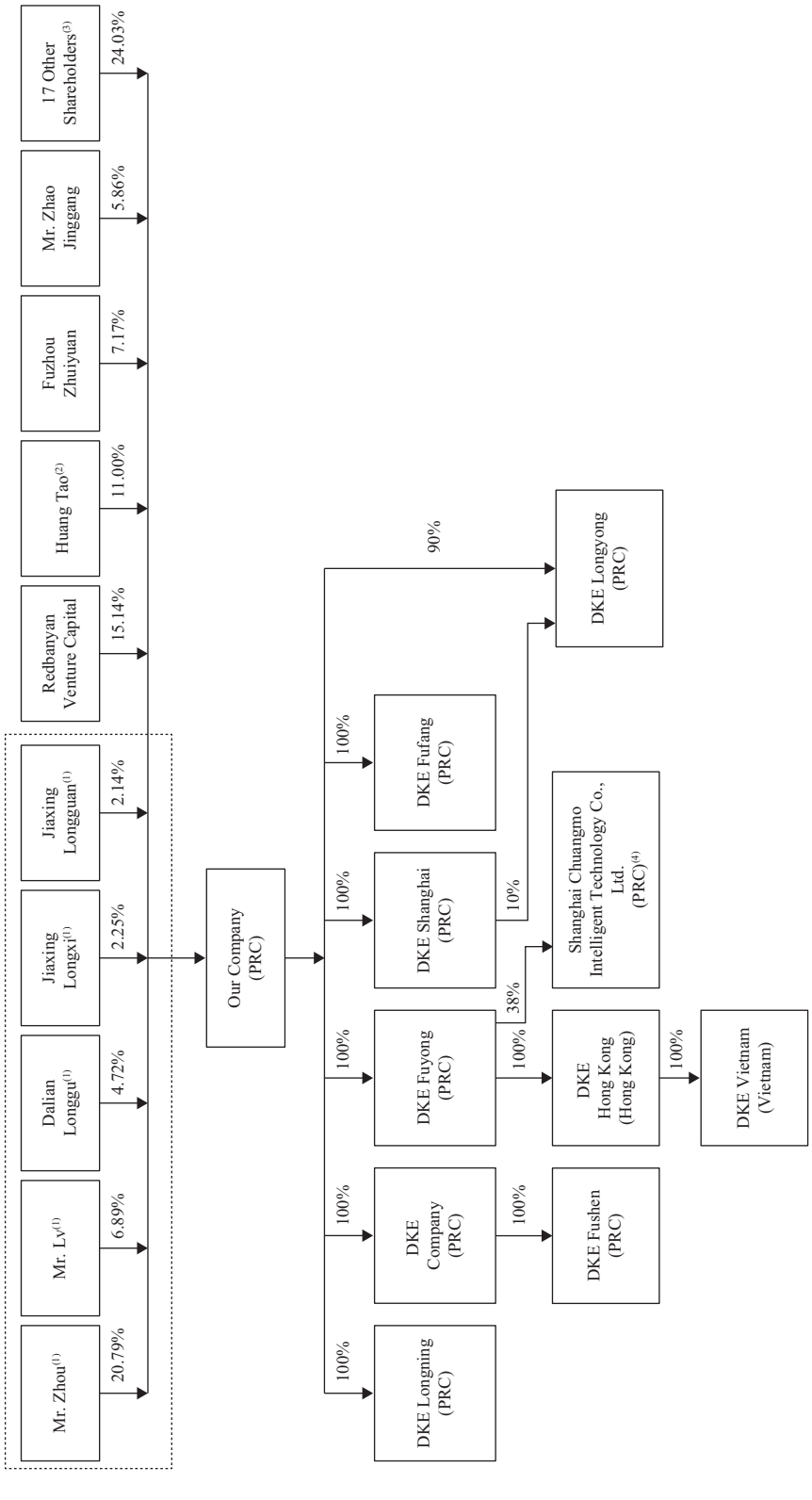
Based on the due diligence work conducted by the Sole Sponsor, nothing has come to the Sole Sponsor's attention that would reasonably cause the Sole Sponsor to disagree with the Directors' view on whether any material matter in relation to the A Shares Listing Application needs to be brought to the attention of the Stock Exchange or the Shareholders.

Based on the due diligence interviews with and/or confirmations received from the then professional parties of the A Share Listing Application, our Directors are of the view, and the Sole Sponsor concurs, that there were no disagreements between the Group and the then professional parties of the A Share Listing Application.

CORPORATE STRUCTURE

Corporate Structure Immediately Before the Completion of the [REDACTED]

The chart below sets out the corporate structure of our Company and subsidiaries immediately before the completion of the [REDACTED]:



Notes:

(1) As of the Latest Practicable Date, Mr. Zhou controlled approximately 29.90% of our issued Shares through (i) 9,578,935 Shares (representing approximately 20.79% of our issued Shares) directly held by him; (ii) 2,175,000 Shares (representing approximately 4.72% of our issued Shares) held by Dalian Longgu and controlled by him as its general partner; (iii) 1,035,000 Shares (representing approximately 2.25% of our issued Shares) held by Jiaxing Longxi and controlled by him as its general partner; and (iv) 985,500 Shares (representing approximately 2.14% of our issued Shares) held by Jiaxing Longguan and controlled by him as its general partner. Mr. Zhou is also deemed to be interested in the 3,172,978 Shares (representing approximately 6.89% of our issued Shares) held by Mr. Lv by virtue of the Acting in Concert Agreement. See "— Establishment and Major Shareholding Changes of Our Company — (d) Acting in Concert Agreement" for details. As such, Mr. Zhou is deemed to be interested in 36.79% of our issued Shares and is therefore one of our Controlling Shareholders.

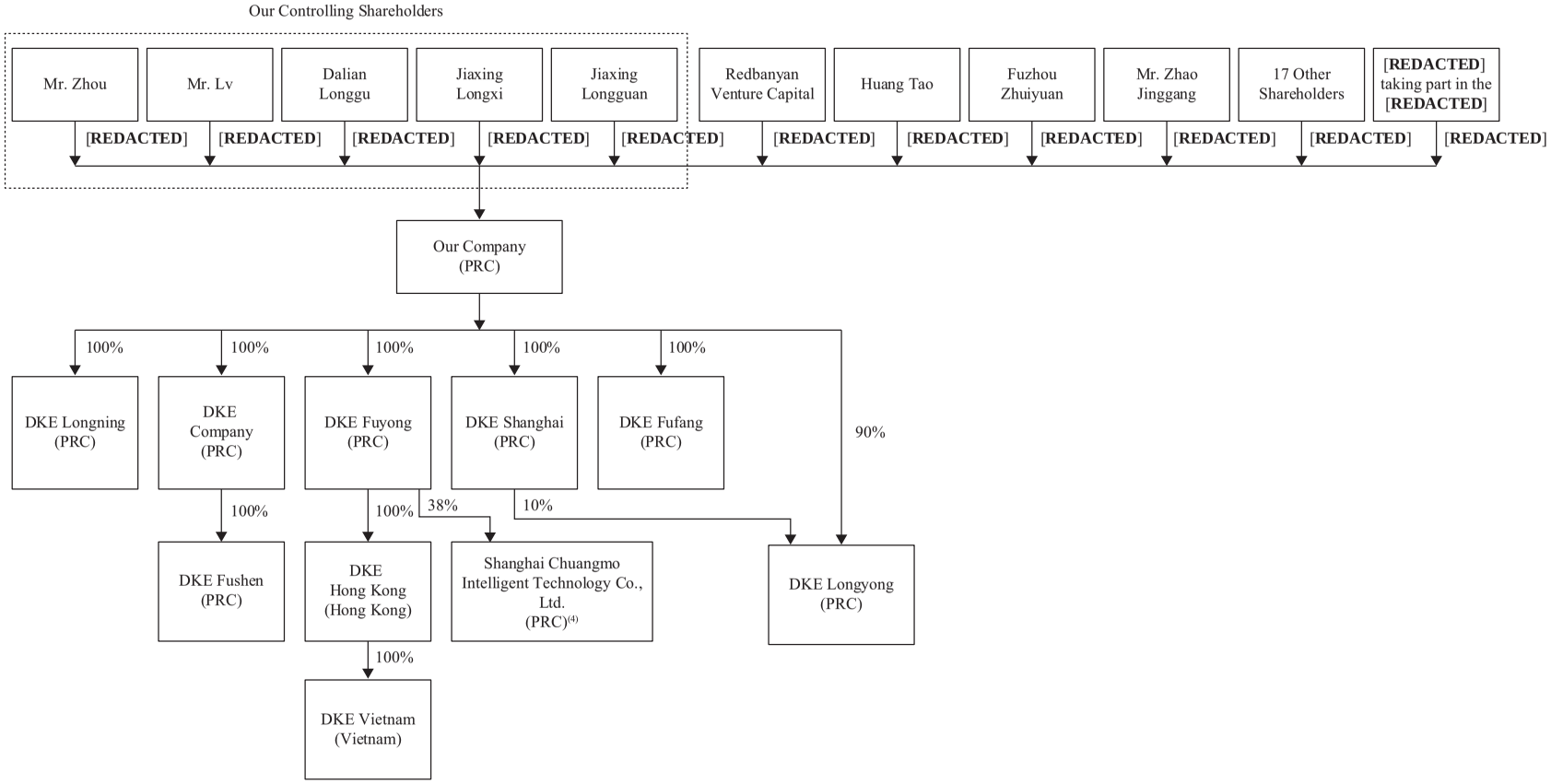
(2) Huang Tao's interests in our Company is held through Tibet Wanqing, Fuzhou Jinyuan and Tibet Yuankun, all of which are controlled by Huang Tao.

(3) None of these 20 other Shareholders is interested in more than 5% of our issued Shares as of the Latest Practicable Date. See "— Capitalization of Our Company" for details.

(4) Shanghai Chuangmo Intelligent Technology Co., Ltd. (上海創墨智慧科技有限公司) is accounted for and consolidated in the audited consolidated accounts of the Company as a subsidiary pursuant to applicable IFRS Accounting Standards.

Corporate Structure Immediately Following the Completion of the [REDACTED]

The chart below sets out the corporate structure of our Company and subsidiaries immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised):



Note:

See notes 1 to 4 to the chart in "— Corporate Structure Immediately Before the Completion of the [**REDACTED**]" above.

OVERVIEW

We are a prominent player in the global e-paper display industry. We were the second largest global e-paper display manufacturer by revenue in 2025, with a market share of 20.8%, and the largest global commercial e-paper display manufacturer by revenue, with a market share of 24.9%, according to CIC. The global commercial e-paper display segment accounted for 83.5% of the overall global e-paper display market in 2025 in terms of revenue, underscoring our market position in the industry.

Over the past 15 years, we have accumulated experience in e-paper display industry and built capabilities in proprietary design and manufacturing of e-paper display modules. We focus on the R&D, production and sales of a wide range of e-paper display modules covering a full spectrum of display colors and sizes. Our product portfolio is used in diverse application scenarios including smart retail, smart offices, smart education, smart logistics, smart transportation, e-readers and emerging applications.

Over the past 15 years, we have built a presence in the global e-paper display industry through sustained research and development. Our success is reflected in a series of key milestones as set forth below:

- We commenced our business in 2005, initially focusing on the design and R&D of industrial-grade LCD monitors and display modules. Drawing from our experience in display technology, we had at the time recognized the significant potential of e-paper in the development of IoT applications. In 2008, we established our e-paper R&D team, becoming one of the earliest companies in the PRC to enter the e-paper display industry;
- In 2010, we signed a joint development agreement with E Ink Corporation, a subsidiary of E Ink Holdings, which is a global leader in e-paper display technology, covering joint R&D and accelerating innovation. In 2018, E Ink Holdings further reinforced this partnership through a strategic equity investment in us through its wholly-owned subsidiary;
- By 2018, we had completed a full strategic transformation into e-paper display, supported by our two manufacturing bases in Dalian and Jiaxing Comprehensive Bonded Zone, enabling rapid product upgrades and capacity expansion;
- In 2021, we launched the construction of our Jiaxing headquarters production base which commenced full operation in 2023 and was, according to CIC, the world's largest e-paper display module production base as of the Latest Practicable Date in terms of both gross floor area and number of production lines. In 2023, our first fully automated e-paper module production line also commenced mass production, significantly enhancing efficiency, quality, and traceability. By December 31, 2025, our annual production capacity for e-paper display modules was around 160 million units across 50 specialized production lines;
- In 2023, we became the first provider globally to deploy e-paper display products applied in the field of intelligent robotics;
- In 2024, we commenced construction of our first overseas manufacturing facility in Vietnam, while also launching the world's first OTFT-based flexible e-paper display with 180° bending capability according to CIC. We were also the first manufacturer globally to achieve mass production of a curved e-paper touchscreen hardware wallet using OTFT technology. This product earned us the 2025 ePaper Industry Alliance Pioneering Award for e-paper technological innovation;

- In 2025, our first overseas production base, the Vietnam manufacturing base, was completed and officially commenced production, making us one of the few companies in the global e-paper display industry with self-built overseas manufacturing capacity. Simultaneously, we completed the development of large-size e-paper products based on the E6 full-color display series, taking the lead in the industrial mass production and application of fast-refresh color e-paper display modules, demonstrating our pursuit of technological advancement. Our 13.3-inch full-color e-paper display module was awarded the 2025 "IOTE Gold Award" by the Shenzhen IoT Industry Association.

As a prominent player in the global e-paper display industry, we continuously pursue R&D and innovation to strengthen our core competitiveness. As of the Latest Practicable Date, we held 98 patents, including 32 invention patents, solidifying the technology capabilities to support the expansion of our product portfolio. Going forward, we will continue to invest in the R&D of new and enhanced products such as flexible, full-color and ultra-large displays, further enriching our offerings and delivering more advanced, high-quality products for our customers and the industry.

To efficiently serve our global customers, we have established four production and R&D bases, being the largest number among industry players worldwide as of the Latest Practicable Date according to CIC, together with multiple offices across China and overseas, which provide comprehensive customer service targeting markets in Europe, America, Asia, among others. Leveraging our localized presence, we continuously optimize supply chain and logistics costs for our customers, ensuring an agile and reliable response to their needs.

Building on years of industry experience and business capabilities, we have continued to deliver steady progress in both scale and operational efficiency. Sales of our e-paper display modules increased from 56.1 million units in 2023 to 67.1 million units in 2024 and further to 124.5 million units in 2025. During the Track Record Period, we maintained substantial investment in R&D, achieving a CAGR of 21.6% in R&D spending from 2023 to 2025. In 2023, 2024 and 2025, our revenue was RMB1,024.2 million, RMB1,151.6 million and RMB1,713.0 million, respectively, and our profit for the year was RMB50.7 million, RMB53.4 million and RMB80.2 million, respectively.

We have launched new e-paper display products, including full-color, large-size billboard products. Our product pipeline also includes small- and medium-sized full-color OTFT, PI a-Si and other flexible products, full-color, large-size products powered by Spectra 6 technology, as well as multi-color, wide-temperature products powered by Spectra 3100 technology. With these innovations, our application scenarios are extending beyond smart retail into smart office, smart education, smart logistics, smart transportation and smart healthcare, unlocking significant revenue growth potential.

OUR STRENGTHS

We believe the following competitive strengths contribute to our success:

An early industry entrant with established production scale and deep-rooted customer relationships

According to CIC, we were one of the earliest companies in the PRC to enter the e-paper display industry and have built a reputable position over the years. In 2025, we ranked first globally among commercial e-paper display manufacturers in terms of revenue, with a market share of 24.9%.

As of December 31, 2025, we had established four production bases in Jiaxing and Dalian, China and Phu Tho Province, Vietnam, operating a total of 50 specialized production lines. As of the Latest Practicable Date, we had the most number of production bases in the global e-paper display industry according to CIC. Our sales and service networks extend to numerous countries and regions worldwide.

The trust of globally recognized clients strengthens our industry position. We have successfully established a presence in the supply chains of numerous international brands in the core application market for electronic shelf labels. We have maintained long-standing partnerships with the world's top e-paper application providers. Leveraging flexible customization capabilities, reliable delivery, consistent product quality and comprehensive after-sales support, we deliver advanced e-paper display modules to customers, successfully serving these top global e-paper application providers.

These high-quality customer resources not only generate recurring business orders but also provide valuable market insights and opportunities for technological collaboration. We have established an in-depth collaboration mechanism with the top global providers of e-paper application. Through shared demand forecasts, customized solution development, and joint market expansion, we can effectively improve our responsiveness to customer service and strengthen our market share.

Stable, mutually beneficial and collaborative supply chain system

We serve as a vice-chairing member of the Electronic Paper Industry Alliance. Such role not only reflects our industry position but also enhance our influence in setting industry standards and promoting collaborative innovation. We have established long-standing partnerships with suppliers of core raw materials, including e-ink film, TFT substrates and driver ICs. Through strategic cooperation agreements and capacity supply agreements, we have established a resilient and diversified supply chain. This foundation ensures consistent product quality, reduces supply chain risks, and enables us to respond effectively to large-scale and fast-changing market demands.

Furthermore, we are collaborating with key raw material suppliers to jointly develop new products and applications, fostering the mode of cooperation utilizing complementary strengths and shared resources. This well positions us for industry advances while enabling us to deliver reliable, high-performance e-paper display products to our downstream customers. By driving continuous innovation in e-paper technology and accelerating its adoption across global IoT devices, we aim to create shared value along the supply chain and steadily expand our global footprint.

Strong technical expertise and continuous innovation as core drivers

With over a decade of expertise in e-paper display industry, we have built a solid foundation of core know-how and advanced manufacturing processes. Our innovative e-paper intelligent cutting and layout system has successfully overcome common challenges in the e-paper display industry. By optimizing cutting techniques and intelligent layout algorithms, we have enhanced the utilization rate of medium- and large-sized e-ink films. This breakthrough, which has been granted a national utility patent, pioneers a brand new cost-reduction pathway for global e-paper display manufacturers. Additionally, we are the first in the industry to introduce FPL master sheet inspection system, effectively boosting master film inspection efficiency and production yield.

In terms of full-color, we have developed full-color e-paper modules that offer faster refresh rates, higher resolution, a wider color gamut, and richer saturation. In terms of flexibility, we have successfully achieved large-scale mass production application of OTFT technology in e-paper products, and achieved the world's first mass production of OTFT-based flexible e-paper products according to CIC. In terms of segment code and prism, we draw on years of accumulated expertise to support a full product range from small to medium and large sizes.

We adopt an R&D model that prioritizes "in-house innovation," supplemented by "open collaboration." In terms of in-house innovation, we strengthen the technological capabilities to accelerate the industrialization of full-color e-paper (E Ink Spectra 6) and flexible e-paper. In terms of open collaboration, we partner with leading universities on joint projects aimed at improving backplane and substrate performance. We are also actively developing a patent portfolio across various areas, including driver design and flexible packaging, with dozens of patents already granted.

We remain firmly committed to R&D investment, keeping pace with key industry trends such as colorization, flexibility, and high refresh rates. This commitment ensures continuous product performance enhancement and the expansion of application scenarios. Backed by a strong R&D team and ongoing investment, we maintain a proactive standing in technology and product iteration, enabling us to respond quickly to customer needs for new products.

Exceptional large-scale production capabilities and highly automated intelligent manufacturing

We were the second largest global e-paper display manufacturer by revenue in 2025, with a market share of 20.8%, and the largest global commercial e-paper display manufacturer by revenue, with a market share of 24.9%, according to CIC. The global commercial e-paper display segment accounted for 83.5% of the overall global e-paper display market in 2025 in terms of revenue, underscoring our market position in the industry.

Our large-scale operations allow us to spread fixed costs more efficiently and unlock significant economies of scale across raw material sourcing, manufacturing, and operations. Our continued investment in production has enabled us to rapidly expand our production capacity, increasing our production capacity of e-paper display modules from 89 million units in 2023 to 160 million units in 2025. Our scale advantage, coupled with highly efficient operations, enables us to maintain strong cost competitiveness while ensuring product quality, delivering cost-effective products to customers.

We continuously improve production efficiency and product yield through intelligent production lines and well-established process systems. Given the sensitivity of core e-paper materials to environmental temperature and humidity, we have built an environmental control system spanning the entire value chain from raw material transportation, storage and production. We partner with specialized equipment providers to develop tailored production modules and integrate them with our proprietary assembly processes and system tuning technologies. This deeply integrated and customized setup has created an intelligent assembly line that is difficult to replicate, making it challenging for competitors to build a production system of comparable scale and precision in the short term. Our Class 1,000 and Class 10,000 cleanrooms provide stringent particle control. We monitor and automatically adjust temperature and humidity in real time, while also deploying energy-saving systems to reduce power consumption — building a green and sustainable manufacturing environment. We have also established a smart manufacturing system powered by a Manufacturing Execution System (MES) and intelligent production lines, which minimize errors associated with manual operations, improve efficiency, ensure consistent product quality and enable full traceability of production data. In addition, we have deployed the automated optical inspection ("**AOI**") visual inspection system to cover every inspection stage — from FPL master sheets to semi-finished and finished products. We have established a rigorous quality management system certified under ISO9001, ISO14001, ISO45001, and ISO14067. Our customer acceptance rates also outperform the industry average according to CIC.

A management team and staff with a global strategic vision and rich practical experience

Our senior management team combines deep industry expertise with an international perspective. Our Chairman, Mr. Zhou, is a seasoned and respected leader recognized for his forward-looking strategy, continuous innovation, strong execution, and sharp market insight. In 2018, Mr. Zhou was named an Innovative and Entrepreneurial Talent under the Ministry of Science and Technology's Innovation Talent Promotion Program. With his exceptional strategic vision, profound understanding of industry trends and extensive hands-on experience, Mr. Zhou — together with the senior management team — has successfully seized the historic opportunity of digitalization and paperless transformation in smart IoT devices, setting the strategic direction of our business and laying the foundation for our position as a prominent player in the global e-paper display industry.

Under the leadership of Mr. Zhou, we have established a management team and workforce that is highly experienced, well-structured, technically skilled, and execution-driven. This ensures both operational stability and sound, effective decision-making. Our core team carries over 15 years of accumulated industry experience, marked by strong professionalism and market acumen. These strengths enable us to design effective business strategies, realize our long-term vision, build high-performing teams, and capitalize on growth opportunities — driving us toward sustainable and steady performance growth.

OUR STRATEGIES

We plan to implement the following strategies to achieve our long-term goals:

Continue to invest in technological innovation to expand our product portfolio

We will remain committed to strengthening our core R&D and technological capabilities in e-paper display, with innovation in technology as the cornerstone of our competitiveness. Our focus is on enhancing design and customization capabilities while advancing in key frontier areas such as color, large-size, flexible, high refresh rates, and high-resolution displays, as well as in a broad range of downstream applications. For example, we will expand into emerging applications including OTFT-based flexible products, Prism-enabled innovations, AI-driven waveform tuning and full-color e-paper display, or EPD, system development and mass production.

Our strategic priorities will center on expanding our product portfolio to address a wide range of application scenarios and evolving technology requirements. For example, we plan to build a comprehensive product line across multiple technologies to serve the diverse needs of customers; and to extend our offerings from modules to integrated products that include communications and back-end software, thereby enhancing customer stickiness and creating greater value.

Build a cross-regional, multi-layered global customer base to accelerate global expansion

By leveraging our resources and establishing customer base, we will deepen and expand collaborations with core customers. By entering into long-term cooperation agreements and strategic investment agreements, we aim to foster closer, more resilient relationships. Furthermore, we plan to partner with local retailers in Southeast Asia, Latin America, and other regions to drive the adoption of electronic shelf labels, further enhancing the penetration of our products in the smart retail sector.

We also plan to collaborate with customers to establish joint laboratories and joint ventures, with a view to utilizing complementary strengths and shared resources, and enabling us to better capture and respond to end-market needs. This collaborative model fosters a cycle of innovation that ensures seamless alignment between our technological development and the evolving needs of the market.

We will focus on expanding our customer base in high-value application areas such as smart office, smart education, smart logistics, and smart transportation. By diversifying and optimizing our customer structure, we aim to mitigate the pressure on profit margins caused by intensified market competition.

Going forward, while continuing to deepen relationships with key customers, we will also expand our global customer base across diverse industries, broaden application markets, consolidate market share, and build a more comprehensive global sales and service network.

Accelerate new capacity projects and intelligent upgrades to strengthen global delivery capabilities

We believe that establishing a global manufacturing footprint and ensuring sufficient production capacity are of immeasurable strategic value for our long-term, stable development and sustainable growth and taking into perspective the constant changes in the world economic and geopolitical conditions. To this end, we will further optimize our capacity layout to produce advanced e-paper display products such as flexible, full-color, and large-size models. Strategically, we will expand into product lines such as e-books and large-size commercial billboards, enriching our product portfolio and delivering more advanced, high-quality products and services to customers and industry. Our Vietnam base will serve as a hub to promote the adoption of electronic shelf labels in emerging markets such as Southeast Asia, Latin America and the Middle East. Meanwhile, our Jiaxing headquarters base will focus on the mass production of ultra-large full-color e-paper, flexible e-paper, and e-readers. In the future, we will capitalize on industry opportunities, align capacity planning with market demand and customer expansion, and further strengthen our production capability and management by implementing investment projects funded through capital raising, thereby supporting market development and business growth. We will also continue to enhance our intelligent production capabilities by introducing advanced equipment, upgrading production processes and adopting advanced production standards and systems. Our focus will be on logistics automation, production traceability, and process optimization to ensure high quality while improving efficiency across our operations.

Implement a global talent strategy to promote innovation-driven development

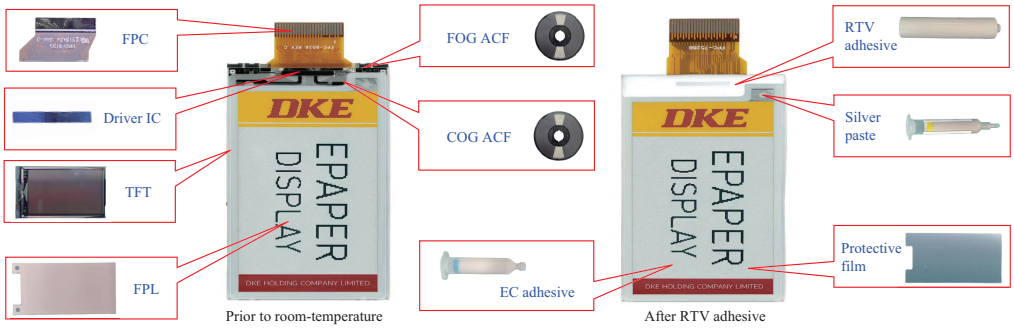
We firmly believe that talent is the core driving force of corporate development and are committed to building an exceptional talent team. We will actively attract top minds and innovation capabilities to accelerate innovation-driven development and ensure our competitiveness and industry position in the global economy.

To achieve this vision, we will establish a comprehensive talent development framework and incentive system to unlock the full potential of every employee and encourage continuous value creation and business innovation. We will focus on revitalizing our existing team through well-designed professional training programs and clear career development pathways, with the core objective of strengthening employees' overall capabilities and skill sets. Furthermore, we will offer a competitive compensation and benefits package to attract and retain top talent, foster our innovation-driven development and further advance our strategic planning and development in the smart IoT industry.

OUR PRODUCTS

We offer a comprehensive and evolving portfolio of e-paper display modules across multiple product categories. Our products are e-paper display modules, categorized primarily by size and display color. By size, our e-paper display modules are categorized as (i) small-size (below 4 inches), (ii) mid-size (4–6 inches), and (iii) large-size (above 6 inches). By color, our e-paper display modules are classified into black/white, three-color, four-color, and multi-color e-paper modules. These products feature outstanding performance, including low power consumption, high readability, paper-like visual quality, and wide operating temperature range (-20°C to 60°C). In particular, our products offer distinct advantages in operating temperature range and adaptability. In addition to standard ranges for black-and-white (0–50°C) and three/four-color modules (0–40°C), our product portfolio includes wide-temperature modules capable of operating from -20°C to 60°C, and we were one of the first in the market to adopt such a feature.

Each e-paper display module is a fully integrated display assembly comprising key components such as e-ink film (an FPL), TFT substrate, driver IC, protective film, and FPC. As the core component of e-paper display screens, e-paper display modules deliver essential functionality in a range of smart, low-power display applications. Below sets forth an illustration of the structure of e-paper display module:



Within each module, the function of each key component is set out below:

Key Component	Description
FPC	Flexible printed circuit, a flexible circuit board used in e-paper display modules to connect the display panel with driver circuits, allowing bendable or compact wiring designs
Driver IC	An integrated circuit that controls the operation of an e-paper display module, manages pixel activation, signal timing and data processing
TFT	Thin film transistor, a semiconductor device made by depositing thin layers of materials on a substrate, commonly used to precisely control pixels in display technologies
FPL	Front plane laminate, the topmost layer of an e-paper display module. It directly determines the display performance
Protective film	a functional film mainly made of polystyrene which provides anti-glare performance, high-level moisture barrier (to prevent e-ink from dampness), and UV blocking capability, thereby extending the lifespan of e-paper modules
EC Adhesive	EC adhesive is used to firmly bond key components in an e-paper display module such as the e-ink film, conductive layer, protective glass, or plastic substrate together to ensure structural stability
RTV Adhesive	Room-Temperature Vulcanizing silicone adhesive is primarily applied to provide sealing, cushioning and electrical insulation within the e-paper display module, ensuring structural integrity and environmental protection
Silver Paste	Silver paste is applied to establish electrical interconnection between the flexible circuit and the e-paper display module layer
ACF	Anisotropic conductive film, primarily applied to achieve electrical interconnection and mechanical bonding between circuit components within the e-paper display module, ensuring high precision and reliability

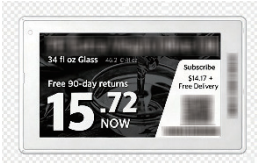
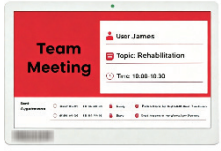
Assembly of each module involves two key steps, namely: (A) FOG ACF, the flex-on-glass process which utilizes ACF to establish electrical interconnection and mechanical bonding between the flexible printed circuit and the glass substrate within the e-paper display module, and (B) COG ACF, the chip-on-glass process which utilizes ACF to achieve electrical interconnection and mechanical bonding between the driver IC and the glass substrate within the e-paper display module.

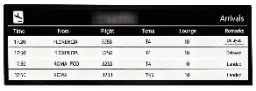
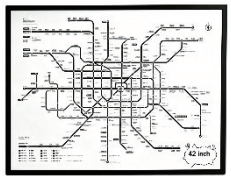
Our e-paper display module constitutes the hardware set of an e-paper display end-product, and it functions as a key component that converts data into image signals for display on e-paper, ultimately driving the operation of the e-paper display end-product. Our production process entails the cutting, lamination, bonding and dispensing of various raw materials to assemble the final e-paper display modules which utilizes core e-paper display technologies owned by third-party suppliers mainly with respect to raw materials such as e-ink films. In the overall e-paper display value chain, our e-paper display module can be viewed as a semi-finished product as it needs to be integrated into the e-paper display end-product to deliver its full functionality. The e-paper display end-product may take different forms depending on its downstream applications.

Our product specifications meet the diversified needs of mainstream application scenarios. Leveraging our proprietary driving waveform architecture and extensive accumulated tuning data, our products outperform industry averages in key display performance indicators such as clarity and contrast. In particular, our products' optical performance metrics (LAB values) for white and yellow surpass the recommended standards proposed by E Ink Holdings. Through self-developed inspection technologies and comprehensive temperature and humidity control throughout the production process, we ensure product consistency and stability. In addition, our fully automated production lines enable high yield rates and significant cost advantages.

The following table sets forth illustrations of typical e-paper display end-products integrated with e-paper display modules by size and display color:

Module size	Module display color	Typical e-paper display end-products	
Small-size E-paper Display Module (<4 inches). . . .	Three color	Smart price label	 
	Four color	Smart price label	 
	Multi-color	E-Paper name badge	 

Module size	Module display color	Typical e-paper display end-products	
	Black & White	E-Paper word learning device	 
Mid-size E-paper Display Module (4-6 inches) . . .	Three color	Smart price label	 
	Four color	Smart price label	 
	Multi-color	E-Paper table display	 
	Black & White	E-Paper label	 
Large-size E-paper Display Module (>6 inches)	Three color	Smart meeting room sign	 
	Four color	IoT-enabled product display tag	 
	Multi-color	IoT-enabled advertising display	 

Module size	Module display color	Typical e-paper display end-products		
	Black & White	E-Paper IoT smart display (monochrome)		
Others	Black & White	Thermostat		

The following table sets forth our revenue (excluding that from other business) by product size for the years indicated.

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Small-size E-paper Display Module (<4 inches)	805,658	79.5	881,197	77.1	1,420,319	83.4
Mid-size E-paper Display Module (4-6 inches)	152,600	15.0	200,796	17.6	198,551	11.7
Large-size E-paper Display Module (>6 inches)	55,654	5.5	61,303	5.3	83,963	4.9
Total	**1,013,912**	**100.0**	**1,143,296**	**100.0**	**1,702,832**	**100.0**

The following table sets forth our revenue (excluding that from other business) by product color for the years indicated.

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Three-color	865,762	85.4	516,269	45.2	86,150	5.1
Four-color	9,108	0.9	417,774	36.5	1,325,061	77.8
Multi-color	555	0.1	59,136	5.2	96,592	5.6
Black & White	138,487	13.6	150,117	13.1	195,029	11.5
Total	**1,013,912**	**100.0**	**1,143,296**	**100.0**	**1,702,832**	**100.0**

During the Track Record Period, we achieved an overall increase in our sales volume, primarily resulting from our continuous launch of new product types as well as the increasing demands from our end customers. Since 2024, we strategically shifted our R&D and production focus from three-color to four-color products, resulting in the general increase in revenue of four-color e-paper display modules and the decrease of three-color ones. Our four-color products have achieved mass production, and our R&D efforts are increasingly focused on advancing full-color e-paper display modules and accelerating their industrialization. See "Financial Information — Principal Components of Consolidated Statements of Profit or Loss and Historical Results of Operations — Revenue — Sales Volume and Average Selling Price." According to CIC, the selling prices of our products were generally in line with the market prices during the Track Record Period.

We are continuing to follow an innovation-led growth strategy by steadily expanding our range of e-paper display products. We are increasing our investment in research and development, focusing on key technologies such as color displays, large sizes, flexible designs, and high refresh rates. These efforts aim to strengthen our overall technological capabilities. At the same time, we are shifting our business model from providing standalone display modules to offering integrated products. These "all-in-one" products combine display modules with communication components and back-end software. In particular, we plan to speed up the development and commercialization of multi-color e-paper display modules in all size categories and large-size full-color e-paper display modules. We are also working to bring color e-paper products using OTFT flexible technology to market, and to achieve large-scale production of OTFTs developed in China.

We are building a global customer network across industries such as smart retail, smart logistics, smart education, and smart healthcare. We aim to deepen cooperation with key customers, expand into higher-value applications, and grow our international market presence. To support our business growth, we have added new production lines in Vietnam and Jiaxing, and improved our efficiency by adopting intelligent manufacturing technologies. Through a combination of technology expertise, strong partnerships, and global operations, we aim to build a long-term competitive advantage and support sustainable business growth.

APPLICATIONS OF OUR PRODUCTS

The rise of smart IoT has served as the backbone of e-paper technology application, driving continuous growth in the end-use products and application scenarios of the e-paper display modules. We are well positioned to take advantage of the thriving market opportunities. Our product application is present in a diverse range of scenarios, catering to the diverse needs of end customers. During the Track Record Period, substantially all of our products were deployed in smart retail. The remaining application scenarios include smart office, smart education, smart logistics, smart transportation, smart healthcare and smart wearables.

We are committed to expanding the outreach of smart IoT into consumer markets by leveraging the unique advantages of e-paper — ultra-low power consumption, eye-friendly display, lightweight design, and flexibility. We attach great significance to key growth business segments such as smart wearable devices and smart education. We are driving the scalable adoption of green smart terminals, including digital schoolbags. We would deepen our consumer product portfolio, enhance application-driven innovation, and expand into personal lifestyle and education scenarios through ecosystem partnerships. By focusing on application-driven innovation and building ecosystem partnerships, we aim to expand into personal lifestyle and education scenarios.

The following table illustrates how our e-paper display modules are integrated to become end-products by application scenario:

			
Smart Retail	Smart Office	Smart Education	Smart Logistics
Electronic Shelf Label Digital E-paper Poster	Notebook Whiteboard Smart Office Tablets Name Badge	E-paper Workbook Learning Gadget and Digital Schoolbags	Logistics Label Warehouse Label

		
Smart Transportation	Smart Healthcare	Smart Wearables
Station Sign Information Board Luggage Tag	Bedside Displays Infusion Record Card	E-paper Phone Case Smartwatch

Smart Retail

The rapid development of retail has driven growing demand for efficient, low-carbon e-paper display products. Leveraging our extensive experience in the development and mass production of e-paper labels, we have developed a comprehensive portfolio of innovative products designed to meet retailers' core needs in operational efficiency, cost control, user experience, and marketing innovation. Target key customer segments include chain supermarkets (e.g., electronics retailers), department stores, and branded specialty stores.

Our product terminal applications include: four-color electronic shelf label and digital e-paper poster.

Smart Office

The rise of eco-conscious and digital-first workplaces is accelerating the widespread adoption of e-paper technology. The adoption of e-paper display module not only helps reduce paper consumption and energy use but also enhances the efficiency of information dissemination and daily operations, while lowering labor and management costs.

E-paper display products are now essential to enabling intelligent and sustainable office environments, particularly in meeting and executive settings. Our product terminal applications include: smart office tablets and electronic meeting name badges.

Smart Education

In response to the demand for smarter and less burdensome learning experiences, e-paper devices are gaining traction as a healthy, low-distraction digital alternative in education. Their glare-free, paper-like display not only effectively reduces students' eye strain and mitigates the risk of vision deterioration from prolonged screen use, but also closely aligns with the needs of extended reading and writing in classroom settings, promoting healthier learning habits.

E-paper display products are now playing a key role in building intelligent, sustainable, and student-centered learning environments. They have been widely deployed in pilot smart education programs across schools, education bureaus, and educational institutions. Our product terminal applications include: e-paper workbooks, digital shoolbags and learning gadgets.

Smart Logistics

With the rapid growth of E-commerce and the increasing demand for supply chain transparency and efficiency, e-paper plays a transformative role in logistics. By replacing traditional paper labels and static displays, e-paper display products enable real-time, error-resistant digital management across warehousing, inventory, and distribution operations — driving smarter, more sustainable logistics systems.

E-paper is now a key enabler of intelligent logistics environments, particularly in large-scale warehousing, manufacturing supply chains, and cross-border logistics operations. Our product terminal applications include: RFID-Integrated e-paper shelf labels and smart logistics tags for end-to-end visibility.

Smart Transportation

With growing urbanization and the push for energy-efficient, intelligent public transportation systems, e-paper display product is revolutionizing the way transit information is displayed and consumed. By replacing high-power LCD screens with ultra-low-power e-paper displays, cities are achieving greener, more reliable, and user-friendly transportation services.

E-paper has become a core component of the next-generation smart transit infrastructure, widely deployed in bus networks, metro stations, and urban information hubs. It is used by municipal transportation authorities, public bus operators, and metro operating companies. Our product terminal applications include: solar-powered e-paper information displays and real-time transit updates with dynamic scheduling.

Smart Healthcare

With increasing pressure on healthcare systems to improve patient safety, operational efficiency, and staff workloads, e-paper is emerging as a key enabler of intelligent, error-resistant clinical environments. By replacing static paper-based patient information systems with dynamic digital displays, e-paper products support real-time, accurate, and eye-friendly information management at the point of care.

E-paper has become an integral part of smart hospital and care facility infrastructure, widely adopted in wards, nursing stations, and long-term care settings. Its unique combination of low power consumption, glare-free readability, and seamless wireless connectivity makes it ideal for 24/7 medical applications. Our product terminal applications include: wireless e-paper bedside displays for dynamic patient management and reflective e-paper screens.

Capability to adapt to product iteration and expand downstream applications

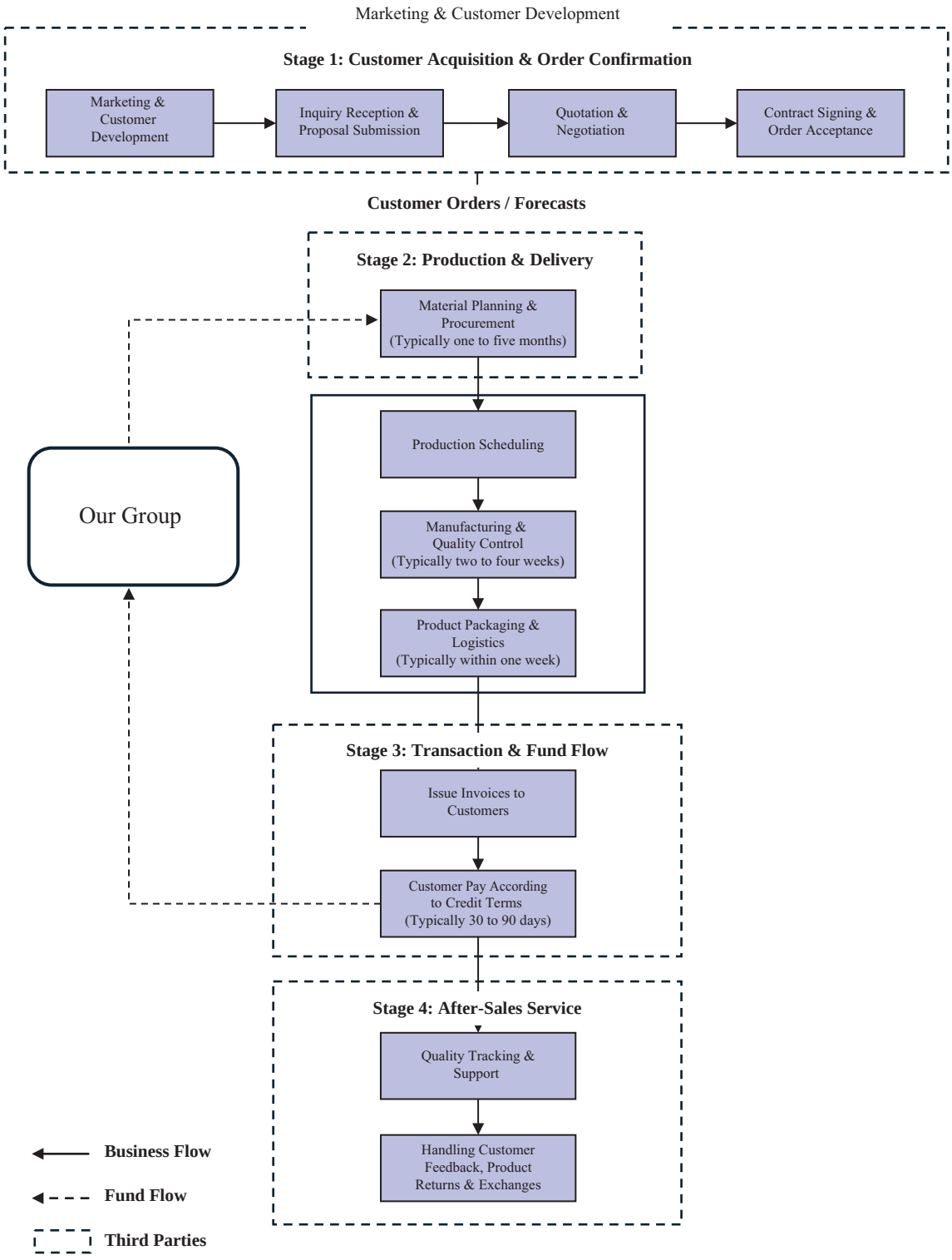
Our product iteration process is driven by industry technological advancements, evolving customer needs, and product upgrade roadmaps formulated and updated by us from time to time. Core technologies for our products, such as upgrades in key e-paper materials (e.g., e-ink films, driver integrated circuits and thin film transistor substrates), undergo a major iteration cycle every two to three years. The outcomes of these iterations are incorporated into both our existing and new products, ensuring the continuous advancement of our technological competitiveness.

We aim to efficiently adapt to evolving needs and trends through continuous product development and iteration, as well as constant interaction with our customers and in meeting customer needs in downstream applications. We are actively leveraging our technological strengths to broaden our presence in downstream markets. In 2025, we began introducing integrated hardware solutions and supporting services based on our E6 full-color e-paper display modules. These solutions incorporate low-power and wireless communication technologies, enabling cable-free installation, energy efficiency, and environmentally friendly operation. Such features significantly reduce entry barriers for customers and facilitate rapid adoption of e-paper technology across diverse application scenarios, including museums, retail malls, photo studios, and other public venues. In addition, we are also planning to establish a dedicated e-reader R&D team and intend to launch multiple black-and-white and color e-reader products of varying sizes over the next few years. This strategic initiative demonstrates our commitment and capability to expand our business scale into high-potential downstream applications, such as e-readers, by capitalizing on our proprietary technology, strong customization capabilities, and scalable manufacturing platform. For further details on how we adapt to evolving demand trends and technological advancement, see "Business — Our Strengths — Strong technical expertise and continuous innovation as core drivers", "Business — Our Strategies — Continue to invest in technological innovation to expand our product portfolio" and "Business — Our Technologies and Research and Development." According to CIC, we have been historically at the forefront of, or kept pace with, our industry peer companies in the launch of advanced or upgraded products (such as three-color and four-color products).

During the Track Record Period, we experienced a general increase in the sales of four-color products (across all sizes, and especially in the small-size category) along with a general decrease in sales of three-color products. This was mainly because four-color products began mass production since the second half of 2024 and its demand increased at an accelerated rate in 2025 which was in line with the product iteration and transition trend for four-color product to gradually replace three-color products as the primary product type targeting the smart retail sector. For further details of changes during the Track Record Period in our sales of e-paper display modules (including sales volume and average selling price) by size and by color, see "Financial Information — Principal Components of Consolidated Statements of Profit or Loss and Historical Results of Operations — Revenue — Sales Volume and Average Selling Price."

OUR BUSINESS FLOWS

The following chart illustrates our general business flows:



OUR TECHNOLOGIES AND RESEARCH AND DEVELOPMENT

We adopt a R&D model that prioritizes "in-house innovation," supplemented by "open collaboration." In terms of in-house innovation, we strengthen technological capabilities to accelerate the industrialization of full-color e-paper (E Ink Spectra 6) and flexible e-paper. In terms of open collaboration, we partner with leading universities on joint projects aimed at improving backplane and substrate performance. We independently own core technologies for the design and manufacturing of e-paper display modules.

As of December 31, 2025, our R&D team consisted of 207 dedicated talents, approximately 5.8% of whom held a master's degree or above. In particular, our R&D team is headed by Dr. Chun-Kang Ku, who holds a Ph.D. in chemical engineering with nearly two decades of experience in the semiconductor and new materials industries, and having worked at TSMC, Taiwan's Industrial Technology Research Institute and Rudolph Technologies covering both reputable R&D institution and multinational corporations. For the years ended December 31, 2023, 2024 and 2025, we recorded R&D expenses of RMB39.9 million, RMB56.0 million and RMB59.0 million, representing 3.9%, 4.9% and 3.4% of our total revenue, respectively.

Our Core Technologies

Our proprietary core technologies cover both product feature technologies and manufacturing and assembly technologies.

Product features technologies mainly include: (a) color e-paper display module technology which delivers high color saturation and brightness and achieves a refresh rate comparable to that of black-and-white e-ink displays, meeting the application requirements of advanced products such as color e-book readers; (b) flexible e-paper display module technology where we have strong design and manufacturing processes for flexible e-paper display modules, with core technologies mastered particularly in the R&D and design of 3D curved screens, including curved lamination, sealing processes, and transfer handling platforms for flexible substrates; and (c) e-paper display module waveform optimization technology where we have enhanced display performance by utilizing waveform tuning technology, tailored to the material characteristics of different e-paper display modules and their specific application scenarios.

Manufacturing and assembly technologies mainly include: (a) e-ink film cutting technology where we have independently developed specialized jigs for the laser cutting of e-ink films, which address issues such as light reflection, airflow interference, and edge melting. Paired with an intelligent layout system, we optimize cutting patterns and enhance material utilization; (b) e-paper display module lamination, edge encapsulation, bubble removal and curing technologies where we collaborated with equipment manufacturers to develop high-precision, lamination platforms integrating automatic misalignment detection and intelligent monitoring, together with automated dispensing and programmable de-bubbling equipment; and (c) e-paper display module testing technology where we optimize testing processes by leveraging the paper-like characteristics of e-paper through pre-driving the device to test images. We have independently developed testing fixtures with auto-activation functionality and collaborated with equipment suppliers to create a circular-track Automated Optical Inspection (AOI) solution, effectively shortening the testing cycle while improving detection efficiency and defect capture rates.

Research and Development

R&D System

We have established a comprehensive R&D system integrating our in-house team, disciplined processes and collaboration with partners. Our R&D supports the development of flexible products, including small- and medium-sized full-color PEN OTFT and PI a-Si displays, large-size full-color displays based on Spectra 6 technology, and full-color, wide-temperature full-size displays based on Spectra 3100 technology.

In-house R&D

Our in-house R&D team focuses primarily on full-color e-paper (Spectra 6) and flexible e-paper. Our R&D projects may be customer-driven or independently initiated based on industry and market trends. Our in-house R&D process covers structural design, hardware design, software development, process engineering, equipment development, simulation and testing, and is divided into four phases: (i) project planning, (ii) feasibility study review and approval, (iii) project execution and monitoring, and (iv) project budget integration.

Cooperative R&D

To advance collaborative innovation, we develop cooperative relationships with (i) business partners, (ii) research institutions and universities and (iii) governmental agencies. In terms of university-enterprise collaboration, we have launched joint R&D projects with Chinese leading universities on the application research of flexible integrated circuits. We also undertook the Liaoning Province Challenge & Leadership Science and Technology Program to conduct R&D on the development and application of novel three-dimensional color mixing display technologies. During the Track Record Period, we carried out a total of 106 R&D projects, comprising 101 in-house R&D projects and five collaborative R&D projects. We engaged five external partners for these collaborative R&D initiatives.

The salient terms of our collaboration with external R&D partners are set forth below:

Scope of collaboration. The agreements specify the research purpose of the projects and the specific obligations of each party.

IP ownership. The parties typically jointly own any IP rights developed in the joint R&D under the agreements. IP rights that arise prior to the agreement or independent from the other party belong to their original owners.

Roles and responsibilities. We are responsible for the provision of (i) necessary research materials, (ii) technical support, and (iii) access to our R&D Center. The external partners are responsible for (i) planning and designing research project, (ii) delivery research results and (iii) coordination of laboratory usage. Both parties collaborate to support the promotion of R&D and contribute to the development of new IPs.

Confidentiality. The parties are responsible for maintaining strict confidentiality of all confidential information provided by the other parties.

Termination. The agreements can be terminated upon failure to achieve project objectives with all parties' consent, and the parties shall bear their own losses.

We maintain collaborative relationships with key raw material suppliers, such as E Ink Holdings, as we rely on raw material suppliers to provide the essential materials required for our R&D projects and production processes. During the R&D process, we work with suppliers on material selection and solution design, and in some cases entrust them with customized material development. We also conduct upstream material research and collaborate with one of our suppliers to develop flexible e-paper technology. In addition, we have signed an exclusive global licensing agreement for OTFT technology in the field of e-paper with this supplier (the "**OTFT Licensing Agreement**"), which expands its application in high-end scenarios. By cultivating these partnerships, we are able to share resources, co-develop technologies and strengthen the ecosystem for e-paper display products.

We have also established a structured process for managing cooperative R&D activities. This process consists of three stages: (i) project initiation, (ii) project execution and (iii) project completion. In the project initiation stage, our Innovation R&D Center evaluates potential partners' technical capabilities and credibility.

INTELLECTUAL PROPERTY

Our patents, copyrights, trademarks, domain names and other intellectual property rights are critical to our business operations. As of the Latest Practicable Date, we had 98 registered patents worldwide. As of the same date we also have 14 trademarks and 14 copyrights, and 6 domain names in China and overseas. For detailed information about our material intellectual property, see "Appendix VI — Statutory and General Information — B. Further Information about Our Business — 2. Intellectual Property Rights of Our Group."

We protect our intellectual property through patents, copyrights, trademarks, trade secrets, and confidentiality and related contractual arrangements. We maintain internal policies for the management of intellectual property and conduct reviews of R&D outcomes. We have confidentiality agreements with all employees and non-competition arrangements with management and core R&D staff. Dedicated personnel oversee our intellectual property portfolio, monitor applications, and identify potential infringements. We also maintain security measures to safeguard our data and trade secrets and encourage employee innovation through internal incentive policies.

Save for the joint R&D projects as disclosed in "— Our Technologies and Research and Development" which may be subject to arrangements of jointly owned IP rights, as well as the OTFT Licensing Agreement, intellectual properties involved in the production of our e-paper display modules were self-owned and self-developed by us during the Track Record Period and up to the Latest Practicable Date, and we did not rely on, license in, co-own or otherwise use any third-party intellectual property for such production.

During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material infringement of our intellectual property rights or allegations of infringement by third parties, which would have a material adverse effect on our business.

PRODUCTION

Our production process ensures high standards of quality control while maintaining flexibility and efficiency, enabling us to respond quickly and effectively to diverse customer demands. Leveraging advanced design and manufacturing capabilities, we actively drive the industrialization of e-paper display products, enabling broad applications in the smart IoT sector and supporting the intelligent transformation of industries.

We leverage our advanced manufacturing facilities in Jiaxing, Dalian, and Vietnam — equipped with automated SMT lines, precision assembly systems, AOI vision inspection, and fully integrated MES — to control key processes including PCB assembly, module integration, and quality testing. This highly automated, data-driven approach enables strict quality control, protection of intellectual property, rapid responsiveness, and scalable production, supporting our industry position in the e-paper display market while ensuring compliance with international standards. For the years ended December 31, 2023, 2024 and 2025, the number of failures per million, or PPM, for our products showed a consistent and significant improvement, declining from 992 to 499, and ultimately to 447. This sustained downward trend reflects the effectiveness of our robust quality control systems and continuous process optimization. Achieving such low PPM levels underscores the reliability and durability of our products and reaffirms our commitment to delivering superior quality to customers. Furthermore, during the Track Record Period, we maintained a customer acceptance rate of 99.9%, further evidencing the high quality and performance of our products.

Production Bases

As of December 31, 2025, we had four production bases, including three in China and one in Vietnam. The following table sets forth further details of our production bases during the periods indicated.

	Year ended December 31,								
	2023			2024			2025		
	Production Capacity	Production Volume	Utilization Rate	Production Capacity	Production Volume	Utilization Rate	Production Capacity	Production Volume	Utilization Rate
			(%)			(%)			(%)
	(units in thousands, except for percentages)								
Jiaxing Comprehensive Bonded Zone Base[2]	52,350	35,699	68.2[3]	45,925	37,289	81.2[4]	60,040	59,388	98.9
Jiaxing Headquarters Base[3]	9,600	8,588	89.5	21,225	18,747	88.3	54,390	52,840	97.2
Dalian Base	27,000	22,076	81.8	27,000	22,682	84.0	29,160	27,998	96.0
Phu Tho, Vietnam Base[4]	–	–	–	–	–	–	16,400	8,155	49.7

Notes:

(1) In calculating production output for the above table, we use products of 4.2 inches and below as the standard unit, with a conversion factor of 1.00, and their actual quantities are directly counted in the converted output. For products above 4.2 inches, a uniform conversion factor of 1.22 is applied to reflect the increased production effort and resource consumption. When calculating production capacity, we have excluded production lines solely for R&D purposes.

(2) Our Jiaxing Comprehensive Bonded Zone production base had relatively low utilization rate in 2023. This was because it added five 4S automated production lines in late 2022 which accounted for more than half of the production capacity but had a relatively low utilization rate in 2023 as such newly added lines were largely still in trial production for most of 2023. Separately, production capacity of Jiaxing Comprehensive Bonded Zone base decreased from 2023 to 2024 as three semi-automated lines were transferred to our Jiaxing headquarters production base in 2024.

(3) Our Jiaxing headquarters production base commenced commercial operation in March 2023. Its production capacity increased considerably during the Track Record Period which was mainly due to (i) the transfer of production lines from the Jiaxing Comprehensive Bonded Zone production base in 2024, and (ii) the addition of its own production lines in 2025 which included two flexible e-paper lines and seven 3S automated lines.

(4) During the Track Record Period, a substantial portion of our production volume was from our domestic production bases because our production base in Vietnam only commenced commercial operation in June 2025 and had relatively low utilization in 2025 during its initial operation phase.

The table below sets forth the details of our four production bases as of December 31, 2025:

	Commencement of Commercial Operation	Approximate GFA	Number of Production Lines	Major Products Category
		(m^2)		
Dalian Base	May 2013	25,000	9	Small-size E-paper Modules
Jiaxing Comprehensive Bonded Zone Base	December 2018	20,000	12	Small-size and Mid-size E-paper Modules
Jiaxing Headquarters Base	March 2023	60,033	21	All Sizes E-paper Modules
Phu Tho, Vietnam Base	June 2025	13,234	8	Small-size E-paper Modules

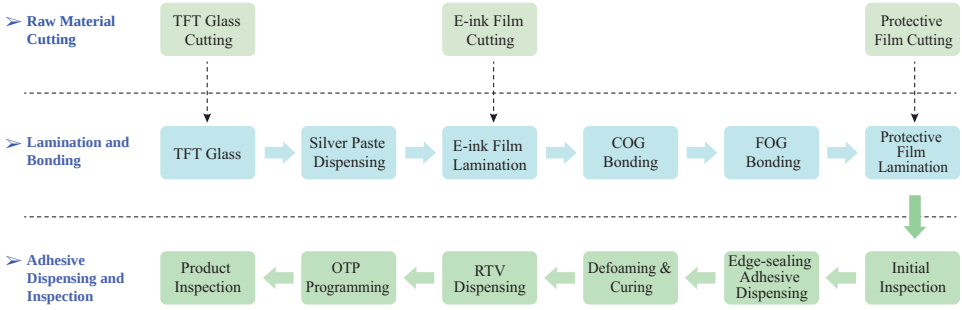
Production Process

We primarily adopt an order-driven production model, under which production is generally scheduled based on customer orders while taking into account product specifications, delivery timelines and current production capacity. Our production planning department formulates the production plan based on order information provided by the sales department. Once approved, the plan is carried out by the manufacturing team.

We are committed to improving our production processes, enhancing manufacturing and management capabilities, and advancing the automation and digitalization of our production lines to build a more efficient and intelligent manufacturing system. The production cycle starts when a batch of products is scheduled based on a purchase order and ends when the finished goods are warehoused. Subject to product specification, the complete manufacturing cycle for E4 product and "Black & White + Low Temperature" product is generally between two and three weeks, the complete manufacturing cycle for E5 product is generally between three to four weeks.

We have developed a robust and scalable production system that supports the efficient manufacturing of e-paper display modules. Our production process mainly consists of three key stages, namely raw material cutting, lamination and bonding, and adhesive dispensing and inspection.

Below sets forth highlights in the three major steps in our production process.



Raw material cutting. We precisely cut the purchased TFT glass, e-ink film, and protective films according to the product specifications, effectively mitigating issues such as light reflection, bubble residue, edge melting, and improving edge sintering and damage.

Lamination and Bonding. We enhance the alignment accuracy of e-paper display modules through key lamination and bonding processes, including silver paste dispensing, e-ink film lamination, COG bonding, FOG bonding, and protective film lamination, effectively improving product yield and reliability.

Adhesive dispensing and Inspection. We first conduct an initial inspection of the semi-finished products, followed by a series of adhesive dispensing and inspection including edge sealing, defoaming and curing, RTV dispensing and OTP Programming, followed by final inspection to enhance display quality and production efficiency.

Intelligent and Automated Production

We have established a highly automated, intelligent, and scalable manufacturing system that ensures high efficiency, superior product quality, and rapid responsiveness for our operations.

Automated Production Network

We incorporated automated production lines into our production processes to handle highly repetitive and complex tasks, which reduces human error and enhances the quality and consistency of our products. We have established a systematic layout of automated production lines across our four production bases in Jiaxing headquarters, Jiaxing Comprehensive Bonded Zone, Dalian, and Phu Tho in Vietnam, forming a comprehensive and highly capable smart manufacturing network.

This strategic footprint contributes to steady and responsive production for different market segments.

MES System

We are actively advancing the implementation and upgrading of our Manufacturing Execution System (MES), progressively achieving greater visibility, full traceability, and intelligent decision-making in production processes. Currently, the MES system has been successfully deployed in lines at the Jiaxing Comprehensive Bonded Zone base and Jiaxing headquarters base. Full deployment at Dalian and Vietnam bases is planned as of the Latest Practicable Date for completion by 2026. Core system functionalities include unit-level product tracking, full production history traceability, output and yield reporting (based on customized report development), material management (including material usage control, feeder verification, and shelf-life validation), equipment inspections, and digitalized quality inspection and sampling. Through integration of the MES system, our Company has significantly reduced human errors, enhanced production transparency and management efficiency, and effectively driven the transformation of its production model from "experience-driven" to "data-driven."

AOI Vision Inspection System

We have implemented an Automated Optical Inspection ("**AOI**") vision inspection system that covers the inspection processes for FPL motherboards, semi-finished goods, and finished products. The system significantly improves inspection efficiency of product quality, reduces false positives, and ensures consistent product quality. Our customer acceptance rates consistently outperform industry averages according to CIC. To further strengthen quality management, we have established a rigorous quality control system and have obtained international certifications including ISO 9001, ISO 14001, ISO 45001, and ISO 14067, demonstrating our systematic and standardized approach to quality, environmental management, occupational health and safety, and carbon footprint management.

QUALITY CONTROL

Product Quality and Safety

We operate a unified production management system covering material use, process control, and quality assurance to ensure consistent product quality. Since the core raw materials are sensitive to temperature and humidity, we have implemented an environmental control system across transportation, storage, and production, supported by Class 1,000 and Class 10,000 cleanrooms. We have adopted energy-efficient measures and photovoltaic systems at our production facilities to promote green manufacturing. Our production lines are highly automated, reducing labor costs, improving efficiency, and enhancing quality consistency.

We also maintain internal quality control systems that comply with ISO 9001:2015, and our products meet customer requirements. During the Track Record Period and up to the Latest Practicable Date, we did not record any material accidents or injuries arising from our production processes or the use of our products.

Product Returns and Warranty

The warranty for our products varies by product type. We maintain active post-sales communication and work closely with customers to address any quality issues. We have established a standardized process for handling customer complaints and returns, supported by a feedback mechanism on product quality. For defects attributable to us, we perform root-cause analyses, issue 8D reports, and inspect, repair, or replace returned items. These measures enable us to maintain customer satisfaction and continuously improve product quality.

PROCUREMENT AND SUPPLIERS

Raw Materials and Procurement

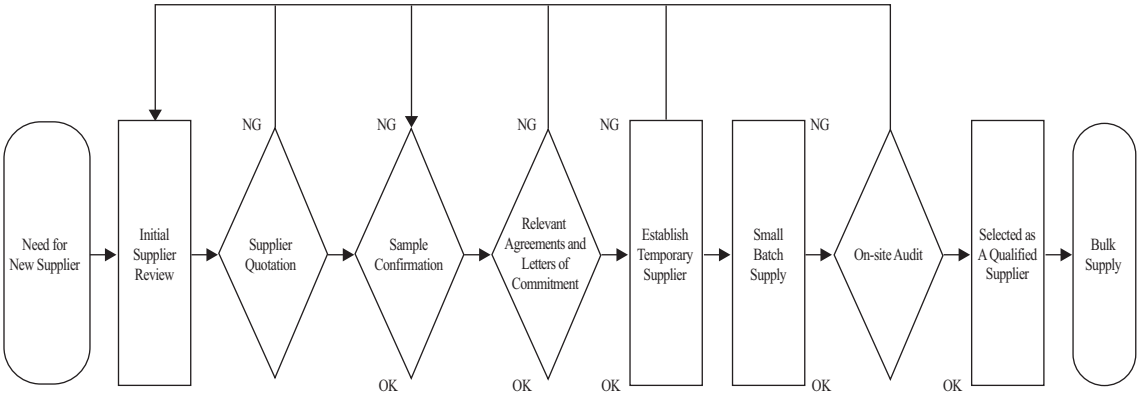
We have established a standardized and efficient procurement management system that ensures stable raw material supply and supports our production operations. Distinct procurement processes are in place for raw materials, production-related assets, and office assets, covering order management, procurement planning, supplier management and qualification review, and procurement execution, with all procedures maintained in a compliant, transparent, and traceable manner.

Our principal raw materials include e-ink films, TFT substrates, driver ICs, protective films, FPCs and other related components, which we procure directly from domestic and overseas manufacturers as well as authorized distributors. We maintain long-term partnerships with key suppliers and collaborate with them from the R&D stage on material selection and product design. For certain projects, suppliers provide customized material development, enhancing our product competitiveness and supply chain resilience.

Our Suppliers

Supply Chain Management

We have established a comprehensive supplier management system that covers the full lifecycle of supplier engagement, including onboarding, daily oversight, performance evaluation, and elimination mechanisms, to ensure the stability, quality, and compliance of our supply chain. The details of this supplier management system are set forth as below:



Supplier Onboarding. We have implemented clear criteria and approval procedures for the selection of new suppliers. Based on the Company's production and operational requirements, our supply chain management center identifies potential suppliers through various methods such as the internet, trade exhibitions, and telephone interviews. Our supply chain management center conducts a preliminary review of the suppliers' qualifications, while our new R&D center verifies the compliance of technical documentation. Once the document review is successfully completed, our supply chain management center collects preliminary quotations from suppliers and conducts a comprehensive evaluation and confirmation of pricing. Suppliers are then requested to provide samples. For certain products or materials, small-batch validation is required following sample approval before large-scale procurement can proceed.

Ongoing Supplier Management. As part of our routine supplier oversight, we have developed detailed standards, including supplier tier classification and sample testing requirements. We also conduct on-site reviews of suppliers' manufacturing environments to ensure their processes meet the quality and regulatory requirements of both domestic and international markets.

Performance Evaluation and Tiering. Suppliers are evaluated quarterly or annually based on category. Evaluation criteria include product quality, delivery performance, pricing, payment terms, and after-sales service. Composite scores determine supplier ratings across four tiers. High-performing suppliers are prioritized for new projects, while underperforming suppliers are subject to corrective actions, downgrading, or removal from the approved list.

Exit and Adjustment Mechanisms. Suppliers failing to meet performance standards are given a defined period for improvement. If corrective actions are unsuccessful, their qualifications may be downgraded or revoked. Our supply chain management center may also adjust supplier status based on sample testing results or market conditions.

Quality Control. We also implement measures to continuously monitor the final product quality. See "— Quality Control" for further details.

Our Major Suppliers

Our suppliers primarily include providers for raw materials and equipment, production consumables, and external R&D and partners. The credit period granted by our major suppliers is generally between 30 to 90 days.

The table below sets forth the breakdown of costs and number of suppliers by key types of raw materials for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	Number of suppliers	Purchase Amount	Number of suppliers	Purchase Amount	Number of suppliers	Purchase Amount
	(RMB in thousands, except for number of suppliers)					
E-ink films	3	364,151	4	454,122	3	761,887
Driver IC	12	141,468	12	174,879	14	265,572
TFT substrates	13	159,209	10	205,955	16	251,670
Protective films	8	34,082	7	38,581	7	68,160

We purchased from our five largest suppliers in each year during the Track Record Period raw materials which primarily include e-ink films, TFT substrates, driver ICs and protective films. In 2023, 2024 and 2025, purchases from our five largest suppliers in each year during the Track Record Period amounted to RMB690.1 million, RMB761.9 million, and RMB1,174.9 million, respectively, representing 90.2%, 78.4% and 78.9% of our total purchases, respectively. In addition, purchases from our largest supplier in each year during the Track Record Period accounted for 49.5%, 49.2% and 52.7% of our total purchases in 2023, 2024 and 2025, respectively. All our five largest suppliers in each year during the Track Record Period were Independent Third Parties.

None of our Directors and their respective associates or our Shareholders, who hold more than 5% of our total issued Shares had any interest in our five largest suppliers in each year during the Track Record Period. Additionally, we did not experience any material disputes with our major suppliers during the Track Record Period and up to the Latest Practicable Date.

The following table sets forth the details of our five largest suppliers in each year during the Track Record Period:

Year ended December 31, 2025

Rank	Suppliers	Background	Product purchased	Purchase amount	% of Total Purchase	Year of commencement of business relationship	Credit term
				(RMB'000)			
1 . . .	E Ink Holdings and its affiliates	A group of companies including a technology company headquartered in Taiwan, China and listed on the Taiwan Stock Exchange as of the Latest Practicable Date, which is a global leader in the e-paper display technology specializing in the R&D and sale of e-paper display materials, with its products widely used in e-readers, ESLs and smart wearables.	E-ink film, protective film	783,892	52.7	2015	30 days
2 . . .	Supplier A	A group of companies that includes a privately held enterprise headquartered in Shenzhen, Guangdong Province, China, specializing in the trade and distribution of electronic components. The company offers a comprehensive range of products, including integrated circuits, diodes, transistors, and various passive components.	TFT substrates	143,403	9.6	2019	90 days
3 . . .	Supplier B	A private company headquartered in Hong Kong. The Company operates in the electronic component wholesale industry, specializing in distributing electronic components and providing technical solutions, including semiconductors and passive components, to clients across various industries in Asia.	Driver ICs	135,687	9.1	2024	7 days
4 . . .	Supplier C	A group of companies including a state-owned corporation controlled by China Electronics, acting as an authorized distributor and industry platform service provider for electronic components. It offers customers a wide range of products and technical solutions, including integrated circuits. The state-owned corporation is headquartered in Shenzhen, Guangdong Province, China.	Driver ICs	85,294	5.7	2018	60 days
5 . . .	Supplier F	A private company headquartered in Xiamen, Fujian Province, China, specializing in the R&D and production of a wide range of electronic materials, including thermal interface materials, thermal pads, and thermal greases, for applications in various electronic devices.	E-paper Edge Adhesive	26,604	1.8	2020	90 days

Year ended December 31, 2024

Rank	Suppliers	Background	Product purchased	Purchase amount	% of Total Purchase	Year of commencement of business relationship	Credit term
				(RMB'000)			
1 . . .	E Ink Holdings and its affiliates	A group of companies including a technology company headquartered in Taiwan, China and listed on the Taiwan Stock Exchange as of the Latest Practicable Date, which is a global leader in the e-paper display technology specializing in the R&D and sale of e-paper display materials, with its products widely used in e-readers, ESLs and smart wearables.	E-ink film, protective film	478,107	49.2	2015	30 days
2 . . .	Supplier A	A group of companies that includes a privately held enterprise headquartered in Shenzhen, Guangdong Province, China, specializing in the trade and distribution of electronic components. The company offers a comprehensive range of products, including integrated circuits, diodes, transistors, and various passive components.	TFT substrates	141,204	14.5	2019	90 days
3 . . .	Supplier C	A group of companies including a state-owned corporation controlled by China Electronics, acting as an authorized distributor and industry platform service provider for electronic components. It offers customers a wide range of products and technical solutions, including integrated circuits. The state-owned corporation is headquartered in Shenzhen, Guangdong Province, China.	Driver ICs	65,268	6.7	2018	30-60 days
4 . . .	Supplier B	A private company headquartered in Hong Kong. The Company operates in the electronic component wholesale industry, specializing in distributing electronic components and providing technical solutions, including semiconductors and passive components, to clients across various industries in Asia.	Driver ICs	53,423	5.5	2024	7 days
5 . . .	Supplier D	A public manufacturing company headquartered in Toufen, Taiwan, China. The Company specializes in the R&D and production of small and medium-sized LCD and OLED display modules.	TFT substrates	23,883	2.5	2024	Prepayment

Year ended December 31, 2023

Rank	Suppliers	Background	Product purchased	Purchase amount	% of Total Purchase	Year of commencement of business relationship	Credit term
				(RMB'000)			
1 . . .	E Ink Holdings and its affiliates	A group of companies including a technology company headquartered in Taiwan, China and listed on the Taiwan Stock Exchange as of the Latest Practicable Date, which is a global leader in the e-paper display technology specializing in the R&D and sale of e-paper display materials, with its products widely used in e-readers, ESLs and smart wearables.	E-ink film, protective film	379,009	49.5	2015	30 days
2 . . .	Supplier A	A group of companies that includes a privately held enterprise headquartered in Shenzhen, Guangdong Province, China, specializing in the trade and distribution of electronic components. The company offers a comprehensive range of products, including integrated circuits, diodes, transistors, and various passive components.	TFT substrates	147,928	19.3	2019	30-60 days
3 . . .	Supplier C	A group of companies including a state-owned corporation controlled by China Electronics, acting as an authorized distributor and industry platform service provider for electronic components. It offers customers a wide range of products and technical solutions, including integrated circuits. The state-owned corporation is headquartered in Shenzhen, Guangdong Province, China.	Driver ICs	131,580	17.2	2018	30-60 days
4 . . .	Supplier E	A group of companies including a private company headquartered in Dongguan, Guangdong Province, China, specializing in R&D and production of a wide range of connectors, including FPC, board-to-board, and wire-to-board types, along with custom cable assemblies.	Protective film	16,391	2.2	2017	60 days
5 . . .	Supplier F	A private company headquartered in Xiamen, Fujian Province, China, specializing in the R&D and production of a wide range of electronic materials, including thermal interface materials, thermal pads, and thermal greases, for applications in various electronic devices.	E-paper Edge Adhesive	15,218	2.0	2020	90 days

Salient Terms of General Supply Agreements with Suppliers

Salient terms of our general supply agreements with our major suppliers typically include:

Terms. The terms of our agreements are typically one year, which can be mutually extended for one year period by written agreement of both parties.

Pricing and Payment. The framework agreements generally do not specify quantity and price, which we set out in purchase orders. We typically make payment within 30 days after we receive the invoice.

Assignment. Neither party shall assign its rights and obligations to other parties and entities without the written consent.

Logistics. The suppliers are typically responsible for the delivery of products to our designated location specified in each purchase order.

Quality Assurance. Suppliers generally grant a warranty period of one to two years. In the event of a quality issue arising during the warranty period, the supplier is obliged to provide a response and resolution or attend to our site to resort the issue.

Product return. We have the right to reject, replace or return products which are non-conforming with product quality standard, product specifications or quantity with the order placed.

Confidentiality. Both the suppliers and our Company shall be obligated to maintain the confidentiality of all business information, technical data, trade secrets, and other confidential materials obtained or held by either party during the course of business collaboration.

Termination. We reserve the right to unilaterally terminate the contract if a force majeure event persists for more than 30 days and renders the supplier unable to deliver the products.

Supplier Concentration

Overview of Relationship with E Ink Holdings

In 2010, we entered into a joint development agreement with E Ink Corporation, a subsidiary of E Ink Holdings, which marked the beginning of a long-term strategic partnership. Building on this foundation, E Ink Holdings commenced formal business cooperation with us in 2015, further deepening our commercial ties. In 2018, E Ink Holdings reinforced this relationship by becoming our shareholder through Chuanqi Optoelectronics with an equity interest of 2.73%, demonstrating its confidence in our business and commitment to long-term cooperation. These milestones reflect a strong and enduring partnership characterized by shared technological development and strategic alignment, which we believe reduces the risk of possible material adverse change in our relationship.

During the Track Record Period, our purchases from E Ink Holdings were RMB379.0 million, RMB478.1 million and RMB783.9 million, respectively, representing 49.5%, 49.2% and 52.7%, respectively, of our total purchases for the same periods. As of the Latest Practicable Date, we did not have any minimum supply agreements with E Ink Holdings and except for the aforementioned joint development agreement, we did not sign any long-term agreement with E Ink Holdings or its group companies. According to CIC, such arrangements are in line with industry practices as major suppliers such as E Ink Holdings generally adjust their capacity allocation according to the year's order size.

As we sourced e-ink films primarily from E Ink Holdings during the Track Record Period, if our relationship with E Ink Holdings is either terminated, interrupted, or modified in any way adverse to us, there may be material interruptions to our operations and business. See "Risk Factors — Risks Relating to Our Business and Industry — Our supplier concentration exposes us to supply chain risks, the loss of which could adversely affect our business."

Reasons for Reliance on E Ink Holdings

During the Track Record Period, we primarily procured e-ink film, protective film from E Ink Holdings, a global leader in e-paper display technology. E Ink Holdings is widely recognized as the originator and commercial leader of electrophoretic e-paper technology and the principal global supplier of e-ink film used in e-readers, electronic shelf labels, signage, and other applications.

During the Track Record Period, in addition to our purchase of e-ink films directly from E Ink Holdings, we also procured e-ink films from six other suppliers which, to the best of our knowledge, also procured such raw materials directly or indirectly from E Ink Holdings. According to CIC, such arrangements with e-ink films procurement are not uncommon for the e-paper display industry given E Ink Holdings' market dominance in the area of e-ink film supplies. During the Track Record Period and up to the Latest Practicable Date, we sourced all e-ink films directly or indirectly from E Ink Holdings.

According to CIC, there is one alternative e-ink film supplier in the market which possesses the necessary technology and production capacity to meet our requirements at potentially comparable commercial terms and which accounted for substantially all of the remaining market share apart from E Ink Holdings. The reasons for us to procure e-ink films exclusively from E Ink Holdings and its distributors during the Track Record Period instead of also procuring from this alternative supplier are due to the following considerations:

First, according to CIC, the supply of key upstream raw materials for the e-paper industry (e.g., e-ink film) is highly concentrated. Due to the highly specialized nature of electrophoretic e-paper technology and the lack of widely available substitutes for e-ink film, it is common practice in the e-paper industry for manufacturers, including us, to source e-ink film exclusively from E Ink Holdings (including its distributors), which is recognized as the originator and global leader in this technology.

Second, E Ink Holdings is the leader in the global e-ink film industry, holding over 90% market share in 2025 in terms of revenue, according to CIC. E Ink Holdings dominates the global e-ink film industry primarily due to its proprietary electrophoretic display technology and extensive patent portfolio, which create high entry barriers for competitors. Its products deliver proven and mature performance in terms of contrast ratio, refresh rate, zero-power image retention, environmental durability and long-term reliability. These qualities are long-validated by the market and fully meet our requirements for high performance (such as key performance metrics of drive stability and batch-to-batch consistency) and provide better safeguards for the quality and efficiency of our mass production of modules. E Ink Holdings' first-mover advantage and long-term partnerships with major e-reader brands and retailers have secured market leadership which makes it almost inevitable for e-paper display module producers like us to first come to E Ink Holdings (and its distributors) over other suppliers.

Third, given the technical complexity, stringent quality requirements, and concentrated upstream supply of key raw materials such as e-ink film, procuring from E Ink Holdings ensures consistent product quality, stable supply, and alignment with industry standards. Furthermore, to secure manufacturing capacity and maintain centralized management of critical components, reliance on a limited number of strategic suppliers, particularly E Ink Holdings, is in line with prevailing industry practice. This is because there are variations in material formulations, driving waveforms and process parameters among different e-ink film suppliers. To maintain production process stability and product consistency, module manufacturers typically prefer to establish deep collaboration with a single primary supplier and optimize their processes around that supplier's material system. According to CIC, this practice is relatively common within the industry and helps reduce costs and risks associated with switching between multiple material suppliers.

Reliance on E Ink Holdings

Our Directors are of the view, and the Sole Sponsor concurs, that our Group's reliance on E Ink Holdings has no material adverse impact on our Group and the likelihood of any material adverse change or termination of our relationship with E Ink Holdings is minimal. These are based on the following considerations:

Long-term and Stable Relationship. We have maintained a long-term, stable, and mutually beneficial collaboration with E Ink Holdings since 2010 through its subsidiary, E Ink Corporation. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any disputes, conflicts, or material disagreements with E Ink Holdings, which would underscore the stability, harmony, and mutual trust in our long-standing relationship. This consistent record of smooth cooperation reflects both parties' commitment to maintaining a reliable and collaborative partnership. Furthermore, we have never failed to renew agreements with E Ink Holdings. The uninterrupted renewal of these agreements over multiple years demonstrates the continuity, reliability, and strategic importance of this partnership to both parties, providing strong assurance that our relationship with E Ink Holdings is firmly established and unlikely to materially adversely change or terminate. During the Track Record Period and up to the Latest Practicable Date, we sourced all e-ink films directly or indirectly from E Ink Holdings. According to CIC, such arrangements with e-ink films procurement are not uncommon for the e-paper display industry given E Ink Holdings' market dominance in the area of e-ink film supplies even though there is one alternative e-ink film supplier available for such raw materials outside of the E Ink Holdings supply-chain system.

E Ink Holdings' Vested Interest. E Ink Holdings has been our shareholder since 2018, which not only reinforces its vested interest in our continued growth and success but also reflects a strong strategic alignment between both parties. As a shareholder, E Ink Holdings benefits directly from our business performance, creating a shared incentive to maintain a stable and long-term partnership. This equity relationship fosters deeper collaboration, mutual trust, and commitment to joint development initiatives, further solidifying the foundation of our cooperation and reducing the likelihood of possible material adverse change or termination of our relationship. As of the Latest Practicable Date, we were not aware of any expressed intention from E Ink Holdings to increase its equity investments in our Group. We will continue to explore means to strengthen our on-going collaboration with E Ink Holdings on multiple fronts, covering business and industry perspectives without limiting only to equity investments.

Effort to Diversify Source of Raw Materials. We have endeavored to implement a diversification strategy to strengthen our supply chain resilience to the extent practicable and also in line with industry practices. By engaging multiple suppliers across different product categories and regions, we aim to reduce dependency on any single supplier and mitigate potential risks arising from supply disruptions. To further enhance supply chain security, we continuously optimize resource allocation through long-term partnerships with high-quality suppliers and a dynamic supplier management system featuring a merit-based elimination mechanism. Our supplier network spans multiple countries and regions, forming an integrated "domestic + overseas" diversified supply system that significantly improves flexibility, bargaining power, and risk resistance. This structure ensures continuity of production and operational stability, providing strong assurance that even in the unlikely event of changes with major suppliers, our operations will remain robust and uninterrupted.

Key Terms of Agreements with E Ink Holdings

Salient terms of our agreements with E Ink Holdings typically include:

Duration. Generally one year subject to renewal by mutual agreement.

Pricing. The framework agreements generally do not specify quantity and price, which we set out in purchase orders.

Payment. We are required to make payment within 30 days upon receipt of the goods.

Assignment. Neither party shall assign its rights and obligations to other parties and entities without the written consent.

Termination. The framework agreements can be terminated if (i) we materially breach the agreement and fail to remedy such breach within a prescribed time after receiving written notice from E Ink Holdings, or (ii) either party is declared bankrupt, becomes subject to liquidation or reorganization proceedings, or suffers a material deterioration in its operating condition, or engages in conduct that impairs its creditworthiness.

SALES AND MARKETING

Our marketing strategy prioritizes manufacturing excellence, technology enhancement, solution integration, and sustainability. Leveraging our core strengths in e-paper R&D and manufacturing, we deeply integrate technology, application scenarios, and sustainability, and position ourselves as a broader e-paper solutions provider rather than solely a display module supplier. By focusing on key verticals such as retail, we deliver high-caliber products that build market credibility. At the same time, the low power consumption and reusability of e-paper align with corporate ESG goals, adding tangible green value to our offerings. In the future, we would accelerate technological advancements in flexible, large-size, and color e-paper, expand product applications in emerging fields such as the IoT, and build a data-driven, global, end-to-end marketing system to further strengthen technological cooperation, broaden scenario-based knowledge, and support a sustainable ecosystem.

As of December 31, 2025, our sales and marketing team consisted of 25 members. The team works closely with departments including R&D, production and procurement to ensure supply chain responsiveness and customer satisfaction. During the Track Record Period, most of our revenue was generated through direct sales. Our direct sales team is responsible for customer development, order management, technical support and after-sales services, which ensures efficient coordination between product delivery and customer response.

In certain overseas markets, including Japan, South Korea and Europe, we collaborate with local sales partners based in the respective countries or regions of our customers. These partners primarily included specialized consulting firms, regional trading companies and established manufacturers in the display and LED technology sectors. Their principal businesses include providing advisory services for electronic components and display solutions, facilitating international trade and distribution of display-related products, and manufacturing LED lighting, display systems and semiconductor components. Leveraging technical expertise, global supply chain networks and advanced production capabilities, these partners support market penetration and ensure high-quality solutions for end customers. In addition, they provide local market and customer insights, assist in marketing and customer development, help identify product and order requirements, and support us in follow-up matters such as contract execution, product delivery, quality feedback and payment collection. Accordingly, per our collaboration agreement, they are responsible for assisting in market development and customer relationship management in their respective markets. We entered into contracts directly with our customers rather than through sales partners, while our local sales partners receive a commission ranging from approximately 1.5% to 5%. In 2023, 2024 and 2025, we incurred commission to sales partners of RMB11.5 million, RMB9.7 million and RMB11.0 million, respectively.

Salient terms of our agreements with sales partners typically include:

Term. The term of the agreement is typically two years and shall be automatically renewed for an additional year thereafter if both parties do not object.

Advertising and Sales Promotion. We advertise in such manner as to keep the market place informed of the kind and quality of the products. Sales partners should support all of the advertising activities.

Relationship. The relationship between us and the sales partners is that of vendor and value-added partner.

Use of Trademarks. Upon termination of this agreement for any reason, the sales partner shall immediately discontinue the use of all our trade names and trademarks.

Confidentiality. Sales partners shall be obliged to keep confidential the business, technical data, trade secrets and other confidential information known or held by Party A during the process of business operation. This confidentiality clause shall be valid for five years after the termination of the agreement.

We also conduct market research to monitor industry technology trends, market demand, policy developments and the competitive landscape. By leveraging our strengths and addressing weaknesses, we formulate strategic plans aimed at enhancing our brand influence and market share within the global e-paper display sector.

During the Track Record Period, our business did not have any material seasonality which may cause our business to fluctuate significantly.

Our Sales Network

Our sales are primarily conducted through global direct sales. We also engage distributors to support and facilitate market expansion in certain markets.

The table below sets out a breakdown of our revenue by sales channel for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
Sales Channel	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Direct sales	997,587	97.4	1,127,580	97.9	1,686,555	98.4
Distribution sales	16,325	1.6	15,716	1.4	16,277	1.0
Subtotal	**1,013,912**	**99.0**	**1,143,296**	**99.3**	**1,702,832**	**99.4**
Other business[(1)]	10,286	1.0	8,260	0.7	10,149	0.6
Total	**1,024,198**	**100.0**	**1,151,556**	**100.0**	**1,712,981**	**100.0**

Note:

(1) Other business primarily includes sale of surplus materials and rental of temporarily vacant factory spaces.

Our Direct Sales

We primarily conduct our sales through a direct sales model, and promote our products and expand our customer base through industry referrals, participation in trade exhibitions, sales team outreach and online marketing. Downstream customers in our industry generally adopt stringent evaluation and verification standards for both suppliers and their products. We are required to undergo qualification assessments, product testing and factory audits before being included in a customer's approved supplier list. Once included, customers typically establish and maintain a long-term and stable relationship with us. See "— Our Customers."

Our Distribution Sales

We do not rely on our distribution model for the sales of our products. Accordingly, we only generated a small portion of revenue from our distributors, which amounted to RMB16.3 million, RMB15.7 million and RMB16.3 million, respectively, representing 1.6%, 1.4% and 1.0% of our total revenue in 2023, 2024 and 2025, respectively. During the Track Record Period and up to the Latest Practicable Date, we had no material unresolved disputes or lawsuits with our distributors.

We select distributors for the sale of our e-paper display modules based on a range of criteria, including business scale, regional distribution capabilities, warehousing capacity, creditworthiness and commercial reputation, comprehensive market management, sound marketing plans, and a certain level of technical support capability. We monitor and evaluate the performance of these distributors to determine whether to continue our business relationships. We maintain a standard buyer-seller relationship with distributors, and enter into sales contracts with our distributors in the same manner as with our direct customers. We may also enter into distribution agreements with certain major distributors. Distributors purchase products directly from us and are considered our customers. We generally do not impose minimum purchase requirements or sales targets, and distributors are neither incentivized nor obligated to purchase quantities exceeding end-customer demand. Likewise, we do not maintain any policy for managing sub-distributors.

Our distributors purchase e-paper display modules from us and maintain their own inventories. We exercise strict control over our distribution channels and mitigate the risk of channel stuffing by partnering with carefully selected distributors. We believe the risk of channel stuffing within our distribution network is low, given that (i) we maintain a contractual buyer-seller relationship with distributors; and (ii) we generally do not permit product returns unless due to quality issues attributable to us. We assess our distributors with respect to sales performance, initiation of new projects, key customer support, operational efficiency and compliance status. As we typically maintain long-term relationships with our distributors, the proportion of non-recurring sales during the Track Record Period was relatively low.

Salient terms of our distribution agreements with major distributors typically include:

Term. The term of the distribution agreement is typically two years and shall be automatically renewed for an additional period of two years thereafter, unless either party gives prior written notice of non-renewal.

Scope of work. We provide full support to help our distributor grow the e-paper display business and commit not to supply customers introduced by the distributor; in return, the distributor must disclose complete end-customer and project details and provide monthly updates on project progress.

Price. Our prices are based on agreed or individual quotations, are subject to change by us with notice, and the applicable price is the one in effect at the time of order confirmation.

Customer Protection. We grant our distributors the right to claim exclusive customer protection for up to 6 months, during which we will not supply the customer directly or through any other party; if no tangible progress is made within that period, the customer will be removed from the protected list.

Warranty. We typically grant a warranty period of 12 months from the date of delivery.

Credit limits. We determine credit terms and limits based on the creditworthiness of the distributors. We generally provide a credit term of 30 days.

Termination. We generally have the right to terminate the agreement with distributors who breach the distribution agreement.

Delivery method. We typically adopt the Free Carrier arrangement, under which we deliver the products to the designated carrier at the specified location and bear all risks of loss until delivery, after which the distributor assumes responsibility for such risks.

As of December 31, 2025, we had 28 distributors. The table below sets forth the movement in the number of our distributors during the Track Record Period.

	Year ended December 31,		
	2023	2024	2025
Distributors at the beginning of year	27	26	31
Addition of new distributors[1]	3	7	–
Decrease in the number of existing distributors[2]	(4)	(2)	(3)
Distributors at the end of year	26	31	28

Notes:

(1) Addition of new distributors refers to either (a) new major distributor with which we entered into a distribution agreement in the current year, or (b) for other distributors, those that had revenue contribution for the current year but not for the proceeding year.

(2) Decrease in the number of existing distributors refers to either (a) non-renewal or termination of distribution agreement with a major distributor, or (b) for other distributors, those that had revenue contribution in the preceding year but not the current year.

As of December 31, 2023, 2024 and 2025, the number of our distributors remained relatively stable, which was 26, 31 and 28, respectively. There was a decrease in the number of distributors of four, two and three in 2023, 2024 and 2025, respectively, which were all distributors with only sales contracts but no distribution agreements. Such distributors did not purchase from us in the relevant years due to their business needs.

To the best of our knowledge, all of our distributors during the Track Record Period and up to the Latest Practicable Date are Independent Third Parties.

Revenue by Customer Location

The following table sets forth a breakdown of our revenue by customer location (based on place of registration of customer entities) for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Chinese mainland	272,824	26.6	422,716	36.7	942,171	55.0
Vietnam	519,661	50.7	417,308	36.2	546,402	31.9
Other Asian countries and regions[1]	161,302	15.8	141,560	12.3	70,511	4.1
Europe[2]	69,576	6.8	169,035	14.7	134,202	7.8
Others[3]	835	0.1	937	0.1	19,695	1.2
Total	**1,024,198**	**100.0**	**1,151,556**	**100.0**	**1,712,981**	**100.0**

Notes

(1) Other Asian countries and regions included Hong Kong, India, Japan, Malaysia, Singapore, South Korea, Sri Lanka, the Taiwan region of China and United Arab Emirates.

(2) Europe refers to approximately 20 European countries and regions, primarily including France, Germany, Italy, Netherlands, Poland, Sweden, Switzerland, and United Kingdom.

(3) Others included Australia, Brazil, New Zealand and United States.

During the Track Record Period, our sales to customers domiciled in China and Vietnam in aggregate accounted for a substantial portion of our revenue whereas revenue contribution from other country or region was relatively limited individually. For the years ended December 31, 2023, 2024 and 2025, our revenue generated from Vietnam amounted to RMB519.7 million, RMB417.3 million and RMB546.4 million, respectively, representing 50.7%, 36.2% and 31.9% of our total revenue, respectively; and gross profit margin for sales to Vietnam was 15.0%, 18.8% and 16.1%, respectively.

Pricing

We price our products based on various factors, including the costs of the materials, production costs, order volumes, financial goals, competition and the size of display modules. We closely monitor fluctuations in prices of main materials and related raw materials, and actively work to reduce procurement and production costs, and reassess product pricing levels when necessary. Our framework sales agreements or supplementary agreements include price adjustment mechanisms, providing us flexibility to adjust product pricing when supply-demand dynamics or commercial conditions change. We have and may, from time to time, face low-price strategies adopted by industry peers. Our Directors are of the view that such strategies did not have a material adverse impact on our business operations or financial performance during the Track Record Period and up to the Latest Practicable Date, primarily because: (i) our customers generally prioritise product stability, consistency, reliability and delivery capability over price alone, as evidenced by our customer retention rate reaching 82.9%, 95.7% and 98.2% in 2023, 2024 and 2025, respectively; (ii) we generally maintained a considerably higher gross profit margin during the Track Record Period compared to industry peers which adopted low-price strategies, while the selling prices of our products were generally in line with market prices according to CIC; and (iii) our competitive strengths in technology, product quality, production scale and customer service have enabled us to compete on the basis of overall value, as reflected in our prominent position in the global e-paper display industry. The consistent increase in our revenue and net profit during the Track Record Period further demonstrated that the low-price strategies adopted by certain industry peers did not materially impair our revenue growth or profitability. Nonetheless, continued or intensified price competition could, over time, exert downward pressure on the selling prices of our products or affect our market share, which could in turn have an adverse impact on our business, operating results and financial condition. For further details, see "Risk Factors — Risks relating to Our Business and Industry — We are confronted with competition from other industry players and the pressure of technological iteration." For further details on our selling prices, see also "Financial Information — Principal Components of Consolidated Statements of Profit or Loss and Historical Results of Operations — Revenue — Sales Volume and Average Selling Price."

Rolling Backlog

The table below sets forth the movement of backlog value of our e-paper display modules during the Track Record Period.

	For the year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Opening value of backlog as of the beginning of the year	544,993	666,416	926,979
Add: contract value of new orders signed	1,185,573	1,477,041	1,280,833
Less: revenue recognized during the current year	1,064,151	1,216,478	1,796,797
Ending backlog as of the end of the year	666,416	926,979	411,016

After-sales Services and Customer Engagement

We are committed to delivering outstanding after-sales services and consistently improving our customer service system to ensure customer satisfaction and nurture enduring partnerships. By implementing standardized procedures for complaints and returns, and involving multiple departments in the process, we ensure prompt and systematic issue resolution while transforming customer feedback and return data into actionable improvements that enhance product and service quality.

We adhere to a customer centric approach and have implemented two key internal procedures: the Customer Complaint Handling Policy《客戶投訴處理規定》and the Customer Return Handling Policy《客戶退貨處理規定》to standardize and enhance customer service management.

For customer complaint handling, we establish a structured and tiered response mechanism based on issue severity to ensure timely resolution and efficient closure. Customer feedback is classified into three levels: (a) for customer feedback, we provide a response and corresponding measures within 24 hours; (b) for general complaints, we provide a response within 24 hours, deliver an improvement plan within three working days, and issue an 8D report within five working days; and (c) for major complaints, we provide a response within four hours, deliver an improvement plan within two working days, and issue an 8D report within five working days.

For returned materials handling, we established a standardized return and rework process to ensure prompt response, proper classification, and timely replenishment for defective products. The return handling and rework process is as follows: (a) our returned materials team registers the returned goods with the warehouse and retrieves the products; (b) defects are re-inspected, and the top three issues are submitted for engineering analysis within two days; (c) items are then classified as repairable or non-repairable, with non-repairable items following the scrapping process and repairable items undergoing evaluation, after which repair procedures and required materials are shared with Planning, Production, and Quality within two days; (d) planning schedules the rework within one day, and the repair team completes rework within fifteen days following all standard inspection steps; and (e) our sales team arranges replenishment to meet customer demand.

We incorporate multiple departments into our after-sales service system to ensure prompt and effective handling of customer complaints and returns, from initial reporting to follow-up resolution. This cross-departmental collaboration enables comprehensive tracking and systematic improvement of product issues, enhancing both product and service quality. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material product return or customer complaint, or product recall that adversely impacted our reputation, business operations or financial condition, nor were we subject to any material product liability claim.

OUR CUSTOMERS

Our customers primarily comprise leading global and domestic providers of smart retail and IoT display solutions. These customers focus on areas such as electronic shelf labels, retail automation, in-store digitalization, digital technology integration, e-paper price tags and related applications. They generally maintain stringent supplier qualification standards, requiring high levels of product quality, reliability and compliance. We generally grant a credit period of between 30 to 90 days to our customers.

In 2023, 2024 and 2025, revenue generated from our five largest customers in each year during the Track Record Period was in aggregate RMB908.4 million, RMB950.9 million and RMB1,555.0 million, respectively, representing 88.7%, 82.6% and 90.8% of our total revenue, respectively. In 2023, 2024 and 2025, revenue generated from our largest customer in each year during the Track Record Period was RMB519.6 million, RMB417.7 million and RMB605.6 million, respectively, representing 50.7%, 36.3% and 35.4% of our total revenue, respectively. The following table sets forth the details of our five largest customers in each year during the Track Record Period:

Year ended December 31, 2025

Rank	Customers	Background	Major Product/ service provided	Sales amount	% of total revenue	Year of commencement of business relationship	Credit term
				(RMB'000)			
1 . . .	Customer A	A private company headquartered in Changsha, Hunan Province, China. It engages in innovative display and digital culture solutions, providing paper-like eye-friendly displays, cultural & tourism exhibition solutions, education digitalization and others.	E-paper display modules	605,584	35.4	2021	60 days
2 . . .	Solum and its affiliates	A group of companies including a public technology company listed on KOSPI that engages in electronic components and ICT businesses, manufacturing and selling adapter, display power and other products. The public technology company listed on KOSPI is headquartered in Yongin-si, Gyeonggi Province, South Korea.	E-paper display modules	495,114	28.9	2020	45 days
3 . . .	Customer B	A group of companies including a public company listed on SZSE that engages in retail digitalization, providing electronic shelf label systems, full store-digitization solutions and others. The public company listed on SZSE is headquartered in Jiaxing, Zhejiang Province, China.	E-paper display modules	324,183	18.9	2016	60 days
4 . . .	Customer C	A private company that engages in digital asset security with global reach. A private company headquartered in Paris, France, engaging in digital asset security with global reach.	E-paper display modules	71,608	4.2	2023	30 days
5 . . .	Customer D	A public company headquartered in Sweden and listed on Nasdaq Stockholm. It engages in retail digitalization, providing electronic price labels and electronic signs for advertising.	E-paper display modules	58,482	3.4	2021	90 days

Year ended December 31, 2024

Rank	Customers	Background	Major Product/ service provided	Sales amount	% of total revenue	Year of commencement of business relationship	Credit term
				(RMB'000)			
1 . . .	Solum and its affiliates	A group of companies including a public technology company listed on KOSPI that engages in electronic components and ICT businesses, manufacturing and selling adapter, display power and other products. The public technology company listed on KOSPI is headquartered in Yongin-si, Gyeonggi Province, South Korea.	E-paper display modules	417,705	36.3	2020	45 days
2 . . .	Customer B	A group of companies including a public company listed on SZSE that engages in retail digitalization, providing electronic shelf label systems, full store-digitization solutions and others. The public company listed on SZSE is headquartered in Jiaxing, Zhejiang Province, China.	E-paper display modules	190,646	16.6	2016	60 days
3 . . .	Customer A	A private company headquartered in Changsha, Hunan Province, China. It engages in innovative display and digital culture solutions, providing paper-like eye-friendly displays, cultural & tourism exhibition solutions, education digitalization and others.	E-paper display modules	168,410	14.6	2021	60 days
4 . . .	Customer D	A public company headquartered in Sweden and listed on Nasdaq Stockholm. It engages in retail digitalization, providing electronic price labels and electronic signs for advertising.	E-paper display modules	101,987	8.8	2021	90 days
5 . . .	Customer E	A group of companies including a public company listed on KOSDAQ that engages in electronic components, manufacturing various parts used in mobile phones such as filters, duplexer, crystal oscillators and others.	E-paper display modules	72,176	6.3	2019	30-45 days

Year ended December 31, 2023

Rank	Customers	Background	Major Product/ service provided	Sales amount	% of total revenue	Year of commencement of business relationship	Credit term
				(RMB'000)			
1 . . .	Solum and its affiliates	A group of companies including a public technology company listed on KOSPI that engages in electronic components and ICT businesses, manufacturing and selling adapter, display power and other products. The public technology company listed on KOSPI is headquartered in Yongin-si, Gyeonggi Province, South Korea.	E-paper display modules	519,631	50.7	2020	45 days
2 . . .	Customer B	A group of companies including a public company listed on SZSE that engages in retail digitalization, providing electronic shelf label systems, full store-digitization solutions and others. The public company listed on SZSE is headquartered in Jiaxing, Zhejiang Province, China.	E-paper display modules	170,627	16.7	2016	60 days
3 . . .	Customer F	A private multi-national company headquartered in Singapore providing retail and hospitality digital solutions, like self-payment machines and self-ordering kiosk.	E-paper display modules	119,657	11.7	2020	30 days
4 . . .	Customer D	A public company headquartered in Sweden and listed on Nasdaq Stockholm. It engages in retail digitalization, providing electronic price labels and electronic signs for advertising.	E-paper display modules	49,808	4.9	2021	60-90 days
5 . . .	Customer A	A private company headquartered in Changsha, Hunan Province, China. It engages in innovative display and digital culture solutions, providing paper-like eye-friendly displays, cultural & tourism exhibition solutions, education digitalization and others.	E-paper display modules	48,700	4.7	2021	60 days

Key Terms of Agreements with Customers

The following summarizes the salient terms in our framework agreements with customers:

Scope of Work. The customer commissions us to design, develop, and manufacture e-paper modules.

Duration. The terms of our agreements are typically around two years.

Purchase Amount. The purchase amount is specified in each purchase order under the framework agreement.

Delivery and Performance Management. We manufacture and deliver products to customers in accordance with the requirements specified in the purchase orders. We are generally responsible for customs clearance, if any. We engage third-party customs brokerage companies to handle customs filing clearance for our customers.

Pricing and Payment. During the term of this framework agreement, we shall not unilaterally increase the price of products, and any change in price shall be confirmed in writing by both parties. Customers are required to make payment within 30 to 90 days after delivery or monthly statement.

Product Liability. The products we provide to customers shall meet the relevant quality requirements. If any loss is caused to the customer due to the failure of our products to meet such quality standards, we shall be liable for compensation.

Product Return Arrangements. We typically do not allow our customers to return products to us except for limited reasons, such as product design defects or quality issues.

Product Warranty. The manufactured products must meet the specifications as mutually agreed, and the product warranty period typically ranges from one to five years.

Confidentiality. Both the customer and our Company shall be obligated to maintain the confidentiality of all business information, technical data, trade secrets, and other confidential materials obtained or held by either party during the course of business collaboration.

Termination. The framework agreements may be terminated by mutual consent of the parties or under certain circumstances, such as a party's refusal to comply with the terms of the agreement or in the event of a party's bankruptcy.

Customer Concentration

During the Track Record Period, we primarily sold e-paper display modules to Solum, a company listed on the Korea Exchange, specializing in power modules, digital tuners, electronic shelf labels, and other electronic components and solutions. We commenced business cooperation with Solum in 2020. E-paper display market leaders build a strong, invisible customer barrier by combining deep collaboration with global clients, customized solutions, and long-term supply agreements, driven by the high stability demands of downstream applications. Accordingly and as confirmed by CIC, it is not uncommon for e-paper display module providers to have a relatively large portion of their revenue contributed by a few customers, our partnerships with leading companies like Solum reflect a common and strategic commercial approach. According to CIC, top five players of the e-paper display downstream market accounted for more than 80% of the market share in 2025 in terms of revenue.

During the Track Record Period, our revenue from Solum was RMB519.6 million, RMB417.7 million and RMB495.1 million, respectively, representing 50.7%, 36.3% and 28.9%, respectively, of our total revenue for the same periods. Any termination, material interruption, or adverse modification of our relationship with Solum could have a material adverse effect on our operations and financial performance. See "Risk Factors — Risks Relating to Our Business and Industry — We had a concentration of customers during the Track Record Period."

To the best of our knowledge as of the Latest Practicable Date, our Directors are of the view that the likelihood is remote for our business relationship with major customers, such as Solum, to be subject to material adverse change or termination, which is based on the following considerations:

(A) We do not expect that Solum will materially reduce the amounts of purchase from us. This expectation is based on our long-standing and stable relationship, which began prior to the Track Record Period and has been characterized by consistent cooperation without any material interruptions or disputes. Solum remains a key strategic customer with ongoing demand for our products, supported by established procurement arrangements and mutual business interests. Furthermore, Solum's product requirements align closely with our core capabilities, and we continue to maintain active communication and technical support to strengthen this partnership. Moreover, our long-term and well-established business relationships with major customers such as Solum also made it less likely for such customers to replace us with other supplier(s) on a short notice and in a cost-efficient manner due to relatively higher migration costs that may be involved in terms of supplier eligibility assessment, testing and validation process on the part of such customers.

(B) During the Track Record Period and up to the Latest Practicable Date, there were no material suspension or disruption of our business relationships with major customers, nor any material disputes between us and our major customers. Moreover, leveraging our sales and marketing efforts to seize new business opportunities and our strong customer base, our Directors consider that if we were to lose any major customer in the future, any adverse impact on our financial performance would not be expected to be permanent.

(C) We have taken below measures to reinforce our relationship with major customers such as Solum and mitigate our concentration risks:

- Our framework agreement with Solum typically has a two-year term and is automatically renewed for successive one-year periods. This renewal mechanism provides a strong foundation for maintaining our long-term business relationship and ensures continuity in cooperation. Combined with our established procurement arrangements, stable historical performance, and ongoing technical and commercial engagement with Solum, we believe this structure significantly reduces the risk of possible material disruption and supports sustained purchase volumes going forward.
- We recognize that manufacturing and delivering high-quality products is one of Solum's highest priority. We have implemented and maintain a rigorous quality assurance program designed to guarantee conformance with Solum's product specifications and quality requirements. This program includes comprehensive testing protocols and inspection procedures to ensure that every product meets the required quality benchmarks before delivery. In addition, we continuously invest in advanced testing equipment and quality control systems, and provide ongoing training for our production teams to uphold best practices in quality management. We believe such commitment builds trust with Solum and strengthens our long-term partnership.

- We have actively diversified our customer base to mitigate risks associated with customer concentration. During the Track Record Period, we strategically and proactively reallocated internal resources to serve other customers and actively pursued new business opportunities. As a result, revenue from Solum accounted for a decreasing portion of our total revenue during the Track Record Period. Notably, Solum was no longer our largest customer for the year ended December 31, 2025. We have strengthened our collaboration with Customer A, a relatively new customer that just entered the business relationship with us in 2021. Revenue from sales of e-paper display modules to Customer A grew significantly from RMB48.7 million in 2023 to RMB168.4 million in 2024. In 2025, Customer A had become our largest customer. This demonstrates the effectiveness of our diversification strategy and our ability to capture new business opportunities.
- We are using our expertise in e-paper display modules to expand into growing markets such as smart logistics, smart healthcare, smart retail, smart wearables, and digital schoolbags. By diversifying our applications, we reduce reliance on any single customer or market, broaden our customer base.
- We build a systematic market expansion strategy by participating in industry exhibitions, optimizing our online platforms, and strengthening collaboration across the supply chain, continuously broadening our application scenarios and customer network. Guided by the strategy of "securing existing customers, expanding new markets, and strengthening channels," we reinforce core customer relationships while actively pursuing emerging markets, effectively reducing customer concentration risk.

Key Terms of Agreements with Solum

The following summarizes the salient terms in our contracts with Solum:

Scope of Work. Solum commissions us to design, develop, and manufacture e-paper display modules.

Duration. The term of our agreements is typically two years and will be automatically renewed for an additional successive one-year period.

Delivery and Performance Management. We manufacture and deliver products to Solum in accordance with the requirements specified in the purchase orders.

Payment. Solum is required to make payment within 30 to 45 days upon receipt of the monthly statement.

Product Warranty. The manufactured products must meet the specifications as mutually agreed, and the product warranty period is two years.

Termination. Both parties have the right to terminate the agreement when the other party has committed a material breach of the contract.

Our Sales to Customer A

During the Track Record Period, revenue from Customer A increased from RMB48.7 million in 2023 to RMB168.4 million in 2024 and further to RMB605.6 million in 2025, representing 4.7%, 14.6% and 35.4% of our total revenue for the same years, respectively, and Customer A became our largest customer in 2025. Customer A is a private company headquartered in Changsha, Hunan Province, China, principally engaging in innovative display and digital culture solutions, including paper-like eye-friendly displays, cultural and tourism exhibition solutions and education digitalization. We commenced our business relationship with Customer A in 2021.

The significant increase in our sales to Customer A during the Track Record Period was primarily attributable to identifiable commercial factors. Customer A acts as a sourcing partner for, and purchasing arm of several strategic components in China for a leading global provider of electronic shelf label solutions ("**End-customer V**"), and Customer A became one of our major customers during the Track Record Period principally in connection with downstream end-product demand from End-customer V. The increase was further driven by the continuous growth in Customer A's end-customer business volume, including demand from End-customer V, which increased Customer A's demand for our products. In addition, our share of Customer A's procurement allocation among multiple e-paper display module suppliers also increased during the Track Record Period, supported by the broader range of product models introduced and supplied by us to Customer A.

To the best of our knowledge as of the Latest Practicable Date, our Directors are of the view that, although Customer A became our largest customer in 2025, we do not have undue reliance on Customer A that would materially threaten our business sustainability, which is due to the following considerations:

First, relatively high customer concentration is not uncommon in the e-paper display module industry because market leaders build strong customer barriers through deep collaboration with global clients, customized solutions and long-term supply arrangements, and CIC confirmed that it is not uncommon for e-paper display module providers to have a relatively large portion of revenue contributed by a few customers.

Second, we have maintained a broad direct-sales customer base and are not dependent on Customer A as our only meaningful market access point. In addition, we maintained commercial relationships with all of the global top five commercial e-paper application customers in 2025, with 100.0% top-client coverage according to CIC.

Third, we continue to pursue new customers and application scenarios to mitigate customer concentration risk. We are expanding into growing markets such as smart logistics, smart healthcare, smart retail, smart wearables and digital schoolbags, thereby reducing reliance on any single customer or market and broadening our customer base. We have adopted a systematic market expansion strategy by participating in industry exhibitions, optimizing our online platforms and strengthening collaboration across the supply chain, guided by the strategy of "securing existing customers, expanding new markets, and strengthening channels." During the Track Record Period and up to the Latest Practicable Date, there were no material suspensions or disruptions of our business relationships with major customers and no material disputes between us and our major customers.

Notwithstanding the foregoing, we are subject to risks associated with our customer concentration and our increased sales to Customer A. For further information, see "Risk Factors — Risks Relating to Our Business and Industry — We had concentration of customers during the Track Record Period."

Overlapping Customers and Suppliers

In 2025, E Ink Holdings, our largest supplier in each year during the Track Record Period was also one of our customers, to whom we sold four-color small-size e-paper display modules of RMB41.5 thousand, representing less than 0.1% of our total revenue in 2025. At the time, one of E Ink Holdings' customers had the need for such small batch of products. To accommodate this ad hoc request in a more cost efficient manner, E Ink Holdings purchased the relevant products from us for subsequent sale to its customer on a one-off basis. In 2025, the gross profit and gross profit margin attributable to E Ink Holdings relating to the aforementioned sales amounted to RMB7.9 thousand and 19.1%, respectively. In the same year, we procured e-ink films and other raw materials from E Ink Holdings in the amount of RMB783.9 million, representing 52.7% of our total purchases for 2025. Our Directors have confirmed that our sales to and purchases from E Ink Holdings during the Track Record Period were not inter-conditioned, inter-related or otherwise considered as one transaction, and were conducted in the ordinary course of business and under normal commercial terms.

THIRD-PARTY PAYMENT ARRANGEMENT

Background

During the Track Record Period, certain of our customers ("**Customers**") settled their payments to us through third-party payors (the "**Third-Party Payment Arrangement**"). In 2023, 2024 and 2025, the number of Customers was four, six and one, respectively. The revenue attributable to transactions involving Third-Party Payment Arrangements amounted to approximately RMB6.1 million and RMB9.9 million in 2023 and 2024, respectively, accounting for 0.6% and 0.9% of our total revenue, respectively. Such amount decreased significantly to around RMB2,044 in 2025 which only accounted for less than 0.1% of our total revenue for the year. Of the above third-party payment amounts during the Track Record Period, a predominant portion occurred in the Chinese Mainland, which amounted to RMB6.0 million, RMB9.9 million and nil in 2023, 2024 and 2025, respectively, accounting for 0.6%, 0.9% and nil of our total revenue, respectively. A relatively minimal portion occurred in Hong Kong through our subsidiary, DKE Hong Kong, which amounted to approximately RMB55,000, RMB21,000 and RMB2,040 in 2023, 2024 and 2025, respectively, accounting for less than 0.1% of our total revenue for each year. To the best knowledge of our Directors, after making all reasonable inquiries, the Customers and their respective third-party payors are independent third parties.

Reasons for Utilizing Third-Party Payment Arrangements

The Third-Party Payment Arrangements arose under the following circumstances: (i) where a customer was unable to settle the payment for goods, such payment was made by its affiliated party on its behalf; and (ii) for certain overseas customers who purchased individual samples, we accepted payment through third-party payment platforms for convenience purposes. The majority of our third-party payment amounts resulted from the first circumstance. In particular, an aggregate amount of approximately RMB15.9 million related to one customer ("**Relevant Customer**") that was unable to settle its outstanding balance with us due to its deteriorating financial and business condition. The payment was being settled by the local law enforcement authorities together with the Relevant Customer's parent company and its subsidiaries pursuant to a settlement agreement. See "Risk Factors — Risks Relating to Our Operations — We may be subject to various risks relating to third-party payment."

Legality of the Third-Party Payment Arrangements

To the best knowledge of our Directors after making reasonable enquiries that, during the Track Record Period and up to the Latest Practicable Date, (i) the relevant payments were based on bona fide underlying transactions and valid contractual relationships; (ii) we had not encountered any disputes with, nor received any refund request from, any of the Customers or third party payors, (iii) we had not been subject to any administrative penalties by any PRC government authorities with respect to the Third-Party Payment Arrangements, (iv) the pricing, payment and other salient terms of the agreements we entered into with the Customers were in line with our other customers not involved in the Third-Party Payment Arrangement and (v) nothing came to our attention that would cause our Directors to doubt the genuineness of relevant transactions or the good faith of relevant parties involved.

During the Track Record Period and up to the Latest Practicable Date, (i) the third-party payments we accepted were not intended to circumvent any applicable PRC laws and regulations, and the receipt of payments was performed solely as the settlement of sales of goods and not related to any commercial bribery, criminal or illegal proceeds or gains, (ii) all payments we received from the third-party payors had been duly recorded according to the accounting procedures and policies, relevant customers have not claimed any interests as to any transaction payment to or from us through the third-party payment arrangement, (iii) we had fully paid all taxes applicable to the payments we received from the third-party payers according to applicable PRC tax laws and regulations, and (iv) we had not been subject to any inquiry, investigation or administrative penalties by the competent government authorities concerning the PRC tax laws and regulation (including anti-money laundering laws, tax laws, and anti-unfair competition laws) as a result of the Third-Party Payments we received. Based on the foregoing, as advised by our PRC Legal Advisors, the Third-Party Payment in China we accepted during the Track Record Period and up to the Latest Practicable Date did not contravene with imperative provisions of PRC laws or regulations. Based on the foregoing, our PRC Legal Advisor is of the view, and the Sole Sponsor concurs, that the relevant Third-Party Payment Arrangements in China we accepted during the Track Record Period and up to the Latest Practicable Date were based on bona fide underlying transactions and valid contractual relationships and that there were no instances of commercial bribery, money laundering, tax evasion or existing or potential disputes with our Group.

Further, as advised by the Hong Kong Legal Counsel, the Third-Party Payment Arrangements are not illegal in Hong Kong. Their legality is contingent upon the authenticity of the underlying transaction and the transparency of the payment source.

Enhanced Internal Control Measures

As of the Latest Practicable Date, save for the above-mentioned Relevant Customer, we had terminated all other Third-Party Payment Arrangements with our customers in July 2025. Due to its deteriorating financial and business condition, the Relevant Customer was required to settle the outstanding balance of the RMB15.9 million transaction through the local law enforcement authorities together with its parent company and subsidiaries pursuant to a settlement agreement. As of the Latest Practicable Date, the remaining balance of the RMB15.9 million transaction was RMB0.4 million, which is expected to be settled by its parent company in accordance with the settlement agreement. In light of this exceptional circumstance, we are making our best efforts to complete the settlement of this last Third-Party Payment Arrangement in 2026.

To safeguard our interest against risks associated with Third Party Payment Arrangements, we have implemented various internal control measures to mitigate the relevant risks, including, among other things: (i) in principle, we have required that all new orders placed by customers can only be settled by such customers' own accounts; (ii) we circulated notice internally to alert and inform relevant staff members of requirements on identification of, and prohibition on accepting, Third-Party Payments; (iii) our finance department shall verify the consistency of the payor's bank account information with the customer's bank account information stated in the contract or obtained from the customer; (iv) our internal audit department shall conduct random inspections on the implementation of the above measures from time to time to ensure compliance; and (v) in principle, we will not accept payments when the payer's name is not our Relevant Customer or the counter parties of our sales agreement or sales order.

Considering that we only entered into Third-Party Payment Arrangements on an occasional basis in the past and that revenue generated from such arrangements represented an immaterial percentage of our total revenue, our Directors are of the view, and the Sole Sponsor concurs, that the cessation of Third-Party Payment Arrangements will not have any material adverse impact on our business, financial condition or results of operations. We engaged an independent internal control consultant (the "**Internal Control Consultant**") to assess the effectiveness of our internal controls, identify system deficiencies, and provide recommendations for strengthening internal control measures. Among others, the Internal Control Consultant has conducted an initial review and a subsequent follow-up review on the Company's internal control measures regarding the third-party payment arrangements (particularly money laundering risks), and no material defect was identified. Apart from the above internal control measures, we have also implemented policies in relation to anti-corruption, anti-bribery, and anti-money laundering control procedures. In light of the above, our Directors are of the view, and the Sole Sponsor concurs, that our enhanced internal control measures are effective and adequate to mitigate the risk of money laundering, fraud, and other associated risks.

We will continue to monitor compliance with these measures through periodic reviews by our finance and internal audit departments, and report any exceptions to the Board and Audit Committee. We believe these controls, together with our governance framework, are sufficient to safeguard our interests and maintain regulatory compliance.

WAREHOUSING, LOGISTICS AND INVENTORY MANAGEMENT

Logistics and Inventory Management

Our logistics system operates on an entirely outsourced model, with our customs & logistics department overseeing dispatch arrangements upon receiving shipping notices. We strategically select the most cost-effective transportation methods, including sea, land, air, express, and customs clearance, by partnering with various third-party logistics providers. We engage qualified third-party logistics service providers to deliver our products to locations specified by our customers. Our contracts with third-party logistic service providers contain detailed standards for the transportation of our products. We periodically evaluate their compliance and performance to ensure smooth delivery. To the best of our knowledge, all logistics service providers engaged by us during the Track Record Period and up to the Latest Practicable Date are Independent Third Parties. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any significant delay or inappropriate handling of goods that materially and adversely affected our business operations.

Our inventories mainly comprise raw materials, work-in-progress and finished products. Our inventory management is closely linked with our production plans and benefits from our strong relationships with customers and suppliers, which enable us to effectively manage the level of inventories, mitigate inventory-related risks and enhance our overall operational efficiency. We implement comprehensive controls for material inbound (verification, quality inspection, system entry, concession management for defects), robust storage conditions (temperature, humidity, FIFO principle, proper stacking), and systematic outbound processes with strict approval workflows. All these practices are integrated through our enterprise resource planning (ERP) system, providing real-time inventory visibility and control, ensuring accuracy, minimizing obsolescence, and supporting our commitment to quality and operational efficiency. In 2023, 2024 and 2025, our inventory turnover days were approximately 120 days, 124 days and 122 days, respectively.

Our inventory management system adheres to stringent, standardized procedures across all facilities, including our production facility in Vietnam, to ensure efficient and secure handling of materials from raw components to finished goods.

COMPETITION

For details, see "Summary — Overview — Our market opportunities and competition" and "Industry Overview — Overview of Competition in the Global E-Paper Display Industry."

INSURANCE

We maintain insurance policies in accordance with relevant laws and regulations and based on our assessment of the needs of our operations and industry practices. In accordance with the requirements of relevant laws and regulations, as confirmed by our PRC Legal Advisors, we take out social insurance for our employees working in China, including pension insurance, unemployment insurance, work related injury insurance, maternity insurance and medical insurance. We also provide comprehensive statutory insurance coverage for our Vietnamese employees and foreign employees, adhering to local regulations as confirmed by our Vietnam Legal Advisors. This includes social insurance, which encompasses both sickness and maternity insurance and pension and survivorship insurance. Additionally, employees are covered by health insurance, unemployment insurance, and occupational disease insurance as applicable, ensuring a robust social security and welfare framework. Our current insurance also covers, among others, comprehensive property insurance, short-term export credit Insurance and domestic trade credit insurance as applicable. We believe that our current insurance coverage is adequate to meet the needs of our operations and consistent with industry practices in China, and we also evaluate such insurance policies from time to time based on experience, changes in production and industry developments. Nevertheless, we may be exposed to claims and liabilities which exceed our insurance coverage. See "Risk Factors — Risks Relating to Our Operations — Our limited insurance coverage could expose us to significant costs and business disruption."

EMPLOYEES

As of December 31, 2025, we had a total of 2,327 employees, most of whom were based in China and Vietnam. The following table sets forth the number of our employees by function as of the same date.

Function	Number of employees in Vietnam	Number of employees in China	Total	% of the total employees
Production	689	1,236	1,925	82.7
R&D	15	192	207	8.9
Administration	28	133	161	6.9
Sales	1	24	25	1.1
Management	–	9	9	0.4
Total	**733**	**1,594**	**2,327**	**100.0**

We prioritize the development of our employees, having invested significantly in their recruitment and ongoing training. We recruit employees primarily through referrals, headhunters, online job portals and campus job fairs. We offer new employee orientation training and regular on-the-job training to our employees. We and employees enter individual employment contracts covering matters including salary, bonuses, employee benefits, confidentiality obligations, non-compete clauses, work product and intellectual property transfer clauses and reasons for contract termination. The remuneration packages of our employees include salary and bonuses, which are usually determined based on their seniority, performance appraisal and term of service. We also provide share incentives and promotion opportunities to motivate our employees.

We believe that we maintain good working relationships with our employees. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any labor disputes or strikes that could have a material and adverse effect on our business, financial condition or results of operations.

Social Insurance and Housing Provident Funds

During the Track Record Period, we did not make adequate contributions to social insurance and housing provident funds for our employees as required by the relevant PRC laws and regulations due to insufficient payment bases adopted for making such social insurance or housing provident fund contributions. The aggregate shortfall of social insurance and housing provident fund contributions amounted to RMB7.0 million, RMB5.5 million and RMB7.1 million in 2023, 2024 and 2025, respectively. For legal consequences and potential penalties for failure to make such contributions under applicable PRC laws and regulations, see "Regulatory Overview — Laws and Regulations relating to Labor Protection" and "Risk Factors — Risks relating to our Operations — Any failure to make adequate contributions to various employee benefit plans as required by PRC regulations may subject us to penalties."

Our PRC Legal Advisors are of the view that, provided there are no material changes to the current policies, regulations, and enforcement or supervisory practices, the risk of our Group being penalized or required to make supplementary contributions by the relevant competent authorities for failure to make adequate social insurance or housing provident fund contributions during the Track Record Period is remote. This is based on the following considerations in respect of the Track Record Period and up to the Latest Practicable Date: (i) we made social insurance and housing provident fund contributions at amounts not lower than the minimum contribution bases recognized by the relevant local authorities, (ii) According to Notice [2018] No. 174 issued by the State Taxation Administration, tax authorities at all levels must maintain stability in contribution methods during the reform of the social insurance premium collection mechanism and are prohibited from organizing centralized clearance of unpaid contributions for previous years, (iii) we had not received any notice from the relevant government authorities requiring us to make supplementary contributions, settle outstanding payments, or imposing administrative penalties in respect of social insurance premiums or housing provident funds, (iv) based on the compliance certificates issued by the local credit centers or public credit information service centers, the competent social insurance and housing fund authorities in the locations where we employed staff have confirmed that, we had not been subject to administrative penalties by relevant governmental authorities for violations of applicable social insurance and housing fund laws and regulations in the PRC, (v) based on interviews or telephone consultations conducted with the relevant authorities in the principal locations where our employees are based, such authorities generally do not, in practice, proactively require enterprises to make retrospective contributions for all employees for historical underpayments, nor do they require payment of interest or late payment charges, and (vi) in the event that we receive any notice from the competent social insurance or housing provident fund authorities requiring us to make contributions within a prescribed period or to make up any shortfall, we will promptly and fully pay the outstanding amounts and any applicable late payment charges as required. Considering the above and our PRC Legal Advisors' advice, our Directors believed that there was no need to make provisions for failure to make such contributions.

Separately, as advised by the PRC Legal Advisor, pursuant to the Article 19(1) of the Supreme People's Court's Interpretation (II) 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)》), promulgated on July 31, 2025, and effective as of September 1, 2025, if an employer and an employee agree or the employee commits that social insurance contributions are not required to be paid, the People's Court shall deem such agreement or commitment invalid, and where an employer fails to pay social insurance contributions in accordance with the law, and the employee requests to terminate the labor contract and claims economic compensation from the employer in accordance with Article 38(3) of the PRC Labor Contract Law (《中華人民共和國勞動合同法》), the People's Court shall support such claims in accordance with the law, which codifies a consensus view by providing uniform standards for applying the existing legal provisions and is consistent with the currently effective Article 38(3) and Article 46(1) of the PRC Labor Contract Law (《中華人民共和國勞動合同法》). The above interpretation does not affect the assessment of whether an employer's social insurance and housing fund contributions are compliant in accordance with existing PRC laws and regulations applicable, nor does it change the substantive standards for determining compliance. As advised by the PRC Legal Advisor, this interpretation does not affect the compliance status of the Company's social insurance and housing fund contributions as of the Latest Practicable Date.

We have implemented the following internal control measures to prevent future occurrences of such non-compliance: (a) strengthening our human resource management policies to explicitly require social insurance and housing provident fund contributions in accordance with applicable local regulations; (b) making prompt remedial payments, if we or any of our subsidiaries receive a notice from the competent social insurance or housing provident fund authority requiring payment or replenishment within a prescribed period, we will make full payment of the outstanding amounts and any applicable late payment surcharges in a timely manner as required; (c) increasing awareness of developments in the law by requiring the human resources department to regularly review and closely monitor the latest laws and policies issued by the relevant government authorities on an annual basis; and (d) maintaining regular consultations with our PRC legal counsel for advice on relevant laws and regulations, while actively engaging with local social insurance and housing provident fund authorities to stay informed of the latest regulatory developments.

Our Operations in Vietnam

We have established a comprehensive human resources management system covering recruitment, employee development, remuneration, and other related matters. Our remuneration packages are designed with reference to prevailing benchmarks in the local manufacturing industry. We maintain strict compliance with labor standards, and there have been no instances of child labor or labor exploitation at our Vietnam production base. Workers' accommodation and living conditions comply with applicable local regulatory requirements in all material respects. As advised by our Vietnam Legal Advisors, during the Track Record Period and up to the Latest Practicable Date, we have complied in all material respects with the applicable labor laws and regulations in Vietnam.

PROPERTIES

Owned Properties

As of the Latest Practicable Date, we owned the land use rights of three land parcels in China, with an aggregate site area of approximately 85,000 square meters, which were mainly land for industrial use. As of the Latest Practicable Date, we had obtained all land use rights certificates for all land parcels we owned.

As of the Latest Practicable Date, we owned six properties in China, with an aggregate GFA of approximately 113,900 square meters, primarily relating to production and business operation in China, of which three properties in aggregate of approximately 15,398 square meters were leased to third parties. As of the Latest Practicable Date, we had obtained all building ownership certificates for all buildings we owned in the PRC.

We also owned as of the Latest Practicable Date one factory building in Phu Tho Province in Vietnam, with an aggregate GFA of approximately 24,800 square meters, which was mainly used for production. As of the Latest Practicable Date, we had completed the licensing procedures required to obtain the updated land use right certificate for the Vietnam factory building.

In addition to the properties for which title certificates have been obtained as of the Latest Practicable Date, we own a temporary warehouse located behind Factory No. 1 of Longning Technology in Changxingdao Economic Zone, Dalian City, with an aggregate GFA of approximately 1,200 square meters. This temporary warehouse was constructed without obtaining the requisite construction planning permit (建設工程規劃許可證), construction commencement permit (施工許可證) and/or acceptance of completed construction project prior to the commencement of construction and/or operations of warehouse under applicable PRC laws and regulations, and therefore, no property ownership certificate has been obtained for such building.

According to our PRC Legal Advisors, we may be subject to the following consequences due to the lack of relevant construction planning permit, construction commencement permit and/or acceptance of completed construction project in respect of the said warehouse:

(i) in respect of construction works carried out without the relevant construction planning permit (建設工程規劃許可證), the relevant PRC government authority may order the cessation of construction. If the impact on planning caused by such construction can be eradicated, the relevant PRC government authorities may order the rectification of such impact within a specified time limit and impose a fine of 5% to 10% of the construction price. If such impact cannot be eliminated, the relevant PRC government authority may (a) order the construction entity to demolish the construction within a specified time limit; (b) if the construction cannot be demolished, confiscate the buildings or structures or any income illegally earned from such properties; and/or (c) impose a fine of not more than 10% of the construction price;

(ii) in respect of construction work carried out without the relevant commencement permit (施工許可證), the relevant PRC government authorities may order the construction entity to suspend the construction, rectify the behavior within a time limit and impose a fine between 1% and 2% of the contract price of the project; and

(iii) for a project delivered for use before obtaining the acceptance of completed construction project (竣工驗收), the relevant PRC government authorities may order the entity to rectify and impose a fine in the range of 2% to 4% of the construction contract price.

As advised by our PRC Legal Advisor, based on the construction costs of the warehouse and with respectable to quantifiable fines under applicable PRC laws and regulations, the amount of maximum potential penalties arising from the lack of various permits and certificates for this temporary warehouse was estimated to be around RMB86,800. We may not be able to acquire property ownership certificate of this warehouse. However, this warehouse (i) represents only a small proportion of the total floor area of our certified buildings, (ii) is not a principal production or operation facility, (iii) is used solely for storage purposes and (iv) has not directly generated any revenue or profit. According to confirmations issued by the competent authorities, we had not been subject to any administrative penalties or orders for demolition in relation to this temporary building or for violations of land use regulations in connection therewith during the Track Record Period and up to the Latest Practicable Date.

According to a confirmation issued by the Natural Resources Bureau of Dalian Changxing Island Economic and Technological Development Zone on February 16, 2023, it confirmed that there has been no plan within a five-year period to require the demolition of the relevant temporary building and that no administrative penalties have been imposed in relation to such building. In the event that the continued use of the warehouse becomes restricted under applicable laws and regulations or if any administrative measures are imposed by the competent authorities, we will promptly comply with such requirements and secure alternative storage facilities in a timely manner.

Accordingly, as advised by our PRC Legal Advisors, our Directors are of the view that the above circumstances would not have any material adverse effect on our business operations or constitute any substantive legal impediment to our proposed [**REDACTED**]. Going forward, we will strengthen our internal control measures for the management of our business license and qualifications. We will review the regulatory requirements for license and qualification applications based on our business development needs, proactively contact relevant government authorities and apply for the necessary licenses or qualifications in a timely manner. Upon obtaining any license or qualification, we must promptly register internally such license for proper record-keeping and identify and address any gaps or renewals by applying to obtain any missing or renewed licenses or qualifications without delay.

Leased Properties

As of the Latest Practicable Date, we leased one land use right in Vietnam, with an aggregate site area of approximately 13,200 square meters, which was primarily for the construction of a factory dedicated to the production and manufacturing of e-paper display modules. As of the Latest Practicable Date, we leased from third parties four properties in the PRC with an aggregate GFA of approximately 17,733 square meters, which were mainly as our office space and manufacturing use. For all these properties we leased from third parties, the lessors had obtained the relevant title certificates and/or consent, authorization, or approval which entitled the lessors to lease out such properties. Our leases generally have a term ranging from three to five years in China, 43 years in Vietnam for land use right. We are generally allowed to terminate lease agreements with prior notice, which provides us with operational flexibility, albeit usually at the cost of forfeiting deposits and/or paying a termination fee. In addition, we also leased as of the Latest Practicable Date three self-owned properties in the PRC to third parties with an aggregate GFA of approximately 15,398 square meters.

Pursuant to the applicable PRC laws and regulations, property lease agreements shall be registered with the relevant local branches of the PRC Ministry of Housing and Urban-Rural Development. As of the Latest Practicable Date, we had not completed lease registration for the seven properties we leased in China (including four leased from, and three leased to, third parties), while we have completed the registration of the land use rights for our leased land in Vietnam. These non-compliance incidents were primarily caused by lack of cooperation from the lessors or lessee(s) in registering lease agreements. As obtaining lease agreement registration requires the cooperation from such other parties, which is beyond our control, we were not able to obtain so as of the Latest Practicable Date. According to the relevant PRC laws and regulations, we may be ordered by the relevant government authorities to register the relevant lease agreements within a prescribed period, failing which we may be subject to a fine ranging from RMB1,000 to RMB10,000 for each non-registered lease. The maximum potential penalties in connection with the non-registration of our lease agreements are RMB70,000. As of the Latest Practicable Date, we did not receive any notice from any regulatory authority with respect to potential administrative penalties or enforcement actions as a result of our failure to register the leases described. Therefore, our Directors believed that there was no need for provisions. As advised by our PRC Legal Advisors, the lack of registration of the lease agreements does not affect the validity of such lease agreements, nor materially and adversely affect the operations of our Company and the Group.

As of the Latest Practicable Date, the seven leased properties were in a sound condition. As the validity of such lease agreements were not affected, our Directors believe that we do not need to relocate. We are making our best efforts to continue communicating with the lessors or lessee(s) to complete the lease agreement registration.

TRANSFER PRICING ARRANGEMENTS

Overview

Our Group's intra-group transactions (the "**Covered Transactions**") between DKE Hong Kong and DKE Fushen, DKE Longning and DKE Fuyong (the "**Relevant Subsidiaries**") for each of the years ended December 31, 2023, 2024 and 2025 (without intragroup eliminations) amounted to RMB741.9 million, RMB1,151.7 million and RMB1,750.3 million, respectively.

We have engaged a transfer pricing consultant to conduct a transfer pricing review on the Covered Transactions for the years ended December 31, 2022, 2023, 2024 and the six months ended June 30, 2025.

From January 1, 2022 to June 30, 2025, the Covered Transactions consist of:

(i) Supply of raw materials

DKE Hong Kong purchased raw materials such as e-ink film, TFT substrates and driver ICs from third party suppliers outside of Chinese mainland for onward sale to DKE Fushen, DKE Longning and DKE Fuyong.

(ii) Trading of finished products

DKE Hong Kong was responsible for purchasing finished products from DKE Fushen, DKE Longning and DKE Fuyong for onward sales to third party customers of the Group.

Transfer Pricing Analysis

The Organization for Economic Co-operation and Development ("**OECD**"), an international organization of international cooperation, has issued transfer pricing guidelines, for multinational enterprises and tax administrations (the "**OECD Transfer Pricing Guidelines**"). In line with the OECD Transfer Pricing Guidelines, intra-group transactions should follow the arm's length principle to avoid distorted taxable income in different jurisdictions.

For the intra-group transactions between DKE Hong Kong and DKE Fushen, DKE Longning and DKE Fuyong, our transfer pricing consultant has adopted the transactional net margin method ("**TNMM**") as the transfer pricing method for reviewing the Covered Transactions, selecting DKE Hong Kong as the tested party. TNMM is commonly adopted to review intra-group transactions involving tangible goods buy-sell and therefore would be the most appropriate transfer pricing method to assess whether the transfer pricing arrangements related to the Covered Transactions were consistent with the arm's length principle.

According to the analysis result of TNMM method, the weighted average profit level of DKE Hong Kong for the years ended December 31, 2022, 2023, 2024 and the six months ended June 30, 2025, fall within the inter-quartile range for the comparable companies.

Based on the above analysis, the transfer pricing consultant has stated that the transfer pricing arrangement related to the Covered Transactions for the period under review was consistent with the arm's length principle.

On this basis, our Directors are of the view that the above-mentioned transfer pricing arrangements of our Group align with the arm's length principle according to the OECD Transfer Pricing Guidelines.

The Company has also established internal policies and procedures for transfer pricing management, and it has continued to apply such policies and procedures consistently in all material respects for transfer pricing management after June 30, 2025.

Pursuant to the enterprise special credit reports of DKE Fushen, DKE Longning and DKE Fuyong, each of DKE Fushen, DKE Longning and DKE Fuyong did not have any record of illegality or irregularity related to its taxes during the Track Record Period. Furthermore, pursuant to the certificates issued by the competent tax authorities of DKE Fushen, DKE Longning and DKE Fuyong, there were no taxes in default for each of DKE Fushen, DKE Longning and DKE Fuyong as at the Latest Practicable Date.

Our management had been and will continue to closely monitor our Group's transfer pricing arrangements including reviewing the reasonableness of the pricing policy of our transfer pricing arrangements from time to time. However, we cannot assure that our transfer pricing arrangements will not be subject to review and possible challenge by any relevant tax authorities in future, even though we believe we have reasonable grounds to defend ourselves against such possible challenge. See "Risk Factors — Risks Relating to Financial, Accounting and Tax Matters — We are subject to regulatory risks with respect to our tax compliance" for further details.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Environmental, Social and Governance Issues

We are committed to integrating environmental, social and governance ("**ESG**") considerations across all aspects of our operations. We advance environmental and social sustainability by establishing an ESG governance framework, implementing policies and measures such as promoting energy conservation and emission reduction, addressing climate change, ensuring compliance in employment practices, managing suppliers, and enhancing compliance management. In January 2026, we received the EcoVadis Bronze Medal, reflecting our commitment to strengthening ESG management and performance.

ESG Governance Framework

We have established an ESG governance framework structured across three levels: decision-making, organizational and operational. The Board of Directors, as the highest governance body, is responsible for ESG decision-making, and approving our ESG and climate-related management policies, strategies, objectives, and annual work programs. The Board also assesses, prioritizes, and manages material ESG risks and opportunities, and ensures appropriate oversight of significant ESG and climate-related issues. The Board convenes meetings at least biannually to discuss ESG-related matters, overseeing and annually reviewing ESG performance and progress towards ESG targets.

The organizational level is headed by the Board Secretary as a leader of the ESG Working Group, with members comprising the Director of the Quality Management Centre, the Deputy General Manager of the Human Resources and Administration Management Centre, and the Deputy General Manager of the Manufacturing Centre. The organizational level is responsible for (i) formulating ESG and climate-related management policies, strategies, annual work plans and targets for Board approval; (ii) identifying, assessing and managing material ESG and climate-related risks and opportunities; and (iii) continuously monitoring and reviewing ESG and climate-related performance and target progress to ensure all ESG matters are properly managed and implemented. The ESG Working Group reports to the Board on our ESG matters at least semi-annually. The Operational Level comprises functional departments responsible for (i) compiling internal policies, systems, and performance indicators related to ESG; and (ii) advancing and executing all ESG and climate-related initiatives. The Operational Level reports regularly to the ESG Working Group.

Directors have received training on ESG matters, and we have engaged external ESG advisers to provide the requisite ESG expertise.

Materiality Assessment

To understand the expectations and needs of our stakeholders and to accurately assess the materiality of various ESG issues for our operations, we engaged an independent third-party ESG consultant. This engagement referenced Appendix C2 of the Main Board Listing Rules of the Stock Exchange, the ESG Reporting Code, and industry-specific concerns. The consultant conducted a materiality assessment by collecting stakeholder feedback through questionnaire surveys. We prioritized material issues based on our analysis of their importance to both stakeholders and the company. The materiality assessment process involves identifying potential ESG issues relevant to our operations and stakeholders, engaging a wide range of stakeholders through questionnaires to evaluate the significance of each issue, analyzing their feedback to prioritize key concerns, and reviewing and identifying material issues for further action and disclosure.

Based on the materiality assessment results, the highly material ESG issues are product quality and safety, employee rights, occupational health and safety, customer service, and remuneration and benefits. For details on how we address and manage these issues, see "— Quality Control", "— Environmental, Social and Governance — Social Responsibility" and "— Sales and Marketing — After-sales Services and Customer Engagement."

Environment

We place great emphasis on the environmental impact of our operations and actively implement our environmental policies. At the same time, to support China's "dual-carbon goals" of carbon peaking and carbon neutrality, we focus on "strengthening environmental protection, focusing on pollution prevention, conserving energy, reducing consumption and emissions, and promoting clean production." In our daily operations, we proactively adopt the following environmental measures to safeguard the environment and achieve sustainable environmental development.

Environmental Management

We strictly adhere to the Environmental Protection Law of the People's Republic of China and other relevant environmental protection laws and regulations. All subsidiaries within our Group have obtained ISO 14001 Environmental Management System certification. We have established the Environmental/Occupational Health and Safety Management Manual and Environmental Health and Safety Policy, rigorously controlling resource utilization, waste discharge, energy consumption and other aspects throughout production operations. To prevent and address potential environmental issues, we conduct regular environmental risk assessments and employee environmental training. These focus on key areas such as hazardous chemicals, energy conservation and emissions reduction, and waste disposal, thereby continuously enhancing our environmental management standards. During the Track Record Period and up to the Latest Practicable Date, we had not been, in any material respect, in violation of any applicable environmental laws and regulations in China, according to our PRC Legal Advisors, and in Vietnam, according to our Vietnam Legal Advisor, respectively.

We have adopted the 5.0 digital intelligent factory concept, implementing integrated management systems such as enterprise resource planning (ERP) across all production lines and relevant business units. This digital transformation enhances our capabilities in green energy conservation and automated process synergy, enabling the phasing out of high-energy-consumption, obsolete equipment to achieve green, low-carbon production. Both the Jiaxing Comprehensive Bonded Zone base and the Jiaxing headquarters base have been certified as "Green Factories" by Jiaxing Municipal Bureau of Economy and Information Technology.

Energy Conservation and Consumption Reduction

We have formulated and implemented policies such as the Energy and Resource Control Procedure and the Energy Conservation and Emission Reduction Control Procedure. The Human Resources and Administration Management Centre is responsible for developing energy-saving and consumption-reduction plans, organizing relevant departments to establish management teams dedicated to energy conservation. We have established specific electricity consumption targets and installed smart meters. Dedicated personnel are assigned to oversee electricity usage from the distribution rooms at all consumption points to ensure adherence to our energy-saving protocols. Furthermore, we have replaced fluorescent lighting across our offices and production workshops with energy-efficient LED fixtures. We also train personnel operating energy-consuming equipment to learn energy-saving operational methods, set distinct air conditioning temperatures for winter and summer, and assign dedicated staff to schedule lighting in communal areas. Furthermore, in accordance with our Sustainable Procurement Policy, we prioritize suppliers and products meeting environmental standards.

We aligned our actions with the Ministry of Industry and Information Technology and the Ministry of Finance's Notice on Issuing the 2023-2024 Action Plan for Stabilizing Growth in the Electronic Information Manufacturing Industry, and are committed to achieving environmental protection and energy conservation through technological innovation. By employing green design principles, our e-paper displays consume power only during content refreshes, thereby minimizing electricity usage during operation. Furthermore, we encourage users of e-paper products to obtain new functionalities via software updates rather than replacing hardware, extending product lifespans and consequently reducing resource consumption.

Water Resources Management

We establish annual water consumption targets and allocate them to individual departments. Dedicated personnel inspect and maintain the company's water pipelines to minimize water wastage. Throttle valves have been installed in key water-consuming areas such as the canteen. Staff are required to ensure taps are fully turned off after use. The Equipment Management Department is responsible for conducting inspections to ensure that all valves and water supply pipes remain leak-free.

Waste Management

We have established the Hazardous Waste Management System and Solid Waste Management System, implementing a waste classification framework to ensure meticulous management of all waste streams. Solid waste is categorized into non-recyclable and recyclable materials, with professional agencies contracted for recovery and processing. Specific requirements are stipulated for transportation, utilization, and treatment phases to ensure proper disposal. Additionally, we maintain declarations and registrations for solid waste generation volumes and hazardous waste sources.

The primary hazardous waste materials generated from our production operations include spent activated carbon, contaminated cloths, and specialized packaging materials. Our Hazardous Waste Management System clarifies the identification, collection, storage, and disposal of such waste. We maintain a dedicated hazardous waste inventory, which records the intake date, type, and quantity of all hazardous waste. All waste is categorised and stored in a dedicated, purpose built temporary storage facility. This facility is designed to be impermeable, sheltered from wind, rain, and sunlight, and is under dedicated personnel management. We engage third-party contractors with valid business licences and the requisite hazardous waste processing permits to recycle and dispose of this waste. For the transportation of hazardous waste, we operate a mandatory manifest system in accordance with the Measures for the Management of the Hazardous Waste Transfer Manifest to ensure the proper transfer and final disposal of all hazardous waste.

Emissions and Wastewater Management

We have formulated and implemented the Waste Emissions Management System, assigning dedicated personnel to conduct daily inspections of the company's emissions and wastewater discharge points. Annual testing is commissioned to qualified third-party institutions.

Regarding emissions, we adhere to standards such as the Comprehensive Emission Standard for Air Pollutants (GB 16297-1996) for managing emissions. Emissions are treated using methods including activated carbon adsorption and baghouse dust collection before being released in compliance with regulatory requirements. As for wastewater, we generate no production wastewater. Domestic sewage undergoes on-site pre-treatment before being discharged into the municipal sewage network in compliance with standards.

Metrics

Our greenhouse gas emissions scope encompasses Scope 1, Scope 2 and Scope 3. Scope 1 refers to direct emissions, mainly from the combustion of fossil fuels at stationary and mobile sources; Scope 2 refers to indirect emissions, primarily from the consumption of externally procured electricity. Scope 3 emissions represent indirect greenhouse gas emissions from sources not owned or controlled by the Company. Our primary Scope 3 emission sources include greenhouse gas emissions from the electricity consumed in processing potable water and wastewater, emissions from waste paper disposed of in landfills, and emissions generated from employee business travel by air.

The table below sets out our greenhouse gas emissions and resource consumption during the Track Record Period:

	For the year ended December 31,		
	2023	2024	2025
Greenhouse gas emissions			
Scope 1[1] (tCO_2e)	47.14	68.95	112.90
Scope 2[2] (tCO_2e)	9,727.81	9,277.17	15,334.00
Scope 3[2] (tCO_2e)	46.37	60.36	141.34
Total greenhouse gas emissions[1, 2] (Scopes 1 and 2) (tCO_2e)	9,774.95	9,346.12	15,446.91
Total greenhouse gas emissions intensity (Scopes 1 and 2) (tCO_2e/million RMB revenue)	9.54	8.12	9.02
Total greenhouse gas emissions[1, 2] (Scopes 1, 2 and 3) (tCO_2e)	9,821.32	9,406.48	15,588.25
Total greenhouse gas emissions intensity (Scopes 1, 2 and 3) (tCO_2e/million RMB revenue)	9.59	8.17	9.10
Resource consumption			
Purchased electricity[2] (kWh)	18,128,600.00	17,288,800.00	28,576,225.40
Purchased electricity intensity (kWh/million RMB revenue)	17,700.29	15,013.43	16,682.16
Water consumption[2] (m^3)	67,480.00	99,413.00	140,348.00
Water consumption intensity (m^3/million RMB revenue)	65.89	86.33	81.93
Total non-hazardous waste generated[2] (t)	359.54	503.60	641.23
Non-hazardous waste generation intensity (t/million RMB revenue)	0.35	0.44	0.37
Total volume of hazardous waste treated [3] (t)	1.90	0.34	4.89
Hazardous waste treatment intensity (t/million RMB revenue)	0.00	0.00	0.00

1 Our factory canteens began using natural gas in July 2023. The subsequent rise in natural gas consumption during 2024 and 2025, driven by an increase in employee numbers, resulted in a corresponding growth in Scope 1 greenhouse gas emissions.

2 We commenced production at our Jiaxing headquarters production base and our Vietnam production base in 2023 and 2025, respectively. During the Track Record Period, the expansion in headcount, production capacity and essential business travel contributed to higher electricity and water consumption, greater generation of non-hazardous waste, and increased Scope 2 and Scope 3 greenhouse gas emissions.

3 The volume of hazardous waste treated is determined based on waste transfer manifests. In 2024, certain small batches of hazardous waste were temporarily stored on-site and subsequently processed by a licensed third-party contractor in 2025. As a result, the volume of hazardous waste treated in 2024 was considerably lower than that of 2023 and 2025 during the Track Record Period.

In 2025, our ESG performance either outperformed industry peers or showed a small gap across key environmental metrics. Our greenhouse gas emissions intensity stood at 9.02 metric tonnes of carbon dioxide equivalent per million RMB of revenue, compared to the industry average of 9.71. Our purchased electricity intensity and water consumption intensity stood at 16,682.16 kilowatt-hours and 81.93 cubic metres per million RMB of revenue respectively, both lower than the industry average of 23,675.58 kilowatt-hours and 180.87 cubic metres. Furthermore, our non-hazardous waste generation intensity was 0.37 metric tonnes per million RMB of revenue, compared to the industry average of 0.20.

Environmental Targets

We are committed to achieving our energy-saving and environmental protection targets. Using 2025 as the baseline, we aim to achieve by 2030 a 5% reduction in electricity and water consumption per RMB10,000 of revenue, a 5% reduction in both non-hazardous solid waste and hazardous waste generation per RMB10,000 of revenue, and a 5% reduction in greenhouse gas emissions per RMB10,000 of revenue.

To achieve these targets, we have integrated measures promoting low-carbon practices, resource conservation and environmental protection into our business activities. See "— Environmental, Social and Government — Environment" for relevant disclosures.

Climate Change

We recognize that climate change poses risks to our business operations. Consequently, we have systematically identified and assessed these risks, implemented targeted mitigation measures, and incorporated these into our Risk Assessment and Opportunity Response Matrix. This framework establishes clear performance indicators and delineates departmental responsibilities to ensure that climate-related risks are effectively managed.

As the production of e-paper display modules relies on a stable power supply, we have identified floods and cyclones as acute physical risks. These events may cause power outages or damage to surrounding buildings, directly impacting normal operations. Severe weather may also disrupt employee commutes and supply chain operations, leading to business interruptions. To address these risks, we have established and implemented the Emergency Preparedness and Response Control Procedure and the Contingency Plan Measures, conducting drills at least annually. Suppliers are assessed and audited through systems such as the Supplier Selection and Evaluation Procedure, ensuring most materials have at least two or more suppliers. Emergency power equipment is deployed within the factory. Specific safety measures are established for different levels of severe weather.

Extreme temperatures, as a chronic physical risk, may lead to increased energy consumption in cooling systems, reduced operational efficiency, and heightened probability of damaging fixed equipment and causing property loss. High-temperature environments may also jeopardize the health and productivity of outdoor workers, and exacerbate the risk of equipment failure and property damage. Our primary countermeasures include implementing contingency plans and conducting annual drills; adopting energy-efficient cooling systems; enhancing the energy efficiency of temperature control equipment; and establishing emergency protocols for extreme heat events.

Regarding transition risks, as regulatory authorities impose increasingly stringent requirements for climate-related disclosures, sustainability disclosure obligations and compliance costs may rise. Failure to meet expectations could adversely affect brand image and reputation, thereby negatively impacting operating revenue. To address policy, regulatory and reputational risks, we have implemented the Legal, Regulatory and Other Requirements Compliance Evaluation Control Procedure to ensure operations remain compliant with local laws and regulations, and enhancing climate information transparency through regular disclosure of greenhouse gas reduction progress to stakeholders.

Rapid advances in low-carbon and energy-saving technologies risk reducing competitiveness if we lag in upgrades. To mitigate this, we have implemented the Greenhouse Gas Control Procedure and the Energy Conservation and Emission Reduction Control Procedure, while closely monitoring regulatory developments to strengthen climate disclosure and ensure compliance. To address market risks arising from increasing customer focus on climate issues, we have also established a sustainability strategy and a three-year environmental compliance plan to enhance green, low-carbon management and better meet market expectations.

Social Responsibility

Compliance in Employment

We have established an Employee Handbook to ensure that every new hire meets statutory requirements during the recruitment process. We respect the wishes and rights of every employee, hence we have implemented the Prohibition of Forced Labor and Prison Labor Management Procedure and the Child Labor Control Procedure. These ensure employees work in an environment of freedom and equality, strictly prohibiting forced labor, compelling overtime, and the use of child labor.

We strictly adhere to national labor laws and regulations in areas including recruitment, hiring, training, remuneration and benefits, and safeguarding employee rights. Our recruitment principles are based on "open recruitment, rigorous assessment, and selection of the most suitable candidates." Upon an employee's departure, we arrange a meeting prior to their resignation to understand the reasons for leaving and gather any suggestions for us.

We are dedicated to safeguarding the rights and interests of all staff members, eliminating any form of discrimination, and respecting the gender, age, religious beliefs, or physical conditions of diverse employees to ensure equitable opportunities and treatment. We place great importance on employee communication, strengthening interaction through multiple channels and establishing a dedicated employee feedback email to facilitate timely input.

As of December 31, 2025, our total workforce comprised 2,327 employees, with female staff accounting for approximately 47.6% and male staff approximately 52.4%. Employees aged under 30 constituted around 53.5%, those aged between 30 and 50 approximately 45.6%, and those aged 50 and above approximately 0.9%.

Remuneration and Benefits

We have implemented a clear remuneration management system with regular performance evaluations. We lawfully contribute to employees' social insurance funds and housing provident fund. Additionally, we provide welfare benefits encompassing health care, life support, professional development, and cultural experiences to meet employees' diverse needs.

Our Staff Handbook specifies that we provide employees with various types of leave, to ensure employees can achieve a balance between work and personal life.

Occupational Health and Safety

We prioritize the health and safety of its employees, strictly adhering to relevant laws and regulations including the Production Safety Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases, and the Emergency Response Law of the People's Republic of China. We are committed to establishing a safe and healthy working environment. We also strive to enhance employee safety awareness through the implementation of the Education and Training Control Procedure.

Additionally, we have established a Safety Control Procedure to conduct regular inspections of various equipment and raw materials, including hazardous chemicals and protective equipment. We have formulated multiple contingency plans for addressing scenarios including chemical spills, soil contamination, and hazardous waste leaks. We also regularly organize emergency response drills and training sessions to enhance our employees' emergency preparedness capabilities.

We have established the Occupational Health Control Procedure, the Special Equipment Management System, and the Personal Protective Equipment Management System to build a robust occupational disease prevention and control management framework. We strictly adhere to relevant national laws and regulations while conducting workplace environment assessments. Employees are scheduled for medical examinations at designated hospitals as required, and protective gear is provided according to specific job requirements. Furthermore, we enhance staff awareness of protective measures through regular occupational safety training programs.

During the Track Record Period and as of the latest practicable date, we have not received any complaints or litigation concerning breaches of health and safety legislation.

Training and Development

We place emphasis on the comprehensive development of its employees. We have established internal policies, organizing training programs in professional skills, management capabilities, and general competencies. Through a combined approach of internal training systems and external training programs, we provide targeted development for employees across different roles.

We conduct regular performance appraisals to enhance staff performance and strengthen communication between employees and department heads. At the end of each year, department heads will assess employees' final work performance for that year, with both parties jointly completing the performance appraisal form.

Supply Chain Management

We have established the Bidding Quotation Management Regulations, Supplier Selection and Evaluation Procedures, and Procurement Management System. These encompass bidding quotation processes, supplier assessment, and supplier evaluation audits. We evaluate potential suppliers' performance across multiple dimensions, including product quality, supply costs, delivery capability, service quality, and ESG performance. This involves conducting on-site investigations to assess their technical quality and environmental management systems, determining their suitability for inclusion in the shortlist of potential suppliers and ultimately as qualified suppliers. Additionally, we have established a Sustainable Procurement Policy, which stipulates that priority should be given to suppliers and products meeting environmental standards during the procurement process.

We have established documents such as the Supplier Social Responsibility Audit Checklist and the Supplier Code of Conduct to ensure that suppliers' ESG policies align with those of the company. We have also established the Environmental Hazardous Substances Management Regulations to guarantee that materials, semi-finished products, and finished goods used by us are free from environmentally hazardous substances. Suppliers are required to sign the Supplier Integrity Pledge, which strictly prohibits bribery, monopolistic practices, and fraudulent activities. Should any clause of this pledge be breached, we reserve the right to immediately terminate or rescind any contracts or orders entered into with the supplier.

We shall conduct regular on-site social responsibility assessments of key or core suppliers in accordance with the Supplier Social Responsibility Audit Checklist. These assessments cover the fulfilment of social responsibilities and compliance with occupational health and safety requirements. Based on the evaluation outcomes, corresponding supplier incentive policies shall be formulated to encourage suppliers to continuously enhance their quality management standards.

We shall provide training to suppliers, encouraging them to continuously enhance their performance in environmental protection, human rights safeguarding, occupational health and safety, and business ethics. This aims to establish a sustainable supply chain and implement a whistleblowing mechanism, encouraging employees of suppliers or us to report any breaches of the sustainable procurement policy.

Product Liability

We have established a quality policy, which is codified in our Quality Manual and defines standards across the entire process from procurement to after-sales service. We conduct regular internal quality audits and employee training assessments, having established a quality management system certified to ISO 9001. Additionally, we have formed a dedicated customer service team and developed documents to promptly address client needs. We have formulated and implemented the Product Recall Management Specifications. Upon identifying potential issues, we immediately initiate recall procedures, disposing of, reworking, or technically processing recalled products. Comprehensive investigations and risk assessments follow, with targeted preventative measures implemented post-recall to avert recurrence of similar problems.

Anti-corruption

We resolutely oppose corruption and malpractice, having established the Code of Business Ethics covering ethical standards, conflicts of interest and other aspects. We strengthen oversight of key positions and critical processes; we establish sound management systems for fairness and integrity, clearly defining boundaries for all types of ethical violations, and actively promote industry self-regulation. We have formulated and implemented the Anti-Corruption, Anti-Bribery and Anti-Money Laundering Control Procedures, establishing a complaint and whistleblowing mechanism. Where necessary, we assign personnel to investigate and gather evidence, handling verified violations with strictness in accordance with laws and regulations. Furthermore, we actively conduct integrity education to enhance employees' professional ethics and strengthen their awareness of integrity.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

From time to time, we may be subject to legal proceedings, investigations and claims incidental to the conduct of our business. As of the Latest Practicable Date, there was one legal proceeding involving one of our subsidiaries with a claim amount exceeding RMB10 million which remained unsettled and we were the defendants. We set out below summary of the case:

On May 30, 2024, Jiaxing Rongda Construction Co., Ltd. filed a construction contract claim against our subsidiary, Fuyong Technology, in the Jiashan County People's Court for unpaid construction fees and liquidated damages and sought to hold our Company and Fuyong Technology jointly and severally liable. The dispute is over the amount of additional project costs (hence additional construction fees) arising from design changes under the construction contract. We did not deliberately delay the payment of the construction fees without cause and our Directors did not play any role in deliberately delaying such payment either. On November 3, 2025, the claimant amended its claim to approximately RMB41.5 million, comprising RMB20.0 million of certified outstanding balance and RMB21.5 million of additional costs arising from design changes identified by the court-appointed appraisal institution. On June 16, 2026, the court rendered a final judgment ordering us to pay the claimant the outstanding payment for the construction fees of RMB37.7 million (tax inclusive) plus overdue interest within a prescribed period from the judgement effective date. The total amount payable by us pursuant to the judgement is RMB36.4 million (excluding tax), including (a) RMB34.6 million of outstanding amount for the construction fees, and (b) RMB1.8 million of overdue interests. Out of the RMB36.4 million, RMB25.7 million has been recorded as other payables on our consolidated statement of financial position as of December 31, 2025 and the difference of RMB10.7 million is recorded as provisions on our consolidated statement of financial position as of December 31, 2025. As of the Latest Practicable Date, we were yet to settle the outstanding amount and will do so within the prescribed period in accordance with the final judgment.

Our Directors are of the view, and the Sole Sponsor concurs, that such legal proceeding arose from a commercial dispute between contractual parties in the ordinary course of business. Such dispute is beyond our control and does not involve any allegation or finding of misconduct, incompetence or lack of integrity on the part of our Directors.

During the Track Record Period and up to the Latest Practicable Date, none of the legal proceedings to which we were a party, individually or in the aggregate, would have a material adverse effect on our business, financial condition or results of operations.

Non Compliance

During the Track Record Period and up to the Latest Practicable Date, we did not have non-compliance incidents that our Directors believe would, individually or in the aggregate, have a material adverse effect on our business, financial condition or results of operations.

INTERNAL CONTROL AND RISK MANAGEMENT

We have developed and implemented internal control measures and risk management policies in relation to our business operations, financial reporting, and general compliance.

Internal Control

We engaged an independent internal control consultant to assess the effectiveness of our internal controls, identify system deficiencies, and provide recommendations for strengthening internal control measures. The work scope of our internal control consultant covered both company-level and process-level internal control assessments, including control environment, risk assessment, control activities, information and communication, monitoring, sales and accounts receivable management, procurement and accounts payable management, inventory and logistics management, production and cost control, human resources and compensation, fixed assets and intangible assets management, cash and treasury management, investment management, financial reporting and disclosure, insurance management, tax management, contract management, R&D management and general IT controls.

When the Independent Internal Control Consultant conducted the review, certain deficiencies were identified, including deficiencies relating to our several corporate governance policies. In response, we have revised and strengthened these policies to ensure compliance with the requirements of the Listing Rules. Substantially all of the recommendations provided by the Independent Internal Control Consultant have been adopted, and we enhanced our internal control system to bring it into compliance with the Listing Rules.

After considering the internal control measures implemented, our directors confirmed that the enhanced internal controls are adequate and effective, having regard to the obligations of our Company and directors under the Listing Rules and other applicable legal and regulatory requirements.

Risk Management

Effective risk management is crucial to our sustainable development. We have established comprehensive, multi-dimensional risk control systems that integrate internal controls into daily operations. Our Board is collectively responsible for establishing and implementing these risk management mechanisms and for overseeing our overall risk management framework. The control system is composed as follows:

Financial Reporting Risk Management

To effectively manage financial reporting risks, we have implemented comprehensive accounting policies covering financial management and financial statement preparation. These policies are supported by established procedures, and our finance department regularly reviews management accounts in accordance with them. We have established an Audit Committee to oversee and review our financial reporting processes and internal control system. In addition, we also established an Audit and Compliance Center, it is responsible for designing the internal control evaluation report, assessing internal supervision.

Compliance Risk Management

We have established effective compliance risk management procedures to identify and manage compliance risks and ensure adherence to applicable laws and regulations. Our management team actively engages in governance and risk discussions, oversees the internal control system, and is primarily responsible for implementing major event reporting and decision-making processes. Under these procedures, our legal team drafts and reviews key contracts, participates in negotiations, handles litigation and arbitration, provides legal advice, and centrally manages non-HR and non-financial contracts. Our legal team also leads the resolution of legal disputes and plays a key role in protecting our trademarks, patents, and other intellectual property.

Information Security Risk Management

We place significant emphasis on information compliance and security, and have established a comprehensive information management system. Our employees access information systems through their personal accounts with role-based permissions, enabling tiered control over sensitive data, including ownership information, management data, and other confidential information. Strict access controls and complete audit trails ensure the integrity and security of system operations. Our Information Technology Department is fully responsible for the planning, development, daily operation, maintenance, security management, network operations, and hardware infrastructure support of the Company's information systems. IT roles have been clearly defined and segmented according to functional responsibilities, ensuring stable, secure, and efficient system performance.

Our business departments and subsidiaries operate in an integrated and coordinated manner within a strategic framework and centralized control system. We adopt a management model that combines centralized oversight with moderate delegation of authority: the headquarters retains centralized control over strategic decision-making, major investments and financing, key personnel appointments, the establishment of uniform policies, and the approval of high-risk matters, while subsidiaries are granted operational flexibility within approved budgets for day-to-day operations and regional procurement, ensuring clear accountability and efficient execution. At the same time, we have established mandatory reporting mechanisms to ensure that subsidiaries promptly and accurately escalate significant risks or opportunities, thereby supporting proactive group-wide decision-making and effective risk management. This balanced approach effectively aligns operational agility with corporate control, underpinning our sustainable and high-quality growth.

DATA PRIVACY AND PROTECTION

Data Collection

In the course of our business operations, we collect the following types of data:

Internal Operational Data

Information voluntarily provided by suppliers or customers: including basic information submitted during registration, service application and supplier verification processes (such as name, contact details and address), qualification documents and related system logs.

Data generated during business operations: including ERP system transaction records, NAS storage and operation logs, organizational structure, office equipment procurement records and financial budget data, which are solely used for internal management purposes.

Employee work-related data: including employee onboarding information, internal collaboration records (such as collaboration platform operation logs), company computer and software usage logs, as well as operational metrics such as system user activity statistics.

External Operational Data

We mainly collect publicly available information that includes data from government statistics, industry reports and publicly accessible directories of customers or suppliers, which are used for business analysis and compliance management.

Consent

The collection of the above information is conducted with prior consent of the relevant parties and within the reasonable scope of business needs, and in strict compliance with applicable laws and regulations. We undertake to manage and use customer and supplier data in accordance with applicable laws, and to adopt reasonable measures to prevent unauthorized use, loss or leakage of such data. Except as required by law or under circumstances prescribed by applicable regulations, we will not disclose any sensitive data to third parties without prior approval from customers or suppliers.

According to Vietnam Legal Advisors, with respect to employee data in DKE Vietnam, employees are required to provide their information when entering into labor contracts; therefore, DKE Vietnam is exempted from obtaining separate consents from employees. Similarly, for the collection of business data for operational purposes, it is common practice in Vietnam for companies to proactively provide such data for the purposes of introducing themselves and procuring contracts; therefore, DKE Vietnam is also not required to obtain additional consents in these circumstances.

Data Protection Measures

We attach great importance to risk management relating to our IT systems to ensure the secure storage and protection of personal and corporate data. Where certain personally identifiable information is not relevant to our business, we de-sensitize such data by removing identifiable elements. To safeguard data security, we adopt rigorous encryption algorithms for storing sensitive data and strictly enforce data access and transmission policies to ensure confidentiality.

In addition, we have established comprehensive internal control and access mechanisms, as well as detailed approval and operational procedures for data storage and processing. We have formulated internal protocols on data security and privacy protection, which set forth stringent requirements regarding the use, disclosure and protection of data and personal information. Under these protocols, only employees in designated positions and levels are granted limited authorization to access and process corporate data on a need-to-know basis, and solely for the purpose of performing their work duties.

To further strengthen data security, we have implemented a comprehensive approach covering the entire data lifecycle, including data collection, storage, usage, transmission, sharing, and destruction, to ensure confidentiality, integrity, and availability of sensitive information. Key measures include secure data centers with physical protection, access controls, and regular backups; strict management and encryption for outbound files; encrypted transmission protocols (HTTPS, SSL/TLS); rigorous approval processes and legally binding agreements for data sharing; and defined standards with professional tools for secure data removal. We also utilize hyper-converged backup appliances for robust data backup and disaster recovery. Our information security management framework incorporates policies on system operation, password management, trade secret protection, and document control, collectively ensuring compliance with high information security standards.

Cross-border Data Transfer

All data collected or generated during our ordinary course of business in the PRC is encrypted and stored within Chinese mainland. According to our PRC Legal Advisors, our PRC subsidiaries may access the email addresses and usernames of employees of our overseas subsidiaries used for internal communication and office software, and our overseas subsidiaries may likewise access such information of employees of our PRC subsidiaries. Furthermore, according to our Vietnam Legal Advisors, data collected from employees, customers and suppliers in Vietnam is stored internally on an online database maintained by Jiaxing headquarter. Given this arrangement, certain operational processes may involve the cross-border transfer of data from Vietnam to overseas locations.

Data Security Compliance

As confirmed by our PRC Legal Advisors, during the Track Record Period and up to the Latest Practicable Date, we have been in material compliance with applicable PRC laws and regulations in respect of cybersecurity, data security and personal information protection (including, without limitation, any applicable laws and regulations in relation to cross-border data transfer in the PRC).

According to our Vietnam Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, DKE Vietnam had not been subject to any enquiry or investigation by any governmental authority in Vietnam in relation to data protection or privacy matters, and accordingly, DKE Vietnam had been in material compliance with the relevant laws and regulations in Vietnam (including, without limitation, any applicable laws and regulations in relation to cross-border data transfer in Vietnam).

TRADE RESTRICTIONS AND TARIFF

U.S. Export Control Implications

The U.S. export control framework is established under federal law, primarily through the Export Administration Regulations ("**EAR**"), which are administered by the Bureau of Industry and Security ("**BIS**") within the Department of Commerce. The EAR regulates the export, reexport, and transfer of commercial, dual-use, and certain military items, including hardware, software, and technology. Its jurisdiction covers (i) U.S.-origin items; (ii) items in the U.S. or move in transit through the U.S.; (iii) certain foreign-made items containing more than *de minimis* controlled U.S. content; and (iv) foreign-produced items that are the direct product of specified U.S. technology or software.

Depending on the nature of the item, destination country, end-use, and end-user, prior authorization from BIS may be required for transactions involving items subject to the EAR. BIS maintains several restricted-party lists, including the Entity List, which designates foreign entities such as companies, research institutions, government and private organizations, and individuals for enhanced trade restrictions. Listed parties are generally restricted from accessing U.S.-origin goods, software, and technology, as well as items containing controlled U.S.-origin content and certain foreign-made products derived from designated U.S. technology or equipment.

- Our products are not subject to the EAR

Our products were manufactured in the PRC, and Vietnam i.e., not U.S.-origin items. Except for the products sold to the U.S., the products we sold were not in the U.S. As for the products sold to the U.S., such products were sold solely within the U.S., with no export activities from the U.S. During the Track Record Period and up to the Latest Practicable Date, we procured certain U.S-origin e-ink films which were subsequently incorporated into our e-paper display module products. Such U.S.-origin items are classified as EAR99, meaning they are not controlled content unless destined to embargoed destinations (e.g., Cuba, Iran, North Korea, Syria, the Crimea, Donetsk, and Luhansk regions of Ukraine). Regarding the territories we exported to, such U.S.-origin e-ink films are not "controlled" content. Therefore, the *De Minimis* Rules are inapplicable.

In terms of the application of Foreign Direct Product Rules (FDP Rules), comprehensive analysis of the characteristics, performance specifications, end-use, end-users, and final destination of our products and the transactions during the Track Record Period and up to the Latest Practicable Date indicates that no applicable FDP Rules are triggered. In sum, our International Compliance Legal Counsel is of the view that our products are not subject to the EAR.

- Our transactions with our customers did not violate the EAR

During the Track Record Period and up to the Latest Practicable Date, we did not conduct transaction with any entity listed on the Entity List. According to our International Compliance Legal Counsel's due diligence work, one of our customers was listed on the Entity List in October 2023 and was later designated with footnote 3 in December 2024. The isolated transaction with such entity was completed in August 2022 prior to the Track Record Period and before it was placed on the Entity List, and no subsequent transaction has occurred. Therefore, the placement on the Entity List of such entity has no retroactive effect on transactions completed before.

As advised by our International Compliance Legal Counsel, during the Track Record Period and up to the Latest Practicable Date, we had not engaged in any unauthorized transactions, and no violation of the EAR existed from the U.S. export control perspective.

The International Sanctions Implications

The U.S. Treasury Department's Office of Foreign Assets Control ("**OFAC**") administers and enforces economic sanctions against designated foreign countries, entities, and individuals. These sanctions are established to advance U.S. foreign policy and national security objectives, with significant variations across different sanctions programs. Such programs generally apply to "U.S. persons" as defined in the relevant regulations, as well as to transactions with a U.S. nexus.

The United Nations Security Council ("**UNSC**") imposes mandatory sanctions regimes, which are binding on all UN member states and primarily target threats to international peace and security. The EU enacts sanctions via legally binding Council Decisions and Regulations, which are directly applicable across all member states. The UK administers its sanctions through the Office of Financial Sanctions Implementation ("**OFSI**") and consolidated lists under its post-Brexit statutory framework. Australia implements sanctions through the Department of Foreign Affairs and Trade, giving effect to both UN obligations and autonomous measures via its domestic legislation. Such regimes typically function by designating specific targets and prohibiting dealings with them, with enforcement carried out by national authorities.

During the Track Record Period and up to the Latest Practicable Date, we sold our products to several overseas countries and regions. As advised by our International Compliance Legal Counsel, none of the countries and regions falls within the Sanctioned Countries under the Sanctions Guidance, and none of the counterparties has been designated as a Sanctioned Target maintained by the U.S., UN, EU, UK, or Australia, nor is located, incorporated, organized, or resident in a Sanctioned Country. In conclusion, we are advised by our International Compliance Legal Counsel that we did not engage in any Sanctioned Activity as defined in the Sanctions Guidance and had not engaged in any transactions, investments, or dealings in violation of the sanction laws or regulations of any Relevant Jurisdiction.

U.S. Outbound Investment Rules Implications

The U.S. outbound investment review mechanism in force is narrowly targeted at certain types of investments in the country and typically the restrictions target sensitive technologies and products critical for military, intelligence, mass-surveillance, or cyber-enabled capabilities. If no covered activity is involved in the transaction, then the transaction is not within the jurisdictional scope of the U.S. outbound investment review.

As we are principally engaged in the research and development, production and sale of e-paper display modules, our business does not fall within any definition of covered activity, including semiconductor and microelectronics, quantum information technologies, or artificial intelligence. Thus, as advised by our International Compliance Legal Counsel, our business scope has not fallen within the definition of the Covered Activities and we are not a Covered Foreign Person as defined under the Final Rule and the frequently asked questions published by the U.S. Department of the Treasury on December 23, 2025.

The Tariff Implications

Regarding the direct impact of the U.S. tariff policies, based on our historical export data, sales to the United States have represented an immaterial portion of our revenue, which amounted to approximately RMB30,000, RMB160,000, and RMB19,000 in 2023, 2024 and 2025, respectively, representing less than 0.01% of our total revenue for each year of the Track Record Period. Tariffs imposed on products exported to the United States are contractually borne by the purchasers of our products, and accordingly, we do not primarily bear such tariff costs. For our procurement of raw materials originating from the U.S., a 10% retaliatory tariff on goods originating from the U.S. will be applicable. Specifically, the raw materials we procured originating from the U.S. in 2023, 2024, and 2025 amounted to approximately RMB12.3 million, RMB41.3 million and RMB70.4 million, respectively, representing approximately 1.6%, 4.3% and 4.7% of our total procurement for the corresponding years. Therefore, our Directors are of the view, and the Sole Sponsor concurs, that U.S. tariffs and Chinese retaliatory tariffs have not had any direct material adverse impact on our business operations.

Regarding the indirect impact of the U.S. tariff policies, based on our historical export data, we are not able to ascertain the specific extent to which our downstream customers incorporate our products into their end-products for export to the U.S. However, since the implementation of U.S. tariff measures against China in April 2025, our overall sales have not experienced any significant changes or material fluctuations. Therefore, our Directors are of the view that the U.S. tariffs have not had any indirect material adverse impact on our business operations. For our procurement of products that incorporate U.S.-origin components, the procurement cost of these products has remained stable and has not experienced any material increase despite the relevant tariff policies. Therefore, our Directors are of the view, and the Sole Sponsor concurs, that Chinese retaliatory tariffs have not had any indirect material adverse impact on our business operations.

For direct or indirect procurement or sales in the E.U. during the Track Record Period, we only made sporadic purchase of raw materials originating from the E.U. in 2023, with a total value of less than RMB3,000. Furthermore, our sales to the E.U. in 2023, 2024, and 2025 were approximately RMB3.4 million, RMB2.1 million and RMB5.6 million, respectively. As there are currently no general additional tariff measures between the E.U. and China, our Directors are of the view, and the Sole Sponsor concurs, that tariffs between the E.U. and China have not had any direct material adverse impact on our business operations.

Our production base in Vietnam procures raw materials originating from the U.S., Japan, Vietnam, Chinese mainland, and the Taiwan region of China. Among these, approximately 95% of the total procurement value during the Track Record Period was derived from raw materials originating from Chinese mainland and the Taiwan region of China. Furthermore, products manufactured at our Vietnam production base are primarily sold to the local Vietnamese market, with only a negligible portion sold to China.

Nevertheless, we note that tariff-related policies have been subject to frequent changes and do not rule out the possibility of further adjustments in the future, which could lead to heightened trade tensions and, in turn, adversely affect global supply chains and macroeconomic conditions. Such developments may indirectly impact demand for our products or increase operating costs across the industry. In the event that our customers reduce their orders, be such due to a decrease in overall demand for our products, replacing us with other suppliers, downturn of the macro-economy or other reasons, our business, operating results, and financial condition will be adversely affected. Also, in the event that we are required to adjust our pricing strategies due to changes in competition dynamics, our business, operating results, and financial condition may be adversely affected.

IMPACT OF COVID-19

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material disruption to our ordinary business operations as a result of the COVID-19 pandemic. In 2023, 2024 and 2025, our total revenue amounted to RMB1,024.2 million, RMB1,151.6 million and RMB1,713.0 million, respectively, and our sales volume recorded sustained growth during the Track Record Period reaching 56.1 million units, 67.1 million units and 124.5 million units, respectively. In addition, we continued to strengthen our production capacity throughout the Track Record Period. For further details, see "— Production — Production Bases." Moreover, our core operational areas, including R&D, product iteration, product delivery and customer engagement, remained on schedule without any significant delays. In view of the foregoing, our Directors are of the view that the COVID-19 pandemic did not have any material adverse impact on our business operations or financial performance during the Track Record Period and up to the Latest Practicable Date.

CERTIFICATES, LICENSES, APPROVALS AND PERMITS

We are required by relevant PRC and Vietnam laws and regulations to obtain and maintain various licenses, approvals and permits in order to operate our business.

Our Directors, as advised by our PRC Legal Advisors, confirm that we had complied with the applicable PRC laws and regulations in all material respects and had obtained all requisite licenses, approvals and permits from relevant authorities in China except those that would not have a material adverse effect on our operations during the Track Record Period and up to the Latest Practicable Date.

As advised by our PRC Legal Advisors and Vietnam Legal Advisors, during the Track Record Period and up to the Latest Practicable Date, there was no legal impediment for us to renew these licenses, permits and certificates as long as we comply with the relevant legal requirements.

The following table sets out a list of material certificates, licenses, permits and approvals currently held by our subsidiaries in the PRC as of the Latest Practicable Date:

Certificate/ License/ Permit/Approval	Holder	Authority	Date of Grant	Expiry Date of the Validity Period
Registration Receipt for Stationary Source Discharge .	DKE Longning	Ministry of Ecology and Environment of the PRC	May 26, 2025	May 25, 2030
Registration Receipt for Stationary Source Discharge	DKE Fuyong	Ministry of Ecology and Environment of the PRC	July 3, 2023	July 2, 2028
Registration Receipt for Stationary Source Discharge	DKE Fushen	Ministry of Ecology and Environment of the PRC	May 6, 2024	May 5, 2029

The following table sets out a list of material certificates, licenses, permits and approvals our subsidiaries held in Vietnam as of the Latest Practicable Date:

Certificate/ License/ Permit/Approval	Holder	Authority	Date of Grant	Expiry Date of the Validity Period
Investment registration certificate (the 3rd amendment)	DKE (HONG KONG) CO., LIMITED	Phu Tho Industrial Zones Management Board	May 13, 2025	November 1, 2067
Investment registration certificate (the 3rd amendment)	DKE Vietnam	Phu Tho Industrial Zones Management Board	May 13, 2025	November 1, 2067
Enterprise registration certificate (the 2nd amendment)	DKE (HONG KONG) CO., LIMITED	Division on Business Registration — Department of Finance of Phu Tho Province	May 28, 2026	Valid until being replaced by another relevant certificate
Enterprise registration certificate (the 2nd amendment)	DKE Vietnam	Division on Business Registration — Department of Finance of Phu Tho Province	May 28, 2026	Valid until being replaced by another relevant certificate
Certificate of land use rights and ownership of building and assets on land	DKE Vietnam	Land Registration Office — under the Department of Agriculture and Environment of Phu Tho Province	March 19, 2026	October 30, 2067
Approval of the results of fire prevention and fighting inspection	DKE Vietnam	Fire and Rescue Police Division — Police Department of Phu Tho Province	May 27, 2025	Not applicable

Certificate/ License/ Permit/Approval	Holder	Authority	Date of Grant	Expiry Date of the Validity Period
Official Letter regarding approval to the check and acceptance results with respect to the DongFang KeMai (Vietnam) e-paper displays production factory	DKE Vietnam	Construction Department — People's Committee of Phu Tho Province	June 20, 2025	None
Environmental permit No. 172/GPMT-UBND	DKE Vietnam	People's Committee of Phu Tho Province	November 27, 2025	November 27, 2035
Confirmation on satisfaction/non-satisfaction of conditions with respect to supervision of non-tariff zones by customs authorities	DKE Vietnam	Customs Sub-division I — Phu Tho Customs	June 6, 2025	Valid until being replaced by another relevant confirmation
Conclusion on inspecting manufacturing unit	DKE Vietnam	Phu Tho Customs — Custom Sub-department Zone 1	July 18, 2025	Valid until being replaced by another relevant document

AWARDS AND RECOGNITIONS

We have received recognition for our outstanding performance in technological innovation, specialized production, and the transformation and upgrading of manufacturing. The following table sets forth major awards and recognitions we received during the Track Record Period and up to the Latest Practicable Date.

Award/Recognition	Year	Awarding Institution/Authority
"Surging Innovation Award" of the 5th "Golden Business Card" Awards	2026	The Zhejiang Chamber of Commerce, Shanghai
Specialized and Sophisticated Small and Medium-sized Enterprise of Liaoning Province	2025	Department of Industry and Information Technology of Liaoning Province
Specialized and Sophisticated 'Little Giant' Enterprise of Liaoning Province	2025	Ministry of Industry and Information Technology
High and New Technology Enterprise	2025	Jointly by the Dalian Municipal Bureau of Science and Technology, Dalian Municipal Bureau of Finance and Dalian Tax Service, State Taxation Administration

Award/Recognition	Year	Awarding Institution/Authority
Enterprise Technology Center of Liaoning Province	2024	Department of Industry and Information Technology of Liaoning Province
Jiaxing High-Tech Research and Development Center	2024	Science and Technology Bureau of Jiaxing
Jiaxing Enterprise Technology Center	2024	Economy and Information Technology Bureau of Jiaxing
High and New Technology Enterprise	2024	Economy and Information Technology Department of Zhejiang
Innovative Small and Medium-sized Enterprises of Zhejiang Province	2023	Department of Science and Technology of Zhejiang Province
8th China Innovation Challenge — Excellence Award	2023	National Innovation Center for Emerging Display Technologies

OVERVIEW

The Board currently consists of nine Directors, including two executive Directors, four non-executive Directors and three independent non-executive Directors. The Directors serve for a term of three years and shall be subject to re-election upon retirement. The Board is responsible for and has the general power over the management and operation of our business, including determining our business strategies and investment plans, implementing resolutions passed at our general meetings, and exercising other powers, functions and duties as conferred by the Articles of Association. The Board also assumes the responsibilities for developing and reviewing the policies and practices of the Company on corporate governance, risk management, internal control and compliance with legal and regulatory requirements.

The senior management currently consists of nine members who are responsible for our day-to-day management and operation.

DIRECTORS

The following table sets forth the key information about the Directors as at the Latest Practicable Date.

Name	Age	Position	Responsibilities	Date of the first appointment as a Director	Date of joining our Group	Relationship with other Directors and senior management
Mr. Zhou Aijun (周愛軍)	57	Chairman of the Board, Executive Director and general manager	Responsible for the overall strategy planning and making key business and operational decisions of our Group	April 2008	April 2008	None
Mr. Wang Wenliang (王文亮)	51	Executive Director and vice general manager	Responsible for the overall strategy planning and making key business and operational decisions of our Group	June 2021	March 2010	None
Mr. Wang Xiao (汪嘯)	39	Non-executive Director	Supervising the management of our Company and providing professional opinion and judgment to our Board	October 2024	October 2024	None
Ms. Wang Yang (王揚)	52	Non-executive Director	Supervising the management of our Company and providing professional opinion and judgment to our Board	August 2018	August 2018	None
Mr. Liu Yu (劉喻) . .	45	Non-executive Director	Supervising the management of our Company and providing professional opinion and judgment to our Board	May 2018	May 2018	None
Mr. Di Chen (狄琛) .	31	Non-executive Director	Supervising the management of our Company and providing professional opinion and judgment to our Board	June 2025	June 2025	None
Prof. Zeng Aimin (曾愛民)	54	Independent Non-executive Director	Responsible for supervising and offering independent judgment to the Board	June 2021	June 2021	None
Prof. Zhou Guofu (周國富)	60	Independent Non-executive Director	Responsible for supervising and offering independent judgment to the Board	September 2025	September 2025	None
Mr. Ruan Tim (阮添士)	39	Independent Non-executive Director	Responsible for supervising and offering independent judgment to the Board	September 2025	September 2025	None

Executive Directors

Mr. Zhou Aijun (周愛軍), aged 57, was appointed as our Director, chairman of the Board and general manager in April 2008. He was later re-designated as an executive Director on September 2025. He is primarily responsible for the overall strategy planning and making key business and operational decisions of our Group. He currently holds directorships in a number of subsidiaries of our Group.

Mr. Zhou has over 26 years of experience in the technology field. Prior to joining our Group, Mr. Zhou served as a lecturer at the mechanical department of the Dalian Railway Institute (currently known as Dalian Jiaotong University) from July 1991 to 1998. He then served as the deputy director of Technical Management Office of the Industry and Information Technology Bureau of Dalian (大連市信息產業局技術管理處) from May 1998 to February 2001; and the deputy general manager of Dalian CP Digital Technology Co., Ltd. (大連泰富數碼科技有限公司), a software and information technology services company, from February 2001 to February 2005. Subsequently, he served as the general manager of the Shenyang branch of China HP Co., Ltd., which is the Chinese operating company of the Hewlett-Packard Company, from April 2005 to June 2007.

Mr. Zhou was the director of the companies below at the time of its dissolution. As confirmed by Mr. Zhou, the company was solvent at the time of dissolution and to his best knowledge, the dissolution of the company has not resulted in any actual or potential liability or obligation being imposed against him:

Name of company	Place of incorporation	Nature of business	Date of dissolution	Means of dissolution	Reasons of dissolution
Zhejiang Longguan Electronics Co., Ltd. (浙江龍觀電子有限公司)	PRC	Manufacturing of electronic display	July 8, 2021	Deregistration	Cessation of business
Dalian Hongrong Optics Co., Ltd. (大連紅榕光學有限公司) .	PRC	Manufacturing of optical glasses	January 21, 2016	Deregistration	Cessation of business
Dalian Puhua Zhongchuang Development Co., Ltd. (大連鐳華衆創發展有限公司)	PRC	Enterprise management	June 20, 2023	Deregistration	Cessation of business

Mr. Zhou obtained a bachelor's degree in forging process and equipments from the Dalian Railway Institute (currently known as Dalian Jiaotong University) in the PRC in July 1990. He also obtained a master's degree in computer software from the Dalian University of Technology in the PRC in April 1998.

Mr. Wang Wenliang (王文亮), aged 51, joined our Group in March 2010 and was appointed as a Director and a vice general manager in June 2021. He was later re-designated as an executive Director in September 2025, and is primarily responsible for the overall strategy planning and making key business and operational decisions of our Group.

Mr. Wang has over 23 years of experience in the manufacturing of digital displays. Prior to joining our Group, Mr. Wang served at Dalian Dongfu Color Display Co., Ltd. (大連東福彩色液晶顯示器有限公司), a company principally engaged in the production and sale of digital display, during December 1998 to December 2002. Mr. Wang then served at Dalian Yixianda Electronics Co., Ltd. (大連益顯達電子有限公司), a company principally engaged in the production and sale of digital display, from April 2005 to September 2009.

Mr. Wang obtained a bachelor's degree in corrosion and protection engineering from the Dalian University of Technology in the PRC in July 1998.

Non-executive Directors

Mr. Wang Xiao (汪嘯), aged 39, was appointed as a Director in October 2024. He was later re-designated as a non-executive Director in September 2025, and is primarily responsible for supervising the management of our Company and providing professional opinion and judgment to our Board.

Prior to joining our Group, Mr. Wang worked at Hangzhou Xinli Software Technology Service Co., Ltd. (杭州新力軟件技術服務有限公司) from February 2009 to September 2009. He then worked at CITIC Securities (Zhejiang) Company Limited (中信證券(浙江)有限公司) from October 2009 to April 2012. Subsequently, he worked at Zhejiang Zhongcheng Credit Evaluation Co., Ltd. (浙江眾誠資信評估有限公司) from May 2012 to March 2013. From March 2013 to February 2014, Mr. Wang worked at Zhejiang Jihe Entrepreneurship Service Co., Ltd. (浙江集合創業投資有限公司). Mr. Wang then served as the deputy director of the capital market department at Zhongda Group Investment Co., Ltd. (物產中大集團投資有限公司) and investment manager Wuchan Zhongda Public Environmental Investment Co., Ltd. (物產中大公用環境投資有限公司), which are companies engaged in infrastructure investments and equity investments, from March 2014 to November 2020. He then served as the assistant to president at Meihao Holding Group Co., Ltd. (美好控股集團有限公司), a company engaged in infrastructure investments and equity investments, from August 2021 to December 2021. From March 2022 to May 2022, he served as the investment director at Wing Asset Management Limited (萬銀資產管理有限公司), a company focused on equity investments. Since June 2022, he has served as the investment director of Redbanyan Venture Capital Co., Ltd. (紅榕創業投資股份有限公司), a company engaged in equity investments, where he is responsible for managing its equity investments.

Mr. Wang obtained a bachelor's degree in business administration from Zhejiang University of Technology in June 2011. He obtained a master's degree in International business and management from IPAG Business School in February 2021.

Ms. Wang Yang (王揚), aged 52, was appointed as a Director in August 2018. She was later re-designated as a non-executive Director in September 2025, and is primarily responsible for supervising the management of our Company and providing professional opinion and judgment to our Board.

Prior to joining our Group, Ms. Wang served at Dalian CP Digital Technology Co., Ltd. (大連泰富數碼科技有限公司) from August 2003 to April 2005; served at the Dalian branch of Deloitte Touche Tohmatsu Certified Public Accountants (Special General Partnership) from September 2005 to December 2007; and served at Dalian Wensi Haihui Information Technology Co., Ltd. (大連文思海輝信息技術有限公司) from January 2008 to June 2023. Since January 2008, she has been serving as the financial expert in Zhongdian Jinxin Digital Technology Group Co., Ltd. (中電金信數字科技集團股份有限公司), a software and information technology services company. From January 2018 to February 2024, Ms. Wang served as the independent director of Doctorglasses Chain Co., Ltd. (博士眼鏡連鎖股份有限公司), a company listed in Shenzhen Stock Exchange (stock code: 300622).

Ms. Wang obtained a bachelor's degree in investment economics and management from the Dongbei University of Finance and Economics in the PRC in July 1994. She is a certified public accountant and certified tax agent in China.

Mr. Liu Yu (劉喻), aged 45, was appointed as a Director in May 2018. He was later re-designated as a non-executive Director in September 2025, and is primarily responsible for supervising the management of our Company and providing professional opinion and judgment to our Board.

Mr. Liu served as a lawyer and partner at Horizon Lawyers (地平綫律師事務所), a law firm in the PRC, from July 2004 to June 2016. He then served as the investment director at Century Golden Investment Group Co., Ltd. (世紀金源投資集團有限公司), a PRC-based conglomerate, from July 2016 to February 2017. He has been currently serving as the investment director of Century Tengyun Investment Management Co., Ltd. (世紀騰雲投資管理有限公司) since February 2017.

Mr. Liu was the director of the companies below at the time of its dissolution. As confirmed by Mr. Liu, the company was solvent at the time of dissolution and to his best knowledge, the dissolution of the company has not resulted in any actual or potential liability or obligation being imposed against him:

Name of company	Place of incorporation	Nature of business	Date of dissolution	Means of dissolution	Reasons of dissolution
Shenzhen Tengyun Ledong Robot Co., Ltd. (深圳騰雲樂動機器人有限公司)	PRC	Manufacturing of robots	January 25, 2022	Deregistration	Cessation of business
Guangzhou Jinkun Real Estate Co., Ltd. (廣州金坤置業有限公司)	PRC	Real estate	March 13, 2024	Deregistration	Cessation of business
Guangzhou Jinyu Real Estate Co., Ltd. (廣州金譽置業有限公司)	PRC	Real estate	March 19, 2024	Deregistration	Cessation of business
Guangzhou Jinhe Industrial Development Co., Ltd. (廣州金和實業發展有限公司)	PRC	Real estate	June 18, 2024	Deregistration	Cessation of business

Mr. Liu obtained a bachelor's degree in laws from Wuhan University in June 2002. He possesses a legal professional qualification certificate issued by the Ministry of Justice of the PRC in February 2005.

Mr. Di Chen (狄琛), aged 31, was appointed as a Director in June 2025. He was later re-designated as a non-executive Director in September 2025, and is primarily responsible for supervising the management of our Company and providing professional opinion and judgment to our Board.

Mr. Di served as a postdoctoral researcher at Govtor Capital Group Co., Ltd. (江蘇高科技投資集團有限公司), a company engaged in equity investments from July 2021 to March 2023. He then served as the investment manager at Shanghai Yida Xinye Equity Investment Management Partnership Enterprise (Limited Partnership) (上海毅達鑫業股權投資管理合夥企業(有限合夥)), a comprehensive investment institution focusing on venture capital, from April 2023 to January 2024. Since January 2024, he has served as the business director of the investment management department of Zhejiang Huakong Bauhinia Venture Capital Co., Ltd. (浙江華控紫荊創業投資有限公司).

Mr. Di obtained his bachelor's degree in mechanical forming and control engineering from Shandong University in June 2016. He obtained his doctorate degree in materials science and engineering from Nanjing University in June 2021.

Independent Non-executive Directors

Prof. Zeng Aimin (曾愛民), aged 54, was appointed as an independent Director in June 2021 and was redesignated as an independent non-executive Director in September 2025. He is responsible for supervising and offering independent judgment to the Board.

Prof. Zeng has worked at Zhejiang Gongshang University in the PRC since July 2010 and has been serving as the vice dean at the School of Accounting of Zhejiang Gongshang University since April 2020.

Prof. Zeng has served as an independent director at Hangzhou Century Co., Ltd. (思創醫惠科技股份有限公司), the shares of which are listed on the Shenzhen Stock Exchange (stock code: 300078), from August 2021 to May 2022. He has been serving as an independent director at Zhejiang Dayang Biotech Group Co., Ltd. (浙江大洋生物科技集團股份有限公司), the shares of which are listed on the Shenzhen Stock Exchange (stock code: 003017), since December 2021; and as an independent director at Zhejiang Hilk Smart Home Co., Ltd. (浙江喜爾康智能家居股份有限公司) since January 2021.

Prof. Zeng obtained a master's degree in accounting from Hangzhou Dianzi University in the PRC in April 2005 and a doctorate degree in accounting from Xiamen University in the PRC in June 2010.

Prof. Zhou Guofu (周國富), aged 60, was appointed as an independent non-executive Director in September 2025. He is responsible for supervising and offering independent judgment to the Board.

Prof. Zhou is the founder and has been serving as the professor and the head of institute of the Institute of Electronic Paper Displays, South China Academy of Advanced Optoelectronics, South China Normal University (華南師範大學) since April 2014. He has been also serving as a part-time professor and science consultant at the Eindhoven University of Technology since January 2012. He is also the founder and has been serving as the chairman of Shenzhen Guohua Optoelectronic Technology Co., Ltd. (深圳市國華光電科技有限公司) since March 2013. He has been serving as the chief scientist of Guangxian Technology (Guangdong) Co., Ltd. (光顯科技(廣東)有限公司) since August 2022.

Prof. Zhou has also been serving as a director and chief scientist of Hymson Laser Technology Group Co., Ltd. (海目星激光科技集團股份有限公司), the shares of which are listed on the Shanghai Stock Exchange (stock code: 688559), since December 2023.

Prof. Zhou was the director of the companies below at the time of its dissolution. As confirmed by Prof. Zhou, the company was solvent at the time of dissolution and to his best knowledge, the dissolution of the company has not resulted in any actual or potential liability or obligation being imposed against him:

Name of company	Place of incorporation	Nature of business	Date of dissolution	Means of dissolution	Reasons of dissolution
Shenzhen Liquid Light Technology Co., Ltd. (深圳市光泓顯示科技有限公司)	PRC	Manufacturing of display modules	June 12, 2023	Deregistration	Cessation of business
Guangdong Xiaodeng Intelligent Technology Co., Ltd. (廣東小燈智能科技有限公司)	PRC	Manufacturing of intelligent lighting	June 18, 2019	Deregistration	Cessation of business
Zhongrui Smart Valley (Guangdong) Technology Co., Ltd. (中瑞智慧穀(廣東)科技有限公司)	PRC	Manufacturing of intelligent lighting	July 16, 2019	Deregistration	Cessation of business

Prof. Zhou obtained his bachelor's degree in metal materials science from Chongqing University in July 1986. He obtained his master's and doctoral degree in material science from the Metal Research Institute of the Chinese Academy of Sciences in July 1989 and July 1991 respectively. He also obtained a doctoral degree in physics and astronomy from the University of Amsterdam in November 1994.

Mr. Tim Ruan (阮添士), aged 39, was appointed as an independent non-executive Director in September 2025. He is responsible for supervising and offering independent judgment to the Board.

Mr. Ruan served as a trainee solicitor at Baker & McKenzie LLP from September 2011 to September 2013, and as an associate at Sullivan & Cromwell LLP from September 2013 to January 2016. From February 2016 to December 2017, he acted as an associate within the investment banking division of Nomura International (Hong Kong) Limited. From January 2018 to November 2020, he served as a vice president of the investment banking division of Morgan Stanley Asia Limited. Mr. Ruan has extensive experience in financial management. He served as an executive director of the Corporate Finance Department of Goldman Sachs (Asia) L.L.C. from November 2020 to October 2022. Since January 2023, he has been serving as the chief financial officer of Ocumension Therapeutics (歐康維視生物), the shares of which are listed in the Stock Exchange (stock code: 1477). In his role as the chief financial officer of Ocumension Therapeutics, Mr. Ruan holds the ultimate authority over the financial matters of Ocumension Therapeutics and is mainly responsible for financial management and investor relations.

Mr. Ruan received his bachelor's degree of laws and bachelor's degree of commerce majoring in finance from the University of New South Wales in Australia in May 2010. Mr. Ruan obtained his postgraduate certificate in laws from The University of Hong Kong in Hong Kong in June 2011. He graduated from The Hong Kong University of Science and Technology in Hong Kong in November 2021 with a master's degree of science, majoring in biotechnology. Mr. Ruan was admitted as a solicitor of the High Court of Hong Kong in December 2013.

SENIOR MANAGEMENT

The following table sets forth the key information about the senior management of the Company.

Name	Age	Position	Responsibilities	Date of appointment as senior management	Date of joining our Group	Relationship with other Directors and senior management
Mr. Zhou Aijun (周愛軍)	57	Chairman of the Board, Executive Director and general manager	Responsible for the overall strategy planning and making key business and operational decisions of our Group	March 2008	March 2008	None
Mr. Wang Wenliang (王文亮)	51	Executive Director and vice general manager	Responsible for the overall strategy planning and making key business and operational decisions of our Group	March 2010	March 2010	None
Ms. Chen Dandan (陳丹丹)	44	Vice general manager and secretary of the Board	Responsible for supporting day-to-day operation of the Board and the management of our Group	March 2020	November 2016	None
Ms. Wang Lei (王蕾)	47	Vice general manager	Responsible for business scenarios exploration, sales of products, expanding global market share of our Group and maintaining our customer relationships	November 2015	March 2009	None
Mr. Zhu Lianjun (朱連軍)	46	Vice general manager	Responsible for cost optimization and safety production of our Group	June 2021	July 2011	None
Mr. Wen Shifeng (文世峰)	42	Vice general manager	Responsible for cost optimization and safety production of our Group	June 2021	April 2021	None
Ms. Li Keming (李科銘)	45	Vice general manager	Responsible for the overall formulation, management and optimization of the Human Resources and Administration Management Center	April 2023	August 2022	None
Mr. Fang Liang (方亮)	43	Vice general manager	Responsible for the formulation and management of the flexible innovation center of our Group, R&D, production and sales of our products	December 2024	July 2021	None
Ms. Zhang Yanmin (張燕敏)	36	Chief financial officer	Responsible for overseeing the Group's financial functions and holds the ultimate authority over the Group's financial matters, and the financial strategy, fund management, risk control and financial operations of the Group	June 2025	September 2022	None

For the biographical details of Mr. Zhou Aijun and Mr. Wang Wenliang, see "— Directors."

Ms. Chen Dandan (陳丹丹), aged 44, was appointed as the vice general manager of the Company and secretary of the Board in March 2020. She is responsible for supporting day-to-day operation of the Board and the management of our Group.

Prior to joining our Group, Ms. Chen worked at Dalian Union Polymer Material Co., Ltd. (大連聯合高分子材料有限公司) from May 2006 to November 2010, where she was responsible for bookkeeping. Then, Ms. Chen served as the finance manager of asset services department at the Dalian branch of CBRE Property Services Management Company Limited (北京世邦魏理仕物業服務管理有限公司), a company engaged in the provision of property management services, from June 2012 to June 2013. Subsequently, she served as the financial controller and secretary of the board at Dalian Gurui PU Co., Ltd. (大連固瑞聚氨酯股份有限公司), a company engaged in the production of polyurethanes from June 2013 to October 2017.

Ms. Chen obtained a bachelor's degree in accountancy through distance learning from Dongbei University of Finance and Economics in January 2010.

Ms. Wang Lei (王蕾), aged 47, was appointed as the vice general manager of the Company in March 2009. She is responsible for business development, sales of products, expanding global market share of our Group and maintaining our customer relationships.

Prior to joining our Group, Ms. Wang served at Guangzhou Manyou Culture Development Co., Ltd (廣州漫友文化發展有限公司) from January 2005 to March 2005 and served at Guangdong Xinweilai Books Co., Ltd. (廣東新未來圖書有限公司) from April 2005 to May 2005.

Ms. Wang obtained a bachelor's degree in applied electronic technology from Yanshan University in July 2001.

Mr. Zhu Lianjun (朱連軍), aged 46, was appointed as the vice general manager of the Company in June 2021. He is responsible for cost optimization and safety production of our Group.

Prior to joining our Group, Mr. Zhu worked at Dalian Haier Refrigerator Co., Ltd. (大連海爾電冰箱有限公司) from November 2001 to August 2005. Mr. Zhu then worked at Dalian Eastfound Warehousing Supplies Co., Ltd. (大連益豐倉儲用品有限公司) from November 2006 to October 2007.

Mr. Zhu obtained a bachelor's degree in engineering from Jiamusi University in July 2001.

Mr. Wen Shifeng (文世峰), aged 42, was appointed as the vice general manager of the Company in June 2021. He is responsible for cost optimization and safety production of our Group.

Prior to joining our Group, Mr. Wen served as the deputy manager of manufacturing technology department at Samsung Electronics (Suzhou) Semiconductor Co., Ltd., (三星電子(蘇州)半導體有限公司), a company engaged in the production of semiconductors, from July 2005 to June 2018.

Mr. Wen obtained a bachelor's degree in engineering from Nanjing University of Science and Technology in June 2005.

Ms. Li Keming (李科銘), aged 45, was appointed as the vice general manager of the Company in April 2023. She is responsible for the overall formulation, management and optimization of the Human Resources and Administration Center.

Prior to joining our Group, Ms. Li served at Dalian Lead Real Estate Sales and Planning Co., Ltd. (大連領航房地產營銷策劃有限公司), a company engaged in property agency and event planning business, from July 2006 to August 2010. She then served as the regional person in charge of the human resources department of TKE Elevators (China) Co., Ltd. (蒂升電梯(中國)有限公司), a company engaged in the production of elevators and escalators, from August 2010 to October 2021. Subsequently, from November 2021 to August 2022, Ms. Li served as the deputy director of the human resources department of Shanghai Zhengfang Textiles Co., Ltd. (上海正芳纺織品有限公司), a company engaged in clothing and accessories, daily necessities and lighting equipment.

Ms. Li obtained a bachelor's degree in clinical medicine from Dalian Medical University in July 2004. She obtained a master's degree in business administration from Dongbei University of Finance and Economics in June 2011.

Mr. Fang Liang (方亮), aged 43, was appointed as the vice general manager of the Company in December 2024. He is responsible for the building up and management of the flexible innovation center of our Group, R&D, production and sales of our products.

Prior to joining our Group, Mr. Fang last served as the production manager at Ningbo Innolux Corporation (寧波群創光電有限公司), a company specializing in the producting of TFT-LCD panels, from October 2005 to February 2017.

Mr. Fang obtained a bachelor's degree in electronic and information engineering from Northeast Electric Power University in July 2005.

Ms. Zhang Yanmin (張燕敏), aged 36, was appointed as the chief financial officer of the Company in June 2025. She is responsible for overseeing the Group's financial functions and holds the ultimate authority over the Group's financial matters, and coordinating the financial strategy, fund management, risk control and financial operations of the Group.

Prior to joining our Group, Ms. Zhang served as the general accountant from February 2010 to February 2012 and as the assistant to financial director from March 2016 to September 2019 at Zhejiang Xinshengda Holdings Group Co., Ltd. (浙江新勝大控股集團有限公司). From February 2013 to March 2016, she served as the finance manager at Zhejiang Dayou Prefabricated Components Co., Ltd. (浙江大有預製構件有限公司), a company engaged in the production of prefabricated concrete components. From September 2019 to April 2022, Ms. Zhang served as the finance manager at Zhejiang Zhengtai Business Information Consulting Co., Ltd. (浙江正泰新商務信息諮詢有限公司), a company engaged in the production and sales of photovoltaic components.

Ms. Zhang obtained her bachelor's degree in accounting from the Open University of China (formerly known as China Central Radio and TV University) in the PRC in January 2021. She was certified as a tax advisor of China Certified Tax Agents Association (中國注冊税務師協會) in November 2020, and was certified as a senior accountant by Zhejiang Human Resources and Social security Department (浙江省人力資源和社會保障廳) in January 2024.

GENERAL

As of the Latest Practicable Date, to the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries,

(i) save as disclosed above, none of the Directors or senior management has held any directorship in any public company the securities of which are listed on any securities market in Hong Kong or overseas during the three years immediately preceding the date of this document;

(ii) none of the Directors or members of the senior management of the Company was related to any other Directors and members of the senior management;

(iii) save as disclosed in "Statutory and General Information" set out in Appendix VI to this document, none of the Directors or general manager of the Company held any interest in the Shares which would be required to be disclosed pursuant to Part XV of the Securities and Futures Ordinance; and

(iv) there was no additional matter with respect to the appointment of the Directors that needs to be brought to the attention of the Shareholders, and there was no additional information relating to the Directors that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

CONFIRMATION FROM OUR DIRECTORS

Rule 8.10 of the Listing Rules

As of the Latest Practicable Date, none of our Directors and their respective close associates had any interest in any business which competes or is likely to compete, either directly or indirectly with our Group's business which would require disclosure under Rule 8.10 of the Listing Rules.

Rule 3.09D of the Listing Rules

Each of our Directors confirmed that he or she (i) had obtained the legal advice referred to under Rule 3.09D of the Listing Rules in September 2025, and (ii) understood his or her obligations as a director of a listed issuer under the Listing Rules.

Rule 3.13 of the Listing Rules

Each of our independent non-executive Directors had confirmed (i) his independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules; (ii) that he had no past or present financial or other interest in the business of the Company or its subsidiary or any connection with any core connected person of the Company under the Listing Rules as of the Latest Practicable Date; and (iii) that there were no other factors that may affect his independence at the time of his appointments. Each of our independent non-executive Directors will inform us and the Stock Exchange as soon as practicable if there is any subsequent change of circumstances which may affect his independence.

JOINT COMPANY SECRETARIES

The Company has appointed Ms. Chen Dandan and Mr. Lau Kwok Yin as our joint company secretaries.

For the biographical details of Ms. Chen Dandan, see "— Senior Management."

Mr. Lau Kwok Yin (劉國賢), aged 40, was appointed as our joint company secretary in September 2025. He is a vice president of SWCS Corporate Services Group (Hong Kong) Limited. He has over 15 years' experience in corporate secretarial services, finance and bank operations. He holds a bachelor's degree in business administration in accounting and finance from The University of Hong Kong, and is a member of the Hong Kong Institute of Certified Public Accountants, a Chartered Financial Analyst charterholder, and a fellow of the Chartered Governance Institute and the Hong Kong Chartered Governance Institute.

BOARD COMMITTEES

We have established four Board Committees in accordance with the relevant PRC laws and regulations, the Articles of Association and the Corporate Governance Code, namely the Audit Committee, the Nomination Committee, the Remuneration and Appraisal Committee and the Strategy Committee.

Audit Committee

We have established an Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of the Corporate Governance Code. The Audit Committee consists of three Directors, namely Prof. Zeng Aimin, Mr. Ruan Tim and Ms. Wang Yang, with Mr. Ruan Tim currently serving as the chairman. Since January 2023, Mr. Tim Ruan has been serving as the chief financial officer of Ocumension Therapeutics, the shares of which are listed on the Stock Exchange (stock code: 1477). As such, Mr. Ruan possesses the appropriate accounting or related financial management expertise by virtue of his position as a chief financial officer of a public company listed on the Stock Exchange. Based on the above, our Directors are satisfied, and the Sole Sponsor concurs, that Mr. Ruan possesses the appropriate accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules. The primary duties of the Audit Committee include, but are not limited to, the following:

(i) proposing the appointment or change of external auditors to our Board, monitoring the independence of external auditors and evaluating their performance;

(ii) examining the financial information of the Company and reviewing financial reports and statements of the Company;

(iii) examining the financial reporting system, the risk management and internal control system of the Company, overseeing their rationality, efficiency and implementation and making recommendations to our Board; and

(iv) dealing with other matters that are authorized by the Board.

Nomination Committee

We have established a Nomination Committee with written terms of reference in compliance with Rule 3.27A of the Listing Rules and paragraph B.3 of the Corporate Governance Code. The Nomination Committee consists of three Directors, namely Mr. Zhou Guofu, Prof. Zeng Aimin and Ms. Wang Yang, with Prof. Zhou Guofu currently serving as the chairman. The primary duties of the Nomination Committee include, but are not limited to, the following:

(i) conducting extensive search and providing our Board with suitable candidates for our Directors, general managers and other members of the senior management;

(ii) reviewing the structure, size and composition of our Board (including but not limited to, gender, age, cultural and educational background, ethnicity, skills, knowledge and experience) at least annually, assisting our Board in maintaining a board skills matrix and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

(iii) researching and developing standards and procedures for the election of our Board members, general managers and members of the senior management, and making recommendations to our Board;

(iv) assessing the independence of the independent non-executive Directors;

(v) supporting our Company's regular evaluation of our Board's performance; and

(vi) dealing with other matters that are authorized by the Board.

Remuneration and Appraisal Committee

We have established a Remuneration and Appraisal Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph E.1 of the Corporate Governance Code. The Remuneration and Appraisal Committee consists of three Directors, namely Prof. Zeng Aimin, Mr. Ruan Tim and Mr. Wang Xiao, with Prof. Zeng Aimin currently serving as the chairman. The primary duties of the Remuneration and Appraisal Committee include, but are not limited to, the following:

(i) advising our Board on the overall remuneration plan and structure of our Directors and senior management and the establishment of transparent and formal procedures for determining the remuneration policy of the Company;

(ii) monitoring the implementation of the remuneration system of the Company;

(iii) making recommendations on the remuneration packages of our Directors and senior management; and

(iv) other duties conferred by our Board.

Strategy Committee

The Strategy Committee consists of three Directors, namely Mr. Zhou Aijun, Prof. Zhou Guofu and Mr. Di Chen, with Mr. Zhou Aijun currently serving as the chairman. The Strategy Committee is mainly responsible for reviewing and advising on long-term strategies and major investment plan of the Company.

CORPORATE GOVERNANCE CODE

The Company is committed to achieving a high standard of corporate governance with a view to safeguarding the interests of our Shareholders. To accomplish this, the Company intends to comply with the Corporate Governance Code set out in Appendix C1 to the Listing Rules and the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules after the [**REDACTED**].

Pursuant to code provision C.2.1 of Part 2 of the Corporate Governance Code, companies [**REDACTED**] on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between the chairman and the general manager should be segregated and should not be performed by the same individual. We do not have a separate chairman and general manager, and Mr. Zhou Aijun currently performs these two roles. The Board believes that vesting the roles of both the chairman and general manager in the same person has the benefit of ensuring consistent leadership within our Group and enables more effective and efficient overall strategic planning for our Group, taking into consideration that our Group is currently experiencing a period of rapid growth and requires strategic continuity and stability for the implementation of key initiatives, including the construction of the manufacturing facility in Vietnam, the research and development of full-color and flexible e-paper display technologies, as well as market expansion. The combined roles streamline reporting lines and reduce internal communication layers, thereby enhancing the speed and effectiveness of decision-making and responses to market opportunities, technological challenges and operational matters. The Board considers that the balance of power and authority for the present arrangement will not be impaired in this regard. Our Company also considers that the leadership of Mr. Zhou, as a Controlling Shareholder and technical leader, brings irreplaceable industry experience, technical foresight and a comprehensive understanding of our Company's business, allowing his strategic vision to be translated directly into execution and maximizing leadership effectiveness. The Board will continue to review and consider splitting the roles of the chairman of the Board and the general manager of the Company if and when it is appropriate taking into account the circumstances of our Group as a whole.

BOARD DIVERSITY POLICY

We have adopted the board diversity policy which sets out the objective and approach for achieving and maintaining the diversity of the Board in order to enhance its effectiveness. In accordance with the board diversity policy, the Company seeks to achieve board diversity by taking into account a number of factors, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and/or length of service. The ultimate selection of Board candidates will be based on merit and potential contribution to our Board having due regard to the benefits of diversity on the Board and also the specific needs of the Company without focusing on a single diversity aspect. Our Directors have a balanced mix of knowledge and skills, including overall management and strategic development as well as knowledge and experience in areas such as investment and business management. They obtained degrees in various areas including engineering, business administration and laws. Furthermore, our Board has a diverse age and gender representation. Our Board currently comprises one female Director and eight male Directors, ranging from 31 years old to 60 years old.

With regards to gender diversity on the Board, we recognize the particular importance of gender diversity. We have taken and will continue to take steps to promote and enhance gender diversity at all levels of the Company, including but without limitation at our Board and senior management levels. We will maintain a focus on gender diversity when recruiting staff at the mid to senior level so as to develop a pipeline of potential female successors to our Board. Our Group will also identify and select several female individuals with a diverse range of skills, experience and knowledge in different fields from time to time, and maintain a list of such female individuals who possess qualities to become our Board members, which will be reviewed by our nomination committee periodically to maintain gender diversity of our Board. Taking into account our existing business model and specific needs as well as the different background of our Directors, the composition of our Board satisfies our board diversity policy.

Upon the [**REDACTED**], the Nomination Committee will from time to time discuss and agree on expected goals to ensure board diversity, and review and, where necessary, update the board diversity policy to ensure that the policy remains effective. The Company will disclose the biographical details of each Director and report on the implementation of the board diversity policy (including whether we have achieved board diversity) in its annual corporate governance report.

DIRECTORS' REMUNERATION AND REMUNERATION OF THE FIVE HIGHEST-PAID INDIVIDUALS

The Directors and senior management members who receive remuneration from the Company are paid in the forms of salaries and other benefits in kind, discretionary bonuses, retirement benefit scheme contributions and share-based payment. The remuneration of the Directors and senior management members is determined with reference to the remuneration paid by comparable companies and the achievement of major operating indicators of the Company.

The aggregate amount of remuneration (including salaries and other benefits in kind, discretionary bonuses, retirement benefit scheme contributions and share-based payment) and other benefits in kind paid to the Directors for the years ended December 31, 2023, 2024 and 2025 amounted to RMB1.5 million, RMB1.6 million and RMB2.1 million, respectively. The aggregate amount of remuneration (including salaries and other benefits in kind, discretionary bonuses, retirement benefit scheme contributions and share-based payment) and other benefits in kind incurred by the five highest-paid individuals (including nil, nil and one Director, respectively) of our Group for the years ended December 31, 2023, 2024 and 2025 amounted to RMB6.1 million, RMB5.0 million and RMB5.1 million, respectively. The total emoluments for the remaining individuals among the five highest paid individuals amounted to RMB6.1 million, RMB5.0 million and RMB5.1 million, for the years ended December 31, 2023, 2024 and 2025, respectively.

Under the current compensation arrangement, we estimate the total compensation before taxation, including estimated share-based compensation, to be accrued to our Directors for the year ending December 31, 2026 to be approximately RMB2.0 million. The actual remuneration of Directors in 2026 may be different from the expected remuneration.

We confirm that during the Track Record Period, no remuneration was paid by the Company to, or receivable by, our Directors or the five highest paid individuals as an inducement to join or upon joining the Company or as compensation for loss of office in connection with the management positions of the Company or any subsidiary of the Company.

During the Track Record Period, none of our Directors waived any remuneration. Save as disclosed above, no other payments have been paid, or are payable, by the Company or our subsidiary to our Directors or the five highest-paid individuals during the Track Record Period.

COMPLIANCE ADVISOR

The Company has appointed Red Solar Capital Limited as our Compliance Advisor in compliance with Rules 3A.19 of the Listing Rules. The Compliance Advisor will provide us with guidance and advice as to compliance with the Listing Rules and other applicable laws, rules, codes and guidelines. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Advisor will advise the Company in certain circumstances including:

(i) before the publication of any regulatory announcement, circular or financial report;

(ii) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues, sales or transfers of treasury shares and share repurchases;

(iii) where we propose to use the proceeds from the [**REDACTED**] in a manner different from that detailed in this document or where our business activities, developments or results deviate from any forecast, estimate or other information in this document; and

(iv) where the Stock Exchange makes an inquiry to the Company in accordance with Rule 13.10 of the Listing Rules.

Pursuant to Rule 3A.24 of the Listing Rules, the Compliance Advisor will, on a timely basis, inform the Company of any amendment or supplement to the Listing Rules that are announced by the Stock Exchange. The Compliance Advisor will also inform the Company of any new or amended law, regulation or code in Hong Kong applicable to us, and advise us on the continuing requirements under the Listing Rules and applicable laws and regulations.

The term of the appointment will commence on the [**REDACTED**] and is expected to end on 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 commencing after the [**REDACTED**].

OUR CONTROLLING SHAREHOLDERS

Pursuant to the Acting in Concert Agreement, Mr. Lv acknowledges and confirms that he will consult with Mr. Zhou and reach a unanimous decision with Mr. Zhou before exercising his Shareholder's right, especially on the rights to convene a Shareholders' meeting, propose and vote. If no consensus can be reached after full discussions, Mr. Lv will act according to the decision of Mr. Zhou. For details, see "History, Development and Corporate Structure — Establishment and Major Shareholding Changes of our Company — (d) Acting in Concert Agreement."

Immediately after completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised):

(i) Mr. Zhou will be entitled to exercise approximately [**REDACTED**] of the voting rights in our Company through (a) [**REDACTED**] H Shares (representing approximately [**REDACTED**] of our issued Shares) directly held by him; (b) [**REDACTED**] H Shares (representing approximately [**REDACTED**] of our issued Shares) held by Dalian Longgu and controlled by him as its general partner; (c) [**REDACTED**] H Shares (representing approximately [**REDACTED**] of our issued Shares) held by Jiaxing Longxi and controlled by him as its general partner; and (d) [**REDACTED**] H Shares (representing approximately [**REDACTED**] of our issued Shares) held by Jiaxing Longguan and controlled by him as its general partner;

(ii) Mr. Lv will be entitled to exercise approximately [**REDACTED**] of our issued Shares through [**REDACTED**] H Shares directly held by him; and

(iii) by virtue of the Acting in Concert Agreement, Mr. Zhou and Mr. Lv will together be interested in and control [**REDACTED**] H Shares, representing approximately [**REDACTED**] of our issued Shares.

Despite the limited partners of the Incentive Platforms (the "**Limited Partners**") holds certain partnership interest in the respective Incentive Platforms, the Limited Partners will not be considered as part of the group of Controlling Shareholders on the following grounds:

(i) the general partner of the Incentive Platforms, Mr. Zhou, retains the overall control and management over each of the Incentive platforms and the Limited Partners have no management rights over each of the Incentive platforms; and

(ii) the Limited Partners are subject to repurchase arrangements which require them to transfer his/her partnership interests in the Incentive Platforms to the general partner of the Incentive Platforms, Mr. Zhou, upon the occurrence of events including cessation of employment. For more details, see "Appendix VI — Statutory and General Information — C. Further Information about our Directors and Substantial Shareholders — 5. Employee Incentive Schemes — Repurchase Arrangements."

Therefore, Mr. Zhou, Dalian Longgu, Jiaxing Longxi, Jiaxing Longguan and Mr. Lv will constitute a group of Controlling Shareholders upon the [**REDACTED**].

COMPETITION

Each member of our Controlling Shareholders has confirmed that he/it does not have any interest in a business, apart from the business of the Group, 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 are capable of carrying on our business independently of our Controlling Shareholders and their respective close associates after [**REDACTED**].

Operational Independence

Our Company has full rights to make all decisions on, and to carry out, our own business operations independently. We have our own independent departments to support the operations and management of our current business. We have registered the relevant intellectual property rights relating to relevant technologies of our business and our product. We hold the licenses and qualifications necessary to carry on our current business, and have sufficient capital, facilities, technology and employees to operate the business independently from our Controlling Shareholders and their respective close associates. We have access to suppliers and customers independently from and not connected to our Controlling Shareholders and their respective close associates.

Based on the above, our Directors are satisfied that we are able to operate independently from our Controlling Shareholders and their respective close associates.

Management Independence

Our Board comprises nine Directors, including two executive Directors, four non-executive Directors and three independent non-executive Directors. Mr. Zhou is our chairman, executive Director and one of our Controlling Shareholders. For more information, see "Directors and Senior Management".

Each of our Directors is aware of his or her fiduciary duties as a Director which require, among others, that he or she must act for the benefit of and in the best interests of our Company and not allow any conflict between his or her duties as a Director and his or her personal interests. 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 close associates, the interested Director(s) shall abstain from voting on the relevant board meetings of our Company in respect of such transactions and shall not be counted in the quorum. Further, we believe our independent non-executive Directors will bring independent judgment to the decision-making process of our Board. See "— Corporate Governance" in this section for further details.

Based on the above, our Directors are satisfied that our Board as a whole together with our senior management are able to perform the managerial role in our Group independently.

Financial Independence

Our financial system and financial operations are independent from our Controlling Shareholders and their close associates. Our Group makes financial decisions according to our own business needs and our Group's financial operations are handled by our finance team, without sharing any financial management functions or resources with our Controlling Shareholders or their close associates.

There was no outstanding loans or guarantees or other financial assistance provided by, or granted to, our Controlling Shareholders or their associates as of the Latest Practicable Date.

Based on the above, our Directors believe that our business is financially independent of our Controlling Shareholders and their close associates.

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 Group and our Controlling Shareholders:

(i) where a Shareholders' meeting is to be held for considering proposed transactions in which our Controlling Shareholders or any of their associates has a material interest, our Controlling Shareholder(s) will not vote on the resolutions and shall not be counted in the quorum in the voting;

(ii) 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 associates, our Company will comply with the applicable Listing Rules;

(iii) our independent non-executive Directors will review, on an annual basis, whether there is any conflict of interests between our Group and our Controlling Shareholders and provide impartial and professional advice to protect the interests of our minority Shareholders;

(iv) 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 the purpose of their annual review;

(v) our Company will disclose decisions (with basis) on matters reviewed by the independent non-executive Directors either in its annual report or by way of announcements as required by the Listing Rules;

(vi) 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 expense; and

(vii) we have appointed Red Solar Capital Limited as our compliance advisor to provide advice and guidance to use 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 Group and our Controlling Shareholders and to protect minority Shareholders' interests after the [**REDACTED**].

So far as our Directors are aware, immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), the following persons will have interest and/or short position (as applicable) in the Shares or the underlying Shares of our Company which would fall to be disclosed to the 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 issued voting rights of our Company:

		Shares held as of the Latest Practicable Date		Shares held immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised)	
Name of Shareholder	Nature of interest	Number and description of Shares[1]	Approximate percentage of shareholding in the total issued share capital of the Company	Number and description of Shares[1]	Approximate percentage of shareholding in the total issued share capital of the Company
Mr. Zhou	Beneficial owner	9,578,935 Unlisted Shares	20.79%	[REDACTED]	[REDACTED]
	Interest in controlled corporation[2]	4,195,500 Unlisted Shares	9.11%	[REDACTED]	[REDACTED]
	Interest held jointly with other persons[3]	3,172,978 Unlisted Shares	6.89%	[REDACTED]	[REDACTED]
Mr. Lv	Beneficial owner	3,172,978 Unlisted Shares	6.89%	[REDACTED]	[REDACTED]
	Interest held jointly with other persons[3]	13,774,435 Unlisted Shares	29.90%	[REDACTED]	[REDACTED]
Xu Xiande	Interest in controlled corporation[4]	6,975,000 Unlisted Shares	15.14%	[REDACTED]	[REDACTED]
Redbanyan Venture Capital	Beneficial owner[4]	6,975,000 Unlisted Shares	15.14%	[REDACTED]	[REDACTED]
Dalian Longgu	Beneficial owner	2,175,000 Unlisted Shares	4.72%	[REDACTED]	[REDACTED]
Jiaxing Longxi	Beneficial owner	1,035,000 Unlisted Shares	2.25%	[REDACTED]	[REDACTED]
Jiaxing Longguan	Beneficial owner	985,500 Unlisted Shares	2.14%	[REDACTED]	[REDACTED]

Notes:

(1) All interests stated are long positions. For the avoidance of doubt, both Domestic Shares and H Shares are ordinary Shares in the share capital of our Company and are considered as one class of Shares.

(2) As at the Latest Practicable Date, among the 4,195,500 Unlisted Shares in which Mr. Zhou was interested through controlled corporations, (i) 2,175,000 Shares held by Dalian Longgu and controlled by him as its general partner; (ii) 1,035,000 Shares held by Jiaxing Longxi and controlled by him as its general partner; and (iii) 985,500 Shares held by Jiaxing Longguan and controlled by him as its general partner.

(3) Pursuant to the Acting in Concert Agreement, Mr. Lv acknowledges and confirms that he will consult with Mr. Zhou and reach a unanimous decision with Mr. Zhou before exercising his Shareholder's right, especially on the rights to convene a Shareholders' meeting, propose and vote. If no consensus can be reached after full discussions, Mr. Lv will act according to the decision of Mr. Zhou. For details, see "History, Development and Corporate Structure — Establishment and Major Shareholding Changes of our Company — (d) Acting in Concert Agreement." By virtue of the SFO, each of Mr. Zhou and Mr. Lv are deemed to be interested in the Shares held by each other.

(4) As at the Latest Practicable Date, Redbanyan Venture Capital Co., Ltd. was owned as to 48.86% by Xu Xiande, 30.16% by Li Zhongliang, 11.36% by Xu Chaodan and 9.62% by Yu Qingchao. By virtue of the SFO, Xu Xiande is deemed to be interested in the Shares held by Redbanyan Venture Capital.

Save as disclosed above and in "Appendix VI — Statutory and General Information — C. Further Information about Our Directors and Substantial Shareholders — 3. Disclosure of Interests" (and taking no account of any Shares which may be issued pursuant to the exercise of the [**REDACTED**]), our Directors are not aware of any person who will, immediately following the completion of the [**REDACTED**] has an interest or a short position in the Shares or underlying Shares which will be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group.

BEFORE COMPLETION OF THE [REDACTED]

As of the Latest Practicable Date, our registered share capital was RMB46,067,139, divided into 46,067,139 Unlisted Shares with a nominal value of RMB1.00 each.

UPON COMPLETION OF THE [REDACTED]

Assuming the [**REDACTED**] is not exercised, the share capital of our Company immediately after completion of the [**REDACTED**] will be as follows:

Description of Shares	Number of Shares	Approximate percentage of issued share capital
H Shares [**REDACTED**] from Unlisted Shares	[**REDACTED**]	[**REDACTED**]
H Shares to be issued under the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Total	[**REDACTED**]	100%

Assuming the [**REDACTED**] is exercised in full, the share capital of our Company immediately after completion of the [**REDACTED**] will be as follows:

Description of Shares	Number of Shares	Approximate percentage of issued share capital
H Shares [**REDACTED**] from Unlisted Shares	[**REDACTED**]	[**REDACTED**]
H Shares to be issued under the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Total	[**REDACTED**]	100%

The above table assumes that the [**REDACTED**] has become unconditional and the H Shares are issued pursuant to the [**REDACTED**].

RANKING

Upon completion of the [**REDACTED**], our Company will consist of H Shares only. H Shares generally may not be subscribed for by, or [**REDACTED**] between, legal or natural persons of the PRC, apart from certain qualified domestic institutional [**REDACTED**] in the PRC, the qualified PRC [**REDACTED**] under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect, and other persons who are entitled to hold the H Shares pursuant to relevant PRC laws and regulations or upon approval by any competent authorities.

All dividends in respect of the H Shares are to be declared in RMB and paid by our Company in Hong Kong dollars or RMB. Other than cash, dividends could also be paid in the form of Shares or a combination of cash and Shares.

[REDACTED] OF UNLISTED SHARES INTO H SHARES

According to the regulations by the CSRC and our Articles of Association, the holders of these Unlisted Shares may, at their own option, authorize the Company to apply to the CSRC for [**REDACTED**] of their respective Unlisted Shares to H Shares upon the [**REDACTED**], and such [**REDACTED**] Shares may be [**REDACTED**] and [**REDACTED**] on an overseas stock exchange provided that the [**REDACTED**], [**REDACTED**] and [**REDACTED**] of such converted Shares have been approved by the securities regulatory authorities of the State Council. Additionally, such [**REDACTED**], [**REDACTED**] and [**REDACTED**] shall meet any requirement of internal approval process and in all respects comply with the regulations prescribed by the securities regulatory authorities of the State Council and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange.

If any of the Unlisted Shares are to be [**REDACTED**], [**REDACTED**] and [**REDACTED**] as H Shares on the Stock Exchange, the approvals of any internal approval process and/or the relevant PRC regulatory authorities, including the CSRC, and the approval of the Stock Exchange are necessary for such [**REDACTED**]. Based on the procedures for the [**REDACTED**] of Unlisted Shares into H Shares as set forth below, we will apply for the [**REDACTED**] of all or any portion of the Unlisted Shares on the Stock Exchange as H Shares in advance of any proposed [**REDACTED**] after the [**REDACTED**] to ensure that the [**REDACTED**] process can be completed promptly upon notice to the Stock Exchange and delivery of Shares for entry on the H Share register. As the [**REDACTED**] of additional Shares after the [**REDACTED**] on the Stock Exchange is ordinarily considered by the Stock Exchange to be a purely administrative matter, it does not require such prior [**REDACTED**] for [**REDACTED**] at the time of our [**REDACTED**] in Hong Kong. No Shareholder voting is required for the conversion of such Unlisted Shares or the [**REDACTED**] and [**REDACTED**] of such [**REDACTED**] Shares on an overseas stock exchange. Any [**REDACTED**] for [**REDACTED**] of the converted shares on the Stock Exchange after our [**REDACTED**] is subject to prior notification by way of announcement to inform our Shareholders and the public of any proposed [**REDACTED**].

After all the requisite approvals have been obtained, the relevant Unlisted Shares will be withdrawn from the Share register, and the Company will re-register such Shares on the H Share register maintained in Hong Kong and instruct the [**REDACTED**] to issue H Share certificates. Registration on the H Share register of the Company will be on the conditions that (i) the [**REDACTED**] lodges with the Stock Exchange a letter confirming the proper entry of the relevant H Shares on the H Share register and the due dispatch of [**REDACTED**]; and (ii) the admission of the H Shares to be traded on the Stock Exchange complies with the Listing Rules and [**REDACTED**] and [**REDACTED**] in force from time to time. Until the converted Shares are re-registered on the H Share register of the Company, such Shares would not be listed as H Shares. For details of our existing Shareholders' proposed [**REDACTED**] of Unlisted Shares into H Shares, see "History, Development and Corporate Structure — Capitalization of Our Company."

RESTRICTIONS OF SHARE TRANSFER

In accordance with the PRC Company Law, the shares issued prior to any [**REDACTED**] of shares by a company cannot be transferred within 12 months from the date on which such publicly [**REDACTED**] shares are [**REDACTED**] and [**REDACTED**] on the relevant stock exchange. As such, the Shares issued by the Company prior to the issue of H Shares will be subject to such statutory restriction on transfer within a period of one year from the [**REDACTED**].

Our Directors and members of the senior management of the Company shall declare their shareholdings in the Company and any changes in their shareholdings. Shares transferred by our Directors, Supervisors and members of the senior management each year during their term of office shall not exceed 25% of their total respective shareholdings in the Company. The Shares that the aforementioned persons held in the Company cannot be transferred within 12 months from the date on which the Shares are [**REDACTED**] and [**REDACTED**], nor within half a year after they leave their positions in the Company. The Articles of Association may contain other restrictions on the transfer of the Shares held by our Directors and members of senior management of the Company.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING IS REQUIRED

For details of circumstances under which the Shareholders' general meeting is required, see "Appendix V — Summary of Articles of Association."

You should read the following section in conjunction with our consolidated financial information, including the accompanying notes thereto, as set out in the Accountants' Report included in Appendix I to this document. Our consolidated financial information for the Track Record Period has been prepared in accordance with IFRS Accounting Standards, which may differ in material respects from generally accepted accounting principles in other jurisdictions.

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, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. Our future results could differ materially from those anticipated in these forward-looking statements. In evaluating our business, you should carefully consider the information provided in this document, including but not limited to the sections headed "Risk Factors" and "Business."

OVERVIEW

We are a prominent player in the global e-paper display industry. We were the second largest global e-paper display manufacturer by revenue in 2025, with a market share of 20.8%, and the largest global commercial e-paper display manufacturer by revenue, with a market share of 24.9%, according to CIC. The global commercial e-paper display segment accounted for 83.5% of the overall global e-paper display market in 2025 in terms of revenue, underscoring our market position in the industry.

Over the past 15 years, we have accumulated experience in the e-paper display industry and built capabilities in proprietary design and manufacturing of e-paper display modules. We focus on the R&D, production and sales of a wide range of e-paper display modules covering a full spectrum of display colors and sizes. Our product portfolio is used in diverse application scenarios including smart retail, smart offices, smart education, smart logistics, smart transportation, e-readers and emerging applications.

BASIS OF PREPARATION

The historical consolidated financial information of our Group for the Track Record Period has been prepared in accordance with all applicable IFRS Accounting Standards issued by the International Accounting Standards Board ("**IASB**"). The historical consolidated financial information of our Group has been prepared under the historical cost convention, as modified by the revaluation of financial assets measured at fair value through other comprehensive income ("**FVOCI**").

The preparation of our historical consolidated financial information for the Track Record Period in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying our Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to our historical consolidated financial information are disclosed in Note 4 of the Accountants' Report.

New standards, amendments and interpretations to the existing standards that are effective during the Track Record Period have been adopted by our Group consistently throughout the years presented, unless prohibited by the relevant standard to apply retrospectively.

Other than those material accounting policies information as disclosed elsewhere in our historical consolidated financial information for the Track Record Period, a summary of the other accounting policies information has been set out in Note 40 of the Accountants' Report.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations and financial position are affected by a number of factors, including those factors set out in the section headed "Risk Factors" in this document and those discussed below:

General Factors

Our results of operations have been, and are expected to continue to be, materially affected by a number of factors, many of which are beyond our control, including : (a) development of macroeconomic conditions; (b) government policies and regulations in relation to the e-paper display industry; (c) international trade policies, geopolitics and trade protection measures, export control and economic or trade sanctions; (d) evolving consumption patterns and habits in China and globally; and (e) weather, natural disasters and climate change.

Specific Factors

The Development of the Industry Where We Operate

Our business focuses on the design, research, development, manufacturing and sale of e-paper display modules. According to CIC, driven by the continuous expansion of application scenarios and the rising demand for low-power, green display technologies, the global e-paper related products increased from RMB32.3 billion in 2021 to RMB74.0 billion in 2025, with a CAGR of 23.1% during the period. As breakthroughs in low-power display technology continue and the commercialization of smart application scenarios accelerates, this market will further unleash its growth potential and application value, with the market size expected to reach RMB111.7 billion by 2030, maintaining a CAGR of 8.6% during this period.

In 2023, 2024 and 2025, our revenue amounted to RMB1,024.2 million, RMB1,151.6 million and RMB1,713.0 million, respectively. We expect the ongoing development of the e-display industry worldwide will continue to spur our future growth. As a prominent supplier of e-paper display products, we are well positioned to take advantage of the thriving global e-paper display market.

Relationship with Our Major Customers

We have established and maintained long-term relationships with our major customers. Our historical growth was mainly driven by our ability to deepen our relationships with existing customers and grow our customer base. In 2023, 2024 and 2025, revenue generated from our five largest customers in each year during the Track Record Period was in aggregate RMB908.4 million, RMB950.9 million and RMB1,555.0 million, respectively, representing 88.7%, 82.6% and 90.8% of our total revenue, respectively. In 2023, 2024 and 2025, revenue generated from our largest customer in each year during the Track Record Period was RMB519.6 million, RMB417.7 million and RMB605.6 million, respectively, representing 50.7%, 36.3% and 35.4% of our total revenue, respectively. Future growth in our business will depend on our ability to maintain and deepen relationships with our customers. Changes in relationship with our customers may affect our results of operation and financial condition.

We are committed to expanding our cooperation with our customers. We are among a limited number of e-paper display manufacturers that have the capability to provide product matrix with a full range of sizes and colors which can be widely used by our customers in smart retail, smart office, smart education, smart logistics, smart transportation, e-readers and emerging applications. We continuously pre-empt customer needs by innovating in colors, product features and application scenarios. We expect to continue to innovate and develop e-paper display products that address and adapt to our customers' needs, while also taking into consideration their budgets. Our ability to continue to perform the foregoing will affect our relationship with our customers, and in turn affect our results of operations and financial performance.

Our Ability to Control Costs

In 2023, 2024 and 2025, we incurred cost of sales of RMB862.4 million, RMB969.1 million and RMB1,432.8 million, representing 84.2%, 84.2% and 83.6% of our total revenue, respectively. Our ability to effectively control our cost of sales while achieving expected business growth is critical to our profitability. Our primary raw materials include e-ink films, TFT substrates, driver ICs, protective films, FPCs and other related components. As a result, the fluctuation in the price of raw materials and consumables has a material impact on our cost of sales, which in turn will affect our overall gross profit. The majority of our e-paper display modules share identical core components, which enables us to reduce the price per unit through bulk purchase of raw materials. We have established a standardized and efficient procurement management system, and also have built long-term, stable partnerships with our key raw material suppliers.

Our Continual Investment in R&D and Talent

The growth of our revenue depends on our ability to make technological advancements and develop products that meet the evolving needs of our customers. For the years ended December 31, 2023, 2024 and 2025, we recorded R&D expenses of RMB39.9 million, RMB56.0 million and RMB59.0 million, representing 3.9%, 4.9% and 3.4% of our total revenue, respectively. We view R&D as a core driver of our long-term competitiveness, scalability and product innovation. Our R&D strategy is built on a commitment to continuous investment, systematic capability-building and forward-looking technological exploration. We have established a comprehensive R&D system that integrates experienced inhouse R&D team, disciplined processes and close collaboration with partners to support the development of the key technologies in the industry. We have made, and will continue to make, significant investments in people, technology and R&D, to reinforce our competitive edges and enhance gross profit margin, thereby solidifying our market position and providing great customer experience.

Our Ability to Improve Operational Efficiency

Our ability to achieve profitability and to support sustainable growth is dependent on our ability to further improve our operational efficiency and control total operating expenses as a percentage of our revenues. For the years ended December 31, 2023, 2024 and 2025, we recorded general and administrative expenses of RMB68.1 million, RMB62.3 million and RMB87.9 million, representing 6.7%, 5.4% and 5.1% of our total revenue, respectively. For the years ended December 31, 2023, 2024 and 2025, we recorded selling and marketing expenses of RMB18.0 million, RMB19.1 million and RMB21.1 million, respectively, representing 1.8%, 1.7% and 1.2% of our total revenue, respectively.

As our business grows, we expect to continue to integrate technology including AI and big-data tools into high-volume tasks and business operation, reducing dependency on manual labor and improving the utilization of our personnel. We will continue to implement technological services and refine team structures to support scalable growth with a leaner workforce. Our ability to control expenses while maintaining quality and consistency of our services and products remains critical to enhancing our overall financial performance.

CERTAIN CRITICAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES AND JUDGEMENTS

We have identified certain accounting policies that are significant to the preparation of our financial statements. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgements relating to accounting items. In each case, the determination of these items requires management to make subjective and complex judgements based on information and financial data that may change in future periods. When reviewing our financial statements, you should consider (i) our material accounting policies, (ii) the accounting judgements and estimates and other uncertainties affecting the application of such policies, and (iii) the sensitivity of reported results to changes in conditions and assumptions, where applicable. We set out below those accounting policies that we believe are of critical importance to us or involve the most significant estimates and judgements used in the preparation of our financial statements. For more details of our accounting policies and significant accounting judgments and estimates in applying our accounting policies, see Note 4, Note 5 and Note 40 of the Accountants' Report.

Allowance for Expected Credit Loss of Receivables

Except for certain trade receivables from customers with specific credit risk that management adopts an individual impairment assessment approach, our Group uses a provision matrix to calculate ECLs for trade receivables. The loss allowances for receivables are based on assumptions about risk of default and expected loss rates to determine the expected loss. Our Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation. The historical loss rates are adjusted to reflect the forward-looking information on macroeconomic factors as well as the credit rating analysis of respective customers and other external data which have impacts to the ability of the customers to settle the receivables.

Our Group takes into account different macroeconomic scenarios in considering forward-looking information domestically and abroad. Our Group regularly monitors and reviews the key macroeconomic assumptions and parameters related to the calculation of expected credit losses. Our Group has identified the Gross Domestic Product ("**GDP**") of the countries in which it sells its goods to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Estimated Net Realizable Value of Inventories

In accordance with our Group's accounting policy, our Group estimates net realizable value of inventories based on specific facts and circumstances. For different types of inventories, it requires the estimation of selling prices, costs of conversion, selling expenses and the related tax expense to calculate the net realizable amount of inventories. For inventories held for executed sales contracts, management estimates the net realizable amount based on the contracted price. For raw materials and work-in-progress, management has established a model in estimating the net realizable amount at which the inventories can be realizable in the normal course of business after considering the manufacturing cycles, production capacity and forecasts, estimated future conversion costs and selling prices. Management also takes into account the price or cost fluctuations and other related matters occurring after the end of the reporting period which reflect conditions that existed at the end of each reporting period.

It is reasonably possible that if there is a significant change in circumstances including our Group's business and the external environment, outcomes would be significantly affected.

Property, Plant and Equipment and Intangible Assets — Estimated Useful Lives and Residual Values

Our Group determines the estimated useful lives and residual values (if applicable) and consequently the related depreciation or amortization charges for its property, plant and equipment and intangible assets (excluding freehold land and goodwill). These estimates are based on the historical experience, anticipated change of technology, market condition and the actual consumptions of related assets. The depreciation or amortization charge will increase when useful lives are less than previously estimated. In addition, technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Actual economic lives may differ from estimated useful lives and actual residual values may differ from estimated residual values. Periodic review could result in change in useful lives and residual values and therefore change in depreciation or amortization expense in future periods.

Income Tax and Deferred Taxation

Estimation and judgment are required in determining the amount of the provision for income tax. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recognized, such differences will impact the income tax and deferred taxation provisions in the period in which such determination is made.

Deferred tax assets are recognized for unused tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses and deductible temporary difference can be utilized. Significant estimation is required in determining the recoverability of deferred tax assets.

In the event that future tax rules and regulations or related circumstances change, adjustments to current and deferred taxation may be necessary which would impact on our Group's results or financial position.

Accounting Policies and Significant Judgments for Revenue Recognition

Our Group recognizes revenue when (or as) a performance obligation is satisfied, i.e., when control of the goods or services underlying the particular performance obligation is transferred to the customer.

If control of the goods and services transfers over time, revenue is recognized over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognized at a point in time when the customer obtains control of the goods and services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which our Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

If a customer pays consideration or our Company has a right to an amount of consideration that is unconditional, before our Company transfers goods or services to the customer, our Company presents the contract liability when the payment is made. A contract liability is our Company's obligation to transfer goods or services to a customer for which our Company has received consideration (or an amount of consideration is due) from the customer.

Products Revenue

Revenue from domestic sales of products shall be recognized based on the sales contracts, settlement vouchers and other documents generally upon the completion of products delivery and arriving at the named place of destination and acceptance by the customers. Upon confirming the acceptance, the customer has the right to sell the products at its discretion and takes the risks of any price fluctuation and obsolescence and loss of the products.

Revenue from overseas sales of products shall be recognized based on the sales contracts, customs declaration form, bill of lading, and other documents upon completion of customs declaration or shipping out of the port and arriving to the named port or place of destination. Upon the completion of customs declaration and obtaining the bill of lading or arrival to the named port or place of destination, the customer has the right to sell the products at its discretion and takes the risks of any price fluctuation and obsolescence and loss of the products.

For further information on revenue from contracts with customers, see Note 5 of the Accountants' Report.

PRINCIPAL COMPONENTS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND HISTORICAL RESULTS OF OPERATIONS

The following table sets forth our selected consolidated statements of profit or loss and other comprehensive income for the periods indicated. Our historical results presented below are not necessarily indicative of the results that may be expected for any future period.

	Year ended December 31,					
	2023		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)					
Revenue	1,024,198	100.0	1,151,556	100.0	1,712,981	100.0
Cost of sales	(862,425)	(84.2)	(969,126)	(84.2)	(1,432,810)	(83.6)
Gross profit	**161,773**	**15.8**	**182,430**	**15.8**	**280,171**	**16.4**
General and administrative expenses	(68,126)	(6.7)	(62,301)	(5.4)	(87,892)	(5.1)
Selling and marketing expenses	(17,990)	(1.8)	(19,113)	(1.7)	(21,146)	(1.2)
Research and development expenses	(39,934)	(3.9)	(56,021)	(4.9)	(59,045)	(3.4)
Reversal of impairment losses/(impairment losses) on financial assets	10,568	1.0	1,015	0.1	(6,154)	(0.4)
Other income	13,269	1.3	7,854	0.7	7,226	0.4
Other gains/(losses), net	4,586	0.5	2,266	0.2	(7,370)	(0.4)
Operating profit	64,146	6.2	56,130	4.8	105,790	6.2
Finance income	4,616	0.4	5,826	0.5	971	0.1
Finance costs	(8,580)	(0.8)	(7,283)	(0.6)	(9,666)	(0.6)
Finance (costs)/income, net	(3,964)	(0.4)	(1,457)	(0.1)	(8,695)	(0.5)
Share of profit or loss of investments in associates	(2,393)	(0.2)	–	–	–	–
Profit before income tax	**57,789**	**5.6**	**54,673**	**4.7**	**97,095**	**5.7**
Income tax expense	(7,050)	(0.6)	(1,269)	(0.1)	(16,867)	(1.0)
Profit for the year	**50,739**	**5.0**	**53,404**	**4.6**	**80,228**	**4.7**

Revenue

Revenue by Product Category

During the Track Record Period, we generated revenue mainly from providing our products across several product categories in terms of product size, namely (i) small-size e-paper display module (<4 inches), (ii) mid-size e-paper display module (4-6 inches), and (iii) large-size e-paper display module (>6 inches). The following table sets forth the breakdown of our total revenue by product size for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)					
Small-size E-paper Display Module (<4 inches)	805,658	78.7	881,197	76.5	1,420,319	82.9
Mid-size E-paper Display Module (4-6 inches)	152,600	14.9	200,796	17.5	198,551	11.6
Large-size E-paper Display Module (>6 inches)	55,654	5.4	61,303	5.3	83,963	4.9
Other business[(1)]	10,286	1.0	8,260	0.7	10,148	0.6
Total	**1,024,198**	**100.0**	**1,151,556**	**100.0**	**1,712,981**	**100.0**

Note:

(1) Other business primarily includes sale of surplus materials and rental of temporarily vacant factory spaces.

During the Track Record Period, in addition to revenue from sales of e-paper display modules, we also generated revenue, to a limited extent, from other business which mainly includes (a) sale of surplus raw materials, such as e-ink films, TFT substrates and driver ICs, to third parties, and (b) leasing of temporarily vacant factory spaces to third parties and charging rental fees based on the area leased and the lease duration.

Sales Volume and Average Selling Price

In addition to product size, our products are also provided by different display color. The following table sets out a breakdown of our sales volume and average selling price of e-paper display modules by product category (product size and display color) for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	Sales volume	*Average selling price*	*Sales volume*	*Average selling price*	*Sales volume*	*Average selling price*
	(units in thousands, except for average selling price)					
Small-size E-paper Display Module (<4 inches)						
Three-color	44,067	15.4	32,399	12.0	5,839	10.9
Four-color	444	17.3	23,779	14.9	100,898	11.1
Multi-color	–	–	1	18.6	4,617	13.0
Black&White	8,339	14.1	5,398	25.4	7,675	22.9
Subtotal	52,850	15.2	61,577	14.3	119,028	11.9

	Year ended December 31,					
	2023		2024		2025	
	Sales volume	*Average selling price*	*Sales volume*	*Average selling price*	*Sales volume*	*Average selling price*
	(units in thousands, except for average selling price)					
Mid-size E-paper Display Module (4-6 inches)						
Three-color	2,613	50.4	2,150	46.7	283	43.4
Four-color	24	48.5	1,003	48.1	3,366	44.2
Multi-color	–	–	1,617	26.0	776	28.8
Black&White	389	50.7	337	30.0	436	34.8
Subtotal	3,027	50.4	5,108	39.3	4,860	40.9
Large-size E-paper Display Module (>6 inches)						
Three-color	252	213.1	217	126.8	52	194.9
Four-color	1	195.8	71	198.1	455	122.0
Multi-color	3	188.3	113	150.5	94	150.9
Black&White	6	188.9	7	395.0	14	309.0
Subtotal	262	212.2	408	150.3	614	136.8
Total	**56,139**	**18.1**	**67,094**	**17.0**	**124,502**	**13.7**

Comparison between 2024 and 2025: Our revenue increased by 48.8% from RMB1,151.6 million in 2024 to RMB1,713.0 million in 2025, primarily driven by the increase in revenue from the sales of small-size e-paper display modules.

- *Small-size E-paper Display Module (<4 inches):* Our revenue from small-size e-paper display modules increased by 61.2% from RMB881.2 million in 2024 to RMB1,420.3 million in 2025, which was primarily attributable to an increase in revenue from four-color products and offset by a decrease in revenue from three-color products. Four-color products have begun mass production since the second half of 2024 and continued with such a momentum in 2025 at an accelerated rate in replacing three-color products as the primary product type targeting the smart retail sector (such as in the use of ESLs). In particular, (a) the sales volume of small-size four-color products increased substantially from 23.8 million units in 2024 to 100.9 million units in 2025, despite a decrease in average selling price which was mainly due to higher contribution from lower-priced 2.06-inch products in 2025 as compared to the more dominant 2.66-inch and 2.9-inch products in 2024, and (b) the sales volume of small-size three-color products decreased from 32.4 million units in 2024 to 5.8 million units in 2025, coupled with a decrease in average selling price which was mainly due to higher contribution from lower-priced 1.54-inch products in 2025 as compared to the more dominant 2.66-inch products and 2.9-inch products in 2024.

- *Mid-size E-paper Display Module (4-6 inches):* Our revenue from mid-size e-paper display modules decreased by 1.1% from RMB200.8 million in 2024 to RMB198.6 million in 2025, which was primarily attributable to the decrease in revenue of three-color products and multiple-color products and partially offset by an increase in revenue of four-color products. In particular, (a) in line with the product iteration and transition trend as discussed above, the sales volume of mid-size three-color products decreased from 2.2 million units in 2024 to 0.3 million units in 2025, coupled with a decrease in average selling price which was mainly due to higher contribution from lower-priced 4.2-inch products in 2025 as compared to the more dominant 5.79-inch products in 2024, (b) the sales volume of mid-size multi-color products decreased from 1.6 million units in 2024 to 0.8 million units in 2025 (mainly resulting from the decrease in sales of 4.37-inch products), despite a slight increase in average selling price, and (c) in line with the product iteration and transition trend as discussed above, the sales volume of mid-size four-color products increased from 1.0 million units in 2024 to 3.4 million units in 2025, despite a decrease in average selling price which was mainly due to adjustment of pricing due to intensified competition triggered by demands of end-customers.
- *Large-size E-paper Display Module (>6 inches):* Our revenue from large-size e-paper display modules increased by 37.0% from RMB61.3 million in 2024 to RMB84.0 million in 2025 which was primarily attributable to the increase in revenue of four-color products and partially offset by the decrease in revenue of three-color products. In particular, (a) in line with the product iteration and transition trend as discussed above, the sales volume of large-size four-color products increased from 71,000 units in 2024 to 0.5 million units in 2025, despite of a decrease in average selling price which was mainly due to higher contribution from 7.5-inch products in 2025 with relatively lower prices as compared to other large-size four-color products, and (b) accordingly, the sales volume of large-size three-color products decreased from 217,000 units in 2024 to 52,000 units in 2025, despite of an increase in average selling price which was mainly due to higher contribution from higher-priced 12-inch products in 2025 as compared to 2024.

Comparison between 2023 and 2024: Our revenue increased by 12.4% from RMB1,024.2 million in 2023 to RMB1,151.6 million in 2024, primarily due to the increase in revenue from the sales of small-size and mid-size e-paper display modules.

- *Small-size E-paper Display Module (<4 inches):* Our revenue from small-size e-paper display modules increased by 9.4% from RMB805.7 million in 2023 to RMB881.2 million in 2024, which was primarily attributable to an increase in revenue from four-color products and offset by a decrease in revenue from three-color products as four-color products have begun mass production since the second half of 2024 and gradually began replacing three-color products as the primary product type targeting the smart retail sector (such as in the use of ESLs). In particular, (a) the sales volume of small-size four-color products increased from 0.4 million units in 2023, when the product was newly launched, to 23.8 million units in 2024, despite of a decrease in average selling price which was mainly due to higher contribution from lower-priced 2.66-inch products in 2024 as compared to the more dominant 2.9-inch products in 2023, and (b) the sales volume of small-size three-color products decreased from 44.1 million units in 2023 to 32.4 million units in 2024, coupled with a decrease in average selling price which was mainly due to higher contribution from lower-priced 2.06-inch products in 2024 as compared to the more dominant 2.66-inch products and 2.9-inch products in 2023.

- *Mid-size E-paper Display Module (4-6 inches):* Our revenue from mid-size e-paper display modules increased by 31.6% from RMB152.6 million in 2023 to RMB200.8 million in 2024, which was primarily attributable to an increase in revenue from four-color products and multi-color products and offset by a decrease in revenue from three-color products. In particular, (a) in line with the product iteration and transition trend as discussed above, the sales volume of mid-size four-color products increased from 24,000 units in 2023 to 1.0 million units in 2024, whereas the average selling price maintained relatively stable, (b) the sales volume of mid-size multi-color products increased from nil in 2023 to 1.6 million in 2024 as we only adopted such products in 2024, and (c) the sales volume of mid-size three-color products decreased from 2.6 million units in 2023 to 2.2 million units in 2024, coupled with a decrease in average selling price which was mainly due to adjustment of pricing due to intensified competition triggered by demands of end-customers.
- *Large-size E-paper Display Module (>6 inches):* Our revenue from large-size e-paper display modules increased by 10.2% from RMB55.7 million in 2023 to RMB61.3 million in 2024, which was primarily attributable to an increase in revenue from multi-color products and four-color products and offset by a decrease in revenue from three-color products. In particular, (a) the sales volume of large-size multi-color products increased from 3,000 in 2023 to 0.1 million in 2024, (b) the sales volume of large-size four-color products increased from 1,000 units in 2023 to 71,000 units in 2024, and (c) in line with the product iteration and transition trend as discussed above, the sales volume of large-size three-color products decreased from 252,000 units in 2023 to 217,000 units in 2024, coupled with a decrease in average selling price which was mainly due to lower contribution from higher-priced 12-inch products in 2024 as compared to 2023.

Revenue by Customer Location

The following table sets forth a breakdown of our revenue by customer location (based on the place of registration of customer entities) for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Chinese mainland	272,824	26.6	422,716	36.7	942,171	55.0
Vietnam	519,661	50.7	417,308	36.2	546,402	31.9
Other Asian countries and regions[(1)]	161,302	15.8	141,560	12.3	70,511	4.1
Europe[(2)]	69,576	6.8	169,035	14.7	134,202	7.8
Others[(3)]	835	0.1	937	0.1	19,695	1.2
Total	**1,024,198**	**100.0**	**1,151,556**	**100.0**	**1,712,981**	**100.0**

Notes:

(1) Other Asian countries and regions included Hong Kong, India, Japan, Malaysia, Singapore, South Korea, Sri Lanka, the Taiwan region of China and United Arab Emirates.

(2) Europe refers to approximately 20 European countries and regions, primarily including France, Germany, Italy, Netherlands, Poland, Sweden, Switzerland and United Kingdom.

(3) Others included Australia, Brazil, New Zealand and United States.

Cost of Sales

Our cost of sales mainly consists of (i) raw materials and consumables used, (ii) employee benefit expenses, (iii) impairment losses on inventories, (iv) depreciation and amortization, (v) utility costs, (vi) transportation costs, and (vii) other expenses. For the years ended December 31, 2023, 2024 and 2025, our total cost of sales amounted to RMB862.4 million, RMB969.1 million and RMB1,432.8 million, respectively.

The following table sets forth the breakdown of our cost of sales by nature for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)					
Raw materials and consumables used	727,537	84.4	847,282	87.4	1,252,719	87.4
Employee benefit expenses	79,848	9.3	78,290	8.1	112,729	7.9
Impairment losses on inventories	23,474	2.7	9,830	1.0	16,810	1.2
Depreciation and amortization	14,394	1.7	14,624	1.5	17,919	1.3
Utility costs	11,372	1.3	9,408	1.0	16,290	1.1
Transportation costs	3,799	0.4	6,259	0.6	9,756	0.7
Other expenses	2,001	0.2	3,433	0.4	6,587	0.4
Total	**862,425**	**100.0**	**969,126**	**100.0**	**1,432,810**	**100.0**

Comparison between 2024 and 2025: Our cost of sales increased by 47.8% from RMB969.1 million for the year ended December 31, 2024 to RMB1,432.8 million for the year ended December 31, 2025, mainly driven by the increased consumption of raw materials and consumables used to satisfy our business growth needs, and such increase was in line with our revenue growth.

Comparison between 2023 and 2024: Our cost of sales increased by 12.4% from RMB862.4 million for the year ended December 31, 2023 to RMB969.1 million for the year ended December 31, 2024, mainly driven by the increased consumption of raw materials and consumables used to satisfy our business growth needs, and such increase was in line with our revenue growth. Such effect was partially offset by the decrease in impairment loss on inventories of RMB13.6 million.

Gross Profit and Gross Profit Margin

Our gross profit represents our revenue less our cost of sales, and our gross profit margin represents our gross profit divided by our revenue, expressed as a percentage. Our overall gross profit margins are primarily affected by our cost control (particularly with respect to our cost of procurement), product mix and business scale. For the years ended December 31, 2023, 2024 and 2025, our gross profit was RMB161.8 million, RMB182.4 million and RMB280.2 million, respectively, and our overall gross profit margin was 15.8%, 15.8% and 16.4%, respectively. The following table sets forth the breakdown of our gross profit and gross profit margin by product category for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Small-size E-paper Display Module (<4 inches)	122,049	15.1	144,741	16.4	229,130	16.1
Mid-size E-paper Display Module (4-6 inches)	30,848	20.2	30,686	15.3	33,720	17.0
Large-size E-paper Display Module (>6 inches)	3,842	6.9	2,185	3.6	14,822	17.7
Other business[(1)]	5,034	48.9	4,818	58.3	2,499	24.6
Total/Overall	**161,773**	**15.8**	**182,430**	**15.8**	**280,171**	**16.4**

Note:

(1) Other business primarily includes sale of surplus materials and rental of temporarily vacant factory spaces.

Comparison between 2024 and 2025: Our overall gross profit margin increased from 15.8% for the year ended December 31, 2024 to 16.4% for the year ended December 31, 2025.

- *Small-size E-paper Display Module (<4 inches):* The gross profit margin of our small-size e-paper display modules decreased from 16.4% in 2024 to 16.1% in 2025, which was primarily attributable to a decrease in average selling price of such products especially for the four-color products. Small-size four-color products experienced a notable increase in sales volume in 2025 as compared to 2024 but its average selling price decreased over the same period which was mainly due to higher contribution from lower-priced 2.06-inch products in 2025 as compared to the more dominant 2.66-inch and 2.9-inch products in 2024.
- *Mid-size E-paper Display Module (4-6 inches):* The gross profit margin of our mid-size e-paper display modules increased from 15.3% in 2024 to 17.0% in 2025, which was primarily attributable to improved cost efficiency together with relatively stable average selling prices. In particular, improved manufacturing yields and lower quality-related expenses, together with better absorption of fixed costs, resulted in improved gross profit margin for such products.

- *Large-size E-paper Display Module (>6 inches):* The gross profit margin of our large-size e-paper display modules increased from 3.6% in 2024 to 17.7% in 2025, which was primarily attributable to improved cost efficiency, which outweighed the impact of lower average selling prices. In particular, improved manufacturing yields and lower quality-related expenses, together with better absorption of fixed costs, resulted in improved gross profit margin for such products. The decrease in average selling price of large-size products was mainly due to the decrease in average selling price of large-size four-color products which was mainly due to higher contribution from 7.5-inch products in 2025 with relatively lower prices as compared to other large-size four-color products.

Comparison between 2023 and 2024: Our overall gross profit margin remained the same at 15.8% in 2023 and 2024.

- *Small-size E-paper Display Module (<4 inches):* The gross profit margin of our small-size e-paper display modules increased from 15.1% in 2023 to 16.4% in 2024, notwithstanding a decline in average selling prices. This improvement was primarily attributable to (i) a significant increase in the average selling price of black-and-white small-size e-paper display modules from RMB14.1 to RMB25, which offset the impact of lower sales volume, (ii) a favorable product mix shift driven by a substantial increase in sales of four-color small-size e-paper display modules, despite a reduction in their average selling price, and (iii) enhanced manufacturing efficiency as our production scale expanded as our four-color products began mass production in the second half of 2024. The negative impact from three-color small-size e-paper display was limited due to their modest decline in both sales volume and average selling price. Collectively, these factors contributed to an overall increase in gross profit margin despite lower average selling price.
- *Mid-size E-paper Display Module (4-6 inches):* The gross profit margin of our medium-size e-paper display modules decreased from 20.2% in 2023 to 15.3% in 2024, despite an increase in overall sales volume and revenue. This decline was primarily attributable to (i) a significant reduction in the unit selling price of black-and-white mid-size e-paper display modules from RMB50 to RMB30, while their sales volume only slightly decreased, resulting in lower unit margins, (ii) the introduction of multi-color mid-size e-paper display modules in 2024, which generally carry lower initial margins during the early stage of commercialization, and (iii) an overall decrease in average selling price driven by price adjustments for certain three-color mid-size e-paper display modules. Although four-color mid-size e-paper display modules recorded a substantial increase in sales volume at stable prices, their positive contribution was insufficient to offset the adverse impact of price reductions and the lower margin of newly introduced multi-color mid-size e-paper display modules.
- *Large-size E-paper Display Module (>6 inches):* The gross profit margin of large-size e-paper display module (>6 inches) decreased from 6.9% in 2023 to 3.6% in 2024. Such decrease was primarily attributable to reduction in the average selling price of our three-color large-size e-paper display modules, which accounted for a substantial proportion of revenue from large-size e-paper display modules. The price reduction was mainly driven by product iteration, as we began promoting four-color large-size e-paper display modules in 2023. To accelerate the clearance of existing inventory, we adjusted the pricing of three-color large-size e-paper display modules, which in turn resulted in a lower overall gross profit margin.

The following table sets forth our gross profit and gross profit margin (excluding those of other business) by product color for the years indicated.

	Year ended December 31,					
	2023		2024		2025	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Three-color	131,734	15.2	63,292	12.3	15,545	18.0
Four-color	1,459	16.0	78,243	18.7	196,251	14.8
Multi-color	135	24.3	3,433	5.8	6,021	6.2
Black & White	23,411	16.9	32,644	21.7	59,854	30.7
Total/Overall	**156,739**	**15.5**	**177,612**	**15.5**	**277,671**	**16.3**

The following table sets forth a breakdown of our gross profit and gross profit margin by customer location for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Chinese mainland	33,576	12.3	43,397	10.3	126,569	13.4
Vietnam	78,119	15.0	78,363	18.8	87,863	16.1
Other Asian countries and regions[(1)]	36,396	22.6	25,909	18.3	13,010	18.5
Europe[(2)]	13,320	19.1	34,194	20.2	48,379	36.0
Others[(3)]	362	43.3	567	60.5	4,350	22.1
Total/Overall	**161,773**	**15.8**	**182,430**	**15.8**	**280,171**	**16.4**

Notes:

(1) Other Asian countries and regions included Hong Kong, India, Japan, Malaysia, Singapore, South Korea, Sri Lanka, the Taiwan region of China and United Arab Emirates.

(2) Europe refers to approximately 20 European countries and regions, primarily including France, Germany, Italy, Netherlands, Poland, Sweden, Switzerland, and United Kingdom.

(3) Others included Australia, Brazil, New Zealand and United States.

General and Administrative Expenses

For the years ended December 31, 2023, 2024 and 2025, we recorded general and administrative expenses of RMB68.1 million, RMB62.3 million and RMB87.9 million, representing 6.7%, 5.4% and 5.1% of our total revenue, respectively. The following table sets forth the breakdown of our general and administrative expenses for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Employee benefit expenses	28,537	41.9	23,719	38.1	30,618	34.8
Depreciation and amortization	9,837	14.4	13,537	21.7	14,251	16.2
[**REDACTED**] expenses	–	–	–	–	12,045	13.7
Professional services and other consulting fees	9,178	13.5	3,495	5.6	3,078	3.5
Office expenses	4,588	6.7	4,212	6.8	5,694	6.5
Taxes and Surcharges	4,885	7.2	4,405	7.1	4,295	4.9
Conference, business development and traveling expenses	4,216	6.2	4,429	7.1	7,275	8.3
Insurance premium	2,482	3.6	3,277	5.2	3,054	3.5
Rental expenses for short-term leases and leases of low-value asset	727	1.1	300	0.5	308	0.4
Other expenses	3,676	5.4	4,927	7.9	7,274	8.2
Total	**68,126**	**100.0**	**62,301**	**100.0**	**87,892**	**100.0**

Comparison between 2024 and 2025: Our general and administrative expenses increased by 41.1% from RMB62.3 million in 2024 to RMB87.9 million in 2025, which was primarily due to (i) the [**REDACTED**] expenses of RMB12.0 million incurred in 2025 associated with the [**REDACTED**] whereas no such expense was incurred in 2024, and (ii) the increase in employee benefit expenses associated with increased headcount of administrative staff as a result of our business expansion.

Comparison between 2023 and 2024: Our general and administrative expenses decreased by 8.6% from RMB68.1 million for the year ended December 31, 2023 to RMB62.3 million for the year ended December 31, 2024, primarily due to the decrease in professional services and other consulting fees as we incurred of non-recurring expenses for A-share listing application in 2023.

Selling and Marketing Expenses

For the years ended December 31, 2023, 2024 and 2025, we recorded selling and marketing expenses of RMB18.0 million, RMB19.1 million and RMB21.1 million, representing 1.8%, 1.7% and 1.2% of our total revenue, respectively. The following table sets forth the breakdown of our selling and marketing expenses for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Employee benefit expenses	4,089	22.7	5,344	28.0	6,351	30.0
Commission expenses	11,486	63.8	9,663	50.6	11,048	52.2
Marketing, conference and traveling expenses	1,110	6.2	1,999	10.4	1,642	7.8
Business development expenses	211	1.2	415	2.2	320	1.5
Other expenses	1,094	6.1	1,692	8.8	1,785	8.5
Total	**17,990**	**100.0**	**19,113**	**100.0**	**21,146**	**100.0**

Comparison between 2024 and 2025: Our selling and marketing expenses increased by 10.6% from RMB19.1 million in 2024 to RMB21.1 million in 2025, which was primarily due to the increase in commissions expenses incurred in respect of our sales partners who facilitate our sales in overseas market due to increased demand for our products, which was in line with our business growth.

Comparison between 2023 and 2024: Our selling and marketing expenses remained relatively stable at RMB18.0 million and RMB19.1 million in 2023 and 2024, respectively.

R&D Expenses

For the years ended December 31, 2023, 2024 and 2025, we recorded R&D expenses of RMB39.9 million, RMB56.0 million and RMB59.0 million, representing 3.9%, 4.9% and 3.4% of our total revenue, respectively. The following table sets forth the breakdown of our R&D expenses for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Employee benefit expenses	14,148	35.4	18,035	32.2	26,060	44.1
Raw materials and consumables used	22,503	56.4	27,647	49.4	20,510	34.7
Professional services and other consulting fees	28	0.1	129	0.2	124	0.2
Depreciation and amortization	1,208	3.0	2,359	4.2	2,696	4.6
Outsourced R&D	1,050	2.6	6,584	11.8	8,289	14.0
Other expenses	997	2.5	1,267	2.2	1,366	2.4
Total	**39,934**	**100.0**	**56,021**	**100.0**	**59,045**	**100.0**

Comparison between 2024 and 2025: Our R&D expenses increased from RMB56.0 million in 2024 to RMB59.0 million in 2025 which was mainly due to the increase in R&D employee benefit expenses associated with increased headcount of R&D staff as a result of our business expansion.

Comparison between 2023 and 2024: Our R&D expenses increased by 40.3% from RMB39.9 million for the year ended December 31, 2023 to RMB56.0 million for the year ended December 31, 2024, mainly due to (i) the increase in outsourced R&D of RMB5.5 million, mainly attributable to our R&D requirements for exploring materials related to new products; (ii) the increase in raw materials and consumables used of RMB5.1 million, mainly attributable to our increased R&D activities; and (iii) an increase in employee benefit expenses of RMB3.9 million, mainly reflecting our expanded our R&D team and increased compensation for our R&D personnel.

Reversal of Impairment Losses or Impairment Losses on Financial Assets

We have reversal on impairment losses or impairment losses on financial assets primarily consisting of three types of financial assets that are subject to the expected credit loss including (i) trade receivables, (ii) other receivables, and (iii) trade receivable financing. The following table sets forth the breakdown of our impairment losses for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Reversal of impairment losses/(impairment losses) on trade receivables	8,927	84.5	1,310	129.1	(6,363)	103.4
Reversal of impairment losses/(impairment losses) on other receivables	(336)	(3.2)	(295)	(29.1)	208	(3.4)
Reversal of impairment losses on trade receivable financing	1,977	18.7	–	–	–	–
Total	**10,568**	**100.0**	**1,015**	**100.0**	**(6,154)**	**100.0**

We had impairment losses on financial assets of RMB6.2 million in 2025 as opposed to reversal of impairment losses on financial assets of RMB1.0 million in 2024. This was mainly attributable to the impairment losses on trade receivables of RMB6.4 million in 2025 which primarily resulted from the increase in our trade receivables which is generally in line with our business expansion. Our reversal of impairment loss decreased from RMB10.6 million in 2023 to RMB1.0 million in 2024, primarily as we made a large recovery of certain trade receivables for which impairment provision had previously been made.

Other Income

In 2023, 2024 and 2025, our other income amounted to RMB13.3 million, RMB7.9 million and RMB7.2 million, respectively. The following table sets forth the breakdown of our other income for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Government grants	13,208	99.5	7,707	98.1	7,137	98.8
Interest income	40	0.3	107	1.4	10	0.1
Other	21	0.2	40	0.5	79	1.1
Total	**13,269**	**100.0**	**7,854**	**100.0**	**7,226**	**100.0**

Our other income decreased from RMB7.9 million in 2024 to RMB7.2 million in 2025 which was mainly due to a slight decrease in government grants. Our other income decreased from RMB13.3 million in 2023 to RMB7.9 million in 2024, primarily because several government grants were no longer applicable as they were one-off payment and were granted in 2023.

Other Gains or Losses

The following table sets forth the breakdown of our other gains or losses for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Net foreign exchange differences	4,896	106.8	2,584	114.0	(4,182)	56.7
Donations	(50)	(1.1)	–	–	–	–
Penalties	–	–	–	–	(1,776)	24.1
Net losses on disposal of property, plant and equipment and other long-term assets	–	–	(111)	(4.9)	(552)	7.5
Others	(260)	(5.7)	(207)	(9.1)	(860)	11.7
Total	**4,586**	**100.0**	**2,266**	**100.0**	**(7,370)**	**100.0**

We had net other gains of RMB4.6 million and RMB2.3 million in 2023 and 2024, respectively. We had net other losses of RMB7.4 million in 2025. During the Track Record Period, the changes in our other gains or losses were mainly driven by the changes in net foreign exchange differences as a result of currency exchange rate fluctuations.

Finance Income and Finance Costs

The following table sets forth the breakdown of our finance income and finance costs for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Finance income:						
Interest income from financial assets held for cash management purposes	4,616	(116.4)	5,826	(399.9)	971	(11.2)
Finance costs:						
Interest expenses on lease liabilities	(360)	9.1	(347)	23.8	(318)	3.7
Interest expenses on bank borrowings	(7,839)	197.7	(5,955)	408.7	(7,978)	91.8
Losses on the discounting of other financial assets at FVOCI	(1,681)	42.4	(981)	67.4	(1,370)	15.8
Net exchange (losses)/gains on foreign currency borrowings	259	(6.5)	–	–	–	–
Less: capitalized finance costs	1,041	(26.3)	–	–	–	–
Finance costs total	(8,580)	216.4	(7,283)	499.9	(9,666)	111.2
Finance (costs)/income, net	**(3,964)**	**100.0**	**(1,457)**	**100.0**	**(8,695)**	**100.0**

We had an increase in net finance costs from RMB1.5 million in 2024 to RMB8.7 million in 2025 which was mainly due to (i) a decrease in interest income from financial assets held for cash management purposes as a result of the decreased interest rate for our bank deposit, and (ii) an increase in interest expense on bank borrowings. We had a decrease in net finance costs from RMB4.0 million in 2023 to RMB1.5 million in 2024 which was mainly due to (i) the increase in income from financial assets held for cash management purposes as a result of the further increased interest rate for our bank deposit and (ii) the decrease in interest expenses on bank borrowings primarily due to the decreased interest rate on our bank borrowings.

Income Tax Expense

Our Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of our Group are domiciled and operate.

PRC Enterprise Income Tax ("EIT")

In accordance with the relevant regulations of the EIT Laws of the PRC, the applicable statutory tax rate of our PRC subsidiaries is 25% unless those subject to tax exemption set out below.

One subsidiary of our Group was certified as a High and New Technology Enterprise ("**HNTE**") in December 2022 with validity until December 2025 and successfully renewed such qualification for another three years. Accordingly, the preferential EIT rate of 15% was applied during the Track Record Period based on the then expected re-grant of HNTE certification. One other subsidiary of our Group obtained HNTE in 2024 and hence it was entitled to a preferential EIT rate of 15% for the years ended December 31, 2024 and 2025. Such qualification is subject to review by the relevant tax authority in the PRC for every three years.

According to the relevant laws and regulations promulgated by the State Taxation Administration of the PRC, enterprises engaging in research and development activities are entitled to claim 175% from 2018 onwards (subsequently raised to 200% from 2022 onwards) of their research and development expenses incurred as tax deductible expenses when determining their assessable profits for that year.

Hong Kong Profits Tax

Hong Kong profits tax had been provided for at the rate of 16.5% on the estimated assessable profits for the years ended December 31, 2023, 2024 and 2025.

Vietnam Profits Tax

One subsidiary of our Group in Vietnam is subject to corporate income tax ("**CIT**") at the standard rate of 20%. The subsidiary qualified as a small enterprise (with annual revenue exceeding VND 3 billion but not exceeding VND 50 billion in the preceding year) and therefore applied a preferential CIT rate of 17%. The subsidiary is entitled to a tax exemption for the first two years, commencing from the first year of generating taxable income, and a 50% reduction for the next four years. No provision for the Vietnam corporate tax has been made for the years ended December 31, 2024 and 2025 as the Vietnam subsidiary has no assessable profits for both such reporting periods.

OECD Pillar Two Model Rules

For details of our income tax exposure under OECD Pillar Two Model Rules, see Note 11(d) to the Accountants' Report.

Our income tax expense increased from RMB1.3 million in 2024 to RMB16.9 million in 2025 which was primarily due to the increase in our taxable income in 2025. Our income tax expense decreased from RMB7.1 million in 2023 to RMB1.3 million in 2024, which was primarily due to increased tax deduction for R&D expenses as a result of our increased R&D expenses. For further details of our income tax expense, see Note 11 to the Accountants' Report.

Profit for the Year

As a result of the foregoing, we recorded profit for the year of RMB50.7 million, RMB53.4 million and RMB80.2 million, for the years ended December 31, 2023, 2024 and 2025, respectively, with net profit margin of 5.0%, 4.6% and 4.7%, respectively.

DESCRIPTION OF SELECTED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION ITEMS

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

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
ASSETS			
Non-current assets			
Property, plant and equipment	339,840	385,881	540,063
Right-of-use assets	48,577	58,959	53,193
Deferred tax assets	8,630	10,091	7,786
Intangible assets	2,305	2,142	2,702
Other financial assets at FVOCI	–	–	20,783
Other non-current assets	8,260	7,968	2,915
Total non-current assets	**407,612**	**465,041**	**627,442**
Current assets			
Inventories	231,826	320,878	525,322
Prepayments and other receivables	53,221	50,372	5,755
Trade and notes receivables	211,097	270,746	382,064
Other financial assets at FVOCI	1,100	8,676	28,753
Cash and cash equivalents	206,971	178,355	143,796
Term deposits and restricted cash	8,957	9,164	8,070
Other current assets	7,118	3,963	12,538
Total current assets	**720,290**	**842,154**	**1,106,298**
Total assets	**1,127,902**	**1,307,195**	**1,733,740**
Non-current liabilities			
Borrowings	97,969	87,342	93,273
Lease liabilities	4,936	7,807	4,816
Deferred tax liabilities	2,762	–	1,858
Deferred income	36,012	40,575	37,394
Total non-current liabilities	**141,679**	**135,724**	**137,341**

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Current liabilities			
Borrowings	47,081	94,956	323,289
Trade and notes payables	115,467	207,578	266,229
Contract liabilities	363	742	14,729
Lease liabilities	1,560	3,218	3,241
Current income tax liabilities	2,057	4,138	2,381
Accruals and other payables	80,152	87,986	117,414
Provisions	–	–	10,684
Other current liabilities	10	606	622
Total current liabilities	**246,690**	**399,224**	**738,589**
Net current assets	473,600	442,930	367,709
Total liabilities	**388,369**	**534,948**	**875,930**
EQUITY			
Equity attributable to owner of our Company			
– Share capital	46,067	46,067	46,067
– Other reserves	401,898	406,898	410,998
– Retained earnings	291,568	319,282	399,775
	739,533	**772,247**	**856,840**
Non-controlling interests	–	–	970
TOTAL EQUITY	**739,533**	**772,247**	**857,810**
TOTAL LIABILITIES AND EQUITY	**1,127,902**	**1,307,195**	**1,733,740**

Property, Plant and Equipment

Our property, plant and equipment primarily consisted of (i) buildings, (ii) plant and machinery and (iii) 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)		
Buildings	228,356	218,913	271,027
Office equipment	8,401	7,541	7,417
Plant and machinery	87,943	83,091	232,484
Motor vehicles	712	443	340
Construction in progress	4,224	67,179	21,655
Leasehold improvement	10,204	8,714	7,140
Total	**339,840**	**385,881**	**540,063**

Our property, plant and equipment increased from RMB385.9 million as of December 31, 2024 to RMB540.1 million as of December 31, 2025, which was mainly due to the increase in plant and machinery as a result of the purchase of production machinery and equipment to satisfy our production expansion needs, and partially offset by a decrease in construction in progress mainly because we commenced commercial production of our Vietnam production base in 2025. Our property, plant and equipment increased from RMB339.8 million as of December 31, 2023 to RMB385.9 million as of December 31, 2024 mainly due to the increase in construction in progress as we were expanding our production capacity for our various production bases in anticipation of increased demand for our products.

Right-of-use Assets

Our right-of-use assets primarily consist of (i) land use rights serving our production and warehousing needs and (ii) buildings used as offices.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Land use right	41,906	47,991	46,747
Buildings	6,671	10,968	6,446
Total	**48,577**	**58,959**	**53,193**

Our right of use assets were RMB48.6 million, RMB59.0 million and RMB53.2 million as of December 31, 2023, 2024 and 2025, respectively. The relatively higher balance as of December 31, 2024 was due to (i) the increase in land use rights resulting from purchase of land in Vietnam for business expansion purpose and (ii) the lease renewal by DKE Shanghai in 2024.

Inventories

Inventories consist of (i) raw materials such as e-ink films, protective film, TFT substrate, integrated circuit, flexible printed circuit and other raw materials (ii) work in progress, (iii) finished goods in connection with e-paper display modules, (iv) outsourced processing materials, mainly comprising the raw materials that we engage suppliers to process on our behalf and (v) others, mainly comprising low value consumables and packaging material.

As of December 31, 2023, 2024 and 2025, our inventories were RMB231.8 million, RMB320.9 million and RMB525.3 million, respectively. Raw materials represented a large portion of our inventories, accounting for 58.9%, 46.5% and 43.6% of our total inventories, respectively, as of December 31, 2023, 2024 and 2025. The following table sets forth the breakdown of our inventories as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Raw materials	166,646	174,623	253,150
Finished goods	86,711	126,394	244,346
Work in progress	22,780	56,543	66,934
Outsourced processing materials	3,305	10,000	–
Goods in transit	238	5,464	11,685
Others	3,090	2,526	4,633
Less: Provision for impairment	(50,944)	(54,672)	(55,426)
	231,826	320,878	525,322

Our inventories increased from RMB320.9 million as of December 31, 2024 to RMB525.3 million as of December 31, 2025, which was mainly due to the increase in raw materials and finished goods, as we increased inventory levels in line with our revenue growth to meet the demands of our growing business. Our inventories increased from RMB231.8 million as of December 31, 2023 to RMB320.9 million as of December 31, 2024 which was mainly due to (i) the increase in finished goods in response to the increased demand for our products and (ii) the increase in work in progress and raw materials, taking into account our sales volume growth and our enhanced production capacity.

As of December 31, 2025, our provision for impairment of inventories increased to RMB55.4 million from RMB50.9 million as of December 31, 2023. The increase was primarily attributable to the continued expansion of our production capacity, which required higher levels of raw material reserves, and accelerated product iteration, resulting in concurrent production of new and existing models and slower consumption of certain inventories. Despite the increase in provision for impairment of inventories during the Track Record Period, the provision-to-inventory ratio declined over the same period, being 22.0%, 17.0% and 10.6% as of December 31, 2023, 2024 and 2025, respectively. This reflected a significant increase in overall inventory scale and showing that the changes in provision for impairment was normal and aligned with our strategy for business expansion rather than a deterioration in inventory quality.

The following table sets forth an aging analysis of our inventories as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Within 6 months	212,973	300,542	488,055
Between 6 months and 1 year	52,227	28,589	42,455
Over 1 year	17,570	46,419	50,238
	282,770	375,550	580,748

The following table sets forth the average inventory turnover days for the periods indicated:

	Year ended December 31,		
	2023	2024	2025
Average inventory turnover days[(1)]	120	124	122

Note:

(1) Calculated using the average original cost of the beginning and ending balances of inventories for such period (without taking into provision for impairment) divided by the cost of sales for the relevant period and multiplied by the number of days during such period.

Our average inventory turnover days decreased from 124 days in 2024 to 122 days in 2025 as the growth in cost of sales outpaced the growth in inventory level. Our average inventory turnover days increased from 120 days in 2023 to 124 days in 2024 as we proactively increased inventory reserves, resulting in a higher average inventory level in 2024. Although sales increased significantly, the larger inventory base led to a slight rise in inventory turnover days from 120 days in 2023 to 124 days in 2024.

As of May 31, 2026, RMB506.0 million, or approximately 87.1% of our gross inventories as of December 31, 2025 had been subsequently consumed.

Prepayments and Other Receivables

Our prepayments and other receivables primarily consist of (i) prepayments for raw materials and (ii) export tax refund receivables. The following table sets forth a breakdown of our prepayments and other receivables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Prepayments:			
Prepayments for raw materials	43,583	37,986	231
Prepayments for operating expenses	152	195	916
Other receivables:			
Export tax refund receivables	5,089	10,875	3,665
Amounts due from third parties	1,780	185	127
Deposits and warranties	3,008	1,972	1,448
Others	404	250	250
Less: Provision for impairment	(795)	(1,091)	(882)
	53,221	**50,372**	**5,755**

As of December 31, 2023, 2024 and 2025, our prepayments and other receivables amounted to RMB53.2 million, RMB50.4 million and RMB5.8 million, respectively. The decrease of prepayments and other receivables from RMB50.4 million as of December 31, 2024 to RMB5.8 million as of December 31, 2025 was mainly due to the decrease in the prepayments for raw materials from one of our major suppliers as the relevant raw materials were delivered.

As of May 31, 2026, RMB4.3 million, or approximately 65.1% of our gross prepayments and other receivables as of December 31, 2025 had been subsequently settled.

Trade and Notes Receivables

Our trade and notes receivables mainly refer to outstanding amounts due from our customers and related parties for the purchase of goods we sold in the ordinary course of business, less credit loss allowance. The following table sets forth the breakdown of trade and notes receivables as of the dates indicated:

	As of December 31,		
	2023	**2024**	**2025**
	(RMB in thousands)		
Notes receivables	–	13,992	12,121
Trade receivables	237,432	282,002	390,736
Less: Credit loss allowance	(26,335)	(25,248)	(20,793)
Total	**211,097**	**270,746**	**382,064**

Our trade and notes receivables increased from RMB270.7 million as of December 31, 2024 to RMB382.1 million as of December 31, 2025, primarily due to an increase in trade receivables of RMB108.7 million, which was generally in line with our revenue growth and the growing demand for our products. Our trade and notes receivables increased from RMB211.1 million as of December 31, 2023 to RMB270.7 million as of December 31, 2024, primarily due to an increase in trade receivables of RMB44.6 million, which was in line with our revenue growth.

The following table sets forth the aging analysis of the trade receivables as of the dates indicated:

	As of December 31,					
	2023		**2024**		**2025**	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**
	(RMB in thousands, except for percentages)					
Within 1 year	215,771	90.9	270,151	95.8	388,924	99.5
1 to 2 years	13,389	5.6	33	*	467	0.1
2 to 3 years	7,493	3.2	10,830	3.8	33	*
3 to 4 years	4	*	209	0.1	439	0.1
4 to 5 years	342	0.1	4	*	200	0.1
Over 5 years	433	0.2	775	0.3	673	0.2
	237,432	**100.0**	**282,002**	**100.0**	**390,736**	**100.0**

Note:

* Refers to a figure that is less than 0.1

The following table sets forth the average trade receivables turnover days for the periods indicated:

	Year ended December 31,		
	2023	2024	2025
Average trade receivables turnover days[(1)]	91	83	72

Note:

(1) Calculated using the average original cost of the beginning and ending balances of trade receivables for the period (without taking into account impairment) by the revenue for the relevant period and multiplied by the number of days during such period.

Our average trade receivables turnover days decreased from 91 days in 2023 to 83 days in 2024 and further to 72 days in 2025. This was mainly because: (i) the growth rate of our revenue during the Track Record Period outpaced the growth rate of our trade receivables balance, reflecting our effective credit management measures; and (ii) as of December 31, 2023, certain trade receivables for which impairment provision had been made remained outstanding and unwritten off, resulting in a higher average receivables balance and longer turnover days. As these amounts were progressively recovered or written off in 2024 and 2025, the average receivables balance relative to revenue decreased, contributing to a reduction in turnover days.

As of May 31, 2026, RMB386.2 million, or approximately 98.8% of our gross trade receivables as of December 31, 2025 had been subsequently settled.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any significant difficulty in collecting trade receivables from customers.

To enhance our accounts receivable recovery process, we have adopted the following measures: (a) requiring management to perform ongoing credit evaluations of counterparties; (b) establishing policies to ensure that credit terms are granted only to counterparties with an appropriate credit history, (c) encouraging our relevant business staff to proactively follow up on acceleration of payment collection and setting trade receivable collection rate as a key performance indicator linked to staff bonus, and (d) issuing payment collection letters to customers with significant overdue balances, and in the event of significant payment delays after repeated collection attempts, we may resort to legal proceedings to collect the outstanding amounts.

In addition, under our internal credit risk control policies: (a) the finance management center sets clear standards for recognizing and measuring credit loss allowance and conducts regular reviews of overdue receivables. It prepares schedules for credit loss allowance adjustments for approval by senior management and the board; (b) business personnel and the finance management center periodically reconcile receivable balances with customers to confirm accuracy and promptly resolve discrepancies; (c) sales assistants prepare detailed collection reports and follow up on overdue payments. International business managers and senior executives review and approve collection actions, and all collection efforts are documented; and (d) in cases of significant payment delays after repeated collection attempts, we may escalate the matter to legal proceedings to recover outstanding amounts.

Our Directors consider that there is no material recoverability issue with respect to trade receivables aged over one year, and sufficient credit loss allowance has been made, taking into account our enhanced credit risk management measures. Furthermore, our Directors believe these measures are effective, as demonstrated by (i) a decreasing trend in average trade receivables turnover days during the Track Record Period, (ii) a consistently high proportion of trade receivables aged within one year during the Track Record Period, and (iii) credit loss allowance representing a relatively smaller proportion of total trade receivables over time.

To further demonstrate the effectiveness of our payment collection, as of May 31, 2026, (a) RMB236.1 million, or approximately 99.4% of our gross trade receivables as of December 31, 2023, had been subsequently settled, and (b) RMB280.3 million, or approximately 99.4% of our gross trade receivables as of December 31, 2024, had also been settled.

Trade and Notes Payables

Our trade and notes payables primarily represent our obligations to pay for raw materials. As of December 31, 2023, 2024 and 2025, our trade and notes payables amounted to RMB115.5 million, RMB207.6 million and RMB266.2 million, respectively. The following table sets forth a breakdown of our trade and notes payables as of the dates indicated:

	As of December 31,		
	2023	**2024**	**2025**
	(RMB in thousands)		
Trade payables	107,572	206,966	266,229
Notes payables	7,895	612	–
	115,467	**207,578**	**266,229**

Our trade and notes payables increased from RMB207.6 million as of December 31, 2024 to RMB266.2 million as of December 31, 2025, primarily due to our increased procurement of raw material in anticipation of growing demand of our products. Our trade and notes payables increased from RMB115.5 million as of December 31, 2023 to RMB207.6 million as of December 31, 2024, primarily due to (i) our increased procurement of raw material to satisfy our increasing sales volume, which was in line with our revenue growth and (ii) longer credit terms granted by some of our suppliers.

The following table sets forth an aging analysis of trade payables as of the dates indicated:

	As of December 31,		
	2023	**2024**	**2025**
	(RMB in thousands)		
Within 1 year	106,564	205,998	266,198
1 to 2 years	1,008	318	10
2 to 3 years	–	650	21
	107,572	**206,966**	**266,229**

The following table sets forth the average trade payables turnover days for the periods indicated:

	Year ended December 31,		
	2023	2024	2025
Average trade payables turnover days[(1)]	38	59	60

Note:

(1) Calculated using the average of the beginning and ending balances of trade payables for the period by the cost of sales for the relevant period and multiplied by the number of days during such period.

Our average trade payables turnover days indicates the average time we take to make cash payments to suppliers. Our average trade payables turnover days increased from 38 days in 2023 to 59 days in 2024 as some of our suppliers granted us longer credit terms. Our average trade payables turnover days increased slightly from 59 days in 2024 to 60 days in 2025.

As of May 31, 2026, RMB264.6 million, or approximately 99.4% of our trade payables as of December 31, 2025 had been subsequently settled.

Our Directors confirmed that we did not have any material defaults in payment of trade payables during the Track Record Period and up to the Latest Practicable Date.

Accruals and Other Payables

Our accruals and other payables primarily consist of (i) salaries, wages and benefits that mainly include payables of salaries and benefits to employees, (ii) payables for construction and equipment, (iii) accruals and other payables that mainly include reimbursements due to employees and expenses that have not yet been paid and (iv) taxes other than income tax payables. The following table sets forth a breakdown of our other payables and accruals as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Salaries, wages and benefits	23,143	23,726	29,081
Payables for construction and equipment	43,547	51,766	73,999
Accruals and other payables	8,714	6,380	10,070
Taxes other than income tax payables	3,613	4,724	2,910
Deposits payables	1,135	1,390	1,354
	80,152	**87,986**	**117,414**

Our accruals and other payables increased from RMB88.0 million as of December 31, 2024 to RMB117.4 million as of December 31, 2025, which was mainly due to the increase in payables for construction and equipment of RMB22.2 million as we built more production lines in response to the growing demand for our products. Our accruals and other payables increased from RMB80.2 million as of December 31, 2023 to RMB88.0 million as of December 31, 2024, mainly reflecting an increase in payables for construction and equipment due to our business expansion.

As of May 31, 2026, RMB65.1 million, or 55.4% of our accruals and other payables as of December 31, 2025, had been settled.

LIQUIDITY AND CAPITAL RESOURCES

Our business operations and expansions require a significant amount of capital, including procurement of products and services for business operations, enhancing our product capabilities, improving our technology capabilities, upgrading our information technology infrastructure and system as well as other working capital requirements. Historically, we financed our capital expenditure and working capital requirements mainly through cash generated from operations, capital contributions from shareholders and bank loans. Our cash and cash equivalents, which represented cash and bank balances less any restricted cash, were RMB207.0 million, RMB178.4 million and RMB143.8 million as of December 31, 2023, 2024 and 2025, respectively. Following the completion of the [**REDACTED**] and the [**REDACTED**], we intend to continue to fund our cash requirements mainly through our net cash generating from operating activities, together with any debt or equity financing that is available and suitable to us.

The following table sets forth a summary of our cash flows during the Track Record Period:

	Year ended December 31,		
	2023	**2024**	**2025**
	(RMB in thousands)		
Net cash generated from/ (used in) operating activities	178,460	19,433	(135,512)
Net cash used in investing activities	(52,941)	(62,014)	(152,629)
Net cash generated from/ (used in) financing activities	(85,393)	10,126	256,689
Cash and cash equivalents at beginning of the year	164,944	206,971	178,355
Effects of exchange rate changes on cash and cash equivalents	1,901	3,839	(3,107)
Cash and cash equivalents at the end of the year	**206,971**	**178,355**	**143,796**

Operating Activities

Our cash flows generated from operating activities reflect our profit before income tax adjusted for: non-cash and non-operating items, the effects of movement in working capital and income tax.

In 2025, we had net cash used in operating activities of RMB135.5 million. The difference between our profit before income tax of RMB97.1 million and the net cash used in operating activities was primarily due to (i) the effects of movement in working capital, which include the increase in inventories of RMB218.1 million and the increase in receivables of RMB169.7 million, partially offset by the increase in payables of RMB91.9 million and (ii) income tax paid of RMB18.3 million.

Besides leveraging revenue growth driven by continuously increasing sales volume and an expanding product portfolio, we expect to improve our operating cash outflow position through the following measures: (A) enhancing inventory management efficiency and accelerating inventory turnover through (a) regularly monitoring inventory levels and shifting from ordering based on sales forecasts to ordering based on actual sales orders; (b) utilizing and upgrading our warehouse management system and enterprise resource planning system to better access real-time inventory data and enable intelligent inventory monitoring, including sales revenue and product shelf life; (c) monitoring and analyzing relevant data to replenish inventory in a timely manner and respond swiftly to market trends and changes in customer preferences; and (d) closely tracking underperforming inventory and implementing targeted marketing and promotional activities to maintain such inventory at a reasonable level; and (B) improving accounts receivable turnover by collecting payments from customers more efficiently through (a) reviewing accounts receivable aging analysis on a monthly basis; (b) following up with customers with outstanding balances; (c) enhancing collection efforts and discussing and implementing additional measures to further improve collection rates; and (d) collecting and retaining relevant supporting documents (including demand notices and reminder letters) to facilitate collection and the exercise of related rights.

In 2024, we had net cash generated from operating activities of RMB19.4 million. The difference between our profit before income tax of RMB54.7 million and the net cash generated from operating activities was primarily due to (i) the effects of movement in working capital, which primarily include the increase in receivables of RMB67.6 million and the increase in inventories of RMB98.8 million, partially offset by the increase in payables of RMB92.0 million and (ii) non-cash and non-operating items such as depreciation and amortization of non-current assets of RMB31.3 million.

In 2023, we had net cash generated from operating activities of RMB178.5 million. The difference between our profit before income tax of RMB57.8 million and the net cash generated from operating activities was primarily due to (i) the effects of movement in working capital, which primarily include the decrease in receivables of RMB15.0 million and the increase in payables of RMB84.9 million, (ii) depreciation and amortization of non-current assets of RMB25.6 million and impairment provision for inventories of RMB23.5 million and (iii) income tax paid of RMB21.7 million.

Investing Activities

In 2025, our net cash used in investing activities was RMB152.6 million, which was primarily attributable to (i) payments for purchase of property, plant and equipment, intangible assets and other non-current assets of RMB132.4 million, (ii) placement of wealth management products of RMB49.0 million and (iii) payments for purchase of investments of RMB21.5 million, partially offset by withdraw of wealth management products of RMB49.0 million.

In 2024, our net cash used in investing activities was RMB62.0 million, which was primarily attributable to (i) payment for purchase of property, plant and equipment, intangible assets and other non-current assets of RMB71.9 million and (ii) placement of wealth management products of RMB25.0 million, partially offset by (i) withdraw of wealth management products of RMB25.0 million (ii) government grant received in relation to assets of RMB7.5 million.

In 2023, our net cash used in investing activities was RMB52.9 million, which was primarily attributable to (i) payment for purchase of property, plant and equipment, intangible assets and other non-current assets of RMB75.5 million and (ii) payments for deposits on land use rights of RMB2.1 million, offset by government grant received in relation to assets of RMB24.6 million.

Financing Activities

In 2025, our net cash generated from financing activities was RMB256.7 million, which was primarily attributable to proceeds from bank borrowings of RMB362.0 million, partially offset by repayments of bank borrowings of RMB94.7 million.

In 2024, our net cash generated from financing activities was RMB10.1 million, which was primarily attributable to proceeds from bank borrowings of RMB206.6 million, partially offset by (i) repayments of bank borrowings RMB168.8 million and (ii) dividends paid to our Company's shareholders of RMB23.0 million.

In 2023, our net cash used in financing activities was RMB85.4 million, which was primarily attributable to (i) repayment of borrowings of RMB229.3 million and (ii) interests paid of RMB9.8 million, partially offset by proceeds from bank borrowings of RMB158.3 million.

Net Current Assets

The following table sets forth our current assets, current liabilities and net current assets as of the dates indicated:

	As of December 31,			As of April 30,
	2023	2024	2025	2026
				(Unaudited)
		(RMB in thousands)		
Current assets				
Inventories	231,826	320,878	525,322	605,190
Prepayments and other receivables	53,221	50,372	5,755	15,815
Trade and notes receivables	211,097	270,746	382,064	365,637
Other financial assets at FVOCI	1,100	8,676	28,753	3,174
Cash and cash equivalents	206,971	178,355	143,796	153,611
Term deposits and restricted cash	8,957	9,164	8,070	8,747
Other current assets	7,118	3,963	12,538	23,791
Total current assets	**720,290**	**842,154**	**1,106,298**	**1,175,965**
Current liabilities				
Borrowings	47,081	94,956	323,289	286,482
Trade and notes payables	115,467	207,578	266,229	326,909
Contract liabilities	363	742	14,729	9,718
Lease liabilities	1,560	3,218	3,241	4,251
Current income tax liabilities	2,057	4,138	2,381	2,737
Accruals and other payables	80,152	87,986	117,414	97,524
Provisions	–	–	10,684	10,684
Other current liabilities	10	606	622	11,819
Total current liabilities	**246,690**	**399,224**	**738,589**	**750,124**
Net current assets	**473,600**	**442,930**	**367,709**	**425,841**

As of December 31, 2023, 2024, 2025 and April 30, 2026, we recorded net current assets of RMB473.6 million, RMB442.9 million, RMB367.7 million and RMB425.8 million, respectively.

Our net current assets increased from RMB367.7 million as of December 31, 2025 to RMB425.8 million as of April 30, 2026, primarily due to (i) the increase in inventories of RMB79.9 million and (ii) the decrease in borrowings of RMB36.8 million, partially offset by the increase in trade and notes payables of RMB60.7 million.

Our net current assets decreased from RMB442.9 million as of December 31, 2024 to RMB367.7 million as of December 31, 2025, primarily due to (i) the increase in borrowings of RMB228.3 million to support our continued expansion of operations and (ii) the increase in trade and notes payables of RMB58.7 million, reflecting our business expansion, partially offset by (i) the increase in inventories of RMB204.4 million, as we anticipated increased demand for our products and (ii) the increase in trade and notes receivables of RMB111.3 million, resulting from our increased business scale.

Our net current assets decreased from RMB473.6 million as of December 31, 2023 to RMB442.9 million as of December 31, 2024, primarily due to (i) the increase in trade and notes payables of RMB92.1 million, reflecting our growing need for raw materials in anticipation of growing demand of our products, (ii) the increase in the borrowings of RMB47.9 million to support our continued expansion of operations, (iii) the decrease in cash and cash equivalents of RMB28.6 million, reflecting investment in our overseas business expansion, partially offset by (i) the increase in inventories of RMB89.1 million and (ii) the increase in trade and notes receivables of RMB59.6 million, both reflecting increased sales volume of our products.

Working Capital Sufficiency

Taking into account the financial resources available to us, including our cash and cash equivalents on hand, operating cash flows, available financing facilities and the estimated [**REDACTED**] from the [**REDACTED**], our Directors are of the view that we have sufficient working capital to meet our present requirements and for at least the next 12 months from the date of this document.

INDEBTEDNESS

The following table sets forth a breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of April 30,
	2023	2024	2025	2026
		(RMB in thousands)		(Unaudited)
Current				
Borrowings	47,081	94,956	323,289	286,482
Lease liabilities	1,560	3,218	3,241	4,251
Non-current				
Borrowings	97,969	87,342	93,273	135,695
Lease liabilities	4,936	7,807	4,816	2,407
	151,546	**193,323**	**424,619**	**428,835**

Borrowings

The following table sets forth a breakdown of our borrowings as of the dates indicated:

	As of December 31,			As of April 30,
	2023	2024	2025	2026
				(Unaudited)
		(RMB in thousands)		
Non-current				
Bank borrowings				
– Secured and guaranteed	97,460	–	–	–
– Secured and unguaranteed	–	87,342	53,203	–
– Unsecured and unguaranteed	509	–	40,070	135,695
Sub-total	**97,969**	**87,342**	**93,273**	**135,695**
Current				
Bank borrowings				
– Secured and guaranteed	–	1,482	–	–
– Unsecured and guaranteed	36,042	64,313	–	–
– Secured and unguaranteed	10,014	28,159	76,955	20,161
– Unsecured and unguaranteed	1,025	1,002	246,334	266,321
Sub-total	**47,081**	**94,956**	**323,289**	**286,482**
Total	**145,050**	**182,298**	**416,562**	**422,177**

As of December 31, 2023, 2024, 2025 and April 30, 2026, we had borrowings of RMB145.1 million, RMB182.3 million, RMB416.6 million and RMB422.2 million, respectively. Our borrowings mainly represented bank loans (i) secured by land use right, buildings and certain notes receivables, (ii) pledged by certain of our subsidiaries and (iii) guaranteed by the Chairman of our Company (he no longer provided such guarantee), primarily for the purpose of supplementing our working capital and our business development. The effective interest rate on our bank borrowings ranged from 1.24% to 4.90% during the Track Record Period. All guarantees provided by the Chairman during the Track Record Period were released in August 2025 and replaced with pledges over specific assets. See Note 26 of the Accountants' Report. As of April 30, 2026, our unutilized banking facilities amounted to RMB398.6 million.

We are subject to certain restrictive covenants under the terms of our bank loans, which are commonly found in loan arrangements with financial institutions in China, and may restrict or otherwise adversely affect our operations. These covenants may restrict, among other things, the use of proceeds and pledged assets related to the bank loans, our ability to engage in change-in-control transactions and reduce our working capital. Furthermore, some of our bank borrowings are subject to the fulfilment of covenants relating to certain of our financial ratios, as are commonly found in loan arrangements with financial institutions.

Our Directors confirm that we did not experience any difficulty in obtaining bank loans and other borrowings, or material default in payment of bank loans and other borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date.

Lease Liabilities

The following table sets forth the breakdown of our lease liabilities as of the dates indicated:

	As of December 31,			As of April 30,
	2023	2024	2025	2026
				(Unaudited)
		(RMB in thousands)		
Lease liabilities				
Current	1,560	3,218	3,241	4,251
Non-current	4,936	7,807	4,816	2,407
	6,496	**11,025**	**8,057**	**6,658**

As of December 31, 2023, 2024, 2025 and April 30, 2026, our lease liabilities were RMB6.5 million, RMB11.0 million, RMB8.1 million and RMB6.7 million, respectively. Our lease liability mainly represented lease contracts for our offices. For further details, see Note 17 to the Accountants' Report.

Indebtedness Statement

Except as discussed above, we did not have material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptance (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities as of April 30, 2026. Our Directors confirm that there have been no material change in our indebtedness since April 30, 2026 and up to the Latest Practicable Date.

CONTINGENT LIABILITY

As of December 31, 2023, 2024 and 2025, we did not have any material contingent liabilities. See Note 37 to the Accountants' Report.

CAPITAL EXPENDITURES

Our capital expenditures primarily relate to the purchase of property, plant and equipment and intangible assets for the purpose of expanding our operations which amounted to RMB75.5 million, RMB71.9 million and RMB132.4 million for the years ended December 31, 2023, 2024 and 2025, respectively.

We expect to fund our future capital expenditures with our operating cash flows as well as with our own funds or other funds raised. We may adjust our capital expenditures for any given period according to our ongoing business needs and in light of market conditions or other factors we believe appropriate.

RELATED PARTY TRANSACTIONS AND BALANCES

We enter into transactions with our related parties from time to time. During the Track Record Period, we had entered into a number of related party transactions, see Note 38 to the Accountants' Report. Our Directors believe that our transactions with related parties during the Track Record Period had been conducted on an arm's length basis, and they did not distort our results of operations or make our historical results not reflective of our future performance.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

During the Track Record Period and up to the Latest Practicable Date, we did not enter into any financial guarantees or other commitments to guarantee the payment obligations of any third parties. We have not entered into any derivative agreements that are indexed to our equity interests and classified as shareholder's equity, or that are not reflected in our consolidated financial statements. We do not have any material off-balance sheet arrangements, nor do we 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 engages in leasing, hedging or research and development services with us.

KEY FINANCIAL RATIOS

For details, see "Summary — Key Financial Ratios."

FINANCIAL RISK MANAGEMENT

We are exposed to a variety of financial risks, including: (a) market risks (including foreign exchange risks and interest rate risks), (b) credit risks and (c) liquidity risks. Our overall risk management seeks a balance between risk and return, minimizes the adverse impact of risk on our finance performance and maximizes the interests of shareholders and other equity investors. Based on this risk management objective, the basic strategy of our risk management is to identify and analyze the various risks faced by us, establish appropriate risk tolerance thresholds and timely and reliably supervise various risks to control them within a limited range. For further details of our financial risks and our financial risk management, see Note 3 to the Accountants' Report.

DIVIDENDS

We declared and paid dividends of RMB23.0 million in 2024. Other than that, no dividend was declared or paid by our Company or any of our subsidiaries during the Track Record Period and up to the Latest Practicable Date. Our dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by us in the future. Currently, our Group does not have a formal dividend policy and does not have a predetermined dividend distribution ratio and do not intend to do so following the [**REDACTED**].

After completion of the [**REDACTED**], we may distribute dividends in the form of cash or by other means permitted by our Articles of Association. Any proposed distribution of dividends shall be formulated by our Board and will be subject to approval of our Shareholders. A decision to declare or to pay any dividends in the future, and the amount of any dividend, will depend upon a number of factors, including our earnings and financial condition, operating requirements, capital requirements, business prospects, statutory, regulatory and contractual restrictions on our declaration and payment of dividends, and any other factors that our Directors may consider important.

As advised by our PRC Legal Advisors and according to the PRC Company Law, a PRC incorporated company is required to set aside at least 10% of its after-tax profits each year, after making up previous years' accumulated losses, if any, to contribute to certain statutory reserve funds until the aggregate amount contributed to such funds reaches 50% of its registered capital. Such company may pay dividends out of after-tax profits after making up for accumulated losses and contributing to statutory reserve funds as mentioned above.

As confirmed by our PRC Legal Advisors, according to relevant PRC laws, any future net profit that our Company or any of our PRC subsidiaries make will have to be first applied to make up for any historically accumulated losses, after which we will be obliged to allocate 10% of 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 (if any) 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, we had RMB399.8 million in retained profits, as determined by IFRS Accounting Standards, available for distribution to our shareholders.

UNAUDITED [REDACTED] ADJUSTED NET TANGIBLE ASSETS

See Part A of Appendix II to this document for the unaudited [**REDACTED**] statement of adjusted net tangible assets of our Group, which is set out therein to illustrate the effect of the [**REDACTED**] on the net tangible assets of our Group attributable to the equity holders of our Company as of December 31, 2025 as if the [**REDACTED**] had taken place on December 31, 2025 and assuming the [**REDACTED**] is not exercised.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that, since December 31, 2025 and up to the date of this document, (i) our business continued to grow and there has been no material adverse change in our financial or trading position or prospects and no event has occurred that would materially and adversely affect the information shown in our consolidated financial statements set out in the Accountants' Report included in Appendix I to this document; and (ii) there has been no material adverse change in our business, the industries in which we operate and/or market or regulatory environment to which we are subject. See "Summary — Recent Developments and No Material Adverse Change" for further details.

NO ADDITIONAL DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors have confirmed that, during the Track Record Period and up to the Latest Practicable Date, they were not aware of any circumstances which would have given rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS

For a detailed description of our future plans, see the section headed "Business — Our Strategies."

USE OF [REDACTED]

The following table sets forth the estimated [**REDACTED**] to be received by us from the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), after deducting [**REDACTED**] fees and [**REDACTED**] and estimated expenses payable by us in connection with the [**REDACTED**]:

Assuming the [**REDACTED**] is HK$[**REDACTED**] per [**REDACTED**] (the low-end of the [**REDACTED**] range)	HK$[**REDACTED**] million
Assuming the [**REDACTED**] is HK$[**REDACTED**] per [**REDACTED**] (the mid-point of the [**REDACTED**] range)	HK$[**REDACTED**] million
Assuming the [**REDACTED**] is HK$[**REDACTED**] per [**REDACTED**] (the high-end of the [**REDACTED**] range)	HK$[**REDACTED**] million

We intend to use the [**REDACTED**] as follows (based on the mid-point of the [**REDACTED**] range indicated in this document):

(1) Approximately [**REDACTED**] (or HK$[**REDACTED**] million) will be applied, as one of the funding sources, toward future production capacity enhancement and intelligentization advancement of our production bases. To meet the increasing demand from downstream markets, we plan to cautiously and effectively expand our capacity, thereby improving production and supply efficiency and strengthening our cost advantages. Specifically:

   (i) Approximately [**REDACTED**] (or HK$[**REDACTED**] million) will be allocated to upgrading our existing production base in Vietnam to expand capacity for full-color EPD and electronic shelf labels products (with an additional annual production capacity expected to be around 45 million units based on our best estimate as of the Latest Practicable Date). This upgrade will include the construction of new production lines, procurement and installation of equipment, and enhancement of supporting infrastructure, with the aim of accelerating the adoption of electronic shelf labels in Southeast Asia, the Americas, the Middle East and other emerging markets. In particular,

      (a) Approximately [**REDACTED**] (or HK$[**REDACTED**] million) will be allocated to factory renovation, including cleanroom fit-out, low-voltage electrical works, fire safety system upgrades and related design services. Based on our best estimate as of the Latest Practicable Date, the factory renovation for the upgrade is expected to be completed by the end of 2026.

      (b) Approximately [**REDACTED**] (or HK$[**REDACTED**] million) will be allocated to the procurement of production equipment, such as EPD automated production lines (estimated unit price of approximately RMB9.2 million per line), module assembly lines (estimated unit price of approximately RMB10.0 million per line), R&D testing equipment (estimated unit price of approximately RMB1.9 million per unit) and test boards (estimated unit price of approximately RMB327,300 per unit).

(c) Approximately [**REDACTED**] (or HK$[**REDACTED**] million) will be allocated to human resources expenses for supporting the daily operation and maintenance of the newly added production lines, including positions in production operations, technical support and management. Based on our best estimate as of the Latest Practicable Date, upon completion of the expansion, the production lines are expected to require approximately 336 personnel in total, comprising 279 general workers and nine management staff for the EPD production lines, and 44 general workers and four management staff for the production lines of electronic shelf labels. We formulate our production expansion plans primarily based on (i) the expected supply and demand of our products; (ii) the status of trial production/mass production status of our products; (iii) the utilization rate and expansion feasibility of our existing production facilities; (iv) estimated development costs; and (v) capital resources.

(ii) Approximately [**REDACTED**] (or HK$[**REDACTED**] million) will be allocated to the construction of Phase II facilities at our Jiaxing Headquarters Base. The expansion will focus on increasing production capacity for flexible and ultra-large e-paper display products (with an additional annual production capacity expected to be around 5 million units based on our best estimate as of the Latest Practicable Date), thereby broadening our product portfolio and enhancing our ability to deliver advanced, high-quality products and services to customers and the industry. The [**REDACTED**] will cover land and building acquisition, construction of production workshops and supporting infrastructure, procurement and installation of equipment, production planning, and automation upgrades for existing facilities. In particular,

(a) Approximately [**REDACTED**] (or HK$[**REDACTED**] million) will be allocated to acquiring land of approximately 30 mu and constructing new facilities, including Workshop No. 1, Workshop No. 2 and an underground fire pump room, with a total planned gross floor area of approximately 42,274.54 square meters.

(b) Approximately [**REDACTED**] (or HK$[**REDACTED**] million) will be allocated to the fit-out of Workshop No. 1 and Workshop No. 2, covering cleanroom engineering, general workshop decoration, fire safety system upgrades, low-voltage system installation, elevator refurbishment and external works.

(c) Approximately [**REDACTED**] (or HK$[**REDACTED**] million) will be allocated to procurement of production equipment and installing of e-paper production lines across three floors of Workshop No. 1. The first floor will house a large-format equipment workshop with three production lines; the second floor will be dedicated to e-reader production with six production lines; and the third floor will accommodate flexible production with seven production lines.

(d) Approximately [**REDACTED**] (or HK$[**REDACTED**] million) will cover other project-related construction costs, including installation, construction management, survey and design, engineering supervision, construction insurance premiums and joint trial operation.

(e) Approximately [**REDACTED**] (or HK$[**REDACTED**] million) will be allocated to human resources expenses to support the daily operation and maintenance of the newly added production lines, including positions in production operations, technical support and management. Based on our best estimate as of the Latest Practicable Date, upon completion, the expanded production lines are expected to require approximately 685 personnel in total, comprising 138 general workers and eight management staff for the large-format production lines, 216 general workers and seven management staff for the e-reader production lines, and 308 general workers and eight management staff for the flexible production lines.

(f) Approximately [**REDACTED**] (or HK$[**REDACTED**] million) will be allocated to automation upgrades, including the purchase of automatic packaging machines (estimated unit price of approximately RMB750 thousand per unit), automatic hole-cleaning machines (estimated unit price of approximately RMB600 thousand per unit), automatic turnover and coding equipment (estimated unit price of approximately RMB500 thousand per unit), AGV logistics systems (estimated unit price of approximately RMB1.9 million per set) and MES single-piece flow systems (estimated unit price of approximately RMB2.2 million per set).

(2) Approximately [**REDACTED**] (or HK$[**REDACTED**] million) will be used to enhance our R&D and technological capabilities to enrich our product portfolio. Specifically:

(i) Approximately [**REDACTED**] (or HK$[**REDACTED**] million) will be used to enhance our core technological capabilities and innovation capabilities to improve our product design and customization capabilities. In particular,

(a) Approximately [**REDACTED**] (or HK$[**REDACTED**] million) will be allocated to projects aimed at addressing technological bottlenecks in e-paper displays relating to color, flexibility, refresh rate and resolution. These projects will focus on developing innovative products for diverse application scenarios, including smart retail, education and office, smart home, transportation, healthcare and wearable devices, with the objective of further strengthening our technological expertise in the e-paper display sector and expanding into high value-added markets.

(b) Approximately [**REDACTED**] (or HK$[**REDACTED**] million) will be allocated to projects dedicated to advancing the application and enhancement of new materials such as OTFT and cholesteric liquid crystals in e-paper displays. These initiatives will target improvements in driving performance, reductions in power consumption, greater flexibility and a wider color gamut, while exploring low-temperature processing and environmentally friendly features. We aim to develop innovative products for application scenarios including flexible displays, ultra-low-power IoT terminals, wearable devices, transportation information displays and energy-saving advertising panels, thereby reinforcing our competitive advantage in material-driven e-paper technologies and expanding into high value-added markets.

(c) Approximately [**REDACTED**] (or HK$[**REDACTED**] million) will be allocated to projects focused on integrating AI technology into the waveform tuning stage to enable intelligent upgrades in the e-paper display driving process, addressing existing bottlenecks of low efficiency and insufficient precision in traditional waveform debugging. The project will involve developing a machine learning-based system for waveform generation, performance prediction and anomaly correction, facilitating adaptive optimization of driving algorithms to shorten development cycles and reduce labor costs, while enhancing display stability and energy efficiency.

(ii) Approximately [**REDACTED**] (or HK$[**REDACTED**] million) will be used to enrich our product portfolio, with a focus on emerging growth industries. We will establish a product line covering all scenarios based on different technologies, and strive to provide customers with more comprehensive, efficient and energy-saving products to better capture the ever-changing market needs. We intend to focus on developing product lines such as large-size full-color billboards, digital schoolbags and full-color EPDs for commercial use to meet the rapidly developing needs of emerging fields such as smart office, smart education, smart logistics, smart transportation, and e-readers. Specifically: (a) large-size full-color billboards deliver vibrant, high-resolution displays with remote intelligent management, durability, and energy efficiency and are used for smart office buildings, educational campuses, logistics hubs, transportation terminals, and exhibition venues for advertising, information release, and digital signage; (b) digital schoolbags utilize a full-color flexible e-paper screen for a comfortable reading experience, integrate interactive educational resources, and support long battery life with durable, portable design. They are primarily designed for smart education, serving students, teachers, and schools in classroom learning, homework management, and digital teaching, and can also be extended to home study and extracurricular reading, facilitating a comprehensive and interactive learning ecosystem; and (c) full-color EPDs can deliver vibrant, paper-like visuals with extremely low power consumption, which is ideal for environments requiring always-on visibility, outdoor readability, and minimal maintenance. It is primarily applied in smart wearables like watches and fitness bands for long-lasting displays, and in static information screens for offices, logistics, and transportation hubs. We also plan to expand from providing modules to providing complete system solutions including communication and back platform software to enhance customer stickiness and added value. According to CIC, driven by the continued colorization of e-paper display solutions and the rising demand for always-on, ultra-low-power, outdoor-readable and low-maintenance visual interface, the addressable market demand for full-color e-paper display solutions is expected to be tangible;

(iii) Approximately [**REDACTED**] (or HK$[**REDACTED**] million) will be applied to recruit, retain and develop our high-caliber R&D team. In particular,

(a) Approximately [**REDACTED**] (or HK$[**REDACTED**] million) will be allocated to recruiting and remunerating approximately 37 experts (PhD-level or above) and R&D professionals (Master's degree or above) in the e-paper sector, with an expected average annual salary ranging from RMB200,000 to RMB600,000 per person, based on our best estimate as of the Latest Practicable Date. This team will focus on new product planning, optimization of core display technologies, and enhancement of driving performance. Their responsibilities include developing advanced waveform tuning methodologies, improving color and flexibility features, and ensuring high-resolution and energy-efficient display solutions.

(b) Approximately [**REDACTED**] (or HK$[**REDACTED**] million) will be allocated to recruiting and remunerating approximately seven experts (PhD-level or above) and R&D professionals (Master's degree or above) in the cloud platform and artificial intelligence sectors, with an expected average annual salary ranging from RMB200,000 to RMB700,000 per person, based on our best estimate as of the Latest Practicable Date. This team will lead the design and implementation of AI-based waveform debugging architecture, core algorithm development, and intelligent optimization systems. They will also work on building scalable cloud platforms to support data-driven display performance analysis and predictive maintenance.

(c) Approximately [**REDACTED**] (or HK$[**REDACTED**] million) will be allocated to recruiting and remunerating approximately four experts (PhD-level or above) and R&D professionals (Master's degree or above) in the information systems sector, with an expected average annual salary ranging from RMB200,000 to RMB1,000,000 per person, based on our best estimate as of the Latest Practicable Date. This team will be responsible for planning and designing system architecture for e-readers and integrated device solutions, ensuring seamless connectivity, robust security, and efficient data management. They will also develop software frameworks to enable interoperability between devices and platforms.

We also intend to progressively enhance our talent acquisition and training mechanisms to strengthen the team's sustainable innovation capabilities.

(3) The remaining approximately [**REDACTED**] (or HK$[**REDACTED**] million) will be used for working capital and general corporate purposes.

The following table sets forth the expected implementation timetable of our planned [**REDACTED**] in terms of percentage of the [**REDACTED**] based on our best estimate as of the Latest Practicable Date:

	Year ended December 31,					
	2026	**2027**	**2028**	**2029**	**2030**	**Total**
	%	%	%	%	%	%
(1) (i) Upgrading production base in Vietnam	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
(a) Factory renovation	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
(b) Procurement of production equipment	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
(c) Staff Recruitment	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
(1) (ii) Construction of Phase II facilities at our Jiaxing Headquarters Base	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
(a) Purchase of land and construction	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
(b) Facility fit-out	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
(c) Procurement of production equipment	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
(d) Project-related construction costs	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
(e) Staff Recruitment	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
(f) Automation upgrades	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
(2) R&D purpose	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
(i) Enhancement of core technological capabilities and innovation capabilities	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
(ii) Product portfolio enrichment	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
(iii) Staff Recruitment	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
(3) Working capital	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Note:

(1) Based on our best available information as of the Latest Practicable Date, the construction is expected to be completed by the local government in 2026, and we plan to purchase the property in 2030. Until the acquisition, we will lease the premises and pay rent.

If the [**REDACTED**] is set at the high or low end of the [**REDACTED**] range (assuming the [**REDACTED**] is not exercised), the [**REDACTED**] would increase or decrease by approximately HK$[**REDACTED**] million (after deducting [**REDACTED**] fees and expenses incurred in connection with the [**REDACTED**]). We intend to use the proportionate amount of the additional or reduced [**REDACTED**] for the purposes set out above.

If the [**REDACTED**] is exercised in full, our Company will receive [**REDACTED**] of approximately HK$[**REDACTED**] million (after deducting [**REDACTED**] fees and [**REDACTED**] payable by our Company) from the [**REDACTED**] at the [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the mid-point of the [**REDACTED**] range). The additional [**REDACTED**] raised will be applied pro rata to the above-mentioned uses of [**REDACTED**].

If the [**REDACTED**] from the [**REDACTED**] are not immediately used for the above purposes, we will only deposit the [**REDACTED**] into short-term interest-bearing accounts with licensed commercial banks and/or other authorized financial institutions (as defined in the Securities and Futures Ordinance or applicable laws and regulations in other jurisdictions) in Hong Kong or the PRC. We will make an appropriate announcement if there are any changes to the above proposed use of [**REDACTED**].

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

[REDACTED]

The following is the text of a report set out on pages [I-1 to I-[●]], received from the Company's reporting accountants, Confucius International CPA Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document. It is prepared and addressed to the directors of the Company and to the Sponsor pursuant to the requirements of HKSIR 200, Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.

PAN-CHINA 天健國際會計師事務所有限公司 Confucius International CPA Limited Certified Public Accountants

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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF DKE HOLDING COMPANY LIMITED AND CITIC SECURITIES (HONG KONG) LIMITED

Introduction

We report on the historical financial information of DKE Holding Company Limited (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages I-[●] to I-[●], which comprises the consolidated statements of financial position of the Group and 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 the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended December 31, 2023, 2024 and 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-[●] to I-[●] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [document date] (the "**document**") in connection with the [**REDACTED**] of H shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' Responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of 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 determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting Accountants' Responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgment, 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 considers internal control relevant to the entity's preparation of 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, 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 Company's and the Group'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 Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-[●] have been made.

Dividends

We refer to Note 12 to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Track Record Period.

Confucius International CPA Limited
Certified Public Accountants
Hong Kong
[Date]

I 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, were audited by Confucius International CPA Limited in accordance with Hong Kong Standards on Auditing issued by 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

	Notes	Year ended December 31, 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Revenue	*5*	1,024,198	1,151,556	1,712,981
Cost of sales	*7*	(862,425)	(969,126)	(1,432,810)
Gross profit		**161,773**	**182,430**	**280,171**
General and administrative expenses	*7*	(68,126)	(62,301)	(87,892)
Selling and marketing expenses	*7*	(17,990)	(19,113)	(21,146)
Research and development expenses	*7*	(39,934)	(56,021)	(59,045)
Reversal of impairment losses/(impairment losses) on financial assets	*3.2*	10,568	1,015	(6,154)
Other income	*6*	13,269	7,854	7,226
Other gains/(losses), net	*8*	4,586	2,266	(7,370)
Operating profit		**64,146**	**56,130**	**105,790**
Finance income	*10*	4,616	5,826	971
Finance costs	*10*	(8,580)	(7,283)	(9,666)
Finance (costs)/income, net		(3,964)	(1,457)	(8,695)
Share of profit or loss of investments in associates		(2,393)	–	–
Profit before income tax		**57,789**	**54,673**	**97,095**
Income tax expense	*11*	(7,050)	(1,269)	(16,867)
Profit for the year		**50,739**	**53,404**	**80,228**
Attributable to:				
– Owners of the Company		50,739	53,404	80,493
– Non-controlling interests		–	–	(265)
		50,739	53,404	80,228
Earnings per share attributable to the owners of the Company *(in RMB per share)*				
– Basic	*13*	1.10	1.16	1.75
– Diluted	*13*	1.10	1.16	1.75

Consolidated Statements of Comprehensive Income

	Notes	Year ended December 31, 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Profit for the year		**50,739**	**53,404**	**80,228**
Other comprehensive (expenses)/income				
Items that will not be reclassified to profit or loss, net of tax:				
– Changes in fair value of equity instruments at fair value through other comprehensive income		–	–	(303)
Items that may be reclassified to profit or loss in subsequent periods, net of tax:				
– Currency translation differences of foreign operations		(714)	157	(1,517)
Other comprehensive (expenses)/income for the year, net of tax		**(714)**	**157**	**(1,820)**
Attributable to:				
– Owners of the Company		(714)	157	(1,820)
– Non-controlling interests		–	–	–
		(714)	157	(1,820)
Total comprehensive income for the year		**50,025**	**53,561**	**78,408**
Attributable to:				
– Owners of the Company		50,025	53,561	78,673
– Non-controlling interests		–	–	(265)
		50,025	**53,561**	**78,408**

Consolidated Statements of Financial Position

	Notes	As at December 31, 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
ASSETS				
Non-current assets				
Property, plant and equipment	*16*	339,840	385,881	540,063
Right-of-use assets	*17*	48,577	58,959	53,193
Deferred tax assets	*20*	8,630	10,091	7,786
Intangible assets	*18*	2,305	2,142	2,702
Other financial assets at fair value through other comprehensive income	*3.5*	–	–	20,783
Other non-current assets	*23*	8,260	7,968	2,915
Total non-current assets		**407,612**	**465,041**	**627,442**
Current assets				
Inventories	*24*	231,826	320,878	525,322
Prepayments and other receivables	*22*	53,221	50,372	5,755
Trade and notes receivables	*21*	211,097	270,746	382,064
Other financial assets at fair value through other comprehensive income	*3.5*	1,100	8,676	28,753
Cash and cash equivalents	*25*	206,971	178,355	143,796
Term deposits and restricted cash	*25*	8,957	9,164	8,070
Other current assets	*23*	7,118	3,963	12,538
Total current assets		**720,290**	**842,154**	**1,106,298**
Total assets		**1,127,902**	**1,307,195**	**1,733,740**

	Notes	As at December 31, 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Non-current liabilities				
Borrowings	*26*	97,969	87,342	93,273
Lease liabilities	*17*	4,936	7,807	4,816
Deferred tax liabilities	*20*	2,762	–	1,858
Deferred income	*31*	36,012	40,575	37,394
Total non-current liabilities		**141,679**	**135,724**	**137,341**
Current liabilities				
Borrowings	*26*	47,081	94,956	323,289
Trade and notes payables	*27*	115,467	207,578	266,229
Contract liabilities	*5*	363	742	14,729
Lease liabilities	*17*	1,560	3,218	3,241
Current income tax liabilities		2,057	4,138	2,381
Accruals and other payables	*28*	80,152	87,986	117,414
Provisions	*29*	–	–	10,684
Other current liabilities	*30*	10	606	622
Total current liabilities		**246,690**	**399,224**	**738,589**
Net current assets		473,600	442,930	367,709
Total liabilities		**388,369**	**534,948**	**875,930**
EQUITY				
Equity attributable to owner of the Company				
– Share capital	*32*	46,067	46,067	46,067
– Other reserves	*35*	401,898	406,898	410,998
– Retained earnings	*34*	291,568	319,282	399,775
		739,533	772,247	856,840
Non-controlling interests	*15*	–	–	970
Total equity		**739,533**	**772,247**	**857,810**
TOTAL LIABILITIES AND EQUITY		**1,127,902**	**1,307,195**	**1,733,740**

Company's Statements of Financial Position

	Notes	As at December 31, 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
ASSETS				
Non-current assets				
Investments in subsidiaries	*15*	205,038	217,680	226,012
Total non-current assets		**205,038**	**217,680**	**226,012**
Current assets				
Prepayments and other receivables	*22*	245,265	228,643	222,331
Trade and notes receivables	*21*	219	105	40
Other financial assets at fair value through other comprehensive income	*3.5*	100	–	–
Cash and cash equivalents	*25*	3,096	10,486	305
Restricted cash	*25*	–	462	486
Other current assets	*23*	316	370	3,807
Total current assets		**248,996**	**240,066**	**226,969**
Total assets		**454,034**	**457,746**	**452,981**
LIABILITIES				
Current liabilities				
Accruals and other payables	*28*	4,672	2,663	4,079
Total current liabilities		**4,672**	**2,663**	**4,079**
Net current assets		244,324	237,403	222,890
Total liabilities		**4,672**	**2,663**	**4,079**
EQUITY				
– Share capital	*32*	46,067	46,067	46,067
– Other reserves	*35*	402,603	407,446	413,366
– Retained earnings	*34*	692	1,570	(10,531)
Total equity		**449,362**	**455,083**	**448,902**
TOTAL LIABILITIES AND EQUITY		**454,034**	**457,746**	**452,981**

Consolidated Statements of Changes in Equity

	Attributable to owners of the Company						
	Share capital	Share premium	Capital Reserves	Statutory reserve	Other comprehensive income reserve	Retained earnings	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2023	**46,067**	**385,880**	**10,186**	**646**	**9**	**240,829**	**683,617**
Profit for the year	–	–	–	–	–	50,739	50,739
Other comprehensive expenses	–	–	–	–	(714)	–	(714)
Total comprehensive (expenses)/income for the year	**–**	**–**	**–**	**–**	**(714)**	**50,739**	**50,025**
Share-based payment	–	–	5,891	–	–	–	5,891
Balance at December 31, 2023	**46,067**	**385,880**	**16,077**	**646**	**(705)**	**291,568**	**739,533**

	Attributable to owners of the Company						
	Share capital	Share premium	Capital Reserves	Statutory reserve	Other comprehensive income reserve	Retained earnings	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2024	**46,067**	**385,880**	**16,077**	**646**	**(705)**	**291,568**	**739,533**
Profit for the year	–	–	–	–	–	53,404	53,404
Other comprehensive income	–	–	–	–	157	–	157
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**157**	**53,404**	**53,561**
Appropriation to surplus reserves	–	–	–	2,657	–	(2,657)	–
Share-based payment	–	–	2,186	–	–	–	2,186
Dividends	–	–	–	–	–	(23,033)	(23,033)
Balance at December 31, 2024	**46,067**	**385,880**	**18,263**	**3,303**	**(548)**	**319,282**	**772,247**

	Attributable to owners of the Company								
	Share capital	Share premium	Capital Reserves	Statutory reserve	Other comprehensive income reserve	Retained earnings	Sub-total	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2025	**46,067**	**385,880**	**18,263**	**3,303**	**(548)**	**319,282**	**772,247**	**–**	**772,247**
Profit for the year	–	–	–	–	–	80,493	80,493	(265)	80,228
Other comprehensive expenses	–	–	–	–	(1,820)	–	(1,820)	–	(1,820)
Total comprehensive (expenses)/income for the year	**–**	**–**	**–**	**–**	**(1,820)**	**80,493**	**78,673**	**(265)**	**78,408**
Share-based payment	–	–	5,920	–	–	–	5,920	–	5,920
Capital contributions from the non-controlling interests	–	–	–	–	–	–	–	1,235	1,235
Balance at December 31, 2025	**46,067**	**385,880**	**24,183**	**3,303**	**(2,368)**	**399,775**	**856,840**	**970**	**857,810**

Consolidated Statements of Cash Flows

	Notes	Year ended December 31, 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Cash flows from operating activities				
Cash generated from/(used in) operations	*36(a)*	195,572	18,618	(118,178)
Interest received		4,616	5,826	971
Income tax paid		(21,728)	(5,011)	(18,305)
Net cash generated from/(used in) operating activities		**178,460**	**19,433**	**(135,512)**
Cash flows from investing activities				
Payments for purchase of investments		–	–	(21,476)
Proceeds from disposal of property, plant and equipment, intangible assets and other non-current assets		–	118	1,119
Withdraw of wealth management products		–	25,000	49,000
Investment income received from wealth management products		–	134	110
Placement of wealth management products		–	(25,000)	(49,000)
Government grant received in relation to assets		24,646	7,510	–
Payments for purchase of property, plant and equipment, intangible assets and other non-current assets		(75,475)	(71,888)	(132,382)
Payments for deposits on land use rights		(2,112)	–	–
Withdraw of deposits on land use rights		–	2,112	–
Net cash used in investing activities		**(52,941)**	**(62,014)**	**(152,629)**

	Notes	Year ended December 31, 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Cash flows from financing activities				
Capital contributions from the non-controlling interests		–	–	1,235
Proceeds from bank borrowings		158,280	206,582	362,010
Government grant received in relation to loans		4,719	493	891
Movements of restricted cash		(4,059)	4,059	–
Repayments of bank borrowings		(229,310)	(168,848)	(94,747)
Principal elements of lease payments		(4,953)	(3,059)	(1,735)
Interests paid		(9,801)	(5,908)	(8,277)
Dividends paid to the Company's shareholders		–	(23,033)	–
Payments of [**REDACTED**] expenses to be capitalized		–	–	(2,562)
Others		(269)	(160)	(126)
Net cash (used in)/generated from financing activities		**(85,393)**	**10,126**	**256,689**
Net increase/(decrease) in cash and cash equivalents		**40,126**	**(32,455)**	**(31,452)**
Cash and cash equivalents at the beginning of the year		164,944	206,971	178,355
Effects of exchange rate changes on cash and cash equivalents		1,901	3,839	(3,107)
Cash and cash equivalents at the end of the year		**206,971**	**178,355**	**143,796**

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

DKE Holding Company Limited (浙江東方科脈電子股份有限公司) (hereinafter referred to as the "**Company**"), formerly known as Dalian Dongfang Kemai Electronics Co., Ltd. (大連東方科脈電子股份有限公司), is a joint stock company with limited liability incorporated in the People's Republic of China (the "**PRC**") on October 28, 2005. The registered office of the Company is located at Room 130, Building 2, No. 16, Fuxing Avenue, Xitang Town, Jiashan County, Jiaxing City, Zhejiang Province PRC. The ultimate controlling shareholder of the Company is Mr. Zhou Aijun.

The Company and its subsidiaries (hereinafter collectively referred to as the "**Group**") are a manufacturer and service provider of electronic paper ("**e-paper**") display modules integrating the research and development ("**R&D**"), design, production and sales of various types of e-paper display modules.

The Company's subsidiaries during the Track Record Period are set out in Note 15.

The Historical Financial Information are presented in Renminbi ("**RMB**"), which is also the functional currency of the Company, and all values are rounded to the nearest thousands (RMB'000) except when otherwise indicated.

The statutory consolidated financial statements of the Company for the years ended December 31, 2023, 2024 and 2025 prepared in accordance with the relevant accounting principles in the PRC were audited by Pan-China Certified Public Accountants LLP (天健會計師事務所(特殊普通合夥)) which was the certified public accountants registered in the PRC.

2. BASIS OF PREPARATION

The Historical Financial Information of the Group have been prepared in accordance with all applicable International Financial Reporting Standards ("**IFRS Accounting Standards**") issued by the International Accounting Standards Board ("**IASB**"). The Historical Financial Information has been prepared under the historical cost convention, as modified by the revaluation of financial assets measured at fair value through other comprehensive income ("**FVOCI**").

The preparation of the Historical Financial Information in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4 below.

New standards, amendments and interpretations to the existing standards that are effective during the Track Record Period have been adopted by the Group consistently throughout the years presented, unless prohibited by the relevant standard to apply retrospectively.

Other than those material accounting policies information as disclosed elsewhere in this Historical Financial Information, a summary of the other accounting policies information has been set out in Note 40 to this Historical Financial Information.

2.1 New Standards and Amendments to Standards Not Yet Adopted

Standards and amendments to standards that have been issued but not yet effective and not been early adopted by the Group during the Track Record Period are as follows:

Standards and amendments	Effective for accounting periods beginning on or after
Amendments to IFRS 10 and IAS 28 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture'	To be determined
Amendments to IFRS 9 and IFRS 7 'Amendments to the Classification and Measurement of Financial Instruments'	January 1, 2026
Amendments to IFRS 9 and IFRS 7 'Contracts Referencing Nature-dependent Electricity'	January 1, 2026
Annual Improvements — Volume 11 IFRS accounting standards	January 1, 2026
IFRS 18 'Presentation and Disclosure in Financial Statements'	January 1, 2027
IFRS 19 'Subsidiaries without Public Accountability: Disclosures'	January 1, 2027
Amendments to IFRS 21 Translation to a Hyper inflationary Presentation Currency	January 1, 2027

Except for the impact of IFRS 18 below, other new/amended standards are either not relevant to the Group or not expected to have a material impact on the Group's consolidated financial statements when they become effective.

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 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" and IFRS 7 "Financial Instruments: Disclosures". 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 January 1, 2027, with early application permitted. The application of IFRS 18 is not expected to have significant impact on the Group's financial position and performance, but may affect the presentation of the statement of profit or loss and disclosures in the future financial statements.

3. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management seeks a balance between risk and return, minimizes the adverse impact of risk on the Group's finance performance and maximize the interests of shareholders and other equity investors. Based on this risk management objective, the basic strategy of the Group's risk management is to identify and analyze the various risks faced by the Group, establish appropriate risk tolerance thresholds and timely and reliably supervise various risks to control them within a limited range.

3.1 Market Risk

(a) Foreign Exchange Risk

Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the respective functional currency of the Company and its subsidiaries. The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and tries to minimize these exposures through buying and selling foreign currencies at market rate, wherever possible.

As at December 31, 2023, 2024 and 2025, the Group's major financial assets/liabilities exposed to foreign exchange risk, representing those financial assets/liabilities denominated in United States dollar ("**USD**") and included in a group entity with different functional currency:

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Financial assets denominated in:			
USD	309,474	208,013	204,442
VND	–	145	5,627
Others	–	49	112

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Financial liabilities denominated in:			
USD	39,623	172,156	252,295
VND	–	–	5,180
Others	3	10	3

As shown in the table above, the Group is primarily exposed to changes in USD exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises from USD denominated financial instruments is as below:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
USD exchange rate			
Increase 5%	13,493	1,793	(2,393)
Decrease 5%	(13,493)	(1,793)	2,393
VND exchange rate			
Increase 5%	–	152	470
Decrease 5%	–	(152)	(470)

(b) Interest Rate Risk

The Group's interest rate risk primarily arises from interest-bearing borrowings. Borrowings issued at floating rates expose the Group to cash flow interest rate risk and borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group determines the proportion of borrowings issued at floating rates and fixed rates based on the market environment and maintains an appropriate combination of financial instruments through regular review and monitoring.

As at December 31, 2023, 2024 and 2025, total borrowings of the Group which were bearing at floating rates amounted to approximately RMB98,330,000, nil and RMB20,000,000 respectively.

If interest rate had been 50 basis points higher or lower with all other variables held constant, the profit before tax would decrease/increase approximately RMB492,000, nil and RMB100,000, for the years ended December 31, 2023, 2024 and 2025, respectively.

Considering the repricing or maturity date, the fair value interest rate risk arises from borrowings and bank balances carried at fixed rates is not significant for the Group.

3.2 Credit Risk

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's maximum exposure to credit risk at the end of each reporting period in relation to each class of recognised financial assets is the carrying amount of those assets stated in the consolidated statements of financial position. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

The Group performed impairment assessment for financial assets under ECL model. Information about the Group's credit risk management, maximum credit risk exposures and the related impairment assessment, if applicable, are summarised as below:

Trade receivables arising from contracts with customers

The Group mainly conducts transactions with customers with good quality and long-term relationship. When accepting new customers, the Group and the Company consider the reputation of the customer before contract is signed. In order to minimise the credit risk, the management of the Group and the Company continuously monitors the level of exposure to ensure that follow-up action is taken to recover overdue debts. The Group only accepts bills issued by reputable PRC banks if trade receivables are settled by bills and therefore the management of the Group considers the credit risk arising from the endorsed is insignificant. In this regard and considering the long-term relationships with its customers and the financial position of these customers, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group has concentration of credit risk resulting from the Group's the five largest customers contributed to the Group's revenue during the Track Record Period. The percentage of trade receivables attributable to these five largest customers amounted to 80.0%, 82.8% and 92.3% in each year during the Track Record Period, respectively.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

Notes receivables

The Group only accepts notes receivables with low credit risk. The Group's notes receivables are bank acceptance notes and therefore are considered to be low credit risk financial instruments. Those banks who issue bank acceptance notes are creditworthy banks with no recent history of default. For the Track Record Period, loss allowance on notes receivables was insignificant.

Other receivables

For other receivables, the Group makes individual assessment on recoverability based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information that is available without undue cost or effort.

Bank balances

The Group's credit risk on bank balances is low and there is no significant concentration of credit risk because the bank balances are deposited with creditworthy banks with no recent history of default. Loss allowance on bank balances was insignificant for the Track Record Period.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit Rating	Description	Trade receivables	Financial assets other than trade receivables
Low risk	The counterparty has a low risk of default and does not have any past-due amount	Lifetime ECL — not credit-impaired	12m ECL
Watch list . . .	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL — not credit-impaired	12m ECL
Doubtful	There have been significant increase in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL — not credit-impaired	Lifetime ECL — not credit-impaired
Loss	There is evidence indicating the assets is credit-impaired	Lifetime ECL — credit-impaired	Lifetime ECL — credit-impaired
Write-off . . .	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

Financial assets at amortised cost	12m ECL or lifetime ECL	As at December 31, 2023 Gross carrying amount	As at December 31, 2024 Gross carrying amount	As at December 31, 2025 Gross carrying amount
		RMB'000	*RMB'000*	*RMB'000*
Bank balances	12m ECL	215,928	187,519	151,866
	Lifetime ECL (collective assessment, not credit-impaired)	215,771	270,151	388,924
Trade receivables — contracts with customers	Lifetime ECL (individual assessment, not credit impaired)	315	220	674
	Lifetime ECL (credit-impaired)	21,346	11,631	1,138
		237,432	282,002	390,736
Notes Receivables at Amortized Cost	12m ECL	–	13,992	12,121
Notes Receivables at FVOCI	12m ECL	1,100	8,676	28,753
Other Receivables	12m ECL	10,281	13,282	5,490

As part of the Group's credit risk management, the Group applies internal credit rating for its customers in relation to sales of goods. The following table provides information about the exposure to credit risk for not credit-impaired trade receivables which are assessed based on a collective basis under lifetime ECL model and those assessed on an individual basis. Credit-impaired debtor with gross carrying amount of approximately RMB21,346,000, RMB11,631,000 and RMB1,138,000 for the years ended December 31, 2023, 2024 and 2025, respectively was assessed individually.

Internal credit rating	As at December 31, 2023		2024		2025	
	Average loss rate	*Trade receivables RMB'000*	*Average loss rate*	*Trade receivables RMB'000*	*Average loss rate*	*Trade receivables RMB'000*
Low risk	5%	215,771	5%	270,151	5%	388,924
Watch list	31%	315	49%	220	31%	674
Loss	72%	21,346	100%	11,631	100%	1,138
		237,432		**282,002**		**390,736**

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

The following table shows the movement in lifetime ECL that has been recognised for trade receivables.

	Lifetime ECL (collective assessment, not credit impaired)	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At December 31, 2022 and January 1, 2023	12,323	573	22,087	34,983
Impairment losses reversed	(1,815)	(475)	(6,637)	(8,927)
Loss allowance write-off	–	(1)	–	(1)
Exchange adjustments	280	–	–	280
At December 31, 2023 and January 1, 2024	10,788	97	15,450	26,335
Impairment losses recognised/(reversed)	2,480	29	(3,819)	(1,310)
Loss allowance write-off	(1)	(17)	–	(18)
Exchange adjustments	241	–	–	241
At December 31, 2024 and January 1, 2025	13,508	109	11,631	25,248
Impairment losses recognised/(reversed)	6,408	113	(158)	6,363
Loss allowance write-off	–	(14)	(10,335)	(10,349)
Exchange adjustments	(469)	–	–	(469)
At December 31, 2025	**19,447**	**208**	**1,138**	**20,793**

The Group makes full provision for trade receivables when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

Movements in the loss allowance account in respect of other receivables during Track Record Period are in Note 22.

3.3 Liquidity Risk

The Group intends to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying business, the policy of the Group is to regularly monitor the Group's liquidity risk and to maintain adequate liquid assets such as cash and cash equivalents and term deposits or to retain adequate financing arrangements to meet the Group's liquidity requirements.

The tables below analyze the Group's financial liabilities that will be settled into relevant maturity groupings based on the remaining period at each balance sheet date to their contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total	Total carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at December 31, 2023						
Trade and notes payables	115,467	–	–	–	115,467	115,467
Accruals and other payables (excluding non-financial liabilities)	53,396	–	–	–	53,396	53,396
Lease liabilities	1,798	840	2,520	2,310	7,468	6,496
Borrowings	52,608	13,629	91,987	–	158,224	145,050
	223,269	**14,469**	**94,507**	**2,310**	**334,555**	**320,409**

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total	Total carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at December 31, 2024						
Trade and notes payables	207,578	–	–	–	207,578	207,578
Accruals and other payables (excluding non-financial liabilities)	59,536	–	–	–	59,536	59,536
Other current liabilities (excluding non-financial liabilities)	518	–	–	–	518	518
Lease liabilities	3,571	3,418	3,518	1,470	11,977	11,025
Borrowings	99,265	58,843	31,924	–	190,032	182,298
	370,468	**62,261**	**35,442**	**1,470**	**469,641**	**460,955**

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total	Total carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at December 31, 2025						
Trade and notes payables	266,229	–	–	–	266,229	266,229
Accruals and other payables (excluding non-financial liabilities)	85,423	–	–	–	85,423	85,423
Other current liabilities (excluding non-financial liabilities)	409	–	–	–	409	409
Lease liabilities	2,985	2,028	2,520	630	8,163	8,057
Borrowings	331,128	55,762	40,490	–	427,380	416,562
	686,174	**57,790**	**43,010**	**630**	**787,604**	**776,680**

The interest rate of borrowings and lease liabilities are disclosed in Note 26 and Note 17, respectively.

3.4 Capital Management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximize shareholders' value.

The Group manages its capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may issue new shares, sell assets to reduce debt or raise additional funding from shareholders or banks as and when necessary. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended December 31, 2023, 2024 and 2025.

The Group monitors capital on the basis of the debt to asset ratio as at December 31, 2023, 2024 and 2025 are as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Total assets	1,127,902	1,307,195	1,733,740
Total liabilities	388,369	534,948	875,930
Debt to asset ratio	34.4%	40.9%	50.5%

3.5 Fair Value Estimation

(a) Determination of Fair Value and the Fair Value Hierarchy of Financial Instruments

This note provides information on how the Group determines the fair values of various financial assets and liabilities.

For financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The Group

As at December 31, 2023	**Level 1**	**Level 2**	**Level 3**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through other comprehensive income – Notes receivables at FVOCI *(Note 14)*	–	–	1,100	1,100

As at December 31, 2024	**Level 1**	**Level 2**	**Level 3**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through other comprehensive income – Notes receivables at FVOCI *(Note 14)*	–	–	8,676	8,676

As at December 31, 2025	**Level 1**	**Level 2**	**Level 3**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through other comprehensive income – Notes receivables at FVOCI (Note 14)	–	–	28,753	28,753
Other financial assets at fair value through other comprehensive income	–	–	20,783	20,783
	–	–	49,536	49,536

The Company

As at December 31, 2023	**Level 1**	**Level 2**	**Level 3**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through other comprehensive income – Notes receivables at FVOCI *(Note 14)*	–	–	100	100

(b) The Group's Valuation Process

For the financial assets and financial liabilities, including level 3 fair values, the Group's finance department performs the valuations for financial reporting purpose. The finance department reports the valuation results to the management.

(c) The changes in Level 3 assets are analyzed below:

	Equity investments on unlisted entities at FVOCI *(i)*	**Trade Receivables at FVOCI** *(ii)*	**Notes receivables at FVOCI** *(iii)*	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Opening balance as at 1 January 2023	**–**	**37,560**	**–**	**37,560**
(Disposals)/additions	–	(39,537)	1,100	(38,437)
Changes in fair value through profit or loss	–	1,977	–	1,977
Closing balance as at 31 December 2023	**–**	**–**	**1,100**	**1,100**
Additions	–	–	7,576	7,576
Closing balance as at 31 December 2024	**–**	**–**	**8,676**	**8,676**
Additions	21,086	–	20,077	41,163
Changes in fair value through other comprehensive income	(303)	–	–	(303)
Closing balance as at 31 December 2025	**20,783**	**–**	**28,753**	**49,536**

(i) The fair values of unlisted equity instruments at FVOCI as at December 31, 2025 has been arrived with reference to the valuation carried out on the date by an independent qualified professional valuer not connected to the Group, using discounted cash flow method.

(ii) The fair values of Trade receivables at FVOCI as at December 31, 2023, 2024 and 2025 were based on assumptions about risk of default and expected loss rates to determine the expected loss. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation.

(iii) The fair value of bank acceptance notes receivables measured at FVOCI have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. Given that the maturities are of a short-term nature, the impact of fair value changes is immaterial.

(d) Valuation Inputs and Relationships to Fair Value

Description	Fair value As at December 31,			Valuation techniques	Significant unobservable input(s)	Range of inputs	Relationship of unobservable input(s) to fair values
	2023	2024	2025				
	RMB'000	*RMB'000*	*RMB'000*				
Notes receivables at FVOCI	1,100	8,676	28,753	Discounted cash flow method	Discount rate	1.55% to 1.83%	An increase in discount rate would result in decrease in fair value, and vice versa.
Unlisted equity investments at FVOCI	–	–	20,783	Discounted cash flow method	Discount rate	12.32%	An increase in discount rate would result in decrease in fair value, and vice versa.

(i) Other than described above, there were no significant unobservable inputs that materially affect its fair values.

If the discount rate used had been 5% higher/lower for equity instruments measured at FVOCI, the other comprehensive income for the year ended December 31, 2025 would have been approximately RMB1,556,000 lower or RMB1,729,000 higher, respectively.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Group continually evaluates the critical accounting estimates and key judgments applied based on historical experience and other factors, including expectations of future events that are believed to be reasonable.

The critical accounting estimates and key assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are outlined below:

(a) Allowance for Expected Credit Loss of Receivables

Except for certain trade receivables from customers with specific credit risk that management adopts an individual impairment assessment approach, the Group uses a provision matrix to calculate ECLs for trade receivables. The loss allowances for receivables are based on assumptions about risk of default and expected loss rates to determine the expected loss. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation. The historical loss rates are adjusted to reflect the forward-looking information on macroeconomic factors as well as the credit rating analysis of respective customers and other external data which have impacts to the ability of the customers to settle the receivables.

The Group takes into account different macroeconomic scenarios in considering forward-looking information in Chinese mainland and abroad. The Group regularly monitors and reviews the key macroeconomic assumptions and parameters related to the calculation of expected credit losses. The Group has identified the Gross Domestic Product ("**GDP**") of the countries in which it sells its goods to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

(b) Estimated Net Realizable Value of Inventories

In accordance with the Group's accounting policy, the Group estimates net realizable value of inventories based on specific facts and circumstances. For different types of inventories, it requires the estimation on selling prices, costs of conversion, selling expenses and the related tax expense to calculate the net realizable amount of inventories. For inventories held for executed sales contracts, management estimates the net realizable amount based on the contracted price. For raw materials and work-in-progress, management has established a model in estimating the net realizable amount at which the inventories can be realizable in the normal course of business after considering the manufacturing cycles, production capacity and forecasts, estimated future conversion costs and selling prices. Management also takes into account the price or cost fluctuations and other related matters occurring after the end of the year which reflect conditions that existed at the end of each year.

It is reasonably possible that if there is a significant change in circumstances including the Group's business and the external environment, outcomes would be significantly affected.

(c) Property, Plant and Equipment and Intangible Assets — Estimated Useful Lives and Residual Values

The Group determines the estimated useful lives and residual values (if applicable) and consequently the related depreciation/amortization charges for its property, plant and equipment and intangible assets (excluding freehold land and goodwill). These estimates are based on the historical experience, anticipated change of technology, market condition and the actual consumptions of related assets. The depreciation/amortization charge will increase when useful lives are less than previously estimated. In addition, technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Actual economic lives may differ from estimated useful lives and actual residual values may differ from estimated residual values. Periodic review could result in change in useful lives and residual values and therefore change in depreciation/amortization expense in future periods.

(d) Income Tax and Deferred Taxation

Estimation and judgment are required in determining the amount of the provision for income tax. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recognized, such differences will impact on the income tax and deferred taxation provisions in the period in which such determination is made.

Deferred tax assets are recognized for unused tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses and deductible temporary difference can be utilized. Significant estimation is required in determining the recoverability of deferred tax assets.

In the event that future tax rules and regulations or related circumstances change, adjustments to current and deferred taxation may be necessary which would impact on the Group's results or financial position.

5. OPERATING SEGMENT INFORMATION

(a) Description of Segments and Principal Activities

Operating segment is reported in a manner consistent with the internal reporting provided to the chief operating decision maker ("**CODM**"). The executive directors assess the financial performance and position of the Group and make strategic decisions. The executive directors, which has been identified as being the CODM, consists of the executive director, the chief financial officer and the managers for each business unit. The CODM review the Group's internal reporting in order to assess performance, allocate resources, and determine the operating segment based on these reports.

For management purposes, the Group operates in one business unit based on its products and services, and has one reportable segment being the segment which principally engages in the development and commercialization of e-paper display modules.

(b) Revenue from external customers

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Revenue from contracts with customers			
At a point in time			
– Sale of goods	1,013,912	1,143,296	1,702,832
– Others *(i)*	6,380	3,890	7,639
Other revenue *(ii)*	3,906	4,370	2,510
	1,024,198	**1,151,556**	**1,712,981**

(i) Others mainly represents sales of raw materials.

(ii) Other revenue represents lease income.

(c) Revenue from Major Customers

The major customer who contributed 10% or more of the Group's revenue for the years ended December 31, 2023, 2024 and 2025 is set out below:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Solum and its affiliates	519,631	417,705	495,114
Customer B	170,627	190,646	324,183
Customer F	119,657	N/A*	N/A*
Customer A	N/A*	168,410	605,584

* Less than 10% of the Group's revenue in the respective years.

(d) Geographical Information

The Company is domiciled in Chinese mainland. The amount of the Group's revenue from contracts with customers by location is shown in the table below:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Chinese mainland	272,824	422,716	942,171
Vietnam	519,661	417,308	546,402
Other Asian countries and regions *(i)*	161,302	141,560	70,511
Europe	69,576	169,035	134,202
Others	835	937	19,695
	1,024,198	**1,151,556**	**1,712,981**

(i) Other Asian countries and regions included Hong Kong, India, Japan, Malaysia, Singapore, South Korea, Sri Lanka, the Taiwan region of China and United Arab Emirates.

(e) Contract Liabilities

During the Track Record Period, the additions to the contract liabilities were primarily due to cash collections in advance of fulfilling performance obligations, while the reductions to the contract liabilities were primarily due to the recognition of revenues upon fulfillment of performance obligations.

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Contract liabilities	363	742	14,729

The following table shows how much of the revenue, which was included in the contract liabilities at the beginning of the year, recognized during the Track Record Period relates to carried-forward contract liabilities:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Revenue recognized that was included in the beginning balance	775	358	715

Management expects that the unsatisfied obligation of RMB358,000, RMB715,000 and RMB14,729,000 as at December 31, 2023, 2024 and 2025, respectively, will be recognized as revenue during the next twelve months.

(f) Accounting Policies and Significant Judgments for Revenue Recognition

The Group recognizes revenue when (or as) a performance obligation is satisfied, i.e., when control of the goods or services underlying the particular performance obligation is transferred to the customer.

If control of the goods and services transfers over time, revenue is recognized over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognized at a point in time when the customer obtains control of the goods and services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

If a customer pays consideration or the Company has a right to an amount of consideration that is unconditional, before the Company transfers goods or services to the customer, the Company presents the contract liability when the payment is made. A contract liability is the Company's obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer.

(g) Products revenue

The Group are principally engaged in the R&D, design, production, and sales of electronic paper display modules.

Revenue from domestic sales of products shall be recognized based on the sales contracts, settlement vouchers and other documents generally upon the completion of products delivery and arriving to the named place of destination and acceptance by the customers. Upon confirming the acceptance, the customer has the right to sell the products at its discretion and takes the risks of any price fluctuation and obsolescence and loss of the products.

Revenue from oversea sales of products shall be recognized based on the sales contracts, customs declaration form, bill of lading, and other documents upon completion of customs declaration or shipping out of the port and arriving to the named port or place of destination. Upon the completion of customs declaration and obtaining the bill of lading or arrival to the named port or place of destination, the customer has the right to sell the products at its discretion and takes the risks of any price fluctuation and obsolescence and loss of the products.

6. OTHER INCOME

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Government grants	13,208	7,707	7,137
Interest income *(i)*	40	107	10
Others	21	40	79
	13,269	**7,854**	**7,226**

(i) The amount mainly comprises interest income on the Group's term deposits with a maturity of over three months. Interest income from cash and cash equivalent is included in "Finance (costs)/income, net" (Note 10).

7. EXPENSE BY NATURE

Expenses included in cost of sales, general and administrative expenses, selling and marketing expenses and research and development expenses are analyzed as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Cost of inventories sold *(i)*	752,077	867,475	1,241,817
Employee benefit expenses *(Note 9)*	126,561	133,192	200,783
Depreciation and amortisation	25,609	31,343	38,451
Impairment losses on inventories	23,474	9,830	16,810
Utility costs	12,220	10,963	20,359
Commission expenses	11,486	9,663	11,048
Transportation costs	3,799	6,259	9,756
Office expenses	4,843	4,712	6,468
Marketing, conference and traveling expenses	5,510	6,960	9,544
Taxes and Surcharges	4,885	4,405	4,295
Professional services and other consulting fees	8,238	3,096	3,392
[**REDACTED**] expenses	–	–	12,045
Insurance premium	2,661	3,277	3,054
Outsourced R&D	1,050	6,584	8,289
Auditor's remuneration	969	529	972
Rental expenses for short-term leases and leases of low-value asset	727	300	310
Other expenses	4,366	7,973	13,500
	988,475	**1,106,561**	**1,600,893**

(i) The amount of cost of inventories sold as stated herein excludes those included in the depreciation of property, plant and equipment, depreciation of right-of-use assets, impairment of inventories, employee benefit expenses, short-term lease expenses and transportation expenses.

8. OTHER GAINS/(LOSSES), NET

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Net foreign exchange differences	4,896	2,584	(4,182)
Donations	(50)	–	–
Penalties	–	–	(1,776)
Net losses on disposal of property, plant and equipment and other long-term assets	–	(111)	(552)
Others	(260)	(207)	(860)
	4,586	**2,266**	**(7,370)**

9. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTOR'S REMUNERATION)

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Salaries, wages and bonuses	93,752	104,261	154,825
Share-based compensation expenses	5,891	2,186	5,920
Housing fund, medical insurance and other social insurance	9,849	10,515	15,397
Pension costs *(i)*	8,793	10,394	15,610
Other employee benefits	8,276	5,836	9,031
	126,561	**133,192**	**200,783**

(i) The Group is required to make contributions for its employees in the PRC to the state-sponsored retirement plan at a certain rate based on the qualified salaries of the individual employees. The PRC government is responsible for the pension liability of the retired employees.

During the years ended December 31, 2023, 2024 and 2025, no forfeited contributions were utilized by the Group to reduce its contributions for the current year.

(a) Directors' and Supervisors' Remuneration

Directors' and supervisors' remuneration for the year, disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance, is as follows:

Year ended December 31, 2023	Fees	Salaries, wages and bonuses	Retirement benefits	Housing fund and other benefits	Share-based compensation expenses	Total remuneration before tax
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Non-executive directors:						
Ms. Wang Yang *(ix)*	–	–	–	–	–	–
Mr. Li Zhongliang *(ix)*	–	–	–	–	–	–
Mr. Liu Yu *(ix)*	–	–	–	–	–	–
Mr. Ouyang Lingxiao *(ix)*	–	–	–	–	–	–
Executive directors:						
Mr. Zhou Aijun	–	588	61	68	–	717
Mr. Wang Wenliang	–	471	38	62	–	571
Independent non-executive directors:						
Mr. Zeng Aimin	80	–	–	–	–	80
Mr. Fu Rong	80	–	–	–	–	80
Mr. Gu Zhihua	80	–	–	–	–	80
Supervisors:						
Mr. Li Mengyang *(ix)*	–	–	–	–	–	–
Mr. Zhao Shouyang	–	356	38	55	87	536
Ms. Xie Liyuan	–	251	34	37	111	433
Total	**240**	**1,666**	**171**	**222**	**198**	**2,497**

Year ended December 31, 2024	Fees	Salaries, wages and bonuses	Retirement benefits	Housing fund and other benefits	Share-based compensation expenses	Total remuneration before tax
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Non-executive directors:						
Ms. Wang Yang *(ix)*	–	–	–	–	–	–
Mr. Li Zhongliang *(i)(ix)*	–	–	–	–	–	–
Mr. Liu Yu *(ix)*	–	–	–	–	–	–
Mr. Ouyang Lingxiao *(ix)*	–	–	–	–	–	–
Mr. Wang Xiao *(ii)(ix)*	–	–	–	–	–	–
Executive directors:						
Mr. Zhou Aijun	–	605	80	70	–	755
Mr. Wang Wenliang	–	514	43	67	–	624
Independent non-executive directors:						
Mr. Zeng Aimin	80	–	–	–	–	80
Mr. Fu Rong	80	–	–	–	–	80
Mr. Gu Zhihua	80	–	–	–	–	80
Supervisors:						
Mr. Li Mengyang *(ix)*	–					
Mr. Zhao Shouyang	–	361	40	56	38	495
Ms. Xie Liyuan	–	275	38	40	48	401
Total	**240**	**1,755**	**201**	**233**	**86**	**2,515**

Year ended December 31, 2025	Fees	Salaries, wages and bonuses	Retirement benefits	Housing fund and other benefits	Share-based compensation expenses	Total remuneration before tax
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Non-executive directors:						
Ms. Wang Yang *(ix)*	–	–	–	–	–	–
Mr.Ouyang Lingxiao *(ix)*	–	–	–	–	–	–
Mr. Liu Yu *(ix)*	–	–	–	–	–	–
Mr. Wang Xiao *(ix)*	–	–	–	–	–	–
Mr. Di Chen *(iv)(ix)*	–	–	–	–	–	–
Executive directors:						
Mr. Zhou Aijun	–	826	85	74	–	985
Mr. Wang Wenliang	–	632	47	68	–	747
Independent non-executive directors:						
Mr. Zeng Aimin	80	–	–	–	–	80
Mr. Fu Rong *(v)*	80	–	–	–	–	80
Mr. Gu Zhihua *(vi)*	80	–	–	–	–	80
Mr. Zhou Guofu *(vii)*	27	–	–	–	–	27
Mr. Ruan Tianshi *(viii)*	60	–	–	–	–	60
Supervisors:						
Mr. Li Mengyang *(ix)(x)*	–	–	–	–	–	–
Mr. Zhao Shouyang *(x)*	–	337	31	44	36	448
Ms. Xie Liyuan *(x)*	–	234	31	32	45	342
Total	**327**	**2,029**	**194**	**218**	**81**	**2,849**

(i) Mr. Li Zhongliang resigned as a non-executive director of the Company on October 9, 2024 for personal development.

(ii) Mr. Wang Xiao was appointed as a non-executive director of the Company with effect from October 9, 2024.

(iii) Mr. Ouyang Lingxiao resigned as a non-executive director of the Company on June 30, 2025 for personal development.

(iv) Mr. Di Chen was appointed as a non-executive director of the Company with effect from June 30, 2025.

(v) Mr. Fu Rong resigned as an independent non-executive director of the Company on 6 September 2025 for personal development.

(vi) Mr. Gu Zhihua resigned as an independent non-executive director of the Company on 6 September 2025 for personal development.

(vii) Mr. Zhou Guofu was appointed as an independent non-executive director of the Company with effect from 6 September, 2025.

(viii) Mr. Ruan Tianshi was appointed as an independent non-executive director of the Company with effect from 6 September, 2025.

(ix) These non-executive directors and supervisors did not receive any remuneration from the Group in relation to his services rendered for the Group.

(x) These Supervisors were no longer Supervisors since 6 September 2025, as the Company abolished its Supervisory Board and the role of Supervisor.

(b) Directors' and Supervisors' Other Benefits

No termination benefits were paid to the directors and supervisors of the Company by the Group in respect of the director's services as a director and a supervisor of the Group or other services in connection with the management of the affairs of the Group during the Track Record Period.

No consideration provided to third parties for making available directors' and supervisors' services subsisted at the end of each reporting period or at any time during the Track Record Period.

There were no loans, quasi-loans or other dealings entered into in favor of directors, controlled bodies corporate by and connected entities with such directors during the Track Record Period.

Save as disclosed in Note 38, there were no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director and a supervisor of the Company had a material interest, whether directly or indirectly, subsisted during the Track Record Period.

(c) Five Highest Paid Individuals

The five individuals whose emoluments were the highest in the Group for the years ended December 31, 2023, 2024 and 2025 include nil, nil and 1 directors respectively whose emoluments are reflected in the analysis shown in Note 9(a) above. The emoluments paid to the remaining 5, 5 and 4 individuals during the years ended December 31, 2023, 2024 and 2025, respectively, are as follows:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Wages, salaries and bonuses and benefits in kind (including contributions to pension plans)	3,301	3,903	2,478
Share-based payments	2,786	1,077	2,632
	6,087	**4,980**	**5,110**

Details of the remuneration of the five highest paid employees who are neither a director nor a supervisor of the Company during the Track Record Period are as follows:

	Year ended December 31,		
	2023	**2024**	**2025**
HKD1 to HKD500,000	–	–	–
HKD500,001 to HKD1,000,000	2	3	–
HKD1,000,001 to HKD1,500,000	1	2	2
HKD1,500,001 to HKD2,000,000	1	–	2
HKD2,000,001 to HKD2,500,000	1	–	–
	5	**5**	**4**

10. FINANCE (COSTS)/INCOME, NET

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Finance income:			
Interest income from financial assets held for cash management purposes	4,616	5,826	971
Finance costs:			
Interest expenses on lease liabilities	(360)	(347)	(318)
Interest expenses on bank borrowings	(7,839)	(5,955)	(7,978)
Losses on the discounting of other financial assets at FVOCI	(1,681)	(981)	(1,370)
Net exchange (losses)/gains on foreign currency borrowings	259	–	–
Less: capitalized finance costs *(i)*	1,041	–	–
Finance costs total	(8,580)	(7,283)	(9,666)
Finance (costs)/income, net	**(3,964)**	**(1,457)**	**(8,695)**

(i) The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the entity's specific borrowings during the year, which was 4.81% for 2023.

11. INCOME TAX EXPENSE

The income tax expense of the Group during the Track Record Period are analyzed as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current income tax	6,304	5,492	12,791
Deferred income tax	746	(4,223)	4,076
	7,050	**1,269**	**16,867**

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

(a) PRC Corporate Income Tax

In accordance with the relevant regulations of the Enterprise Income Tax laws (the "**EIT Law**") of the PRC, the applicable statutory tax rate of the PRC subsidiaries is 25% unless those subject to tax exemption set out below.

During the Track Record Period, one subsidiary of the Group was certified as a High and New Technology Enterprise ("**HNTE**") in December 2022 with validity until December 2025. The subsidiary has reapplied successfully and obtained the new certificate on December 25, 2025. Accordingly, the subsidiary applies the preferential CIT rate of 15% for the Track Record Period based on the expected re-grant of HNTE certification.

One subsidiary of the Group obtained High and New Technology Enterprises certification ("**HNTE**") in 2024 and hence it was entitled to a preferential CIT rate of 15% for the years ended December 31, 2024 and 2025.

This qualification is subject to review by the relevant tax authority in the PRC for every three years.

According to the relevant laws and regulations promulgated by the State Taxation Administration of the PRC, enterprises engaging in research and development activities are entitled to claim 175% from 2018 onwards (subsequently raised to 200% from 2022 onwards) of their research and development expenses incurred as tax deductible expenses when determining their assessable profits for that year (the "**Super Deduction for research and development**").

(b) Hong Kong Profits Tax

Hong Kong profits tax had been provided for at the rate of 16.5% on the estimated assessable profits for the years ended December 31, 2023, 2024 and 2025.

(c) Vietnam Profits Tax

One subsidiary of the Group in Vietnam is subject to Corporate Income Tax ("CIT") at the standard rate of 20%. The subsidiary qualified as a small enterprise (with annual revenue exceeding VND 3 billion but not exceeding VND 50 billion in the preceding year) and therefore applied a preferential CIT rate of 17%. The subsidiary is entitled to a tax exemption for the first two years, commencing from the first year of generating taxable income, and a 50% reduction for the next four years.

No provision for the Vietnam Corporate Tax has been made for the years ended 31December 2024 and 2025 as the Vietnam subsidiary has no assessable profits for both reporting periods.

(d) OECD Pillar Two Model Rules

Amendments to IAS 12 "International Tax Reform — Pillar Two Model Rules" were issued on May 23, 2023 which are effective upon issuance and require retrospective application. The amendments provide a temporary exception from deferred tax accounting for the income tax arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organization for Economic Cooperation and Development ("**OECD**").

The Group is within the scope of global minimum tax under the OECD Pillar Two model rules ("**Pillar Two**"). Subject to tax legislation enacting Pillar Two Being passed in the jurisdictions where the Company and its subsidiaries operate, the Group is liable to pay a top-up tax for any deficiency between the minimum tax rate of 15% and the effective tax rate per respective jurisdiction. The Group applies the IAS 12 exception to recognition and disclosure information about deferred tax assets and liabilities relating to Pillar Two income taxes.

For those jurisdictions where the Pillar Two legislation was enacted but not effective at the reporting date, the Group has no related current tax exposure. However, a subsidiary of the Company is located in Vietnam, where Pillar Two legislation has been effective since 1 January 2024, and the Group's assessment indicates that there is no material related current tax exposure in this jurisdiction for the years ended December 31, 2024,and 2025.

The income tax on the Group's profit before income tax differs from the theoretical amount that would arise using the enacted tax rate applicable to profits of the subsidiaries as follows:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Profit before income tax	57,789	54,673	97,095
Income tax calculated at the domestic rates applicable to profits in the country concerned	14,447	13,668	24,274
Tax effect of:			
Preferential income tax rates applicable to the subsidiaries	(2,806)	(4,960)	(9,099)
Non-deductible expenses for tax purposes	3,268	695	1,703
Tax losses and other temporary differences not recognized as deferred tax assets *(Note 20)*	2,775	3,484	9,726
Super deduction for research and development expenses	(8,045)	(10,521)	(10,143)
Income not subject to tax	(1,373)	(448)	(113)
Utilization of previously unrecognized tax losses and temporary difference	(731)	–	–
Adjustments in respect of current tax of previous periods	–	(427)	713
Others	(485)	(222)	(194)
	7,050	**1,269**	**16,867**

12. DIVIDENDS

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Interim dividends in respect of current year, declared and paid during the year *(i)*	–	23,033	–
Total	**–**	**23,033**	**–**

(i) Interim dividends attributable to owners of the Company in 2024 is RMB0.50 yuan per share (tax inclusive), was approved by the shareholder in the extraordinary general meeting.

13. EARNINGS PER SHARE

(a) Basic Earnings per Share

The calculation of basic earnings per share is based on the following:

	Year ended December 31,		
	2023	**2024**	**2025**
Profit attributable to ordinary shareholders of the Company *(RMB'000)*	50,739	53,404	80,493
Weighted average number of ordinary shares in issue *(thousands)*	46,067	46,067	46,067
Basic EPS *(RMB per share)*	**1.10**	**1.16**	**1.75**

(b) Diluted Earnings per Share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary share.

For the years ended December 31, 2023, 2024 and 2025, the diluted earnings per share equal to basic earnings per share as there was no potential ordinary share in issue.

14. FINANCIAL INSTRUMENTS MEASURED AT FVOCI

(a) Financial instruments at FVOCI

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Non-current:			
– Equity instruments at FVOCI *(i)*	–	–	20,783
Current:			
– Notes receivables at FVOCI *(ii)*	1,100	8,676	28,753
	1,100	8,676	49,536

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current:			
– Notes receivables at FVOCI *(ii)*	**100**	**–**	**–**

(i) The above equity instruments were irrecoverably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

(ii) For cash management purposes, the Group derecognized part of its trade receivables through non-recourse forfeiting arrangements, as well as discounted and endorsed part of bank acceptance notes that qualified for derecognition. These trade and notes receivables were classified and measured at fair value through other comprehensive income as they are held within a business model with the objective of both collecting contractual cash flows and selling.

15. SUBSIDIARIES

During the Track Record Period, the Company's subsidiaries are as follows:

	Name of subsidiary	Place of incorporation and type of legal entity	Share capital registered/ paid-up capital	Equity interest held by the Company						Principal activities
				As at December 31,						
				2023		2024		2025		
				Direct	Indirect	Direct	Indirect	Direct	Indirect	
			'000							
1	DKE (Fushen) Company Limited (浙江富申科技有限公司)	PRC, limited liability company	RMB30,000	–	100%	–	100%	–	100%	R&D, manufacturing, processing and sales of e-paper display modules
2	DKE (Fuyong) Company Limited (浙江富湧電子科技有限公司)	PRC, limited liability company	RMB100,000	100%	–	100%	–	100%	–	R&D, manufacturing, processing and sales of e-paper display modules
3	DKE (Longning) Company Limited (大連龍寧科技有限公司)	PRC, limited liability company	RMB40,000	100%	–	100%	–	100%	–	R&D, manufacturing, processing and sales of e-paper display modules
4	DKE (Shanghai) Company Limited (東方科脈(上海)科技有限公司)	PRC, limited liability company	RMB30,000	100%	–	100%	–	100%	–	R&D and sales of e-paper display modules; provision of technical services

	Name of subsidiary	Place of incorporation and type of legal entity	Share capital registered/ paid-up capital	Equity interest held by the Company						Principal activities
				As at December 31,						
				2023		2024		2025		
				Direct	Indirect	Direct	Indirect	Direct	Indirect	
			'000							
5	DKE Company Limited (浙江東方科脈科技有限公司)	PRC, limited liability company	RMB30,000	100%	–	100%	–	100%	–	Procurement and sales of e-paper display modules and their raw materials
6	Zhejiang Fufang Electronic Technology Co., Ltd. (浙江富方電子科技有限公司)	PRC, limited liability company	RMB20,000	100%	–	100%	–	100%	–	No substantive business
7	DKE (Longyong) Company Limited (龍甬(上海)貿易有限公司) *(a)*	PRC, limited liability company	RMB1,000	–	–	90%	10%	90%	10%	Sales of e-paper display modules
8	DKE (Hong Kong) Co., Limited (東方科脈(香港)國際有限公司)	HK, limited liability company	USD13,000	–	100%	–	100%	–	100%	Procurement and overseas sales of e-paper display modules and their raw materials
9	DKE (Vietnam) International Company Limited *(b)*	Vietnam, limited liability company	VND 72,210,000	–	–	–	100%	–	100%	Manufacturing, processing and sales of e-paper display modules

The statutory auditors of the above subsidiaries of the Group during the Track Record Period are set out below:

	Name of subsidiary	Name of statutory auditors		
		2023	2024	2025
1	DKE (Fushen) Company Limited (浙江富申科技有限公司) *(e)*	Zhejiang Yaoxin Certified Public Accountants Co., Ltd.	Zhejiang Yaoxin Certified Public Accountants Co., Ltd.	–
2	DKE (Fuyong) Company Limited (浙江富湧電子科技有限公司) *(e)*	Zhejiang Yaoxin Certified Public Accountants Co., Ltd.	Zhejiang Yaoxin Certified Public Accountants Co., Ltd.	–
3	DKE (Longning) Company Limited (大連龍寧科技有限公司) *(e)*	Liaoning Huasheng Certified Public Accountants Co., Ltd.	Zhongxi Certified Public Accounts LLP Dalian Branch	–
4	DKE (Shanghai) Company Limited (東方科脈(上海)科技有限公司) *(d)(e)*	–	Zhejiang Yaoxin Certified Public Accountants Co., Ltd.	–
5	DKE Company Limited (浙江東方科脈科技有限公司) *(c)*	–	–	–
6	Zhejiang Fufang Electronic Technology Co., Ltd. (浙江富方電子科技有限公司) *(c)*	–	–	–
7	DKE (Longyong) Company Limited (龍甬(上海)貿易有限公司) *(a)*	–	–	–

	Name of subsidiary	Name of statutory auditors		
		2023	2024	2025
8	DKE (HONG KONG) Company Limited (東方科脈(香港)國際有限公司)	RICH MORAL CPA LIMITED	Confucius International CPA Limited	Confucius International CPA Limited
9	DKE (Vietnam) International Company Limited *(b)*	–	Thang Long — T,D,K Auditing and Valuation Co., Ltd — Ha Thanh branch	Cong Ty TNHH Kiem Toan Tu Van AAGroup

(a) The entity was established in 2024 and has not appointed an auditor to issue statutory financial statements for the year ended December 31, 2024 and 2025.

(b) The entity was established in 2024.

(c) These entities has not appointed an auditor to issue statutory financial statements for the year ended December 31, 2023, 2024 and 2025.

(d) This entity has not appointed an auditor to issue statutory financial statements for the year ended December 31, 2023.

(e) The statutory auditors of these entities for the year ended December 31,2025 have not yet been appointed.

(f) The English names of the Chinese mainland companies are direct translation or transliteration of their Chinese registered names.

The Company

Investments in subsidiaries

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Deemed investments relating to share-based payments	15,038	16,780	25,112
Investments in subsidiaries	190,000	200,900	200,900
	205,038	**217,680**	**226,012**

16. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	Office equipment	Plant and machinery	Motor vehicles	Construction In progress	Leasehold improvement	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023							
Cost	120,066	3,440	104,307	2,173	114,110	6,996	351,092
Accumulated depreciation	(11,763)	(1,155)	(29,157)	(1,490)	–	(2,187)	(45,752)
Carrying amounts	**108,303**	**2,285**	**75,150**	**683**	**114,110**	**4,809**	**305,340**
Opening carrying amounts	108,303	2,285	75,150	683	114,110	4,809	305,340
Additions	–	351	19	390	48,617	6,706	56,083
Transfers from construction in progress	129,012	6,852	22,639	–	(158,503)	–	–
Depreciation charges	(8,959)	(1,087)	(9,865)	(361)	–	(1,311)	(21,583)
Closing carrying amounts	**228,356**	**8,401**	**87,943**	**712**	**4,224**	**10,204**	**339,840**
At December 31, 2023							
Cost	249,078	10,643	126,965	2,563	4,224	13,702	407,175
Accumulated depreciation	(20,722)	(2,242)	(39,022)	(1,851)	–	(3,498)	(67,335)
Carrying amounts	**228,356**	**8,401**	**87,943**	**712**	**4,224**	**10,204**	**339,840**

	Buildings	Office equipment	Plant and machinery	Motor vehicles	Construction in progress	Leasehold improvement	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2024							
Cost	249,078	10,643	126,965	2,563	4,224	13,702	407,175
Accumulated depreciation	(20,722)	(2,242)	(39,022)	(1,851)	–	(3,498)	(67,335)
Carrying amounts	**228,356**	**8,401**	**87,943**	**712**	**4,224**	**10,204**	**339,840**
Opening carrying amounts	228,356	8,401	87,943	712	4,224	10,204	339,840
Additions	890	207	106	28	71,320	1,403	73,954
Transfers from construction in progress	1,567	1,235	7,855	–	(10,657)	–	–
Transfers to construction in progress	–	–	(2,292)	–	2,292	–	–
Disposals and others	–	(9)	(140)	–	–	(593)	(742)
Depreciation charges	(11,900)	(2,293)	(10,381)	(297)	–	(2,300)	(27,171)
Closing carrying amounts	**218,913**	**7,541**	**83,091**	**443**	**67,179**	**8,714**	**385,881**
At December 31, 2024							
Cost	251,535	12,045	131,446	2,591	67,179	14,512	479,308
Accumulated depreciation	(32,622)	(4,504)	(48,355)	(2,148)	–	(5,798)	(93,427)
Carrying amounts	**218,913**	**7,541**	**83,091**	**443**	**67,179**	**8,714**	**385,881**

	Buildings	Office equipment	Plant and machinery	Motor vehicles	Construction in progress	Leasehold improvement	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2025							
Cost	251,535	12,045	131,446	2,591	67,179	14,512	479,308
Accumulated depreciation	(32,622)	(4,504)	(48,355)	(2,148)	–	(5,798)	(93,427)
Carrying amounts	**218,913**	**7,541**	**83,091**	**443**	**67,179**	**8,714**	**385,881**
Opening carrying amounts	218,913	7,541	83,091	443	67,179	8,714	385,881
Additions	9,089	59	1,639	–	179,290	882	190,959
Transfers from construction in progress	56,442	2,408	181,774	–	(240,624)	–	–
Transfers to construction in progress	–	–	(16,309)	–	16,309	–	–
Disposals and others	–	(5)	(914)	–	–	–	(919)
Currency translation differences	(627)	(8)	(798)	–	(499)	–	(1,932)
Depreciation charges	(12,790)	(2,578)	(15,999)	(103)	–	(2,456)	(33,926)
Closing carrying amounts	**271,027**	**7,417**	**232,484**	**340**	**21,655**	**7,140**	**540,063**
At December 31, 2025							
Cost	316,424	14,459	279,235	2,591	21,655	15,475	649,839
Accumulated depreciation	(45,397)	(7,042)	(46,751)	(2,251)	–	(8,335)	(109,776)
Carrying amounts	**271,027**	**7,417**	**232,484**	**340**	**21,655**	**7,140**	**540,063**

(a) Property, plant, and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements, the shorter of lease term as follows:

Buildings	20 years
Plant and machinery	3-10 years
Office equipment	3-10 years
Motor vehicles	4-5 years
Leasehold improvements	Shorter of their useful lives and lease terms

See Note 40 for the other accounting policies relevant to property, plant and equipment.

(b) Depreciation of the Group's property, plant and equipment has been recognized as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Cost of sales	13,703	14,814	20,640
General and administrative expenses	6,659	10,394	10,971
Research and development expenses	1,146	1,887	2,268
Selling and marketing expenses	75	76	47
	21,583	**27,171**	**33,926**

(c) The Group has pledged buildings with carrying amount of approximately RMB213,933,000, RMB218,479,000 and RMB206,702,000 as at December 31, 2023, 2024 and 2025, respectively to secure bank borrowings (Note 26(b)) granted to the Group.

As at December 31, 2023, 2024 and 2025, the Group was still in the process of applying for the ownership certificates for buildings and structures with a total carrying amount of RMB450,000, RMB425,000 and RMB55,591,000, respectively.

17. LEASE

17.1 The Group as the lessee

(a) Amounts Recognized in the Consolidated Statements of Financial Position

The Group

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Right-of-use assets			
Land use right	41,906	47,991	46,747
Buildings	6,671	10,968	6,446
	48,577	58,959	53,193
Lease liabilities			
Current	1,560	3,218	3,241
Non-current	4,936	7,807	4,816
	6,496	**11,025**	**8,057**

(i) Additions to the right-of-use assets during the years ended December 31, 2023, 2024 and 2025 were approximately RMB160,000, RMB14,377,000 and nil, respectively.

(ii) The Group has pledged land use right with carrying amount of approximately RMB34,992,000, RMB40,979,000 and RMB40,051,000 as at December 31, 2023, 2024 and 2025, respectively to secure bank borrowings (Note 26(b)) granted to the Group.

(b) The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used. The discount rate used during the years ended December 31, 2023, 2024 and 2025 were ranged from 4.75%, 3.45% to 4.75% and 3.45% to 4.75%.

(c) Amounts Recognized in the Consolidated Statements of Profit or Loss

The consolidated statements of profit or loss and the consolidated statements of cash flows contain the following amounts relating to leases:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Depreciation charge of right-of-use assets:			
– Land use right	927	1,051	1,090
– Buildings	3,071	2,945	3,096
	3,998	**3,996**	**4,186**

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Interest expense (including in finance cost)	360	347	318
Expense relating to short-term and low value leases not included in lease liabilities	727	300	310
	1,087	**647**	**628**

The total cash outflows for lease payments during the years ended December 31, 2023, 2024 and 2025 were approximately RMB5,911,000, RMB3,367,000 and RMB2,269,000, respectively.

As a lessee, the Group leases properties, offices, and land use rights. Lease contracts typically have fixed terms, ranging from 1 to 10 years for properties and offices, and 43 to 50 years for land use rights. They are stated at cost less accumulated depreciation and accumulated impairment losses.

See Note 40 for the other accounting policies relevant to lease.

17.2 The Group as the lessor

(a) Operating Lease

(i) Lease Income

The Group

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Lease income	3,906	4,370	2,510

(ii) Assets leased out under operating leases

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Property, Plant and Equipment	20,001	18,569	11,983
Land use right	5,315	5,189	2,817
	25,316	**23,758**	**14,800**

(iii) Undiscounted lease payments to be received arising from non-cancellable leases based on the lease contract signed with lessee

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	4,352	3,330	1,512
1 to 2 years	3,152	3,152	–
2 to 3 years	3,152	263	–
3 to 4 years	263	–	–
	10,919	**6,745**	**1,512**

18. INTANGIBLE ASSETS

The Group

	Software
	RMB'000
At January 1, 2023	
Cost	1,676
Accumulated amortization	(364)
Carrying amounts	**1,312**
Year ended December 31, 2023	
Opening carrying amounts	1,312
Additions	1,239
Amortization charges	(246)
Closing carrying amounts	**2,305**
At December 31, 2023	
Cost	2,915
Accumulated amortization	(610)
Carrying amounts	**2,305**

	Software
	RMB'000
At January 1, 2024	
Cost	2,915
Accumulated amortization	(610)
Carrying amounts	**2,305**
Year ended December 31, 2024	
Opening carrying amounts	2,305
Additions	138
Amortization charges	(301)
Closing carrying amounts	**2,142**
At December 31, 2024	
Cost	3,053
Accumulated amortization	(911)
Carrying amounts	**2,142**

	Software
	RMB'000
At January 1, 2025	
Cost	3,053
Accumulated amortization	(911)
Carrying amounts	**2,142**
Year ended December 31, 2025	
Opening carrying amounts	2,142
Additions	899
Amortization charges	(339)
Closing carrying amounts	**2,702**
At December 31, 2025	
Cost	3,952
Accumulated amortization	(1,250)
Carrying amounts	**2,702**

(a) Amortization expenses have been charged to the consolidated statements of profit or loss as follows:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
General and administrative expenses	170	171	183
Research and development expenses	62	80	92
Cost of sales	14	50	64
	246	**301**	**339**

(b) Amortization Methods and Periods

(i) Software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire the specific software.

The Group amortizes intangible assets with a limited useful life using the straight-line method over the following periods:

Software	10 years

19. FINANCIAL INSTRUMENTS BY CATEGORY

The detail information of financial instruments by category during the Track Record Period is as below:

The Group

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Financial assets			
Financial assets measured at fair value:			
Notes receivables at FVOCI *(Note 14)*	1,100	8,676	28,753
Equity instruments at FVOCI *(Note 14)*	–	–	20,783
Financial assets measured at amortized cost:			
Trade and notes receivables *(Note 21)*	211,097	270,746	382,064
Cash and cash equivalents *(Note 25)*	206,971	178,355	143,796
Other receivables *(Note 22)*	9,486	12,191	4,608
Restricted cash *(Note 25)*	8,957	9,164	8,070

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Financial liabilities			
Financial liabilities measured at amortized cost:			
Borrowings *(Note 26)*	145,050	182,298	416,562
Trade and notes payables *(Note 27)*	115,467	207,578	266,229
Lease liabilities *(Note 17)*	6,496	11,025	8,057
Accruals and other payables (excluding non-financial liabilities) *(Note 28)*	53,396	59,536	85,423

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Financial assets			
Financial assets measured at fair value:			
Notes receivables at FVOCI *(Note 14)*	100	–	–
Financial assets measured at amortized cost:			
Cash and cash equivalents *(Note 25)*	3,096	10,486	305
Trade and notes receivables *(Note 21)*	219	105	40
Other receivables *(Note 22)*	245,265	228,643	222,321
Restricted cash *(Note 25)*	–	462	486

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Financial liabilities			
Financial liabilities measured at amortized cost:			
Trade and notes payables	–	–	–
Accruals and other payables (excluding non-financial liabilities) *(Note 28)*	4,092	2,106	3,440

20. DEFERRED TAX

Deferred tax assets and liabilities are offset when there is a legally enforceable right of offsetting and when the deferred income taxes relate to the same authority. The net amounts of deferred tax assets and liabilities after offsetting are as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Gross deferred tax assets	19,782	26,231	33,961
Offsetting against deferred tax liabilities	(11,152)	(16,140)	(26,175)
Net deferred tax assets	**8,630**	**10,091**	**7,786**
Gross deferred tax liabilities	13,914	16,140	28,033
Offsetting against deferred tax assets	(11,152)	(16,140)	(26,175)
Net deferred tax liabilities	**2,762**	**–**	**1,858**

The movements in deferred tax assets and liabilities before offsetting are as follows:

(a) Deferred Tax Assets

	Tax losses	Loss provisions and impairment reserves	Government grants	Unrealized internal profits	Lease liabilities	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023	3,119	12,009	1,418	112	1,794	–	18,452
(Debited)/credited to profit or loss *(Note 11)*	(2,450)	364	3,493	93	(170)	–	1,330
At December 31, 2023	**669**	**12,373**	**4,911**	**205**	**1,624**	**–**	**19,782**
At January 1, 2024	669	12,373	4,911	205	1,624	–	19,782
Credited/(debited) to profit or loss *(Note 11)*	1,397	2,564	1,380	(143)	1,116	135	6,449
At December 31, 2024	**2,066**	**14,937**	**6,291**	**62**	**2,740**	**135**	**26,231**
At January 1, 2025	2,066	14,937	6,291	62	2,740	135	26,231
(Debited)/credited to profit or loss *(Note 11)*	5,055	(1,007)	(560)	994	51	3,284	7,817
Debited to equity	–	(87)	–	–	–	–	(87)
At December 31, 2025	**7,121**	**13,843**	**5,731**	**1,056**	**2,791**	**3,419**	**33,961**

(b) Deferred Tax Liabilities

	Right of use assets	Accelerated tax depreciation	Total
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2023	1,557	10,281	11,838
Debited to profit or loss *(Note 11)*	89	1,987	2,076
At December 31, 2023	**1,646**	**12,268**	**13,914**
At January 1, 2024	1,646	12,268	13,914
Debited to profit or loss *(Note 11)*	1,066	1,160	2,226
At December 31, 2024	**2,712**	**13,428**	**16,140**
At January 1, 2025	2,712	13,428	16,140
(Credited)/debited to profit or loss *(Note 11)*	(175)	12,068	11,893
At December 31, 2025	**2,537**	**25,496**	**28,033**

(c) Deferred Tax Assets Not Recognized

The Group has not recognized deferred tax assets in respect of the items below, which were not likely to generate taxable profit:

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Tax losses	22,801	36,592	77,177
Deductible temporary differences	15,146	7,572	7,695
	37,947	**44,164**	**84,872**

The tax losses not recognized deferred tax assets can be carried forward in future years. As at December 31, 2023, 2024 and 2025 the following table shows unused tax losses based on its expected expiry date:

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
2026	3,074	3,074	3,074
2027	8,545	8,545	8,545
2028	11,182	11,182	11,182
2029	–	13,791	13,791
2030	–	–	40,585
	22,801	**36,592**	**77,177**

21. TRADE AND NOTES RECEIVABLES

The Group

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Notes receivables	–	13,992	12,121
Trade receivables	237,432	282,002	390,736
Less: credit loss allowance	(26,335)	(25,248)	(20,793)
	211,097	**270,746**	**382,064**

(a) As at January 1, 2023, the carrying amounts of trade and notes receivables from contracts with customers is amounting to RMB241,848,000 (net of expected credit loss amounting to RMB34,983,000).

(b) Notes receivables represent short-term bank acceptance notes receivables that entitle the Group to receive the full face amount from the banks at maturity, which generally within 12 months from the date of issuance. Historically, the Group had experienced no credit losses on notes receivables. The Group from time to time endorses bank acceptance notes to suppliers in order to settle trade payables.

For these notes, the directors believe that the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Notes, and accordingly, the Group continued to recognise the full carrying amounts of the Endorsed Notes. As at 31 December 2023, 2024 and 2025, the aggregate carrying amounts of the trade payables settled by such Endorsed Notes to which the suppliers have recourse were nil, RMB518,000 and RMB409,000, respectively.

(c) The normal credit term to the customers is generally ranging from 30 to 90 days. The aging analysis of trade receivables based on revenue recognition date is as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	215,771	270,151	388,924
1 to 2 years	13,389	33	467
2 to 3 years	7,493	10,830	33
3 to 4 years	4	209	439
4 to 5 years	342	4	200
Over 5 years	433	775	673
	237,432	**282,002**	**390,736**

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	415	315	200
Less: credit loss allowance	(196)	(210)	(160)
	219	**105**	**40**

The aging analysis of trade receivables based on revenue recognition date is as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
1 to 2 years	–	–	–
2 to 3 years	309	–	–
3 to 4 years	4	209	–
4 to 5 years	2	4	200
Over 5 years	100	102	–
	415	**315**	**200**

22. PREPAYMENTS AND OTHER RECEIVABLES

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Prepayments:			
Prepayments for raw materials	43,583	37,986	231
Prepayments for operating expenses	152	195	916
Other receivables:			
Export tax refund receivables	5,089	10,875	3,665
Amounts due from third parties	1,780	185	127
Deposits and warranties	3,008	1,972	1,448
Others	404	250	250
Less: provision for impairment	(795)	(1,091)	(882)
	53,221	**50,372**	**5,755**

The loss allowances for other receivables for the years ended December 31, 2023, 2024, and 2025 reconcile to the opening loss allowances are as follows:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Opening loss allowance	459	795	1,091
Loss allowance (reversed)/recognized, net	336	295	(209)
Effects of exchange rate changes	–	1	–
Closing loss allowance	**795**	**1,091**	**882**

The Company

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Prepayments:			
Prepayments for operating expenses	–	–	10
Other receivables:			
Due from subsidiaries	240,265	228,643	222,321
Dividend receivable	5,000	–	–
	245,265	**228,643**	**222,331**

23. OTHER CURRENT ASSETS AND OTHER NON-CURRENT ASSETS

The Group

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Other current assets			
Deductible input VAT	1,488	1,910	2,542
Prepaid corporate income tax	4,683	1,600	5,373
Capitalization of [**REDACTED**] expenses	–	–	2,562
Others	947	453	2,061
	7,118	**3,963**	**12,538**
Other non-current assets			
Prepayments for non-current assets	**8,260**	**7,968**	**2,915**

The Company

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Other current assets			
Deductible input VAT	316	370	1,245
Capitalization of [**REDACTED**] expenses	–	–	2,562
	316	**370**	**3,807**

24. INVENTORIES

The Group

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	166,646	174,623	253,150
Finished goods	86,711	126,394	244,346
Work in progress	22,780	56,543	66,934
Outsourced processing materials	3,305	10,000	–
Goods in transit	238	5,464	11,685
Others	3,090	2,526	4,633
Less: provision for impairment	(50,944)	(54,672)	(55,426)
	231,826	**320,878**	**525,322**

(i) The cost of inventories carried forward to the profit or loss during the year is mainly recognized as the cost of sales. For the years ended December 31, 2023, 2024 and 2025, the cost of inventories carried forward to the cost of sales amounted to approximately RMB830,006,000, RMB950,260,000 and RMB1,401,855,000, respectively.

(ii) Provision/reversal for inventories recorded as cost of sales during the years ended December 31, 2023, 2024 and 2025 were RMB23,474,000, RMB9,830,000 and RMB16,810,000, respectively.

(iii) The written off of provisions for inventories during the years ended December 31, 2023, 2024 and 2025 were RMB6,845,000, RMB6,101,000 and RMB16,033,000, respectively.

25. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

(a) Cash and Cash Equivalents

The Group

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Cash and bank balances	215,928	187,519	151,866
Less: restricted cash *(i)*	(8,957)	(9,164)	(8,070)
Cash and cash equivalents	**206,971**	**178,355**	**143,796**

The Company

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Cash and bank balances	3,096	10,948	791
Less: restricted cash *(i)*	–	(462)	(486)
Cash and cash equivalents	**3,096**	**10,486**	**305**

(i) As at December 31, 2023, 2024 and 2025, the Group's bank deposits amounting to RMB4,898,000, RMB1,474,000 and RMB1,800,000 were pledged as a guarantee for the bank acceptance notes, letters of guarantees and letter of credit granted to the Group.

As at December 31, 2023, the Group's term deposits amounting to RMB4,059,000 were pledged as a guarantee for the bank acceptance notes.

As at December 31, 2024 and 2025, another RMB7,690,000 and RMB6,270,000 deposits placed with banks were temporarily frozen for pending litigations.

(b) Cash and Bank Balances are Denominated in:

The Group

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
RMB	78,594	99,614	116,630
USD	137,334	87,723	29,513
VND	–	133	5,611
HKD	–	49	112
	215,928	**187,519**	**151,866**

The Company

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
RMB	3,083	10,948	791
USD	13	–	–
	3,096	**10,948**	**791**

26. BORROWINGS

The Group

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Non-current			
Bank borrowings			
– Secured and guaranteed	97,460	–	–
– Secured and unguaranteed	–	87,342	53,203
– Unsecured and unguaranteed	509	–	40,070
	97,969	**87,342**	**93,273**
Current			
Bank borrowings			
– Secured and guaranteed	–	1,482	–
– Unsecured and guaranteed	36,042	64,313	–
– Secured and unguaranteed	10,014	28,159	76,955
– Unsecured and unguaranteed	1,025	1,002	246,334
	47,081	94,956	323,289

(a) As at December 31, 2023, 2024 and 2025, the annual interest rate of short-term borrowings was ranged from 3.20% to 4.75%, 2.20% to 4.65% and 1.24% to 3.00%, respectively.

As at December 31, 2023, 2024 and 2025, the annual interest rate of long-term borrowings was ranged from 3.20% to 4.90%, 3.80% and 2.60% to 3.80%, respectively.

(b) As at December 31, 2023, secured or guaranteed bank borrowings mainly included: (i) borrowings with a principal equivalent to approximately RMB97,330,000 guaranteed by Mr. Zhou Aijun, the Company, and secured by the land use right and buildings; (ii) borrowings with a principal equivalent to approximately RMB32,000,000 guaranteed by Mr. Zhou Aijun and the Company; (iii) borrowings with a principal equivalent to approximately RMB4,000,000 guaranteed by Mr. Zhou Aijun; (iv) borrowings with a principal equivalent to approximately RMB10,000,000 secured by the Group's certain patents.

As at December 31, 2024, secured or guaranteed bank borrowings mainly included: (i) borrowings with a principal equivalent to approximately RMB1,476,000 guaranteed by Mr. Zhou Aijun, the Company, and secured by the land use right and buildings; (ii) borrowings with a principal equivalent to approximately RMB43,367,000 guaranteed by Mr. Zhou Aijun and the Company; (iii) borrowings with a principal equivalent to approximately RMB104,238,000 secured by the land use right and buildings; (iv) borrowings with a principal equivalent to approximately RMB20,540,000 guaranteed by Mr. Zhou Aijun; (v) borrowings with a principal equivalent to approximately RMB11,097,000 secured by the Group's certain notes receivables.

As at December 31, 2025, secured bank borrowings mainly included: (i) borrowings with a principal equivalent to approximately RMB129,953,000 secured by the land use right and buildings.

During the Track Record Period, all these guarantees provided by the ultimate controlling person Mr. Zhou Aijun, were released in August 2025 and were replaced by pledges of specific assets.

(c) As at December 31, 2023, 2024 and 2025 the Group's borrowings were repayable as follows:

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	47,081	94,956	323,289
Between 1 and 2 years	9,194	56,067	53,203
Between 2 and 5 years	88,775	31,275	40,070
	145,050	**182,298**	**416,562**

(d) Fair value

For the majority of the borrowings, the fair values are not materially different from their carrying amounts, since either the interest payable on those borrowings is close to current market rates, or the borrowings are of a short-term nature.

27. TRADE AND NOTES PAYABLES

The Group

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Trade and notes payables			
– Trade payables	107,572	206,966	266,229
– Notes payables	7,895	612	–
	115,467	**207,578**	**266,229**

An aging analysis of the trade payables based on the invoice date as at the end of the reporting period was as follows:

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	106,564	205,998	266,198
1 to 2 years	1,008	318	10
2 to 3 years	–	650	21
	107,572	**206,966**	**266,229**

28. ACCRUALS AND OTHER PAYABLES

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Salaries, wages and benefits	23,143	23,726	29,081
Payables for construction and equipment	43,547	51,766	73,999
Accruals and other payables	8,714	6,380	10,070
Taxes other than income tax payables	3,613	4,724	2,910
Deposits payables	1,135	1,390	1,354
	80,152	**87,986**	**117,414**

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Accruals and other payables	4,090	2,104	3,440
Salaries, wages and benefits	509	545	626
Taxes other than income tax payables	71	12	13
Deposits payables	2	2	–
	4,672	**2,663**	**4,079**

29. PROVISIONS

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Outstanding litigation *(i)*	–	–	**10,684**

(i) The outstanding litigation is related to a construction engineering contract.

Provisions in respect of cases for which the ultimate outcome can be reliably estimated based on the advice from appointed legal counsel and the progress of such cases.

30. OTHER CURRENT LIABILITIES

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Other current liabilities:			
Recourse obligations *(i)*	–	518	409
Other tax to be recognized	10	88	213
	10	**606**	**622**

(i) The Group settled part of its trade payables by endorsing notes receivables to the suppliers. Given that the suppliers retain the right to demand payment from the Group if the notes issuer or a prior holder fails to pay the notes, this created a recourse obligations to the Group.

31. DEFERRED INCOME

The Group

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Government grants	36,012	40,575	37,394

The movements of deferred income for the Track Record Period are as follows:

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	13,040	36,012	40,575
Grants received during the year	24,646	7,510	400
Amounts released to profit or loss during the year	(1,674)	(2,947)	(3,581)
At the end of the year	**36,012**	**40,575**	**37,394**

32. SHARE CAPITAL

The Group and the Company

	Year ended December 31,					
	2023		**2024**		**2025**	
	Share capital RMB'000	*Number of shares '000*	*Share capital RMB'000*	*Number of shares '000*	*Share capital RMB'000*	*Number of shares '000*
At the beginning of the year	46,067	46,067	46,067	46,067	46,067	46,067
At the end of the year	**46,067**	**46,067**	**46,067**	**46,067**	**46,067**	**46,067**

33. SHARE INCENTIVE SCHEME

In November 2020, the shareholders' meeting of the Company passed a resolution to adopt incentive plan (the "**2020 Employee Share Incentive Scheme**") in order to attract and retain senior management and employees for the continual operation and development of the Group. Pursuant to the Employee Share Incentive Scheme,1,347,000 shares of the Company were issued to two employee incentive platforms, namely Jiaxing Longguan Advisory Management Partnership (Limited Partnership) 嘉興龍觀諮詢管理合夥企業(有限合夥) and Jiaxing Longxi Advisory Management Partnership (Limited Partnership) 嘉興龍溪諮詢管理合夥企業(有限合夥), at the price ranging from RMB7 to RMB19 per share.

In May 2024, the board meeting of the Company passed a resolution to adopt incentive plan (the "**2024 Employee Share Incentive Scheme**") in order to attract and retain senior management and employees for the continual operation and development of the Group. Pursuant to the Employee Share Incentive Scheme, the 1,462,500 shares of the company are indirectly held by the general partner through the employee equity incentive platform, namely Dalian Longgu Investment Advisory Management Partnership (Limited Partnership) 大連龍谷投資諮詢管理合夥企業(有限合夥), and are being allocated as employee equity incentives at RMB16.8 per share.

In September 2025, the shareholders' meeting of the Company passed the revised the 2020 Employee Share Incentive Scheme and the 2024 Employee Share Incentive Scheme (the "**2025 Employee Share Incentive Scheme**"), Pursuant to the Employee Share Incentive Scheme, the 1,462,500 shares and 282,000 shares of the company are indirectly held by the general partner through the employee equity incentive platforms, namely Dalian Longgu Investment Advisory Management Partnership(Limited Partnership) 大連龍谷投資諮詢管理合夥企業(有限合夥) and Jiaxing Longxi Advisory Management Partnership (Limited Partnership)嘉興龍溪諮詢管理合夥企業(有限合夥)respectively, and are being allocated as employee equity incentives at RMB16.77 per share.

Before September 2025, each grant of share awards needs to meet service requirements from the date of grant to the later of three years since the date of the company's listing on the A-share market (the "**Service Period**"). In September 2025, the shareholders' meeting of the Company passed the revised the 2020 Employee Share Incentive Scheme and the 2024 Employee Share Incentive Scheme, each grant of share awards needs to meet service requirements from the date of grant to the later of two years since the date of the company's [**REDACTED**] on the H-share market (the "**Service Period**"). After taking into consideration of the best estimation of the Share Incentive Scheme, the management determined the vesting period of the relevant restricted shares based on the above performance conditions and service requirements. As such, the share-based payment expenses are amortized during the vesting period.

Details of granted shares during the Track Record Period are as follows:

Date of grant	Number of restricted shares	Subscription price per share	Fair value per share
	('000)		
June 28, 2024	205	RMB16.80	RMB51.91
September 6, 2025	291	RMB16.77	RMB65.22
Total	**496**		

The fair value of services received in return for a share award granted is measured by reference to the fair value of the share award granted less the subscription price. The fair value of the share award granted is measured as the market value at the grant date.

As for the 2020 Employee Share Incentive Scheme, the fair value of the share award granted at grant date is determined by the price of the most recent external investor's capital increase and shareholding.

As for the 2024 Employee Share Incentive Scheme and 2025 Employee Share Incentive Scheme, the fair value of the share award granted at grant date has been arrived with reference to the valuation carried out on the date by an independent qualified professional valuer not connected to the Group, using Guideline Public Company Method under market approach.

Set out below are details of the movements of the outstanding restricted shares granted under the Employee Share Incentive Scheme throughout the Track Record Period.

The number of share granted to the Group's incentive participants is summarized as follows:

	Year ended December 31,		
	2023	**2024**	**2025**
	('000)	*('000)*	*('000)*
At the beginning of the year	1,863	1,749	1,879
Granted	–	205	291
Forfeited	(114)	(75)	(156)
At the end of the year	**1,749**	**1,879**	**2,014**

During the years ended December 31, 2023, 2024 and 2025, equity-settled Share-based payment compensation expenses of RMB5,891,000, RMB2,186,000 and RMB5,920,000 were charged to profit or loss, respectively.

The weighted average remaining contractual lives for the outstanding restricted shares granted were 4 years, 7 years and 2.25 years as at the end of each of the Track Record Period, respectively.

34. RETAINED EARNINGS

The Group

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	240,829	291,568	319,282
Net profit	50,739	53,404	80,493
Dividends *(Note 12)*	–	(23,033)	–
Appropriation to statutory reserves	–	(2,657)	–
At the end of the year	**291,568**	**319,282**	**399,775**

The Company

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	1,554	692	1,570
Net (losses)/profit	(862)	26,568	(12,101)
Dividends *(Note 12)*	–	(23,033)	–
Appropriation to statutory reserves	–	(2,657)	–
At the end of the year	**692**	**1,570**	**(10,531)**

35. OTHER RESERVES

The Group

	Share premium	**Capital reserves**	**Statutory reserve**	**Other comprehensive income reserve**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2023	385,880	10,186	646	9	396,721
Currency translation differences	–	–	–	(714)	(714)
Share-based payment scheme:					
– Share-based compensation expenses	–	5,891	–	–	5,891
Balance at December 31, 2023	**385,880**	**16,077**	**646**	**(705)**	**401,898**

	Share premium	**Capital reserves**	**Statutory reserve**	**Other comprehensive income reserve**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2024	385,880	16,077	646	(705)	401,898
Currency translation differences	–	–	–	157	157
Share-based payment scheme:					
– Share-based compensation expenses	–	2,186	–	–	2,186
Appropriation to statutory reserve	–	–	2,657	–	2,657
Balance at December 31, 2024	**385,880**	**18,263**	**3,303**	**(548)**	**406,898**

	Share premium	**Capital reserves**	**Statutory reserve**	**Other comprehensive income reserve**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2025	385,880	18,263	3,303	(548)	406,898
Currency translation differences	–	–	–	(1,517)	(1,517)
Share-based payment scheme:					
– Share-based compensation expenses	–	5,920	–	–	5,920
Changes in fair value of financial assets at FVOCI	–	–	–	(303)	(303)
Balance at December 31, 2025	**385,880**	**24,183**	**3,303**	**(2,368)**	**410,998**

The Company

	Share premium	Capital Reserves	Statutory reserve	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2023	385,880	10,186	646	396,712
Share-based payment scheme:				
– Share-based compensation expenses	–	5,891	–	5,891
Balance at December 31, 2023	**385,880**	**16,077**	**646**	**402,603**

	Share premium	Capital reserves	Statutory reserve	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2024	385,880	16,077	646	402,603
Share-based payment scheme:				
– Share-based compensation expenses	–	2,186	–	2,186
Appropriation to statutory reserve	–	–	2,657	2,657
Balance at December 31, 2024	**385,880**	**18,263**	**3,303**	**407,446**

	Share premium	Capital reserves	Statutory reserve	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2025	385,880	18,263	3,303	407,446
Share-based payment scheme:				
– Share-based compensation expenses	–	5,920	–	5,920
Balance at December 31, 2025	**385,880**	**24,183**	**3,303**	**413,366**

36. NOTES TO CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Reconciliation of Profit before Income Tax to Net Cash Generated from Operations:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Profit before income tax for the year	57,789	54,673	97,095
Adjustments for:			
Interest income	(4,616)	(5,826)	(971)
Finance costs	8,580	7,283	9,666
Depreciation and amortization of non-current assets	25,609	31,343	38,451
Net losses on disposal of property, plant and equipment and other non-current assets	–	111	552
(Reversal of impairment losses)/impairment losses on financial assets	(10,568)	(1,015)	6,154
Impairment provision for inventories	23,474	9,830	16,810
Share of loss of associates, net	2,393	–	–
Gains on disposal of financial assets	–	(27)	(85)
Net foreign exchange (gains)/losses	(4,896)	(2,584)	4,182
Share-based compensation expenses	5,891	2,186	5,920
Others	(1,675)	(2,945)	–
Change in working capital:			
Decrease/(increase) in receivables	15,037	(67,597)	(169,743)
Increase/(decrease) in payables	84,935	91,968	91,915
Increase in inventories	(6,381)	(98,782)	(218,124)
Cash generated from/(used in) operations	**195,572**	**18,618**	**(118,178)**

(b) Non-Cash Activities

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Purchase of inventories and long-term assets by acceptance notes	7,785	14,428	61,803
Additions of right-of-use assets by way of leasing liabilities *(Note 17)*	160	14,377	–

(c) Net Debt Reconciliation

	Bank borrowings	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2023	220,955	10,928	231,883
Financing cash flows	(71,030)	(4,953)	(75,983)
Interest paid	(9,801)	–	(9,801)
Interest accrued	9,678	360	10,038
Other non-cash movements	(4,752)	161	(4,591)
At December 31, 2023	**145,050**	**6,496**	**151,546**
At January 1, 2024	145,050	6,496	151,546
Financing cash flows	37,734	(3,059)	34,675
Interest paid	(5,908)	–	(5,908)
Interest accrued	6,448	347	6,795
Other non-cash movements	(1,026)	7,241	6,215
At December 31, 2024	**182,298**	**11,025**	**193,323**
At January 1, 2025	182,298	11,025	193,323
Financing cash flows	267,263	(1,735)	265,528
Interest paid	(8,277)	–	(8,277)
Interest accrued	8,869	318	9,187
Other non-cash movements	(33,591)	(1,551)	(35,142)
At December 31, 2025	**416,562**	**8,057**	**424,619**

37. CONTINGENCIES AND COMMITMENTS

37.1 Contingencies

The Group and the Company have contingent liabilities in respect of claims or other legal procedures arising in its ordinary course of business from time to time. As at December 31, 2023, 2024 and 2025, the directors of the Company did not anticipate that any material liabilities will arise from the contingent liabilities other than those provided for in the Financial Information.

37.2 Capital Commitments

The following shows the major capital commitments of the Group:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Property, plant and equipment and intangible assets commitments:			
– Contracted, but not provided for	2,771	32,020	23,210

38. RELATED PARTY TRANSACTIONS

(a) Names and Relationship with Related Parties

Related parties are those parties that have the ability, directly and indirectly, to control, jointly control or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related because they are subject to common control and common joint control in the controlling shareholder's families. Members of key management and their close family member of the Group are also considered as related parties.

The directors of the Company are of the view that the following parties were significant related parties of the Group that had transactions or balances with the Group for the years ended December 31, 2023, 2024 and 2025:

Name of the related parties	Relationship with the Group
Mr. Zhou Aijun	Ultimate Controlling Persons of the Group
Plastic Logic HK Limited	An associate of the Group
PL Germany GmbH	A fellow subsidiary of the associate of the Group
Shenzhen Guohua Optoelectronic Tech. Co., Ltd. (深圳市國華光電科技有限公司)	An independent non-executive director of the Company is the ultimate controlling shareholder of this entity. *(i)*

(i) This independent non-executive director was resigned from the position of company director in February 2022 for personal development. Since then, the Company's related relationship with Shenzhen Guohua Optoelectronic Tech. Co., Ltd was terminated. However, following his reappointment as an Independent Non-executive Director in September 2025, the related relationship with the Company has been reinstated.

The following transactions and balances were carried out between the Group and its related parties during the Track Record Period. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties. In addition to those disclosed elsewhere in the Historical Financial Information, the Group has the following transactions with related parties:

(b) Material Transactions with Related Parties

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Purchase of goods from a fellow subsidiary of the associate of the Group	3,150	–	–

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Sales of goods to an associate of the Group	–	–	–
Sales of goods and rendering of services to a fellow subsidiary of the associate of the Group	525	–	–
Sales of goods to a executive director of the Company is the ultimate controlling shareholder of this entity	–	–	375
	525	**–**	**375**

(c) Balance with Related Parties

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Trade nature			
Trade payables due to a fellow subsidiary of the associate of the Group	309	314	–
	309	**314**	**–**

(d) Guarantee from related parties

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Guarantee provided by the ultimate controlling person Mr. Zhou Aijun			
– Bank borrowings *(i)*	133,330	65,383	–
– Notes payable *(ii)*	1,174	–	–
– Letter of guarantee *(iii)*	–	700	–
	134,504	**66,083**	**–**

During the Track Record Period, all these guarantees provided by the ultimate controlling person Mr. Zhou Aijun, were released in August 2025 and were replaced by pledges of specific assets.

(i) As at 31 December 2023, certain of the Group's interest-bearing bank borrowings comprised:

(i) RMB97,330,000 guaranteed by Mr. Zhou Aijun, the Company, and pledged by the land use right and buildings at interest rates ranging from 3.20% to 4.90% per annum.

(ii) RMB32,000,000 guaranteed by Mr. Zhou Aijun and the Company at interest rates ranging from 3.35% to 3.80% per annum.

(iii) RMB4,000,000 guaranteed by Mr. Zhou Aijun at interest rates ranging from 3.20% to 4.75% per annum.

As at 31 December 2024, certain of the Group's interest-bearing bank borrowings comprised:

(i) RMB1,476,000 guaranteed by Mr. Zhou Aijun, the Company, and pledged by the land use right and buildings at an interest rate of 2.70% per annum.

(ii) RMB43,367,000 guaranteed by Mr. Zhou Aijun and the Company at interest rates ranging from 2.20% to 3.00% per annum.

(iii) RMB20,540,000 guaranteed by Mr. Zhou Aijun at interest rates ranging from 2.85% to 3.00% per annum.

(ii) As at 31 December 2023, certain of the Group's notes payable comprised RMB1,174,000 guaranteed by Mr. Zhou Aijun.

(iii) As at 31 December 2024, certain of the Group's letter of guarantee comprised RMB700,000 guaranteed by Mr. Zhou Aijun.

(e) Key Management Compensation

Compensation of the key management personnel of the Group, including amounts paid to the Company's directors and supervisors as disclosed in Note 9(a), was as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Salaries, wages and bonuses	7,643	8,252	6,676
Share-based compensation expenses	3,331	1,623	2,468
Pension costs, housing fund, medical insurance and other social benefits	1,316	1,408	1,234
	12,290	**11,283**	**10,378**

As at December 31, 2023, 2024 and 2025, approximately RMB2,250,000, RMB1,909,000 and RMB2,080,000 of payroll payables were included in other payables and accruals. The share-based payments provided to key management personnel consist of restricted share incentive schemes which are equity-settled, see Note 33.

(f) Redemption rights of the Pre-[REDACTED] Investors granted by Mr. Zhou Aijun

Prior to the Track Record Period, the Pre-[**REDACTED**] Investors had been granted the redemption rights by Mr. Zhou Aijun. No side arrangements between the Company, the Pre-[**REDACTED**] Investors or between the Company and Mr. Zhou Aijun regarding redemption rights.

Pursuant to supplemental agreements entered into by the Company, the Pre-[**REDACTED**] Investors and Mr. Zhou Aijun in May 2022, the redemption rights granted by Mr. Zhou Aijun automatically terminated, effective as of June 30, 2023, the date on which the Company submitted its A-share listing application. The Company has not provided any form of guarantee in connection with any potential default or failure of Mr. Zhou Aijun to fulfill his obligations relating to the redemption rights. Accordingly, considering that the Company has no obligation to the redemption rights granted by Mr. Zhou Aijun, no financial liability regarding such rights was recorded by the Company during the Track Record Period.

39. EVENTS AFTER THE REPORTING PERIOD

The Group had no significant subsequent events after December 31, 2025 and up to the date of this report.

40. SUMMARY OF OTHER ACCOUNTING POLICIES

(1) Principles of Consolidation

The Historical Financial Information incorporate the financial statements of the Company and entities (including structured 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.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and consolidated statement of comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into 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.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognized. A gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate.

(2) Investments in Associates

An associate is an entity over which the Group has significant influence but no control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. 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. Investments in associates are accounted for using the equity method of accounting, after initially being recognized at cost.

Under IFRS 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. Interests in joint ventures are accounted for using the equity method, after initially being recognized at cost in the consolidated statement of financial position.

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognized as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

Changes in the Group's interests in associates and joint ventures

When the Group reduces its ownership interests in an associate or a joint venture but the Group continues to use the equity method (including situations that change of ownership interest in an associate or a joint venture due to capital increase of other shareholders to the associate or the joint venture), the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interests if that gain or loss would have been reclassified to profit or loss on the disposal of the related assets or liabilities.

(3) Business Combinations

(i) Business Combination not under Common Controls

The acquisition method of accounting is used to account for all business combinations (except for the business combinations under common controls), regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity, and acquisition date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognized in profit or loss.

(4) Separate Financial Statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment test of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount of the investee's net assets including goodwill.

(5) Foreign Currencies

(i) Functional and Presentation Currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). Since the majority of the assets and operations of the Group are located in the PRC, the Historical Financial Information are presented in RMB, which is also the Company's functional and the Group's presentation currency.

(ii) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statements of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statements of profit or loss on a net basis within other gains/(losses), net.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at FVPL are recognized in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognized in other comprehensive income.

(iii) Group Companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position of the Group's entities are translated at the closing rate at the end of the reporting period;
- income and expenses for each statement of profit or loss of the Group's entities are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognized in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(6) Property, Plant and Equipment

The Group's accounting policy for buildings and equipment is explained in Note 16(a). 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, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

Construction in progress mainly represents buildings under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalized borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property and equipment when completed and ready for use.

(7) Impairment of Non-Financial Assets

Goodwill and intangible assets that have an indefinite useful life or are not yet available for use are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(8) Intangible assets

Software

Purchased software is stated at cost less any impairment losses and amortized on the straight-line basis over its estimated useful life.

(9) Financial Assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded either in profit or loss or in OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to present subsequent changes in fair value in other comprehensive income.

(ii) Recognition and Derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains/(losses), net together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- FVPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within other gains/(losses), net in the period in which it arises.
- FVOCI: assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as a separate line item in the statement of profit or loss.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognized in other gains/(losses) in the statement of profit or loss as applicable.

(iv) Impairment of Financial Assets

The Group recognizes an allowance for expected credit losses ("**ECLs**") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. Details, please refer to credit risks in Note 3.2.

(10) Financial Liabilities

Financial liabilities are classified as financial liabilities at amortized cost and financial liabilities at FVPL at initial recognition.

Financial liabilities of the Group mainly comprise financial liabilities at amortized cost, including trade and note payables, other payables and accruals, borrowings and customer deposit. Such financial liabilities are initially recognized at fair value, net of transaction costs incurred, and subsequently measured using the effective interest method. Financial liabilities that are due within one year (inclusive) are classified as current liabilities; those with maturities over one year but are due within one year (inclusive) as from the balance sheet date are classified as current portion of non-current liabilities. Others are classified as non-current liabilities.

A financial liability is derecognized or partly derecognized when the underlying present obligation is discharged or partly discharged. The difference between the carrying amount of the derecognized part of the financial liability and the consideration paid is recognized in profit or loss for the current period.

(11) Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined on the month-end weighted average method. Cost comprises direct materials, direct labor and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost includes the reclassification from equity of any gains or losses on qualifying cash flow hedges relating to purchases of raw material but excludes borrowing costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(12) Trade Receivables

Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognized at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method. See Note 3.2 for a description of the Group's impairment policies.

(13) Share Capital and Capital Reserve

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(14) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial period which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

(15) Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are derecognized when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognized in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Covenants that the Group is required to comply with, on or before the end of reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the reporting period do not affect the classification at the reporting date.

(16) Borrowing Costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other borrowing costs are expensed in the period in which they are incurred.

(17) Provisions

Provisions for legal claims, service warranties and make good obligations are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

(18) Employee Benefits

(i) Short-Term Obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

(ii) Housing Funds, Medical Insurances and Other Social Insurances

Employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurance and other employee social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each year. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

(iii) Post-Employment Benefits

The Group classifies post-employment benefit plans as either defined contribution plans or defined benefit plans. Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into a separate fund and will have no obligation to pay further contributions; and defined benefit plans are post-employment benefit plans other than defined contribution plans. During the reporting period, the Group's defined contribution plans mainly include basic pensions and unemployment insurance, while the defined benefit plans are certain oversea subsidiaries provide supplemental retirement benefits beyond the national regulatory insurance system.

(iv) Basic Pensions

The Group's employees participate in the basic pension plan set up and administered by local authorities of Ministry of Human Resource and Social Security. Monthly payments of premiums on the basic pensions are calculated according to prescribed bases and percentage by the relevant local authorities. When employees retire, the relevant local authorities are obliged to pay the basic pensions to them. The amounts based on the above calculations are recognized as liabilities in the accounting period in which the service has been rendered by the employees, with a corresponding charge to the profit or loss for the current period or the cost of relevant assets.

(19) Share-Based Payments

(i) Equity-settled share-based payment transactions

The Group operates an equity-settled share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (including shares or share options) of the Group. The fair value of the employee services received in exchange for the grant of the equity instruments is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions (for example, remaining an employee of the entity over a specified time period);
- including the impact of any non-vesting conditions.

At the end of each reporting period, the Group revises its estimates of the number o share options that are expected to vest based on the non-marketing performance and service conditions, irrespective of whether those non-vesting conditions are satisfied. It recognizes the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

(ii) Share-based payment transactions among group entities

The Company settling a share-based payment transaction when another entity in the Group receives the goods or services shall recognize the transaction as an equity-settled share-based payment transaction only if it is settled in the Company's own equity instruments. Otherwise, the transaction shall be recognized as a cash settled share-based payment transaction. In its separate financial statements, the Company records a debit, recognizing an increase in the investment in subsidiaries as a capital contribution from the parent and a credit to equity as no goods or services are received by the Company. The Company records a debit, recognizing the cash the employee paid when exercising the equity-settled share-based payment along with a decrease in reserves and a credit, recognizing share capital and share premium of the Company.

(iii) Modifications and Cancellations

The Group may modify the terms and conditions on which the share-based compensation plan was granted. If a modification increases the fair value of the equity instruments granted, the incremental fair value granted is included in the measurement of the amount recognized for the services received over the remainder of the vesting year. A grant of the share-based compensation plan, that is cancelled or settled during the vesting year, is treated as an acceleration of vesting. The Group will immediately recognize the amount that otherwise would have been recognized for services received over the remainder of the vesting year.

(20) Dividend Distribution

Dividend distribution to the shareholders is recognized as a liability in the Historical Financial Information in the period in which the dividends are approved by the entities' shareholders or directors, where appropriate.

(21) Interest Income

Interest income from financial assets at FVPL is included in the net fair value gains/(losses) on these assets.

Interest income on financial assets at amortized cost and financial assets at FVOCI calculated using the effective interest method is recognized in profit or loss as part of other income.

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes.

(22) Dividend Income

Dividend income is recognized when the right to receive dividend payment is established.

(23) Earnings per Share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(24) Government Grant

Government grants relating to costs are deferred and recognized in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and they are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

(25) Research and development expenses

All research expenses are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new technologies is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development.

(26) Current and Deferred Income Tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(i) Current Income Tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

(ii) Deferred Income Tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Historical Financial Information. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. 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.

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be used by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

(27) Leases

(i) Definition of a Lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

(ii) The Group as a Lessee

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the financial statements would not differ materially from individual leases within the portfolio.

Short-Term Leases and Leases of Low-Value Assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Right-of-Use Assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, 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 statement of financial position.

Land leases are also in the scope of IFRS 16. The Group recognizes any prepaid premium for leasehold lands as right-of-use assets which are depreciated over the relevant lease terms.

Refundable rental deposits paid are account 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 discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases of the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;

- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option;
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option; and
- lease payments to be made under reasonably certain extension options are also included in the measurement of lease liabilities.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group presents lease liabilities as a separate line item in the consolidated statement of financial position.

(iii) The Group as a Lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases 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.

Refundable rental deposits received are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to December 31, 2025 and up to the date of this report.

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

Taxation of Security Holders

The taxation of income and capital gains of holders of H Shares is subject to the laws and practices of the PRC and of jurisdictions in which holders of H Shares are resident or otherwise subject to tax. The following summary of certain relevant taxation provisions is based on current laws and practices in effect, and constitutes no predictions of changes or adjustments to relevant laws or policies or any advice or suggestions thereunder. The discussion does not deal with all possible tax consequences relating to an investment in the H Shares or take into account the specific circumstances of any particular investors, some of which may be subject to special rules. Accordingly, investors should consult their own tax adviser regarding the taxation of an investment in the H Shares. The discussion is based upon current laws and relevant interpretations in effect as at the execution date of this document, all of which are subject to change or adjustment and may differ from our past practices.

The discussion below does not involve any issue concerning the PRC or Hong Kong taxation other than income tax, capital gains tax, stamp duty and estate duty. [**REDACTED**] are urged to consult their financial advisers regarding the PRC, Hong Kong and other tax consequences of owning and disposing of H Shares.

Taxation on Dividends

Individual Investors

Pursuant to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法》) (the "**IIT Law**") last amended on August 31, 2018 and implemented on January 1, 2019 as well as the Regulations for the Implementation of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法實施條例》) last amended on December 18, 2018 and implemented on January 1, 2019, dividends distributed by PRC enterprises are subject to an individual income tax levied at a flat rate of 20%.

For a foreign individual who is not a resident of the PRC, the receipt of dividends from an enterprise in the PRC is normally subject to an individual income tax of 20% unless specifically exempted by the tax authority of the State Council or reduced by an applicable tax treaty. In accordance with the Circular on Certain Issues Concerning the Policies of Individual Income Tax (Cai Shui Zi [1994] No. 020) (《關於個人所得税若干政策問題的通知》(財税字[1994]020號)) promulgated by the MOF and the State Administration of Taxation (the "**SAT**") on May 13, 1994 and effective from the same day, overseas individuals are, as an interim measure, exempted from the individual income tax for dividends or bonuses received from foreign-invested enterprises. According to the Notice of the State Council on Approving and Relaying the Several Opinions of the National Development and Reform Commission and Other Departments on Deepening Reform of the Income Distribution System (Guo Fa [2013] No. 6) (《國務院批轉發展改革委等部門關於深化收入分配制度改革若干意見的通知》(國發[2013]6號)) issued by the State Council on February 5, 2013, overseas individuals are no longer exempted from the individual income tax for dividends or bonuses received from foreign-invested enterprises, which is, however, not specified in the subsequent IIT Law and relevant tax regulations.

On June 28, 2011, the SAT issued the Notice on Matters Concerning the Levy and Administration of Individual Income Tax After the Repeal of Document Guo Shui Fa [1993] No. 045 (Guo Shui Han [2011] No. 348) (《關於國税發[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)), pursuant to which, dividends received by overseas resident individual shareholders from domestic non-foreign invested enterprises which have issued shares in Hong Kong are subject to individual income tax, which shall be withheld and paid by a withholding agent according to the items of interest, dividend and bonus income. Overseas resident individual shareholders of domestic non-foreign invested enterprises which have issued shares in Hong Kong are entitled to relevant preferential tax treatment pursuant to the provisions in the tax treaties between the countries in which they are residents and China, and the tax arrangements between Chinese Mainland and Hong Kong (Macau). Individual shareholders are generally subject to a withholding tax rate of 10% without any application when domestic non-foreign invested enterprises which have issued shares in Hong

Kong distribute dividends. Where the tax rates on dividends are not 10%, the following requirements shall apply: (i) for individuals receiving dividends who are citizens from countries that have entered into tax treaties with China with tax rates lower than 10%, they may, according to the Notice of SAT on Issuing the Administrative Measures on Preferential Treatment Entitled by Non-residents under Tax Treaties (Guo Shui Fa [2009] No. 124) (《國家税務總局關於發布〈非居民納税人享受協議待遇管理辦法〉的公告》(國税發[2009]124號)), apply for refund; (ii) for individuals receiving dividends who are citizens from countries that have entered into tax treaties with China with tax rates higher than 10% but lower than 20%, the withholding agent will, upon distribution of dividends, withhold and pay the individual income tax at the agreed effective tax rates under the treaties, without seeking such approval; (iii) for individuals receiving dividends who are citizens from countries without tax treaties with China or under other circumstances, the withholding agent will, upon distribution of dividends, withhold and pay the individual income tax at the rate of 20%.

In accordance with the Arrangement between the Chinese Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排》) promulgated on August 21, 2006 and implemented on December 8, 2006, the PRC Government may levy taxes on the dividends paid by a PRC company to Hong Kong residents (including natural persons and legal entities) in an amount not exceeding 10% of total dividends payable by the PRC company. If a Hong Kong resident directly holds 25% or more of the equity interest in a PRC company, then such tax shall not exceed 5% of the dividends payable by the PRC company.

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》) (the "**EIT Law**"), which was last amended and became effective on December 29, 2018, and the Regulations on the Implementation of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法實施條例》)(the "**Implementation Regulation of the EIT Law of the PRC**"), which was last amended on December 6, 2024 and became effective on January 20, 2025, a non-resident enterprise is generally subject to a 10% enterprise income tax on PRC-sourced income (including dividends from PRC resident enterprises with shares issued in Hong Kong), if such non-resident enterprise does not have an establishment or place in the PRC or has an establishment or place in the PRC but the PRC-sourced income is not connected with such establishment or place. The above income tax may be reduced or exempted to avoid double taxation in accordance with the applicable treaties.

The withholding tax payable for non-resident enterprises is deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise when such amount is payable or due.

The SAT Circular on Issues Relating to the Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-PRC Resident Enterprise Shareholders of H Shares (Guo Shui Han [2008] No. 897) (《國家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》(國税函[2008]897號)) issued by the SAT on November 6, 2008, which became effective on the same day, further clarified that a PRC-resident enterprise must withhold corporate income tax at a flat rate of 10% on dividends paid to non-PRC resident enterprise shareholders of H Shares with respect to the dividends of 2008 and onwards. In addition, the SAT Response to Questions on Levying Enterprise Income Tax on Dividends Derived by Non-resident Enterprises from Holding Stocks such as B Shares (Guo Shui Han [2009] No. 394) (《國家税務總局關於非居民企業取得B股等股票股息徵收企業所得税問題的批覆》(國税函[2009]394號)) issued by the SAT on July 24, 2009, which became effective on the same day, further provides that PRC-resident enterprises listed on Chinese and overseas stock exchanges by issuing stocks (A shares, B shares and overseas shares) must withhold enterprise income tax at a flat rate of 10% on dividends of 2008 and onwards that it distributes to non-resident enterprise shareholders. Such tax rates may be further modified pursuant to the tax treaties or agreements that China has concluded with a relevant jurisdiction, where applicable.

Pursuant to the Arrangement between the Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排》) promulgated on August 21, 2006 and implemented on December 8, 2006, the PRC Government may levy taxes on the dividends paid by a PRC company to Hong Kong residents (including natural persons and legal entities) in an amount not exceeding 10% of total dividends payable by the PRC company. If a Hong Kong resident directly holds 25% or more of the equity interest in a PRC company, then such tax shall not exceed 5% of the dividends payable by the PRC company.

Tax Treaties

Investors who are not PRC residents and reside in jurisdictions which have entered into avoidance of double taxation treaties or arrangements with the PRC are entitled to a reduction of the PRC enterprise income taxes imposed on the dividends received from PRC companies. At present, the PRC has entered into agreements/arrangements for the avoidance of double taxation with a number of countries or regions including HKSAR, Macau S.A.R, Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom and the United States. Non-PRC resident enterprises entitled to preferential tax rates in accordance with the relevant income tax treaties or arrangements may apply to the PRC tax authorities for a refund of enterprise income tax in excess of the agreed tax rate, and the refund application is subject to approval by the PRC tax authorities.

Taxation on Share Transfer

Income Tax

Individual investors

According to the IIT Law, gains realised from the transfer of personal assets are subject to income tax at a rate of 20%. According to the Circular on Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares (Cai Shui Zi [1998] No. 61) (《關於個人轉讓股票所得繼續暫免徵收個人所得税的通知》(財税字[1998]61號)) jointly issued by the MOF and STA on March 30, 1998 and implemented from the same date, since January 1, 1997, gains of individuals from the transfer of shares of listed companies continue to be temporarily exempted from individual income tax. Pursuant to the IIT Law and its implementation regulations, the STA has not expressly stipulated whether gains from the transfer of shares of listed companies will continue to be exempted from individual income tax.

However, on December 31, 2009, the MOF, the SAT and the CSRC jointly issued the Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of Listed Shares Subject to Sales Limitation (Cai Shui [2009] No. 167) (《關於個人轉讓上市公司限售股所得徵收個人所得税有關問題的通知》(財税[2009]167號)), which became effective on January 1, 2010 and provides that individuals' income from transferring listed shares publicly issued and transferred on the Shanghai Stock Exchange and the Shenzhen Stock Exchange shall continue to be exempted from individual income tax, except for shares subject to sales limitations as defined in the Supplementary Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of Listed Shares Subject to Sales Limitation (Cai Shui [2010] No. 70) (《關於個人轉讓上市公司限售股所得徵收個人所得税有關問題的補充通知》(財税[2010]70號)) jointly issued by such departments on November 10, 2010 and coming into effect on the same day.

As of the execution date of this document, no provision has expressly provided that individual income tax shall be collected from non-PRC resident individual shareholders on their gains from the transfer of shares of PRC resident enterprises listed on overseas stock exchanges (such as the Hong Kong Stock Exchange).

Enterprise Investors

According to the EIT Law and the Implementation Regulation of the EIT Law of the PRC, a non-resident enterprise is generally subject to enterprise income tax at the uniform rate of a 10% on PRC-sourced income if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. The aforesaid income tax payable for non-resident enterprises is deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise when such amount is payable or due. The tax may be deducted in accordance with special arrangements or agreements entered into between the PRC and the jurisdiction in which the non-resident enterprise operate.

Value-Added Tax and Local Additional Tax

Pursuant to the Notice of Taxation on Implementing the Pilot Program of Replacing Business Tax with Value-Added Tax in an All-round Manner (Cai Shui [2016] No. 36) (《關於全面推開營業税改徵增值税試點的通知》(財税[2016]36號)) (the "**Notice 36**") promulgated by the MOF and the SAT on March 23, 2016, implemented on May 1, 2016, and amended on July 11, 2017 and March 20, 2019, respectively, entities and individuals engaging in the sale of services within the PRC are subject to the VAT. Sales services include the provision of financial services, and "engaging in the sale of services within the PRC" refers to the situation where the seller or [**REDACTED**] of taxable services (other than leasing of real estate) is located in the PRC.

In addition, Notice 36 also stipulates that for general or overseas value-added tax taxpayers, the transfer of financial products (including the transfer of the ownership of securities) is subject to a value-added tax of 6% on taxable income. According to the Notice on Several Tax Exemption Policies for Business Tax on Sale and Purchase of Financial Commodities by Individuals (《關於個人金融商品買賣等營業税若干免税政策的通知》) promulgated by the MOF and the SAT of Taxation on September 27, 2009 and implemented on January 1, 2009, income obtained by individuals from the transfer of financial products such as securities is temporarily exempted from business tax.

Stamp Duty

According to the Stamp Duty Law of the PRC (《中華人民共和國印花税法》) issued by the SCNPC on June 10, 2021 and implemented on July 1, 2022, the PRC stamp duty applies to entities and individuals that conclude taxable vouchers and conduct securities transactions within the PRC and the entities and individuals that conclude taxable vouchers outside the PRC which are used within the PRC. Therefore, the PRC stamp duty imposed on the transfer of shares by PRC listed companies does not apply to the acquisition and disposal of H shares outside the PRC by non-PRC investors.

Estate Duty

As of the execution date of this document, no estate duty has been levied in China under the PRC laws.

Taxation Policies of Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect

On October 31, 2014 and November 5, 2016, the MOF, the SAT and the CSRC jointly issued the Notice on Taxation Policies Concerning the Pilot Program of an Interconnection Mechanism for Transactions in the Shanghai and Hong Kong Stock Markets (Cai Shui [2014] No. 81) (《關於滬港股票市場交易互聯互通機制試點有關税收政策的通知》(財税[2014]81號)) and the Notice on Tax Policies Concerning the Pilot Program of an Interconnection Mechanism for Transactions in the Shenzhen and Hong Kong Stock Markets (Cai Shui [2016] No. 127) (《關於深港股票市場交易互聯互通機制試點有關税收政策的通知》(財税[2016]127

號)), pursuant to which, the income from transfer differences and dividend and bonus income derived by PRC enterprise investors from investing in stocks listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect shall be included in their total income and subject to enterprise income tax in accordance with the law. In particular, the dividend and bonus income derived by PRC resident enterprises which hold H shares for at least 12 consecutive months shall be exempted from enterprise income tax according to law. H-share companies do not withhold tax on dividends and bonus income of PRC enterprise investors, and the tax payable shall be declared and paid by enterprises.

For dividends and bonuses received by PRC individual investors investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, H-share companies shall submit an application to China Securities Depository and Clearing Corporation Limited, which shall provide H-share companies with a register of PRC individual investors. H-share companies shall withhold individual income tax at a rate of 20%. Individual investors who have paid withholding tax outside the PRC may apply for tax credits at the competent tax authorities of the CSDC with valid tax deduction certificates. Individual income tax is levied on dividend and bonus income derived by PRC security investment funds from investing in stocks listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect in accordance with the above provisions.

On December 4, 2019, the MOF, the SAT and the CSRC jointly issued the Announcement on the Continued Implementation of the Individual Income Tax Policies on the Interconnection Mechanisms for Transactions in Shanghai and Hong Kong Stock Markets and for Transactions in Shenzhen and Hong Kong Stock Markets (MOF Announcement 2019 No. 93) (《關於繼續執行滬港、深港股票市場交易互聯互通機制和內地與香港基金互認有關個人所得稅政策的公告》(財政部公告2019年第93號)). It stipulates that for PRC individual investors, the transfer difference income derived from investing in stocks listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect and the trading of Hong Kong fund units through mutual recognition of funds will continue to be exempt from individual income tax on a temporary basis from December 5, 2019 to December 31, 2022.

In addition, pursuant to the Announcement on Continuing the Implementation of the Individual Income Tax Policies Concerning the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and the Mutual Recognition of Funds between Chinese Mainland and Hong Kong (《關於延續實施滬港、深港股票市場交易互聯互通機制和內地與香港基金互認有關個人所得稅政策的公告》(財政部公告2023年第23號)) (Announcement of the MOF No. 23 of 2023) jointly issued by the MOF, the SAT and the CSRC on August 21, 2023, the period for the implementation of the individual income tax exemption policy has been further extended to December 31, 2027.

Principal Taxation of Our Company in the PRC

Enterprise Income Tax

Pursuant to the EIT Law and the Implementation Regulation of the EIT Law of the PRC, enterprises are classified into resident enterprises and non-resident enterprises. A resident enterprise refers to an enterprise that is established inside China, or which is established under the law of a foreign country (region) but whose actual office of management is inside China. A non-resident enterprise refers to an enterprise established under the law of a foreign country (region), whose actual institution of management is not inside China but which has offices or establishments inside China; or which does not have any offices or establishments inside China but has incomes sourced in China. According to the EIT Law and related implementation regulations, the uniform tax rate for enterprise income tax is 25%.

Small meagre-profit enterprises that meet the prescribed conditions shall pay enterprise income tax at a rate of 20%. Important high- and new-tech enterprises that are supported by the state can enjoy a preferential enterprise income tax rate of 15%.

According to the Detailed Rules for the Implementation of the Law of the PRC on the Administration of Tax Collection (《中華人民共和國稅收徵收管理法實施細則》) promulgated by the State Council on February 6, 2016 and coming into effect on the same day, taxpayers eligible for tax reduction or exemption shall resume tax payment from the date following the expiry date of the tax reduction or exemption. If there is a change in the requirements for tax reduction or exemption, taxpayers shall report to tax authorities when filing tax returns. Taxpayers shall fulfill tax payment liabilities according to law when they no longer meet the requirements for tax reduction or exemption; if they fail to pay the tax according to law, tax authorities shall pursue tax payment.

Value-added Tax

According to the Interim Regulations on Value-Added Tax of the PRC (the "**VAT Regulations**") (《中華人民共和國增值稅暫行條例》(增值稅條例」)), which was promulgated by the State Council on December 13, 1993 and last amended on November 19, 2017, and the Implementation Rules for the Interim Regulations on Value-Added Tax of the PRC (《中華人民共和國增值稅暫行條例實施細則》), which was promulgated by the MOF with effect from December 25, 1993 and latest amended on October 28, 2011, all taxpayers that engage in the sale of goods, the provision of processing, repair and replacement services or the importation of goods in the PRC shall pay value-added tax. Except as otherwise provided in the VAT Regulations, general taxpayers are subject to a VAT rate of 17% on the sale or importation of goods; taxpayers are subject to a VAT rate of 17% on the provision of processing, repair and replacement services; and taxpayers are subject to a VAT rate of 0% on the exportation of goods, unless otherwise provided.

Pursuant to the Notice 36, the pilot program of replacing business tax with value-added tax (VAT) shall be implemented across the country, the financial industry shall be included in the scope of the pilot program, and the payment of business tax shall be replaced by the payment of VAT, unless otherwise provided in the Implementation Measures for Replacing Business Tax with Value Added Tax (《營業稅改徵增值稅實施辦法》) in accordance with the Implementation Measures.

According to the Notice of the Ministry of Finance and the State Administration of Taxation on Adjusting Value-added Tax Rates (Cai Shui [2018] No. 32) (《財政部、國家稅務總局關於調整增值稅稅率的通知》(財稅[2018]32號)), which was promulgated on April 4, 2018 and became effective on May 1, 2018, the tax rates of 17% and 11% originally applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 16% and 10%, respectively. According to the Announcement on Relevant Policies for Deepening the Value-Added Tax Reform (Announcement No. 39 of 2019) (《關於深化增值稅改革有關政策的公告》(2019年第39號公告)), which was promulgated the MOF, the State Administration of Taxation and the General Administration of Customs on March 20, 2019 and became effective on April 1, 2019, the value-added tax rates were reduced to 13% and 9% respectively.

According to the Notice of the Ministry of Finance and the State Administration of Taxation on Value-added Tax Policies for Software Products (Cai Shui [2011] No. 100) (《財政部、國家稅務總局關於軟件產品增值稅政策的通知》(財稅[2011]100號)), which was promulgated by the MOF and the SAT on October 13, 2011 and came into effect on January 1, 2011, if general VAT taxpayers sell self-developed and produced software products, after VAT has been collected at a tax rate of 17%, the refund-upon-collection policy shall be applied to the part of actual VAT burden in excess of 3%.

On December 25, 2024, the SCNPC promulgated the Value-added Tax Law of the PRC (《中華人民共和國增值稅法》), which will come into effect on January 1, 2026 and replace the VAT Regulations. The new law reiterates the VAT Regulations and makes modifications in terms of taxable activities, tax jurisdiction, deemed sales, non-taxable items, simplified taxation, withholding agents, input tax, non-deductible input tax, mixed sales, and input tax carryforward and refund.

Foreign Exchange Policy of China

RMB is the legal currency of the PRC and is currently subject to foreign exchange controls and cannot be freely inverted into foreign currency. The SAFE under the People's Bank of China is responsible for all matters relating to foreign exchange, including the enforcement of exchange control regulations.

Under the Regulations on the Administration of Foreign Exchange of the PRC (《中華人民共和國外匯管理條例》) issued by the State Council on January 29, 1996 and effective from April 1, 1996, all international payments and transfers are classified into current items and capital items. Approval by the foreign exchange authorities is not required for most current items, but required for capital items. According to the Regulations on the Administration of Foreign Exchange of the PRC (《中華人民共和國外匯管理條例》) amended on January 14, 1997 and August 5, 2008, the state does not impose restrictions on current international payments and transfers.

Under the Administrative Regulations for Foreign Exchange Settlement, Sale and Payment (Yin Fa [1996] No. 210) (《結匯、售匯及付匯管理規定》(銀發[1996]210號)) issued by the People's Bank of China on June 20, 1996 and implemented from July 1, 1996, the existing restrictions on foreign exchange transactions under capital items are retained, while the remaining restrictions on foreign exchange conversion for current items are abolished.

According to the Announcement on Reforming the RMB Exchange Rate Regime (《關於完善人民幣匯率形成機制改革的公告》(中國人民銀行公告[2005]第16號)) (People's Bank of China Announcement [2005] No. 16) issued by the People's Bank of China on July 21, 2005 and effective from the same date, from July 21, 2005 onwards, China has implemented a floating exchange rate system with management and regulation based on market supply and demand and with reference to a basket of currencies. As a result, RMB exchange rates are no longer pegged to USD. The People's Bank of China publishes the closing prices of the exchange rates of RMB against USD and other currencies in the interbank foreign exchange market after the market closes on each working day, which serves as the mid-price for the currency's transactions against RMB on the following working day.

On August 5, 2008, the State Council promulgated the amended the Regulations on the Administration of Foreign Exchange of the PRC (《中華人民共和國外匯管理條例》), with significant changes to China's foreign exchange regulatory system. Firstly, balanced treatment has been adopted for foreign exchange inflows and outflows. Foreign exchange earnings from overseas may be transferred back to the PRC or deposited abroad, and foreign exchange and settlement funds under capital items may only be used for the purposes approved by competent authorities and foreign exchange control authorities. Secondly, it has improved the RMB exchange rate formation mechanism based on market supply and demand. Thirdly, when there is or appears to be a serious imbalance in international balance of payments or when there is or appears to be a serious crisis in the national economy, the state can take necessary safeguard and control measures on international balance of payments. Fourthly, it has strengthened the supervision and management of foreign exchange transactions and granted extensive powers to the SAFE to enhance its supervision and management capabilities.

According to relevant PRC laws and regulations, Chinese enterprises (including foreign-invested enterprises) requiring foreign exchange for current account transactions may, without the approval of foreign exchange authorities, make payments through foreign exchange accounts opened at designated foreign exchange banks, provided that valid receipts or vouchers for the transactions are produced. Foreign-invested enterprises that need to distribute profits in foreign currency to their shareholders and Chinese enterprises that need to pay dividends in foreign currency to their shareholders may make payments from foreign exchange accounts at designated foreign exchange banks or exchange and pay at such banks in accordance with the decision of the board of directors or the shareholders' general meeting on the distribution of profits.

Pursuant to the Decision of the State Council on Cancelling and Adjusting a Range of Administrative Approval Items and Other Matters (Guo Fa [2014] No. 50) (《國務院關於取消和調整一批行政審批項目等事項的決定》(國發[2014]50號)) issued by the State Council on October 23, 2014 and effective from the same date, the requirement has been cancelled for the SAFE and its branches to approve the repatriation and settlement of foreign exchange proceeds raised by overseas listed foreign shares.

According to the Notice of the State Administration of Foreign Exchange on Issues Concerning the Foreign Exchange Administration of Overseas Listing (Hui Fa [2014] No. 54) (《國家外匯管理局關於境外上市外匯管理有關問題的通知》(匯發[2014]54號)) issued by the SAFE on December 26, 2014 and effective from the same date, a domestic company shall register its overseas listing with the local branch of the State Administration of Foreign Exchange within 15 working days from the date of completion of overseas listing. Funds raised by a domestic company from overseas listing may be transferred back or deposited overseas, and the use of the funds shall be consistent with those set out in the document and other disclosure documents.

According to the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (Hui Fa [2015] No. 13) (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》(匯發[2015]13號)) issued by the SAFE on February 13, 2015, implemented from June 1, 2015 and amended on December 30, 2019, two administrative approvals have been cancelled, namely foreign exchange registration under domestic direct investment and that under overseas direct investment, which will be directly reviewed and approved by banks. The SAFE and its branches exercise indirect supervision over the foreign exchange registration of direct investment through banks.

Pursuant to the Notice of the State Administration of Foreign Exchange on Reforming and Regulating the Policies for the Administration of Foreign Exchange Settlement under Capital Items (Hui Fa [2016] No. 16) (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》(匯發[2016]16號)) issued by the SAFE on June 9, 2016 and implemented from the same date, the relevant policies have explicitly stated that the foreign exchange income from capital items (including foreign exchange capital funds, foreign debt funds, funds transferred back from overseas listings, etc.) which are subject to voluntary settlement can be settled at banks according to the particular needs of domestic institutions. The ratio of voluntary settlement of foreign exchange earnings from capital items of domestic institutions is temporarily set at 100%, which is subject to adjustment by the SAFE according to international balance of payments.

According to the Notice of the State Administration of Foreign Exchange on Further Promoting the Reform of Foreign Exchange Administration and Improving the Examination of Authenticity and Compliance (Hui Fa [2017] No. 3) (《國家外匯管理局關於進一步推進外匯管理改革完善真實合規性審核的通知》(匯發[2017]3號)) issued by the SAFE on January 26, 2017 and implemented from the same date, the scope of domestic foreign exchange loan settlement is further expanded to allow domestic foreign exchange loans with the background of commodity trade and exports to be settled, allow funds under domestic guarantee and foreign loans to be transferred back, allow foreign exchange settlement via the foreign exchange accounts of foreign institutions in pilot free trade zones, and implement full-coverage overseas lending management in both RMB and foreign currencies; where a domestic institution engages in overseas lending, the combined balance of foreign exchange lending in RMB and foreign currencies shall not exceed a maximum of 30% of the owner's equity in the audited financial statements of the preceding year.

According to the Notice on Further Promoting Cross-border Trade and Investment Facilitation (Hui Fa [2019] No.28) (《關於進一步促進跨境貿易投資便利化的通知》(匯發[2019]28號)) issued by the SAFE on October 23, 2019 and implemented from the same date, restrictions have been removed on the use of capital funds by non-investment foreign-invested enterprises for domestic equity investment. In addition, restrictions have also been removed on the use of funds in domestic asset realization accounts for foreign exchange settlement and the use of security deposits for foreign exchange settlement by foreign investors. Eligible enterprises in pilot areas are allowed to use capital funds, foreign debt, overseas listings and other income under capital items for domestic payments without providing the banks with proofs of authenticity in advance, and their use of funds should be genuine and compliant with the current regulations governing the use of income from capital items.

This Appendix summarizes certain aspects of PRC laws and regulations which are relevant to our Company's operations and business. Laws and regulations relating to taxation in the PRC are discussed separately in "Appendix III — Taxation and Foreign Exchange" to this document. This Appendix also contains a summary of laws and regulatory provisions of the PRC Company Law. The principal objective of this summary is to provide potential investor with an overview of the principal laws and regulatory provisions applicable to our Company. This summary is not intended to include all the information which is important to the potential investor. For a discussion of laws and regulations which are relevant to our Company's business, see "Regulatory Overview", in this document.

THE PRC LEGAL SYSTEM

The PRC legal system is based on the Constitution of the People's Republic of China (《中華人民共和國憲法》), or the Constitution, and is made up of written laws, administrative regulations, local regulations, separate regulations, rules and regulations of departments of the State Council, rules and regulations of local governments, autonomous regulations, separate regulations of autonomous regions, special administrative region law and international treaties and other regulatory documents signed by the PRC government. Court decisions do not constitute binding precedents, although they are used for the purposes of judicial reference and guidance.

According to the Constitution and the Legislation Law of the People's Republic of China (《中華人民共和國立法法》), or the Legislation Law, which was amended latest by the NPC on March 13, 2023 and became effective on March 15, 2023, the NPC and the SCNPC are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend basic laws governing criminal and civil matters, state organs and other matters. The SCNPC is empowered to formulate and amend laws other than those required to be enacted by the NPC and to supplement and amend any parts of laws enacted by the NPC during the adjournment of the NPC, provided such supplements and amendments are not in conflict with the basic principles of such laws.

The State Council is the highest organ of state administration in our country and has the power to formulate administrative regulations based on the Constitution and laws.

The people's congresses of provinces, autonomous regions and municipalities and their respective standing committees may formulate local regulations based on the specific circumstances and actual needs of their respective administrative areas, provided that such local regulations do not contravene any provision of the Constitution, laws or administrative regulations. The people's congresses of cities divided into districts and their standing committees may formulate local regulations on matters such as urban and rural construction and management, environmental conservation and historical and cultural protection based on the specific circumstances and actual needs of such cities, provided that such local regulations do not contravene any provision of the Constitution, laws, administrative regulations and local regulations of such provinces or autonomous regions. Where laws have other stipulations on matters of local regulations formulated by cities divided into districts, such stipulations shall prevail. The local regulations of cities divided into autonomous regions shall be submitted for approval before implementation.

The standing committees of the people's congresses of provinces or autonomous regions shall examine the legality of local regulations submitted for approval, and such approval should be granted within four months if they are not in conflict with the Constitution, laws, administrative regulations and local regulations of their respective provinces or autonomous regions. People's congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in the light of the political, economic and cultural characteristics of the nationality (nationalities) in the areas concerned. The ministries and the commissions of the State Council, People's Bank of China, National Audit Office and public institutions with administrative functions directly under the State Council may formulate rules and regulations within the jurisdiction of their respective departments based on the laws and the administrative regulations, decisions and rulings of the State Council.

The Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations or rules may contravene the Constitution. The authority of laws is greater than that of administrative regulations, local regulations and rules. The authority of administrative regulations is greater than that of local regulations and rules. The authority of the rules enacted by the people's governments of the provinces and autonomous regions is greater than that of the rules enacted by the people's governments of the cities divided into districts within their respective administrative regions.

The NPC has the power to alter or repeal inappropriate laws enacted by the SCNPC, and to repeal any autonomous regulations and separate regulations which have been approved by the SCNPC but which contravene the Constitution and the Legislation Law. The SCNPC has the power to repeal administrative regulations that contravene the Constitution and laws, to repeal local regulations that contravene the Constitution, laws and administrative regulations, and to repeal autonomous regulations and separate regulations which have been approved by the SCNPC of the relevant provinces, autonomous regions or municipalities directly under the Central Government, but which contravene the Constitution and the Legislation Law; the State Council has the power to alter or repeal any inappropriate ministerial rules and local rules. The people's congresses of provinces, autonomous regions and municipalities directly under the Central Government have the power to alter or repeal any inappropriate local regulations enacted or approved by their respective standing committees. The standing committees of the local people's congresses have the power to repeal inappropriate rules enacted by the people's governments at the corresponding level. The people's governments of provinces and autonomous regions have the power to alter or repeal any inappropriate rules enacted by the people's governments at a lower level.

REGULATORY PROVISIONS

According to the Constitution and the Legislation Law, the power to interpret laws is vested in the SCNPC. According to the Decision of the SCNPC Regarding the Strengthening of Interpretation of Laws (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) passed by the SCNPC and effective on June 10, 1981, the Supreme People's Court shall give interpretation on questions involving the specific application of laws and decrees in court trials. The Supreme People's Procuratorate shall interpret all issues involving the specific application of laws and decrees in the procuratorial work. Interpretation of questions involving the specific application of laws and decrees in areas unrelated to trail and procuratorial work shall be provided by the State Council and competent authorities.

Where the scope of local regulations needs to be further defined or additional stipulations need to be made, the SCNPC of provinces, autonomous regions and municipalities directly under the Central Government which have enacted these regulations shall provide the interpretations or make the stipulations. Interpretation of questions involving the specific application of local regulations shall be provided by the competent departments of the people's governments of provinces, autonomous regions and municipalities directly under the Central Government.

PRC JUDICIAL SYSTEM

According to the Constitution and the Law of the PRC of Organization of the People's Courts (《中華人民共和國人民法院組織法》) amended latest by the SCNPC on October 26, 2018 and becoming effective from January 1, 2019, the PRC People's Court is made up of the Supreme People's Court, the local people's courts at all levels, and other special people's courts. The local people's courts are divided into three levels, namely the basic people's courts, the intermediate people's courts and the higher people's courts. The basic people's courts may set up certain people's tribunals based on the status of the region, population and cases. The Supreme People's Court shall be the highest judicial organ of the state. The Supreme People's Court shall supervise the exercise of judicial power by the local people's courts at all levels and by the special people's courts. The people's courts at a higher level shall supervise the judicial work of the people's courts at lower levels.

According to the Constitution and the Law of Organization of the People's Procuratorate of the PRC (《中華人民共和國人民檢察院組織法》) amended latest by the SCNPC on October 26, 2018 and becoming effective from 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 implement a two-tier appellate system, and judgments or rulings of the second instance at the people's courts are final judgments or rulings. A party may appeal if he refuses to accept the judgment or ruling of the first instance of a basic people's courts. The people's procuratorate may present a protest to the people's courts at the next higher level in accordance with the procedures stipulated by the laws. In the absence of any appeal by the parties and any protest by the people's procuratorate within the stipulated period, the judgments or rulings of the people's courts are final judgments or rulings. Judgments or rulings of the second instance of the intermediate people's courts, the higher people's courts and the Supreme People's Court and those of the first instance of the Supreme People's Court are final judgments or rulings. However, if the Supreme People's Court or the people's courts at the next higher level finds any definite errors in a legally effective final judgment or ruling of the people's court at a lower level, or if the chief judge of a people's court at any level finds any definite errors in a legally effective final judgment or ruling of such court, the case can be retried according to judicial supervision procedures.

The Civil Procedure Law of the People's Republic of China (revised 2023) (《中華人民共和國民事訴訟法(2023修正)》), or the PRC Civil Procedure Law, adopted by the SCNPC on September 1, 2023 and 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 obligations as a PRC citizen, legal person or other organizations when initiating or defending any proceedings at a people's court. If a foreign court limits the litigation rights of PRC citizens and enterprises, the PRC court may apply the same limitations to the citizens and enterprises of such foreign country. A foreign individual, a person without nationality, a foreign-invested enterprise or a foreign organization must engage a PRC lawyer if such person needs to engage a lawyer in initiating or defending any proceedings at a people's court. Under an international treaty or the principle of reciprocity signed or acceded to by the PRC, the people's court and foreign courts may require each other to act on their behalf to serve documents, conduct investigations, collect evidence and take other actions on behalf of each other. If the request by a foreign court would result in the violation of the PRC's sovereignty, security or public interest, the people's court shall decline the request.

All parties must comply with legally effective civil judgments and rulings. If any party to a civil action refuses to comply with a judgment or ruling made by a people's court or an award made by an arbitration tribunal in the PRC, the other party may apply to the people's court for enforcement within two years. Suspension or disruption of the time limit for applying for such enforcement shall comply with the provisions of the applicable law concerning the suspension or disruption of the time-barring of actions.

When a party applies to a people's court for enforcing an effective judgment and ruling by a people's court against a party who is not located within the territory of the PRC or whose property is not within the PRC, the party may apply to a foreign court with proper jurisdiction for recognition and enforcement of the judgment and ruling. A foreign judgment and ruling may also be recognized and enforced by the people's court according to the PRC enforcement procedures if the PRC has entered into, or acceded to, an international treaty with the foreign country, which provides for such recognition and enforcement, or if the judgment and ruling satisfies the court's examination according to the principle of reciprocity, unless among other exceptions, the people's court finds that the recognition or enforcement of such judgment and ruling will result in a violation of the basic legal principles of the PRC, its sovereignty or security, or for reasons of social and public interests.

THE PRC COMPANY LAW, THE TRIAL ADMINISTRATIVE MEASURES, AND GUIDELINES FOR ARTICLES OF ASSOCIATION

A joint stock limited company incorporated in the PRC seeking a [**REDACTED**] on The Stock Exchange of Hong Kong Limited is mainly subject to the following laws and regulations of the PRC.

Company Law of the PRC (《中華人民共和國公司法》) (the "**PRC Company Law**"), was adopted by the SCNPC on December 29, 1993 and came into effect on July 1, 1994, and was amended latest on December 29, 2023 and came into effect on July 1, 2024.

The Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (the "**Trial Administrative Measures**") and the filing rules promulgated by the CSRC on February 17, 2023 and came into effect on March 31, 2023, were applicable to the direct and indirect overseas share subscription and listing of domestic companies.

According to the Trial Administrative Measures and its interpretative guidelines, where a domestic company directly offering and listing overseas, it shall formulate its articles of association in line with the Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》) (the "**Guidelines for Articles of Association**"), in place of the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas (《到境外上市公司章程必備條款》). The Guidelines for Articles of Association were promulgated by the CSRC on December 16, 1997 and last amended on March 28, 2025.

Set out below is a summary of the major provisions of the PRC Company Law, the Trial Administrative Measures and the Guidelines for Articles of Association which are applicable to our Company.

General Provisions

"A joint stock limited company" means a corporate legal person incorporated under the PRC Company Law, whose registered capital is divided into shares of equal par value. The liability of its shareholders is limited to the extent of the shares held by them and the liability of a company is limited to the full value of all the property owned by it.

A company must conduct its business in accordance with laws as well as public and commercial ethics. A company may invest in other limited liability companies. The liabilities of the company to such invested companies are limited to the amount invested. Unless otherwise provided by laws, a company cannot be the capital contributor who has the joint liabilities associated with the debts of the invested enterprises.

Incorporation

A joint stock limited company may be incorporated by promotion or subscription. A joint stock limited company may be incorporated by a minimum of one but not more than 200 promoters, and at least half of the promoters must have residence within the PRC.

The promoters shall convene a general meeting within 30 days from the date when the share capital for the issued shares is paid up. The promoters shall notify each of the subscribers of the meeting date or make an announcement 15 days before the general meeting. The general meeting may be held only if the promoters and subscribers holding more than half of the voting rights are present. At the general meeting, matters including the approval of the Company's articles of association and the election of directors and supervisors will be reviewed. Any resolution made by the general meeting shall be passed by more than half of the voting rights held by the subscribers attending the meeting. Within 30 days after the conclusion of the general meeting of the Company, the board of directors shall apply to the registration authority for registration of the incorporation of the joint stock limited company. A company is formally established and has the status of a legal person after the business license has been issued by the relevant registration authority.

Registered Shares

Under the PRC Company Law, shareholders may make capital contributions in cash, or with non-monetary property that may be valued in money and legally transferred, such as contribution in kind or with intellectual property rights, land use rights, shareholding or creditor's rights.

The Trial Administrative Measures provides that domestic enterprises that are listed overseas may raise funds and distribute dividends in foreign currencies or Renminbi.

Under the PRC Company Law, a joint stock limited company is required to maintain a register of shareholders, detailing the following information: (i) the name and domicile of each shareholder; (ii) the class and number of shares subscribed for by each shareholder; (iii) the serial number of shares if issued in paper form; and (iv) the date on which each shareholder acquired the shares.

Allotment and Issue of Shares

Issue of shares of a joint stock limited company shall be based on the principles of fairness and equality, and shall rank pari passu in all respects with the shares of the same class. Shares of the same class issued at the same time shall be issued on the same conditions and at the same price. The joint stock limited company may issue shares at par value or at a premium, but not below the par value.

Domestic enterprises issued and listed overseas shall file with the CSRC in accordance with Trial Administrative Measures, submit filing reports, legal opinions and other relevant materials, and truthfully, accurately and completely explain shareholder information and other information. Where a domestic enterprise directly issues and is listed overseas, the issuer shall file with the CSRC.

Increase in Share Capital

Under the PRC Company Law, a joint stock limited company issuing new shares shall be resolved at the general meeting in respect of the class and number of new shares, the issue price of the new shares, the commencement and end dates for the issuance of new shares and the class and number of the new shares proposed to be issued to existing shareholders, if any. Additionally, if a company intends to make [**REDACTED**] of shares, it is required to complete the registration with the securities regulatory authority of the State Council and announce this document.

Reduction of Share Capital

A company may reduce its registered capital in accordance with the following procedures prescribed by the PRC Company Law:

(i) to prepare a balance sheet and a property list;

(ii) to make a resolution of reducing registered capital by the general meeting;

(iii) to inform creditors within 10 days and publish an announcement in newspapers or the National Enterprise Credit Information Publicity System within 30 days after the approval of resolution of reducing registered capital;

(iv) the creditors shall have the right to require the company to repay its debts or provide corresponding guarantees within 30 days after receiving the notice or within 45 days after the announcement if the creditors have not received the notice;

(v) when a company reduces its registered capital, it shall register the change with a company registration authority in accordance with the law.

When a company reduces its registered capital, it must reduce the amount of capital contribution or shares in proportion to the capital contribution or shares held by the shareholders, unless otherwise prescribed by any law, or agreed upon by all the shareholders of a limited liability company, or as specified in the articles of association of a joint stock limited company.

Repurchase of Shares

Under the PRC Company Law, a company shall not purchase its own shares. Except for any following circumstances:

(i) reducing the registered capital;

(ii) merging with other company that holds the shares of the company;

(iii) using the shares for employee stock ownership plan or equity incentives;

(iv) the shareholders disagreeing with the merger or division resolution made by the general meeting ask the company to acquire their shares;

(v) using the shares for the conversion of convertible corporate bonds issued by the Company;

(vi) as required for maintenance of the corporate value and shareholders' rights and interests of a listed company.

The purchase of shares of a company for reasons specified in the case of (i) to (ii) above shall be subject to the resolution of the general meeting. The purchase of shares of a company for reasons specified in the case of (iii), (v) and (vi) above shall be subject to the resolution of the Board meeting attended by more than two-thirds of the directors in accordance with the provisions of the articles of association or the authorization from the general meeting.

Following the purchase of a company's shares by a company in accordance with the above provisions, such shares shall be canceled within 10 days from the date of buy-back in the case of item (i) above; such shares shall be transferred or canceled within six months in the case of items (ii) and (iv) above; the total number of shares of our Company held by a company shall not exceed 10% of the total issued shares of a company, and shall be transferred or canceled within three years in the case of items (iii), (v) and (vi) above.

Transfer of Shares

Shares held by a shareholder may be transferred according to the law. Under the PRC Company Law, the transfer of shares by shareholders shall be carried out on a securities exchange established by law or in other ways as prescribed by the State Council. Shares may be transferred by endorsement of shareholders or by other means stipulated by laws or administrative regulations. After the transfer, a company shall record the name and address of the transferee in the register of shareholders. No changes of registration in the share register provided in the foregoing requirement shall be affected during a period of 20 days prior to the convening of shareholder's meeting or 5 days prior to the record date for a company's distribution of dividends. If any law, administrative regulation, or any provision by the

securities regulatory authority of the State Council specifies otherwise for the modification of the register of shareholders of a listed company, such provisions should prevail.

Under the PRC Company Law, shares issued by a company prior to the [**REDACTED**] of shares shall not be transferred within one year from the date on which the shares of a company are listed and traded on a securities exchange. The directors, supervisors and senior management of the company should declare to the company the shares they hold and the changes thereof. During the term of office as determined when they assume the posts, the shares transferred each year should not exceed 25% of the total shares they hold of the company. Shares of a company held by its directors, supervisors and senior management shall not be transferred within one year from the date of a company's listing on a securities exchange, nor within six months after their resignation from their positions with a company.

If the shares are pledged within the time limit for restricted transfer as provided for by laws and administrative regulations, the pledgee cannot exercise the pledge right within such period.

General Meeting

Under the PRC Company Law, the general meeting of a joint stock limited company is made up of all shareholders. The general meeting is the organ of authority of a company, which exercises the following functions and powers:

(i) to elect and replace directors and supervisors and to decide on matters relating to the remuneration of directors and supervisors;

(ii) to consider and approve reports of the board of directors;

(iii) to consider and approve reports of the board of supervisors;

(iv) to consider and approve profit distribution plans and loss recovery plans;

(v) to resolve on the increase or reduction of registered capital;

(vi) to resolve on the issuance of corporate bonds;

(vii) to resolve on the merger, division, dissolution, liquidation or change of corporate form of a company;

(viii) to amend the company's articles of association; and

(ix) other functions and powers specified in provision of the articles of association.

Under the PRC Company Law, the annual general meeting shall be held once a year. The company shall convene an extraordinary general meeting within two months from the date of occurrence of any of the following circumstances:

(i) the number of directors is less than the number stipulated in the PRC Company Law or less than two-thirds of the number specified in the articles of association;

(ii) when the unrecovered losses of a company amount to one-third of the total paid-up share capital;

(iii) shareholders individually or jointly holding 10% or more of the company's shares request;

(iv) when deemed necessary by the board of directors;

(v) the board of supervisors proposes to convene the meeting;

(vi) other circumstances as stipulated in the articles of association.

The general meeting shall be convened by the board of directors, and presided over by the chairman of the board of directors. In the event that the chairman is incapable of performing or not performing his duties, the meeting shall be presided over by the vice chairman. In the event that the vice chairman is incapable of performing or not performing his duties, a director nominated by more than half of directors shall preside over the meeting.

If the board of directors is incapable of performing or is not performing its duties to convene the general meeting, the board of supervisors should convene and preside over general meeting in a timely manner. If the board of supervisors fails to convene and preside over general meeting, shareholders individually or in aggregate holding 10% or more of the company's shares for 90 days or more consecutively may unilaterally convene and preside over general meeting.

If the shareholders who separately or aggregately hold more than 10% of the shares of the company request to convene an extraordinary general meeting, the board of directors and the board of supervisors should, within 10 days after the receipt of such request, decide whether to hold an extraordinary general meeting and reply to the shareholders in writing.

Notice of general meeting shall state the time and venue of and matters to be considered at the meeting and shall be given to all shareholders 20 days before the meeting. A notice of extraordinary general meeting shall be given to all shareholders 15 days prior to the meeting.

Shareholders who individually or jointly hold more than 1% of the company's shares may put forward interim proposals and submit them to the convener in writing 10 days before the general meeting. The convener shall issue a supplementary notice of the general meeting within two days after receiving the proposal and announce the contents of the interim proposal.

Under the PRC Company Law, a shareholder may entrust a proxy to attend the general meeting, and it should clarify the matters, power and time limit of the proxy. The proxy shall present a written power of attorney issued by the shareholder to a company and shall exercise his voting rights within the scope of authorization. There is no specific provision in the PRC Company Law regarding the number of shareholders constituting a quorum in the general meeting.

Under the PRC Company Law, shareholders present at the general meeting have one vote for each share they hold, except the shareholders of classified shares. However, shares held by the company itself are not entitled to any voting rights.

The cumulative voting system may be adopted for the election of directors and supervisors at the general meeting in accordance with the provisions of the articles of association or the resolutions of the general meeting. Under the accumulative voting system, each share shall have the same number of voting rights as the number of directors or supervisors to be elected at the general meeting, and shareholders may consolidate their voting rights when casting a vote.

Under the PRC Company Law and the Guidelines for Articles of Association, a resolution made by the general meeting shall be passed by more than half of the voting rights held by the shareholders present at the meeting. Matters relating to merger, division or dissolution of a company, increase or reduction of registered capital, change of corporate form or amendments to the articles of association must be approved by more than two-thirds of the voting rights held by the shareholders present at the meeting.

Board of Directors

Under the PRC Company Law, a joint stock limited company should have a board of directors. However, companies with a small scale or a limited number of shareholders may opt not to establish a board of directors. The board of directors shall consist of no fewer than three members. The term of office of a director shall be stipulated in the articles of association, but each term of office shall not exceed three years. Directors may serve consecutive terms if re-elected.

For a joint stock limited company, meetings of the board of directors shall be convened at least twice a year. Notice of meeting shall be given to all directors and supervisors at least ten days before the meeting. The board of directors shall exercise the following functions and powers:

(i) to convene the general meeting and report to the general meeting;

(ii) to implement the resolution of the general meeting;

(iii) to decide on the company's operational plans and investment programs;

(iv) to formulate the company's profit distribution plan and loss recovery plan;

(v) to formulate proposals for the increase or reduction of a company's registered capital and the issuance of bonds;

(vi) to formulate plans for merger, division, dissolution or change of the form of a company;

(vii) to decide on the internal management structure of a company;

(viii) to decide on the appointment or removal of the company's general manager and his remuneration, and to decide on the appointment or dismissal of the deputy general manager and financial officer and their remuneration based on the nomination of the general manager;

(ix) to formulate the company's basic management systems;

(x) other functions and powers specified in the articles of association or granted by the general meeting.

The board of directors shall be held only if more than half of the directors are present. Where a director is unable to attend, he or she may authorize, in writing, another director to attend the meeting of the board of directors on his or her behalf. The instrument of proxy shall specify the scope of authorization. If a resolution of the board of directors violates the laws, administrative regulations or the articles of association, resulting in serious losses to the company, the directors participating in the resolution shall be liable to compensate the company. However, if it can be proved that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director may be exempt from such liability.

Under the PRC Company Law, a person may not serve as a director of a company if he/she is:

(i) a person without capacity or with restricted capacity;

(ii) a person who has been sentenced to any criminal penalty due to an offence of corruption, bribery, encroachment of property, misappropriation of property, or disrupting the order of the socialist market economy, or has been deprived of political rights due to a crime, where a five-year period has not elapsed since the date of completion of the sentence; if he/she is pronounced for suspension of sentence, a two-year period has not elapsed since the expiration of the suspension period;

(iii) a person who was a director, factory manager or manager of a company or enterprise which has entered into insolvent liquidation and who was personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the insolvency and liquidation of such company or enterprise;

(iv) persons who were legal representatives of a company or enterprise which had its business license revoked due to violation of the law and had been closed down by order, and who were personally liable, where less than three years have elapsed since the date of the revocation of the business license of the company or enterprise or the order for closure;

(v) being listed as the "dishonest person subject to enforcement" by the people's court due to his/her failure to pay off a relatively large amount of due debts.

The board of directors shall have one chairman, who shall be elected by more than half of all the directors. The chairman shall exercise the following functions and powers (including but not limited to):

(i) to preside over the general meetings and convene and preside over the board of directors;

(ii) to examine the implementation of resolutions of the board of directors;

(iii) to exercise other powers conferred by the board of directors.

Managers and Senior Management

Under the PRC Company Law, a company should have a general manager who is appointed or removed by the board of directors. The general manager is responsible for the board of directors and exercises his/her functions and powers according to the articles of association or the authorization of the board of directors. The manager attends the meetings of the board of directors as a non-voting member.

According to the PRC Company Law, senior management shall refer to the general manager, deputy general manager(s), chief financial officer, secretary of the board of directors and other personnel as stipulated in the articles of association of the listed company.

Duties of Directors, Supervisors and Senior Management

Directors, supervisors and senior management of the company are required under the PRC Company Law to comply with the relevant laws, regulations and the articles of association, and have fiduciary and diligent duties to the company. Directors, supervisors and senior management are prohibited from abusing their powers to accept bribes or other unlawful income and from misappropriating the company's properties. Directors, supervisors and senior management are prohibited from:

(i) embezzling the company's property or misappropriating of the company's capital;

(ii) depositing the company's capital into accounts under his own name or the name of other individuals;

(iii) giving bribes or accepting other illegal proceeds by taking advantage of their power;

(iv) accept and possess commissions paid by other parties for transactions conducted with the company;

(v) unauthorized divulgence of confidential business information of the company; or

(vi) other acts in violation of their fiduciary duty to the company.

If any director, supervisor or senior management directly or indirectly concludes a contract or conducts a transaction with the company, he/she should report the matters relating to the conclusion of the contract or transaction to the board of directors or the general meeting, subject to the approval of the board of directors or shareholders according to the articles of association.

The provisions of the preceding paragraph shall apply if any near relatives of the directors, supervisors or senior management, or any of the enterprises directly or indirectly controlled by the directors, supervisors or senior management or any of their near relatives, or any related parties with any other related-party relationship with the directors, supervisors or senior management, concludes a contract or conducts a transaction with the company.

No director, supervisor or senior management may take advantage of his/her position to seek any business opportunity that belongs to the company for himself/herself or any other person except under any of the following circumstances:

(i) where he/she has reported to the board of directors or the general meeting and has been approved by a resolution of the board of directors or the general meeting according to the articles of association; or

(ii) where the company cannot make use of the business opportunity as stipulated by laws, administrative regulations or the articles of association.

Where any director, supervisor or senior management fails to report to the board of directors or the general meeting and obtain an approval by resolution of the board of directors or the general meeting according to the articles of association, he/she may not engage in any business that is similar to that of the company where he/she holds office for himself/herself or for any other person.

A director, supervisor or senior management who contravenes any laws, administrative regulations or the articles of association in the performance of his duties resulting in any loss to the company shall be personally liable for the damages to the company.

Finance and Accounting

Under the PRC Company Law, a company shall establish its financial and accounting systems according to laws, administrative regulations and the regulations of the financial department of the State Council. At the end of each fiscal year, the company shall prepare financial and accounting reports which shall be audited by an accounting firm in accordance with the law. The financial and accounting reports shall be prepared in accordance with the laws, administrative regulations and the regulations of the financial department of the State Council.

A joint stock limited company shall make its financial and accounting reports available at the company for inspection by the shareholders 20 days before the convening of an annual general meeting. A joint stock limited company issuing its shares in public must announce its financial and accounting reports.

When distributing the after-tax profits of the current year, the company shall allocate 10% of the profits into the statutory surplus reserve. When the cumulated amount of the statutory surplus reserve of the company has reached 50% or more of its registered capital, no further allocation is required.

If the statutory surplus reserve of the company is insufficient to make up for the losses of the previous years, the current year profits shall be used to make up for the losses before making allocations to the statutory surplus reserve in accordance with the preceding paragraph. After the company has made an allocation to the statutory surplus reserve from its after-tax profit, it may also make an allocation to the arbitrary surplus reserve from its after-tax profit by a resolution of the general meeting.

A joint stock limited company may distribute profits in proportion to the number of shares held by its shareholders, except for distributions that are not in proportion to the number of shares held in accordance with the provisions of the articles of association.

The premium over the nominal value of the shares of a joint stock limited company from the issue of shares, the amount of share proceeds from the issuance of no-par shares that have not been credited to the registered capital and other incomes required by the financial department of the State Council to be treated as the capital reserve fund shall be accounted for as the capital reserve fund of the company.

The surplus reserves of the company shall be used to cover losses of the company, expand the production and operation of the company or increase the capital of the company. To make up for the Company's losses, the Company shall first use the arbitrary surplus reserve and statutory surplus reserve. If they are insufficient, the capital reserve can be used in accordance with the regulations. When the statutory surplus reserve is converted to increase registered capital, the remaining statutory surplus reserve shall be no less than 25% of the registered capital of the company before such conversion.

The company shall not keep accounting books other than those provided by law.

Appointment and Dismissal of Accounting Firms

Pursuant to the PRC Company Law, the appointment or removal of an accounting firm responsible for the company's auditing shall be determined by the general meeting, the board of directors or the board of supervisors in accordance with the articles of association. The accounting firm should be allowed to make representations when the general meeting, the board of directors or the board of supervisors conduct a vote on the removal of the accounting firm.

The company should provide true and complete accounting vouchers, accounting books, financial and accounting reports and other accounting information to the engaged accounting firm without any refusal or withholding or falsification of information.

The Guidelines for Articles of Association provides that the company guarantees to provide true and complete accounting vouchers, accounting books, financial and accounting reports and other accounting information to the engaged accounting firm without any refusal or withholding or falsification of information. And the audit fee of the accounting firm shall be decided by the general meeting.

Profit Distribution

Pursuant to the PRC Company Law, a company shall not distribute profits before making up for losses and withdrawing reserves. Where a company distributes profits to shareholders in violation of the provisions of the PRC Company Law, the shareholders shall refund the profits distributed to the company, and the shareholders, directors, supervisors, and senior management who are responsible for causing losses to the company shall bear compensation liability.

Dissolution and Liquidation

According to the PRC Company Law, a company shall be dissolved for the following reasons:

(i) the term of business stipulated in the articles of association has expired or other events of dissolution specified in the articles of association have occurred; (ii) the general meeting resolves to dissolve the company; (iii) dissolution is necessary due to a merger or division of the company; (iv) the business license is revoked, or the business license is ordered to be closed or revoked in accordance with laws; or (v) where the company encounters serious difficulties in its operation and management and its continuance shall cause a significant loss in the interest of shareholders, and where this cannot be resolved through other means, shareholders who hold more than 10% of the total shareholders' voting rights of the company may present a petition to a people's court for the dissolution of the company with the support of the judgment.

If any event of dissolution as mentioned in the preceding paragraph arises, a company shall publicize the event of dissolution through the National Enterprise Credit Information Publicity System within ten days.

Where the company is dissolved in accordance with sub-paragraph (i) or (ii) above but has not yet distributed its assets to the shareholders, it may carry on its existence by amending its articles of association or upon a resolution of the general meeting, which must be approved by more than two-thirds of the voting rights held by the shareholders present at the general meeting. Where the company is dissolved pursuant to sub-paragraphs (i), (ii), (iv) or (v) above, it shall be liquidated. The directors, who are the liquidation obligors of the company, shall form a liquidation group to carry out liquidation within 15 days from the date of occurrence of the event of dissolution.

The liquidation group shall be composed of the directors, unless it is otherwise provided for in the company's articles of association or it is otherwise elected by the general meeting. The liquidation obligors shall be liable for compensation if they fail to fulfill their obligations of liquidation in a timely manner, and thus any loss is caused to the company or the creditors.

The liquidation group fails to be formed within the time limit or fails to carry out the liquidation after its formation, any interested party may request the people's court to designate relevant persons to form a liquidation group. The people's court shall accept such request and organize a liquidation group to carry out the liquidation in a timely manner.

The liquidation committee shall exercise the following functions and powers during the liquidation period:

(i) to liquidate the company's property and respectively prepare balance sheet and list of property;

(ii) to notify creditors by notice or public announcement;

(iii) to deal with the outstanding business of the company involved in the liquidation;

(iv) to pay all outstanding taxes and taxes arising in the course of liquidation;

(v) to liquidate claims and debts;

(vi) distributing the remaining property of the company after paying off debts;

(vii) to participate in civil litigations on behalf of the company.

The liquidation group shall notify the company's creditors within ten days as of its formation and shall make a public announcement in the newspaper or on the National Enterprise Credit Information Publicity System within 60 days. The creditors shall file their proofs of claim with the liquidation group within 30 days as of the receipt of the notice or within 45 days as of the issuance of the public announcement in the case of failing to receive such notice.

The remaining property of the company after the payment of liquidation expenses, employees' wages, social insurance expenses and statutory compensation, outstanding taxes and the company's debts, shall be distributed to shareholders in proportion to their shareholdings.

During the liquidation period, the company shall continue to exist but shall not carry out any business activities unrelated to the liquidation. The company's property shall not be distributed to the shareholders before the liquidation in accordance with the preceding paragraph.

If the liquidation group, having examined the company's assets and having prepared a balance sheet and an inventory of assets, discovers that the company's property are insufficient to pay its debts in full, it shall file an application to a people's court for bankruptcy liquidation. After the people's court accepts the application for bankruptcy, the liquidation group shall hand over the liquidation matters to the bankruptcy administrator designated by the people's court.

Upon completion of the liquidation, the liquidation group shall prepare a liquidation report to be submitted to the general meeting or the people's court for confirmation, and submit to the company registration authority to apply for cancellation of the company's registration.

The members of the liquidation group performing their duties of liquidation are obliged to loyalty and diligence. Any member of the liquidation group who neglects to fulfill his/her liquidation duties, thus causing any loss to the company shall be liable for compensation, and any member of the liquidation group who causes any loss to any creditor due to his/her intentional or gross negligence shall be liable for compensation.

Where, after three years since the business license of a company is revoked, or the company is ordered to close down or is revoked, the company fails to apply for its deregistration with the company registration authority, the said authority may announce the company's deregistration through the National Enterprise Credit Information Publicity System for a period of no less than 60 days. If there is no objection after the announcement period expires, the company registration authority may deregister the company.

Overseas Listing

According to the Trial Administrative Measures, where an issuer makes an overseas [**REDACTED**] or listing, it shall file with the CSRC within 3 working days after submitting the application documents for overseas issuance and listing. If an issuer issues securities in the same overseas market after overseas issuance and listing, it shall file with the CSRC within 3 working days after the completion of the issuance. If an issuer issues and lists in other overseas markets after overseas issuance and listing, it shall file with the CSRC within 3 working days after submitting the application documents for overseas issuance and listing. Moreover, if the filing materials are complete and meet the requirements, the CSRC shall complete the filing within 20 working days from the date of receiving the filing materials, and publicize the filing information through the website. If the filing materials are incomplete or do not meet the requirements, the CSRC shall inform the issuer of the materials to be supplemented within 5 working days after receiving the filing materials. The issuer shall supplement the materials within 30 working days.

Loss of Share Certificates

A shareholder may, in accordance with the public notice procedures set out in the Civil Procedure Law of the People's Republic of China, apply to a people's court if his share certificate(s) in registered form is either stolen, lost or destroyed, for a declaration that such certificate(s) will no longer be valid. After the people's court declared that such certificate(s) will no longer be valid, the shareholder may apply to the company for the issue of a replacement certificate(s).

Suspension and Termination of Listing

The PRC Company Law has deleted provisions governing suspension and termination of listing. The Securities Law (《證券法》) has also deleted provisions regarding suspension of listing. Where listed securities fall under the delisting circumstances stipulated by the stock exchange, the stock exchange shall terminate its listing and trading in accordance with the business rules. According to the Trial Administrative 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 public offers of securities by Chinese companies in the Chinese mainland or overseas, regulating the trading of securities, compiling securities-related statistics and undertaking research and analysis. In April 1998, the State Council consolidated the above two departments and reformed the CSRC.

The Provisional Regulations Concerning the Issue and Trading of Shares (《股票發行與交易管理暫行條例》) promulgated by the State Council and effective on 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 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 promulgated 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 provides a series of provisions regulating, among other things, the issue and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of the State Council's securities regulatory authorities in the PRC, and comprehensively regulates activities in the PRC securities market. The Securities Law provides that a domestic enterprise must comply with the relevant provisions of the State Council in issuing securities directly or indirectly outside the PRC or listing and trading its securities outside the PRC. Currently, the issue and trading of foreign issued shares are mainly governed by the rules and regulations promulgated by the State Council and the CSRC.

ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARDS

Under the Arbitration Law of the People's Republic of China (《中華人民共和國仲裁法》) (the "**Arbitration Law**"), amended by the Standing Committee of the NPC on 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 Civil Procedure Law of the People's Republic of China. Where both parties have agreed to settle disputes by means of arbitration, the people's court will refuse to take legal action brought by a party in the people's court.

Under the Arbitration Law, an arbitral award is final and binding on the parties. If a party fails to comply with an award, the other party to the award may apply to the people's court for enforcement according to the Civil Procedure Law of the People's Republic of China. A people's court may refuse to enforce an arbitral award made by an arbitration commission if there is any procedural irregularity (including irregularity in the composition of the arbitration committee or the making of an award on matters beyond the scope of the arbitration agreement or the jurisdiction of the arbitration commission). A party seeking to enforce an arbitral award of foreign arbitration commission against a party who or whose property is not within the PRC shall apply to a foreign court with jurisdiction over the case for recognition and enforcement. Similarly, an arbitral award made by a foreign arbitration body may be recognized and enforced by the people's court in accordance with the principles of reciprocity or any international treaty concluded or acceded to by the PRC.

An arrangement was reached between Hong Kong and the Supreme People's Court of China allowing for mutual recognition and enforcement of arbitral awards. On June 18, 1999, the Supreme People's Court adopted the "Arrangement Concerning Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region", which came into effect on February 1, 2000. Pursuant to this arrangement, arbitral awards rendered by arbitral authorities in the Chinese mainland in accordance with the Arbitration Law may be enforced in Hong Kong, and Hong Kong arbitral awards may also be enforced in the Chinese mainland.

On November 26, 2020, the Supreme People's Court promulgated the "Supplemental Arrangement Concerning Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region", which clarifies the procedure for "recognition," expands the scope of mutual recognition and enforcement of arbitral awards, and removes restrictions on arbitral authorities. The supplemental arrangement also provides that an applicant may apply for enforcement of an arbitral award to both Mainland and Hong Kong courts, and includes provisions regarding interim measures.

This appendix contains a summary of the main provisions of the company's articles of association adopted by our company on September 6, 2025, and will come into effect upon the listing of the H-shares on the Hong Kong Stock Exchange. The main purpose of this Appendix is to provide potential investors with an overview of the Articles of Association of the Company, and therefore it may not contain all the information that is important for potential investors.

SHARES AND REGISTERED CAPITAL

The company's shares are in the form of stocks. The stocks issued by the company are denominated in Renminbi.

The Company shall issue shares under the principles of openness, fairness and impartiality and shares of the same class shall rank pari passu.

Shares of the same class in the same issue shall be issued at the same price and on same conditions. The same price shall be paid for each share subscribed for by a subscriber.

Increase of Capital

The Company may, based on its operating and development needs, increase its capital in the following ways pursuant to the provisions of laws, regulations and subject to the resolutions separately passed at the general meetings: (1) by [**REDACTED**] of shares. (2) by non-[**REDACTED**] of shares. (3) by allotting bonus shares to its existing shareholders. (4) by converting common reserve fund into share capital. (5) by any other means which is stipulated by law and administrative regulations, and approved by the CSRC and other relevant regulatory bodies.

Reduction of Capital

The company may reduce its registered capital. When reducing its registered capital, the company shall follow the procedures stipulated in the Company Law and other relevant provisions, as well as the procedures specified in the Articles of Association.

When the company needs to reduce its registered capital, it must prepare a balance sheet and an inventory of assets.

Within 10 days from the date the shareholders' meeting makes a resolution to reduce the registered capital, the company shall notify its creditors and announce the reduction in a newspaper or on the National Enterprise Credit Information Publicity System within 30 days. Creditors who receive the notification have the right to request the company to settle its debts or provide corresponding guarantees within 30 days from the date of receipt of the notification. Creditors who do not receive the notification have the right to make such requests within 45 days from the date of the announcement.

Repurchase of Shares

Company may not repurchase its own shares other than for the following purposes: (1) reducing its registered capital; (2) merging with other companies which hold its shares; (3) granting shares to its employees as incentives or for employee stock ownership plan; (4) acquiring its shares at the request of its shareholders who vote in a shareholders' general meeting against a resolution regarding a merger and division; (5) utilizing the shares for conversion of listed corporate bonds which are convertible into shares; (6) where it is necessary for the Company to safeguard the value of the Company and the interests of its shareholders.

The company may acquire its own shares through public centralized trading methods, or through other methods recognized by laws, administrative regulations, the CSRC, and the regulatory authorities of the place where the company's stocks are listed.

Where the Company acquires its own shares due to the circumstances stipulated in items (3), (5), and (6) above, it shall do so through public centralized trading methods.

Where the Company acquires its own shares due to the circumstances stipulated in items (1) and (2) above, it shall obtain a resolution from the shareholders' meeting; where the company acquires its own shares due to the circumstances stipulated in items (3), (5), and (6) above, it may, in accordance with the provisions of the Articles of Association or the authorization of the shareholders' meeting, obtain a resolution from a board of directors meeting attended by more than two-thirds of the directors.

After the Company acquires its own shares, if it is due to the circumstance in item (1), the acquired shares shall be cancelled within 10 days from the date of acquisition; if it is due to the circumstances in items (2) and (4), the shares shall be transferred or cancelled within six months; if it is due to the circumstances in items (3), (5), and (6), the total number of shares held by the company shall not exceed 10% of the total number of issued shares of the company, and the shares shall be transferred or cancelled within three years.

TRANSFER OF SHARES

The Company's shares may be transferred in accordance with the law.

All transfers of H-shares shall be made by a written instrument of transfer in the usual or common form or in any other form acceptable to the board of directors (including the standard form of transfer or transfer form from time to time stipulated by the Hong Kong Stock Exchange); and such instrument of transfer may only be executed by manual signature or by affixing the Company's valid seal (if the transferor or transferee is a company). If the transferor or transferee is a recognized clearing house or its agent as defined from time to time by the relevant regulations in force under the laws of Hong Kong, China, the instrument of transfer may be executed either by manual signature or by mechanical print. All instruments of transfer shall be kept at the Company's registered office or at such other place as the board of directors may from time to time designate.

Shares issued by the Company prior to its [**REDACTED**] of shares shall not be transferred within one year from the date on which the Company's shares are listed and traded on a stock exchange.

Directors, and senior management personnel of the Company shall report to the Company the shares of the Company they hold and any changes in such shares. During the term of office as determined when they assume the posts, the shares transferred each year shall not exceed 25% of the total number of such class of shares they hold of the Company. The shares they hold in the Company shall not be transferred within one year from the date on which the Company's shares are listed and traded. Within six months after the above-mentioned personnel leave their posts, they shall not transfer the shares they hold in the Company.

The shares of the Company shall not be pledged.

If the securities regulatory authority of the place where the Company's shares are listed has other provisions on the transfer restrictions of overseas-listed shares, such provisions shall prevail.

If a shareholder holding more than 5% of the Company's shares, or a director or senior management personnel, sells the Company's shares or other equity-like securities within six months after purchase, or buys them back within six months after sale, the profits derived therefrom shall belong to the Company, and the Company's board of directors shall recover such profits. However, this does not apply to a securities firm that holds more than 5% of the shares due to the purchase of remaining shares after a firm commitment underwriting, and other circumstances as stipulated by the CSRC.

The shares or other equity-like securities referred to in the preceding paragraph, held by directors, senior management personnel, and natural person shareholders, include those held by their spouses, parents, and children, as well as those held through other people's accounts.

If the board of directors fails to act in accordance with the aforementioned provisions, shareholders have the right to demand that the board take action within 30 days. If the board does not act within the specified period, shareholders have the right to bring a lawsuit in the name of the Company

If the board of directors fails to act in accordance with the aforementioned provisions, the directors who are responsible shall bear joint liability in accordance with the law.

REGISTER OF MEMBERS

The Company maintains a register of members in accordance with the Companies Law, the securities regulatory rules of the place where the Company's shares are listed and other applicable laws and regulations. The register of members shall constitute conclusive evidence of the shareholding of the shareholders. Shareholders shall be entitled to rights and shall be subject to obligations in accordance with the class of shares held. Shareholders holding shares of the same class shall be entitled to equal rights and shall bear the same obligations.

The original register of H share members shall be kept in Hong Kong for inspection by the shareholders. The Company may, in accordance with applicable laws, regulations and the securities regulatory rules of the place where the Company's shares are listed, suspend the registration of shareholders.

RIGHTS AND OBLIGATIONS OF SHAREHOLDERS

Members shall enjoy rights and assume obligations according to the types of shares they hold. Members holding shares of the same category shall enjoy equal rights and assume the same obligations.

The shareholders of the Company shall enjoy the following rights: (1) to receive dividends and other forms of profit distribution in proportion to the shares they hold; (2) to request, call, chair, attend or appoint a proxy to attend the shareholders' meeting and exercise the corresponding voting rights in accordance with the law (except in circumstances where, pursuant to the securities regulatory rules of the place where the Company's shares are listed, the shareholder is required to abstain from voting on the relevant matters); (3) to supervise the Company's operations and to make suggestions or inquiries; (4) to transfer, donate, or pledge the shares they hold in accordance with laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association; (5) to review and copy the Articles of Association, register of shareholders, records of shareholders' meetings, resolutions of the board of directors and financial accounting reports. Shareholders who meet the requirements may review the company's accounting books and vouchers; (6) to participate in the distribution of the company's remaining assets in proportion to the shares they hold when the Company is terminated or liquidated; (7) shareholders who object to the shareholders' meeting resolutions on Company mergers or divisions may request the Company to repurchase their shares; and (8) other rights as stipulated by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the company's shares are listed, or the Articles of Association.

The shareholders of the Company shall undertake the following obligations: (1) to comply with laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association; (2) to pay for the shares subscribed and the method of contribution; (3) except as otherwise provided by laws, administrative regulations and securities regulatory rules of the place where the Company's shares are listed, not to withdraw their capital contributions; (4) not to abuse their shareholder rights to harm the interests of the Company or other shareholders; (5) not to abuse the independent legal status of the Company and the limited liability of shareholders to harm the interests of the Company's creditors; and (6) other obligations that shall be undertaken as stipulated by laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association.

If a shareholder of the Company abuses his or her shareholder rights and causes losses to the Company or other shareholders, he or she shall bear compensation liability in accordance with the law. If a shareholder of the Company abuses the independent legal status of the Company and the limited liability of shareholders to evade debts and seriously harm the interests of the Company's creditors, he or she shall bear joint liability for the Company's debts.

RESTRICTIONS ON THE RIGHTS OF CONTROLLING SHAREHOLDERS

The controlling shareholders and de facto controllers of the Company shall exercise their rights and perform their obligations in accordance with the laws, administrative regulations, the rules of the CSRC and the securities regulatory authorities of the place where the Company's shares are listed, and shall safeguard the interests of the Company.

The controlling shareholders and de facto controllers of the Company shall comply with the following provisions：(1) to exercise their rights as shareholders in accordance with the law, and not to abuse their controlling rights or make use of their affiliated relationship to impair the legitimate rights and interests of the Company or other shareholders; (2) to strictly perform their public statements and undertakings, and not to alter or waive them without authorization; (3) to strictly perform their information disclosure obligations in accordance with the relevant requirements, actively cooperate with the Company in its information disclosure, and promptly inform the Company of material events that have occurred or are proposed to occur; (4) not to misappropriate the Company's assets in any manner; (5) not to compel, instruct or require the Company or any relevant personnel to provide guarantees in violation of laws or regulations; (6) not to obtain benefits by making use of the Company's material non-public information, and not to disclose any material non-public information of the Company in any manner, or engage in insider trading, short-swing trading, market manipulation or other illegal or non-compliant activities; (7) not to impair the legitimate rights and interests of the Company or other shareholders through any unfair related-party transactions, profit distributions, asset restructurings, external investments or otherwise; (8) to ensure the integrity of the Company's assets and the independence of its personnel, finance, institutions and businesses, and not to affect the independence of the Company in any manner;

Where the controlling shareholders or de facto controllers of the Company do not serve as directors of the Company but in fact perform the Company's affairs, the provisions of the Articles of Association relating to the duties of loyalty and diligence of directors shall apply correspondingly.

Where the controlling shareholders or de facto controllers of the Company instruct the directors or senior management personnel to conduct any act which impairs the interests of the Company or the shareholders, they shall bear joint and several liability with such directors or senior management personnel.

SHAREHOLDERS' MEETING

General Provisions on the Shareholders' Meeting

The shareholders' meeting is the Company's authority and exercises the following powers in accordance with the law: (1) to elect and replace directors, and to determine matters relating to the remuneration of directors. (2) to deliberate and approve the report of the board of directors. (3) to deliberate and approve the Company's profit distribution plan and loss compensation plan. (4) to make resolutions on the increase or decrease of the Company's registered capital. (5) to make resolutions on the issuance of corporate bonds. (6) to make resolutions on the Company's merger, division, dissolution, liquidation, or change of corporate form. (7) to amend the Articles of Association. (8) to make resolutions on the engagement or dismissal of the accounting firm undertaking the Company's audit business. (9) to deliberate and approve the guarantee matters stipulated in Article 47 of the Articles of Association. (10) to deliberate on matters concerning the purchase or sale of significant assets exceeding 30% of the Company's most recently audited total assets within one year. (11) to deliberate and approve changes in the use of raised funds. (12) to deliberate on equity incentive plans and employee share ownership plans. (13) to deliberate on other matters that should be decided by the shareholders' meeting as stipulated by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association.

The shareholders' meeting may authorize the board of directors to make resolutions on the issuance of corporate bonds.

The following external guarantee activities of the Company must be reviewed and approved by the shareholders' meeting: (1) any guarantee provided after the total amount of external guarantees of the Company and its controlled subsidiaries exceeds 50% of the Company's most recently audited net assets. (2) any guarantee provided after the total amount of external guarantees of the Company exceeds 30% of the Company's most recently audited total assets. (3) guarantees where the amount of guarantees provided by the Company within one year exceeds 30% of the Company's most recently audited total assets. (4) guarantees provided for guarantee objects with a debt-to-asset ratio exceeding 70%. (5) guarantees where the amount of a single guarantee exceeds 10% of the Company's most recently audited net assets. (6) guarantees provided for shareholders, actual controllers, and their related parties.

The shareholders' meeting is divided into the annual shareholders' meeting and the extraordinary shareholders' meeting. The annual shareholders' meeting shall be held once a year and shall be convened within six months after the end of the previous financial year.

In case of any of the following circumstances, the Company shall convene an extraordinary shareholders' meeting within two months from the date of occurrence of the relevant event: (1) the number of directors is less than the number stipulated by the Company Law or two-thirds of the number specified in the Articles of Association; (2) the Company's unrecovered losses reach one-third of the total share capital; (3) a shareholder or shareholders holding individually or collectively more than 10% of the company's shares make a request; (4) the board of directors deems it necessary; (5) the audit committee propose to convene a meeting; and (6) other circumstances stipulated by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association.

Convening of the Shareholders' Meeting

The board of directors shall convene the shareholders' meeting within the prescribed time limit.

With the consent of more than half of all the independent non-executive directors, independent non-executive directors have the right to propose to the board of directors to convene an extraordinary shareholders' meeting. In response to a proposal from independent non-executive directors to convene an extraordinary shareholders' meeting, the board of directors shall provide a written feedback indicating agreement or disagreement to convene the extraordinary shareholders' meeting within 10 days of receiving the proposal, 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.

If the board of directors agrees to convene an extraordinary shareholders' meeting, it shall issue a notice of the shareholders' meeting within 5 days after making the board resolution; if the board of directors disagrees to convene an extraordinary shareholders' meeting, it shall state the reasons and make an announcement.

The audit committee's proposal to the board of directors to convene an extraordinary shareholders' meeting shall be made in writing. The board of directors shall provide a written feedback indicating agreement or disagreement to convene the extraordinary shareholders' meeting within 10 days of receiving the proposal, 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.

If the board of directors agrees to convene an extraordinary shareholders' meeting, it shall issue a notice of the shareholders' meeting within 5 days after making the board resolution. Any changes to the original proposal in the notice shall be subject to the consent of the audit committee.

If the board of directors disagrees to convene an extraordinary shareholders' meeting, or fails to provide feedback within 10 days of receiving the proposal, it shall be deemed that the board of directors is unable or unwilling to perform its duty to convene the shareholders' meeting. In such case, the audit committee may convene and chair the meeting on its own.

A shareholder or shareholders holding individually or collectively more than 10% of the Company's shares who request the board of directors to convene an extraordinary shareholders' meeting shall make the request in writing to the board of directors. The board of directors shall provide a written feedback indicating agreement or disagreement to convene the extraordinary shareholders' meeting within 10 days of receiving the request, 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.

If the board of directors agrees to convene an extraordinary shareholders' meeting, it shall issue a notice of the shareholders' meeting within 5 days after making the board resolution. Any changes to the original request in the notice shall be subject to the consent of the relevant shareholders.

If the board of directors disagrees to convene an extraordinary shareholders' meeting, or fails to provide feedback within 10 days of receiving the request, a shareholder or shareholders holding individually or collectively more than 10% of the Company's shares may propose to the audit committee to convene an extraordinary shareholders' meeting in writing.

If the audit committee agrees to convene an extraordinary shareholders' meeting, it shall issue a notice of the shareholders' meeting within 5 days of receiving the request. Any changes to the original request in the notice shall be subject to the consent of the relevant shareholders.

If the audit committee fails to issue a notice of the shareholders' meeting within the prescribed time limit, it shall be deemed that the audit committee is not convening and chairing the shareholders' meeting. In such case, a shareholder or shareholders holding individually or collectively more than 10% of the company's shares for more than 90 consecutive days may convene and chair the meeting on their own.

If the audit committee or a shareholder decides to convene the shareholders' meeting on its own, it shall notify the board of directors in writing. The proportion of shares held by the convening shareholder shall not be less than 10% before the notice of the resolution of the shareholders' meeting.

Proposals for the Shareholders' Meeting

When the Company convenes a shareholders' meeting, the board of directors and a shareholder or shareholders holding individually or collectively more than 1% of the Company's shares have the right to submit proposals to the Company. A shareholder or shareholders holding individually or collectively more than 1% of the Company's shares may submit a temporary proposal in writing to the convener 10 days before the shareholders' meeting. The convener shall issue a supplementary notice of the shareholders' meeting within 2 days after receiving the proposal, notify the content of the temporary proposal, and submit the temporary proposal to the shareholders' meeting for deliberation, provided that the temporary proposal does not violate the provisions of laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed or the Articles of Association, or fall outside the scope of the powers of the shareholders' meeting.

Except as provided in the preceding paragraph, after the convener has issued the notice of the shareholders' meeting, it shall not amend the proposals already listed in the notice of the shareholders' meeting or add new proposals. The shareholders' meeting shall not vote on or make resolutions regarding proposals that are not listed in the notice of the shareholders' meeting or do not comply with the Articles of Association.

Notice of the Shareholders' Meeting

The convener shall notify each shareholder of the annual shareholders' meeting at least 20 days before the meeting and of the extraordinary shareholders' meeting at least 15 days before the meeting.

Convening of the Shareholders' Meeting

All shareholders or their proxies registered on the record date are entitled to attend the shareholders' meeting and exercise their voting rights in accordance with relevant laws, regulations and the Articles of Association.

Shareholders may attend the shareholders' meeting in person or by proxy.

A natural person shareholder attending the meeting in person must present their identity card or other valid identification or proof; a proxy attending on behalf of a shareholder must present their valid identity card and a power of attorney from the shareholder.

A corporate shareholder must be represented by its legal representative or a proxy authorized by the legal representative. The legal representative attending the meeting must present their identity card and valid proof of their status as a legal representative; a proxy attending the meeting must present their identity card and a written power of attorney issued by the legal representative of the corporate shareholder. This shall not apply to a shareholder being a recognized clearing house (or its agent) as defined from time to time by the relevant ordinances of Hong Kong or the securities regulatory rules of the place where the Company's shares are listed.

If a shareholder is a recognized clearing house (or its agent) as defined from time to time by the relevant ordinances of Hong Kong or the securities regulatory rules of the place where the Company's shares are listed, such shareholder may authorize its corporate representative or one or more persons it considers appropriate to act as its representative or proxy at any shareholders' meeting or any meeting of creditors. Where more than one person is so authorized, the instrument of authorization shall specify the number and class of shares in respect of which each person is authorized. A person so authorized may exercise the rights of the shareholder (without presenting share certificates, provided that notarized authorization and/or further evidence of such authorization is furnished), and shall be entitled to the same statutory rights as other shareholders, including the right to speak and vote, as if such person were an individual shareholder of the Company.

Resolutions of the Shareholders' Meeting

Resolutions of the shareholders' meeting are divided into ordinary resolutions and special resolutions.

An ordinary resolution of the shareholders' meeting shall be passed by a majority of the voting rights held by the shareholders present at the meeting. A special resolution of the shareholders' meeting shall be passed by not less than two-thirds of the voting rights held by the shareholders present at the meeting.

The following matters shall be passed by an ordinary resolution of the shareholders' meeting: (1) the work report of the board of directors; (2) the profit distribution plan and loss compensation plan proposed by the board of directors; (3) the appointment and removal of members of the board of directors together with their remuneration and payment methods;(4) other matters not required to be passed by a special resolution under laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association.

The following matters shall be passed by a special resolution of the shareholders' meeting: (1) the increase or decrease of the company's registered capital; (2) the division, spin-off, merger, dissolution, and liquidation of the Company; (3) the amendment of the Articles of Association; (4) the purchase or sale of significant assets by the Company within one year, or the provision of guarantees to others, exceeding 30% of the Company's most recently audited total assets; (5) equity incentive plans and employee stock ownership plans; (6) other matters stipulated by laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association, and other matters that the shareholders' meeting deems by ordinary resolution to have a significant impact on the Company and require passage by a special resolution.

DIRECTORS AND THE BOARD OF DIRECTORS

Directors

Directors shall be elected or replaced by the shareholders' meeting and may be removed from office by the shareholders' meeting before the expiration of their term of office.

The term of office of a director shall be three years. A director may be re-elected for consecutive terms upon the expiration of his or her term. The term of office of a director shall be calculated from the date of his or her assumption of office and shall end upon the expiration of the term of office of the current board of directors. If a director's term of office expires and a replacement director has not been elected in a timely manner, the outgoing director shall continue to perform the duties of a director in accordance with laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association until the newly elected director assumes office.

A director may concurrently hold the position of senior management personnel, provided that the number of directors who concurrently hold senior management positions and directors appointed by employee representatives shall in total not exceed one-half of the total number of directors of the Company.

The Board of Directors

The Company shall establish a board of directors, which shall consist of nine directors. The board of directors shall appoint one chairman, who shall be elected by a majority of all directors.

The board of directors shall exercise the following powers: (1) to convene the shareholders' meeting and report to the shareholders' meeting; (2) to implement the resolutions of the shareholders' meeting; (3) to determine the Company's business plans and investment programs; (4) to formulate the Company's profit distribution plan and loss compensation plan; (5) to formulate plans for the Company's increase or decrease of registered capital, issuance of bonds or other securities, and listing; (6) to draft plans for significant acquisitions by the Company, the Company's acquisition of its own shares, and the Company's merger, division, dissolution, or change of corporate form; (7) within the scope of authorization by the shareholders' meeting, to decide on matters such as the Company's external investments, acquisition and sale of assets, asset mortgage, external guarantees, entrusted financial management, related-party transactions, and external donations; (8) to determine the establishment of the Company's internal management institutions; (9) to decide on the appointment or dismissal of the Company's general manager, board secretary, and other senior management personnel, and to determine their remuneration and matters of rewards and punishments; to decide on the appointment or dismissal of the Company's deputy general managers, chief financial officer, and other senior management personnel based on the nomination of the general manager, and to determine their remuneration and matters of rewards and punishments; (10) to formulate the Company's basic management systems; (11) to draft plans for the amendment of these articles of association; (12) to submit proposals to the shareholders' meeting for the engagement or replacement of the accounting firm that audits the Company; (13) to hear work reports from the Company's general manager and to inspect the work of the general manager; (14) to formulate the Company's equity incentive plan; and (15) other powers granted by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association.

No meeting of the board of directors may be held unless more than half of the directors are present. Except as otherwise provided in t the Articles of Association, when the board of directors makes a resolution, it shall require the affirmative votes of more than half of all the directors.

For the voting on a resolution of the board of directors, each director shall have one vote.

CHAIRMAN OF THE BOARD

The Chairman of the Board shall exercise the following powers: (1) to preside over the shareholders' meeting and to convene and chair meetings of the board of directors; (2) to urge and inspect the implementation of the resolutions of the board of directors; and (3) other powers granted by the board of directors or the Articles of Association.

GENERAL MANAGER

The General Manager is accountable to the board of directors and shall exercise the following powers: (1) to be in charge of the Company's production and business management, implement the resolutions of the board of directors, and report work to the board of directors; (2) to implement the Company's annual business plan and investment program; (3) To draft plans for the establishment of the Company's internal management institutions; (4) to draft the Company's basic management systems; (5) to formulate the Company's specific regulations; (6) to propose to the board of directors the appointment or dismissal of the Company's deputy general managers and chief financial officer; (7) to decide on the appointment or dismissal of managers other than those who should be appointed or dismissed by the board of directors; (8) other powers granted by the Articles of Association or the board of directors.

The General Manager shall attend the board of directors meetings.

SECRETARY OF THE BOARD OF DIRECTORS

The Company shall appoint a secretary of the board of directors, who shall be responsible for the preparation of the shareholders' meeting and board of directors meetings, the custody of documents, and the management of the Company's shareholders' information, as well as handling matters related to information disclosure.

The secretary of the board of directors shall comply with the relevant provisions of laws, administrative regulations, departmental rules, and the Articles of Association.

BORROWING POWERS

The Articles of Association do not contain any specific provisions regarding the manner in which directors exercise borrowing powers or the manner in which such powers are granted. However, the board of directors has the authority to formulate proposals for the issuance of corporate bonds and the listing of shares, which must be approved by the shareholders by a special resolution at the shareholders' general meeting.

FINANCIAL ACCOUNTING SYSTEM

The Company shall formulate its financial accounting system in accordance with laws, administrative regulations, the provisions of relevant state departments and the securities regulatory rules of the place where the Company's shares are listed.

The Company shall not establish any other accounting books except for the statutory ones. No assets of the Company shall be deposited in any account opened in the name of any individual.

DISSOLUTION AND LIQUIDATION OF THE COMPANY

The company shall be dissolved for any of the following reasons: (1) the expiration of the business term stipulated in the Articles of Association or the occurrence of other dissolution events specified in the Articles of Association; (2) a resolution of the shareholders' meeting to dissolve the Company; (3) the need for dissolution due to the Company's merger or division; (4) the Company is legally revoked of its business license, ordered to close, or revoked; (5) the Company encounters severe difficulties in its management and operation, and its continued existence would cause significant losses to the shareholders' interests. If such issues cannot be resolved through other means, a shareholder holding more than 10% of the voting rights in the Company may request the people's court to dissolve the Company.

If the Company encounters any of the dissolution events specified in the preceding paragraph, it shall display the reasons for dissolution through the National Enterprise Credit Information Publicity System within 10 days.

If the Company is dissolved due to the reasons specified in items (1), (2), (4), and (5) above, liquidation shall be carried out. The directors are the obligors for the Company's liquidation and shall form a liquidation group to commence liquidation within 15 days from the occurrence of the dissolution event. The liquidation group shall be composed of directors, unless otherwise stipulated in these articles of association or another person is elected by the shareholders' meeting. If the obligor for liquidation fails to perform the liquidation obligation in a timely manner and causes losses to the company or creditors, they shall bear liability for compensation.

The liquidation group shall notify the creditors within 10 days from the date of its establishment and announce it in a newspaper or through the National Enterprise Credit Information Publicity System within 60 days, as well as in the manner required by the securities exchange where the Company's shares are listed. Creditors shall declare their claims to the liquidation group within 30 days from the date of receiving the notification, or within 45 days from the date of the announcement if they have not received the notification.

After sorting out the Company's property, preparing the balance sheet, and inventory of assets, if the liquidation group finds that the Company's property is insufficient to repay the debts, it shall apply to the people's court for bankruptcy liquidation in accordance with the law.

After the people's court accepts the bankruptcy application, the liquidation group shall transfer the liquidation affairs to the bankruptcy administrator designated by the people's court. Upon the completion of the company's liquidation, the liquidation group shall prepare a liquidation report, submit it to the shareholders' meeting or the people's court for confirmation, and file it with the company registration authority to apply for the cancellation of the Company registration.

AMENDMENT OF THE ARTICLES OF ASSOCIATION

The Company shall amend its articles of association in any of the following circumstances: (1) after amendments to the Company Law or relevant laws, administrative regulations, and the securities regulatory rules of the place where the Company's shares are listed, the provisions of the Articles of Association conflict with the amended laws and administrative regulations; (2) changes in the Company's situation are inconsistent with the matters recorded in the Articles of Association; (3) the shareholders' meeting decides to amend the Articles of Association.

Matters of amendment to the Articles of Association passed by the shareholders' meeting that require approval by the competent authority shall be submitted for approval; those involving changes to the Company registration shall be handled in accordance with the law for change registration.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation

Our Company was established under the laws of the PRC as a limited liability company on October 28, 2005 with an initial registered capital of RMB10 million. On December 11, 2015, our Company was converted to a joint stock company with limited liability under the PRC Company Law. The registered address of our Company in the PRC is at Room 130, Building 2, No. 16 Fuxing Avenue, Xitang Town, Jiashan County, Jiaxing City, Zhejiang Province, PRC. The headquarters and principal place of business of our Company in the PRC is at No. 1999 Xihan Road, Xitang Town, Jiashan County, Jiaxing, Zhejiang, PRC. A summary of our Articles is set out in "Appendix V — Summary of Articles of Association."

We have established a place of business in Hong Kong at 40/F, Dah Sing Financial Centre, 248 Queen's Road East, Wanchai, Hong Kong, and was registered with the Companies Registry in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on October 20, 2025. Mr. Lau Kwok Yin, being our joint company secretary, has been appointed as the Authorized Representative of our Company for the acceptance of service of process and notice in Hong Kong. Our address for acceptance of service of process is 40/F, Dah Sing Financial Centre, 248 Queen's Road East, Wanchai, Hong Kong.

As our Company was incorporated in the PRC, our operations are subject to the relevant laws and regulations of the PRC. A summary of the relevant aspects of laws and regulations of the PRC and our Articles of Association is set out in Appendix IV and V, respectively.

2. Changes in Share Capital of our Company

Our Company was incorporated on October 28, 2005 with registered capital of RMB10 million. On December 11, 2015, our Company was converted to a joint stock company with limited liability. As at the Latest Practicable Date, our total issued share capital was RMB46,067,139 divided into 46,067,139 Shares with a nominal value of RMB1.00 each.

Save as disclosed above, there has been no alteration in our total issued share capital within the two years immediately preceding the date of publication of this document.

3. Changes in the Share Capital of Our Subsidiaries

A summary of the corporate information and the particulars of our subsidiaries are set out in note 1 to the Accountants' Report as set out in Appendix I to this document.

The following subsidiary of our Company was incorporated within two years immediately preceding the date of this document:

Name of subsidiary	Place of incorporation	Date of incorporation	Capital Contribution
Shanghai Chuangmo Intelligent Technology Co., Ltd. (上海創墨智慧科技有限公司)	PRC	October 11, 2025	RMB10,000,000

The following sets out the changes in the share capital of our subsidiaries within the two years immediately preceding the date of this document:

On August 29, 2025, the registered share capital of DKE (Hong Kong) Co., Limited increased to US$13,000,000.

Save as disclosed above, there has been no alteration in the total issued share capital of our subsidiaries during the two years immediately preceding the date of this document. For details of our subsidiaries, see "History, Development and Corporate Structure — Our Major Subsidiaries."

4. Resolutions of our Shareholders in relation to the [REDACTED]

Pursuant to the resolutions passed at a duly convened general meeting of our Shareholders on September 6, 2025, it was resolved, among others:

(a) the issuance by our Company of H Shares with a nominal value of RMB1.00 each and such H Shares being [**REDACTED**] on the Stock Exchange;

(b) the number of H Shares to be issued shall not be more than 25% of the total issued share capital of our Company as enlarged by the [**REDACTED**] (without taking into account of any H Shares which may be [**REDACTED**] upon the exercise of the [**REDACTED**]), and the grant of the [**REDACTED**] in respect of not more than 15% of the number of H Shares initially available under the [**REDACTED**];

(c) subject to the completion of the [**REDACTED**], the adoption of the Articles of Association which shall become effective on the [**REDACTED**], and authorization to the Board to amend the Articles of Association to the extent necessary in accordance with laws, regulations and regulatory rules and requirements from relevant government bodies or regulatory authorities and for the purpose of the [**REDACTED**]; and

(d) authorization of our Board or its authorized person(s) to handle all matters relating to, among other things, the [**REDACTED**] and the [**REDACTED**].

5. Restrictions on Repurchase

See "Appendix V — Summary of the Articles of Association" for details.

6. Corporate Reorganization

Our Company has not gone through any corporate reorganization for the purpose of the [**REDACTED**]. See the section headed "History, Development and Corporate Structure" for further details of the history and development of our Company.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by us within the two years preceding the date of this document and are or may be material:

(a) the subscription agreement dated November 20, 2024 entered into between DKE (Fuyong) Company Limited, CFKC Flextech LLC and Flexenable Technology Limited, pursuant to which DKE (Fuyong) Company Limited applies for, and Flexenable Technology Limited accepts, the allotment and issue of 749,231 series A preferred shares of Flexenable Technology Limited at a subscription price of US$3,000,000; and

(b) the Hong Kong [**REDACTED**].

2. Intellectual Property Rights of Our Group

(a) Patents

As of the Latest Practicable Date, we were the registered owner of and had the right to use the following patents which we consider to be or may be material to our business:

No.	Patent	Patentee	Place of Registration	Patent Number	Application Date
1.	An electronic paper debugging device (一種電子紙調試裝置)	DKE Longning	PRC	202420272885X	February 4, 2024
2.	An FPGA-based driving system for electrophoretic displays (一種基於FPGA的電泳式顯示器驅動系統)	DKE Longning	PRC	2023212248089	May 19, 2023
3.	A rewritable magnetic electronic paper display board (一種可擦寫的磁性電子紙展示板)	DKE Longning	PRC	2022203828555	February 24, 2022
4.	A segment-type electronic paper display device based on printed silver-carbon circuit PET substrate (一種基於印刷型銀碳電路PET基板的段碼式電子紙顯示器件)	DKE Longning	PRC	2022203814764	February 24, 2022
5.	A driving method for dual-display-mode electronic paper modules (一種雙顯示模式電子紙模組的驅動方法)	DKE Longning	PRC	2022101737698	February 24, 2022
6.	An electrophoretic electronic paper device for optimized time display (一種用於優化時間顯示的電泳型電子紙裝置)	DKE Longning	PRC	2020217675062	August 21, 2020
7.	An electrophoretic electronic paper device for optimized time display and its driving method (一種用於優化時間顯示的電泳型電子紙裝置及其驅動方法)	DKE Longning	PRC	2020108525501	August 21, 2020
8.	A stacked structure for dual-layer color-mixing cholesteric liquid crystal electronic paper (一種雙層混色膽甾型液晶電子紙的疊加結構)	DKE Longning	PRC	2020213046555	July 6, 2020
9.	A hybrid spacer material layer and its anti-pressure cholesteric liquid crystal display device (一種混合型間隔襯墊料層及其防按壓膽甾型液晶顯示裝置)	DKE Longning	PRC	2020213047100	July 6, 2020
10.	An electronic paper display system for emergency exit guidance (一種電子紙顯示屏逃生通道指示系統)	DKE Longning	PRC	2020212779347	July 3, 2020
11.	An electronic paper escape route indicator display (一種電子紙逃生通道指示顯示屏)	DKE Longning	PRC	2020212786872	July 3, 2020
12.	A low-deformation cholesteric liquid crystal display device (一種小形變膽甾相液晶顯示裝置)	DKE Longning	PRC	2020212736271	July 2, 2020
13.	A micron narrow-bezel display device (一種微米窄邊框顯示裝置)	DKE Longning	PRC	2020212736267	July 2, 2020
14.	A test fixture with auto-illumination function (具有自動點亮功能的測試夾具)	DKE Longning	PRC	2018218055445	November 3, 2018
15.	An electrophoretic electronic paper device with extended lifespan (一種延長使用壽命的電泳型電子紙裝置)	DKE Longning	PRC	2018211417816	July 18, 2018

No.	Patent	Patentee	Place of Registration	Patent Number	Application Date
16.	A five-platform semi-automatic flip-type electronic paper laminator (具有五層平台的電子紙半自動翻板貼合機)	DKE Longning	PRC	2018207305856	May 16, 2018
17.	A semi-automatic flip-type electronic paper laminator with adjustable flexible bonding function (具有可調柔性貼合功能的電子紙半自動翻板貼合機)	DKE Longning	PRC	201820524386X	April 12, 2018
18.	A chip mounter with pre-film-peeling function (具有預撕膜功能的貼片機)	DKE Longning	PRC	2018202540205	February 12, 2018
19.	A dual-layer stacked electronic paper driving structure (一種雙層疊加電子紙驅動結構)	DKE Longning	PRC	2017218527954	December 26, 2017
20.	A driving method for spatially stable multi-color electrophoretic electronic paper display device (空間穩定的多色電泳型電子紙顯示裝置的驅動方法)	DKE Longning	PRC	2017108656309	September 22, 2017
21.	A high-resolution cholesteric liquid crystal electronic paper device and its driving method (一種高解析度膽甾型液晶電子紙裝置及其驅動方法)	DKE Longning	PRC	2017107410015	August 25, 2017
22.	A high-contrast electrophoretic display device (一種高對比度電泳型顯示裝置)	DKE Longning	PRC	2017204972158	May 5, 2017
23.	A differential charge color electrophoretic display device (一種差異電荷彩色電泳型顯示裝置)	DKE Longning	PRC	2017102972054	April 28, 2017
24.	A pressure-resistant cholesteric liquid crystal electronic paper display device (一種抗按壓膽甾型液晶電子紙顯示裝置)	DKE Longning	PRC	2017203765080	April 11, 2017
25.	A high-temperature and high-humidity liquid crystal display device and its manufacturing method (一種高溫高濕液晶顯示裝置及其製造方法)	DKE Longning	PRC	2016101697356	March 23, 2016
26.	A passive-drive electrophoretic electronic paper device and its driving method (一種無源驅動電泳型電子紙裝置及其驅動方式)	DKE Longning	PRC	2014106062228	October 30, 2014
27.	A packaging structure for multi-component cholesteric liquid crystal electronic paper and its manufacturing method (一種多組分膽甾型液晶電子紙的封裝結構及其製造方法)	DKE Longning	PRC	2014101087500	March 21, 2014
28.	A stereoscopic display electrode and its manufacturing method (一種立體顯示電極及其製造方法)	DKE Longning	PRC	2013100147035	January 15, 2013
29.	An electronic paper AOI test PIN positioning connection device (電子紙AOI測試PIN定位連接裝置)	DKE Fuyong	PRC	202420944099X	April 30, 2024
30.	A quick-release film peeling and winding mechanism (快拆式撕膜收卷機構)	DKE Fuyong	PRC	2024209470976	April 30, 2024
31.	A laminating platform opening device (貼附平台開孔裝置)	DKE Fuyong	PRC	2024206465340	March 29, 2024
32.	A glass terminal cleaning mechanism (玻璃端子清洗機構)	DKE Fuyong	PRC	2023208040529	April 11, 2023
33.	A cutting platform for FPL cutting machines (FPL切割機上的切割平台)	DKE Fuyong	PRC	2023208439844	April 11, 2023

No.	Patent	Patentee	Place of Registration	Patent Number	Application Date
34.	A continuous glue supply mechanism (膠水連續供應機構)	DKE Fuyong	PRC	2023208448720	April 11, 2023
35.	An electronic paper display module integrated with under-screen infrared optical touch (一種集成屏下紅外光學觸模的電子紙顯示模組)	DKE Fuyong	PRC	2022216735239	June 30, 2022
36.	An automatic firmware adaptation burning system and its method (一種自動適配固件的燒錄系統及其方法)	DKE Fuyong	PRC	2022106417874	June 8, 2022
37.	A GBRWK color-mixing electronic paper display device and its display method (一種GBRWK混色的電子紙顯示裝置及其顯示方法)	DKE Fuyong	PRC	2021108677814	July 29, 2021
38.	A novel color-mixing electronic paper display device (一種新型混色的電子紙顯示裝置)	DKE Fuyong	PRC	2021217532400	July 29, 2021
39.	A grayscale color electronic paper (一種灰度彩色電子紙)	DKE Fuyong	PRC	2016208828255	August 15, 2016
40.	A passive-drive electrophoretic electronic paper device (一種無源驅動電泳型電子紙裝置)	DKE Fuyong	PRC	2013103983147	September 3, 2013
41.	A liquid crystal electronic paper display and its manufacturing method (一種液晶電子紙顯示器及其製造方法)	DKE Fuyong	PRC	201010253708X	August 12, 2010
42.	An electronic paper AOI test PIN positioning connection device (電子紙AOI測試PIN定位連接裝置)	DKE Fuyong	PRC	202420944099X	April 30, 2024
43.	An electronic paper film testing and inspection device (一種電子紙膜片的測試檢測裝置)	DKE Shanghai	PRC	2023210171129	April 28, 2023
44.	A three-dimensional color-mixing electronic paper (一種三維混色電子紙)	DKE Shanghai	PRC	2012100672974	March 14, 2012
45.	A three-layer stacked structure color electronic paper display device (一種三層疊加結構的彩色電子紙顯示裝置)	Our Company	PRC	201810095567X	January 31, 2018
46.	A bendable display substrate film and its manufacturing method, display device (可彎曲顯示基板薄膜及其製造方法、顯示裝置)	Our Company	PRC	2016101720808	March 23, 2016
47.	A bendable display substrate film and its manufacturing method, display device (可彎曲顯示基板薄膜及其製造方法、顯示裝置)	Our Company	PRC	2019106006150	March 23, 2016
48.	A subtractive color-mixing electrophoretic display device and method of production (감법혼색전기영동형표시장치및그의제조방법)	Our Company	Republic of Korea	10-2088385	December 8, 2016
49.	A bendable display substrate film and its manufacturing method, display device (屈曲可能な表示基板薄膜及びその製造方法、表示装置)	Our Company	Japan	6671536	December 8, 2016
50.	Grayscale color electronic paper	Our Company	The U.S.	US 11,009,761 B2	December 8, 2016

No.	Patent	Patentee	Place of Registration	Patent Number	Application Date
51.	Grayscale color electronic paper	Our Company	European Union	EP 3492967	December 8, 2016
52.	A driving circuit for achieving multi-color electronic paper (一種實現多色電子紙的驅動電路)	DKE Fushen	PRC	2024213234764	June 11, 2024
53.	Electronic paper waveform temperature display effect verification box (電子紙波形溫度顯示效果校驗箱)	DKE Fushen	PRC	2024204052396	March 1, 2024
54.	Electronic paper test tray unloading rack (電子紙測試托盤下料架)	DKE Fushen	PRC	2024204052305	March 1, 2024
55.	Electronic paper waveform temperature point test tray fixture (電子紙波形溫度點測試托盤夾具)	DKE Fushen	PRC	2024204030664	March 1, 2024
56.	Electronic paper waveform temperature point comprehensive test chamber (電子紙波形溫度點綜合試驗箱)	DKE Fushen	PRC	2024204000014	March 1, 2024
57.	Electronic paper waveform temperature point test tray (電子紙波形溫度點測試托盤)	DKE Fushen	PRC	2024204018484	March 1, 2024
58.	Electronic paper waveform temperature point comprehensive test system (電子紙波形溫度點綜合試驗系統)	DKE Fushen	PRC	2024204009841	March 1, 2024
59.	Electronic paper loading rack with program pre-recording function (帶程序預錄功能的電子紙上料架)	DKE Fushen	PRC	2024204050009	March 1, 2024
60.	Flexible screen transfer and adsorption device (柔性屏轉移吸附裝置)	DKE Fushen	PRC	2023210893106	May 5, 2023
61.	TFT adsorption platform for electronic paper production (電子紙生產用TFT吸附平台)	DKE Fushen	PRC	202320983662X	April 26, 2023
62.	Silver paste stirring device (銀漿攪拌裝置)	DKE Fushen	PRC	2023209914864	April 26, 2023
63.	FPL intelligent cutting device (FPL智能切割裝置)	DKE Fushen	PRC	2023208921837	April 17, 2023
64.	FPL automatic laminating device (FPL自動貼附裝置)	DKE Fushen	PRC	2023209031264	April 17, 2023
65.	Electronic paper continuous feeding mechanism (電子紙連續上料機構)	DKE Fushen	PRC	2023208921907	April 17, 2023
66.	FPC grabbing mechanism (FPC抓取機構)	DKE Fushen	PRC	2023208555099	April 17, 2023
67.	Honeycomb cutting platform (蜂窩狀切割平台)	DKE Fushen	PRC	2023209031419	April 17, 2023
68.	Glue syringe fixing fixture (膠水針筒固定治具)	DKE Fushen	PRC	2023208821237	April 15, 2023
69.	FPL film peeling mechanism for monochrome electronic paper production (黑白電子紙生產用FPL撕膜機構)	DKE Fushen	PRC	2023208433725	April 15, 2023
70.	FPL upper suction cup structure (FPL上吸盤結構)	DKE Fushen	PRC	202320845878X	April 15, 2023
71.	Electronic paper film feeding machine (電子紙膜片上料機)	DKE Fushen	PRC	2023208657054	April 15, 2023
72.	Conductive silver paste syringe with thermal insulation structure (帶有保溫結構的導電銀膠針筒)	DKE Fushen	PRC	2023207412789	April 4, 2023

No.	Patent	Patentee	Place of Registration	Patent Number	Application Date
73.	Electronic paper encapsulation curing and debubbling machine (電子紙封裝固化脫泡機)	DKE Fushen	PRC	2023208255554	April 4, 2023
74.	ACF press head (ACF壓頭)	DKE Fushen	PRC	2023207429474	April 4, 2023
75.	FPL laminating and bubble removal device (FPL貼附去氣泡裝置)	DKE Fushen	PRC	2023207412844	April 4, 2023
76.	An integrated light source electronic paper display module (一種集成發光源的電子紙顯示模組)	DKE Fushen	PRC	2020224439914	October 29, 2020
77.	Narrow bezel electronic paper display device (窄邊框電子紙顯示裝置)	DKE Fushen	PRC	2020109619455	September 14, 2020
78.	A color electronic paper with mesh filter membrane (一種帶有網狀濾光膜的彩色電子紙)	DKE Fushen	PRC	2020211718810	June 22, 2020
79.	A color electronic paper with mesh filter membrane (一種帶有網狀濾光膜的彩色電子紙)	DKE Fushen	PRC	2020105722391	June 22, 2020
80.	A block-type multi-color electrophoretic display device (一種區塊型多色顯示電泳顯示裝置)	DKE Fushen	PRC	2019211543315	July 22, 2019
81.	Electronic paper ink screen protective film peeling machine (電子紙墨水屏保護膜撬膜機)	DKE Fushen	PRC	2018218055303	November 3, 2018
82.	Dispensing device with ultrasonic vibration glue penetration platform (具有超聲波震動滲膠平台的點膠裝置)	DKE Fushen	PRC	2018212098131	July 27, 2018
83.	A passive hybrid-type display device and its driving method (無源混合類型的顯示裝置及其驅動方法)	DKE Fushen	PRC	2018108252390	July 25, 2018
84.	A passive hybrid-type display device (無源混合類型的顯示裝置)	DKE Fushen	PRC	2018211827581	July 25, 2018
85.	A segment-type electronic paper display device (一種段碼式電子紙顯示裝置)	DKE Fushen	PRC	2018210818689	July 9, 2018
86.	A cholesteric liquid crystal electronic paper display device with partitioned display and its manufacturing method (分區域顯示的膽甾型液晶電子紙顯示裝置及其製作方法)	DKE Fushen	PRC	2018209663028	June 22, 2018
87.	An edge encapsulation structure for an electrophoretic electronic paper (一種電泳型電子紙的邊緣封裝結構)	DKE Fushen	PRC	201820680578X	May 8, 2018
88.	A partially overlapped double-layer display electronic paper device (雙層顯示屏局部疊加電子紙裝置)	DKE Fushen	PRC	2018205645336	April 19, 2018
89.	A partially overlapped double-layer display electronic paper device and its manufacturing method (雙層顯示屏局部疊加電子紙裝置及其製造方法)	DKE Fushen	PRC	2018103548887	April 19, 2018
90.	An automatic anti-glare glasses and its manufacturing method (一種自動防眩目眼鏡及其製造方法)	DKE Fushen	PRC	2013104826745	October 15, 2013
91.	A dye-based liquid crystal anti-glare rearview mirror for automobiles (一種染料液晶防眩目汽車後視鏡)	DKE Fushen	PRC	2010100101019	January 11, 2010

(b) Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Class	Place of Registration	Registration No.	Registered Owner	Validity Period
1.	DKE 东方科脉 Beyond Expectation	9	PRC	68325572	Our Company	July 14, 2024 to July 13, 2034
2.	东方科脉	9	PRC	68319265	Our Company	March 14, 2024 to March 13, 2034
3.	DKE 东方科脉 Beyond Expectation	9	PRC	67130096	Our Company	February 7, 2024 to February 6, 2034
4.	DKE	9	PRC	67128209	Our Company	June 14, 2023 to June 13, 2033
5.	东方科脉	9	PRC	67126160	Our Company	February 7, 2024 to February 6, 2034
6.	DKE	9	PRC	65851490A	Our Company	January 28, 2023 to January 27, 2033
7.	DKE 东方科脉 Beyond Expectation	9	PRC	65848126	Our Company	May 21, 2024 to May 20, 2034
8.	DKE	9	PRC	59229670	Our Company	June 14, 2022 to June 13, 2032
9.		9	PRC	15101245	Our Company	September 21, 2025 to September 20, 2035
10.	DKE	9	PRC	15101187	Our Company	September 21, 2025 to September 20, 2035
11.	东方科脉	9	PRC	15101115	Our Company	September 21, 2025 to September 20, 2035
12.	东方科脉	9	Hong Kong	306917527	Our Company	October 15, 2025 to June 1, 2035
13.	東方科脈 DKE	9	Hong Kong	306917536	Our Company	October 22, 2025 to June 1, 2035

As of the Latest Practicable Date, we have applied for the registration of the following trademarks:

No.	Trademark	Class	Place of Registration	Application No.	Applicant	Application Date
1.	DKE	9	Vietnam	4-2025-07668	Our Company	February 28, 2025

(c) Copyrights

As of the Latest Practicable Date, we were the registered owner of and had the right to use the following copyrights which we consider to be or may be material to our business:

No.	Copyright Name	Owner	Copyright Number	Registration date	Place of Registration
1.	DKE epd Waveform Conversion Software V1.0 (東方科脈epd波形轉換軟體V1.0)	DKE Shanghai	2023SR1099397	September 19, 2023	PRC
2.	Image Simulation Debugging Software V1.0 (圖像模擬調試軟體V1.0)	DKE Shanghai	2023SR1099428	September 19, 2023	PRC
3.	epd image refresh system V1.0 (epd圖像刷新系統V1.0)	DKE Shanghai	2023SR1140021	September 22, 2023	PRC
4.	epd&chlcd uniformity auto-testing system V1.0 (epd&chlcd均勻性自動測試系統V1.0)	DKE Shanghai	2023SR1134248	September 21, 2023	PRC
5.	chlcd monochrome image refresh driver system V1.0 (chlcd單色圖像刷新驅動系統V1.0)	DKE Shanghai	2023SR1148723	September 25, 2023	PRC
6.	3D color-mixing e-paper image refresh driver system V1.0 (三維混色電子紙圖像刷新驅動系統V1.0)	DKE Shanghai	2023SR1108334	September 20, 2023	PRC
7.	3D color-mixing e-paper image data optimization system V1.0 (三維混色電子紙圖像數據優化系統V1.0)	DKE Shanghai	2023SR1108338	September 20, 2023	PRC
8.	Low-power EPD remote control system V1.0 (低功耗電子紙遠程控制系統V1.0)	DKE Shanghai	2023SR1109972	September 20, 2023	PRC
9.	EPD image update system V1.0 (EPD圖像更新系統V1.0)	DKE Shanghai	2023SR1155445	September 26, 2023	PRC
10.	Meeting room nameplate-low-power EPD control system V1.0 (會議室桌牌-低功耗電子紙控制系統V1.0)	DKE Shanghai	2023SR1108181	September 20, 2023	PRC
11.	chlcd image refresh (16 grayscale) driver system V1.0 (chlcd圖像刷新(16灰階)驅動系統V1.0)	DKE Shanghai	2023SR1133032	September 21, 2023	PRC
12.	epd screen performance test management system V1.0 (epd屏幕性能測試管理系統V1.0)	DKE Shanghai	2024SR0258064	February 8, 2024	PRC

(d) Domain Names

As of the Latest Practicable Date, we had registered and maintained ownership to the following domain names in China which we consider to be or may be material to our business:

No.	Domain	Owner	Expiry date
1.	dkelcd.com	Our Company	February 17, 2028
2.	dke.group	Our Company	January 15, 2027
3.	dke.ltd	Our Company	January 15, 2027
4.	dke.com.cn	Our Company	October 13, 2033

Save as disclosed above, as of the Latest Practicable Date, there were no other patents, trade or service marks, intellectual or industrial property rights which are or may be material in relation to our business.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Particulars of Directors' Service Contracts and Appointment Letters

Each of our executive Directors and non-executive Directors has entered into a service contract with our Company for an initial term of three years, and we signed letters of appointment with each of our independent non-executive Directors. The service contracts and the letters of appointment are subject to termination in accordance with their respective terms. The service contracts may be renewed in accordance with our Articles of Association and the applicable Listing Rules.

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 relevant employer within one year without the payment of compensation other than statutory compensation).

2. Remuneration of Directors

The aggregate remuneration (including salaries, allowance and benefits in kind, performance related bonuses and pension scheme contributions) paid or payable to our Directors for the three years ended December 31, 2023, 2024 and 2025 was approximately RMB1.5 million, RMB1.6 million and RMB2.1 million, respectively.

It is estimated that, under the arrangements currently in force, the aggregate amount of remuneration payable to our Directors for the year ending December 31, 2026 will be approximately RMB2.0 million (excluding any discretionary bonus but including historical share-based payment expenses).

The aggregate amount of remuneration which were paid or payable by our Group to our five highest paid individuals for the three years ended December 31, 2023, 2024 and 2025 were approximately RMB6.1 million, RMB5.0 million and RMB6.1 million, including nil, nil and one Director, respectively.

During the Track Record Period, no fees were paid by our Group to any of our Directors or the five highest paid individuals as an inducement to join us or as compensation for loss of office, and there has been no arrangement under which a Director has waived or agreed to waive any emoluments.

3. Disclosure of interests

(a) Disclosure of interests of Directors and chief executive of our Company

Immediately following the completion of the [**REDACTED**] and assuming no exercise of the [**REDACTED**], the interest and/or short position (as applicable) of our Directors and chief executives of our Company in the shares, underlying shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules, to be notified to our Company and the Stock Exchange, once the H Shares are [**REDACTED**], will be as follows:

(i) Interests in our Company

Name	Position	Nature of interest	Number and description of shares held	Approximate percentage of shareholding in the total issued share capital of the Company[(1)]
Mr. Zhou	Chairman of the Board, Executive Director and general manager	Beneficial owner	[**REDACTED**]	[**REDACTED**]
		Interest in controlled corporation[(2)]	[**REDACTED**]	[**REDACTED**]
		Interest held jointly with other persons[(3)]	[**REDACTED**]	[**REDACTED**]

Notes:

(1) The calculation is based on the total number of [**REDACTED**] H Shares in issue upon [**REDACTED**] comprising (i) an aggregate of [**REDACTED**] Shares to be [**REDACTED**] from the Unlisted Shares and (ii) [**REDACTED**] Shares to be issued pursuant to the [**REDACTED**] (without taking into account the H Shares which may be [**REDACTED**] upon the exercise of the [**REDACTED**]).

(2) Among the 4,195,500 H Shares in which Mr. Zhou was interested through controlled corporations, (i) 2,175,000 Shares held by Dalian Longgu and controlled by him as its general partner; (ii) 1,035,000 Shares held by Jiaxing Longxi and controlled by him as its general partner; and (iii) 985,500 Shares held by Jiaxing Longguan and controlled by him as its general partner.

(3) Pursuant to the Acting in Concert Agreement, Mr. Lv acknowledges and confirms that he will consult with Mr. Zhou and reach a unanimous decision with Mr. Zhou before exercising his Shareholder's right, especially on the rights to convene a Shareholders' meeting, propose and vote. If no consensus can be reached after full discussions, Mr. Lv will act according to the decision of Mr. Zhou. For details, see "History, Development and Corporate Structure — Establishment and Major Shareholding Changes of our Company — (d) Acting in Concert Agreement." By virtue of the SFO, each of Mr. Zhou and Mr. Lv are deemed to be interested in the Shares held by each other.

(ii) Interests in associated corporations of our Company

To the best knowledge of our Directors, save for otherwise disclosed in this document, none of our Directors or chief executive of our Company has interests or short positions in the shares, underlying shares or debentures of the associated corporations of our Company.

(b) Disclosure of interests of substantial shareholders

Save as disclosed in the section headed "Substantial Shareholders" in this document, immediately following the completion of the [**REDACTED**] and assuming that the [**REDACTED**] is not exercised, our Directors are not aware of any person (not being a Director or chief executive of our Company) who will have interests or short positions in our Shares or underlying Shares which would be required to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be 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 members of our Group.

4. Agency Fees or Commissions Received

Save as disclosed in "[**REDACTED**]", no commissions, discounts, brokerages or other special terms were granted within the two years preceding the date of this document in connection with the issue or sale of any capital or security of any member of our Group.

5. Employee Incentive Schemes

In recognition of the contributions of our employees and to incentivize them to further promote our development, Dalian Longgu, Jiaxing Longxi, Jiaxing Longguan, were established in the PRC as our incentive platforms. For further details of the Incentive Platforms, see "History, Development and Corporate Structure — Incentive Platforms."

We have adopted our employee incentive schemes in respect of the Incentive Platforms (the "**Employee Incentive Schemes**"). The Employee Incentive Schemes are not subject to the provisions of Chapter 17 of the Listing Rules as they do not involve the grant of options or share awards by our Company to subscribe for the Shares after the [**REDACTED**]. Given the underlying Shares under the Employee Incentive Schemes had already been issued, there will not be any dilution effect to the issued Shares upon the vesting of the awards under the Employee Incentive Schemes.

Purpose

The purpose of the Employee Incentive Schemes is designed to motivate employees by offering incentives, encouraging them to fully commit to their responsibilities, unlock their full potential in our Company's business and contribute their time and effort to support our Company's continued growth and development. On the other hand, the Employee Incentive Schemes help our Company attract and retain highly skilled and experienced talent, aligns the interests of employees and Shareholders, and enables them to share in our Company's growth and success, thereby creating value for our Company.

Eligibility

Pursuant to the Employee Incentive Schemes, eligible participants of the Employee Incentive Schemes shall comprise employees of our Company and its subsidiaries, including management members, core technical personnel and key personnel of our Group.

Participation by Selected Participants

The general partner of the Incentive Platforms is Mr. Zhou, who is responsible for the respective management of the Incentive Platforms.

The selected participants under the Employee Incentive Schemes (the "**Participants**") are granted awards in the form of economic interests in the Incentive Platforms and become indirectly interested in our Company through their respective interests as limited partners of the relevant Incentive Platforms upon acquisition of partnership interests in the relevant Incentive Platforms.

Lock-up

The economic interests granted to the Participants are subject to a lock-up period of two years from the date of [**REDACTED**] (the "**Lock-up Period**"). 50% of the economic interests granted to the Participants will be unlocked upon first anniversary of the [**REDACTED**] and the remaining 50% will be unlocked upon the second anniversary of the [**REDACTED**].

Restrictions on Transfers

Participants shall not transfer, sell, exchange, pledge or otherwise encumber their respective interests in the Incentive Platforms unless otherwise permitted by the Shareholders and the general partner of the respective Incentive Platforms.

Repurchase Arrangements

A Participant, who:

- is in violation of the laws, regulations, rules, and any undertaking, agreements and policies of our Company; or
- causes losses to our Group by intentional misconduct or gross negligence,

shall transfer his/her interests in the Incentive Platforms to the general partner or the person appointed by the general partners, at a price that equals his/her actual paid-in contribution.

A Participant, who leaves his/her employment within the stipulated period in his/her labour or employment contract shall transfer his/her interests in the Incentive Platforms to the general partner or the person appointed by the general partners, at a price that equals his/her actual paid-in contribution plus interests.

As of the Latest Practicable Date, the Company did not have any disputes with resigned employees who used to be the Participants.

6. Disclaimers

Save as disclosed in this document:

(a) none of our Directors or the chief executive of our Company has any interest or short position in the Shares, underlying shares or debentures of our Company or any of its associated corporation (within the meaning of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers once the H Shares are [**REDACTED**];

(b) save as disclosed in this document, none of our Directors or any of the experts referred to under the paragraph headed "D. Other Information — 12. Qualification of Experts" in this Appendix is

  (i) 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; or

  (ii) materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of our Group as a whole;

(c) so far as is known to our Directors or the chief executive of our Company, no person (not being a Director or chief executive of our Company) will, immediately following the completion of the [**REDACTED**], have an interest or short position in the Shares or underlying shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of SFO or be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group; and

(d) none of our Directors or their respective close associates (as defined under the Listing Rules) or our Shareholders who are interested in more than 5% of the issued share capital of our Company has any interest in the five largest customers or the five largest suppliers of our Group.

D. OTHER INFORMATION

1. Estate Duty

We have been advised that no material liability for estate duty is likely to fall upon the Group.

2. Litigation

Except as disclosed in "Business — Legal Proceedings and Compliance — Legal Proceedings", as of the Latest Practicable Date, we were not 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 any member of our Group, that would have a material adverse effect on our Group's results of operations or financial condition, taken as a whole.

3. Application for [REDACTED]

The Sole Sponsor has made an application on behalf of our Company to the Listing Committee for the [**REDACTED**] of, and permission to [**REDACTED**] in, the H Shares in issue and to be issued as mentioned in this document. All necessary arrangements have been made to enable the securities to be admitted into [**REDACTED**].

4. Sole Sponsor's Independence

The Sole Sponsor satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules. The sponsor fee payable to the Sole Sponsor in connection with the [**REDACTED**] payable by our Company is US$600,000.

5. Compliance Advisor

Our Company has appointed Red Solar Capital Limited as our compliance advisor in compliance with Rules 3A.19 and 19A.05 of the Listing Rules.

6. Preliminary Expenses

As of the Latest Practicable Date, our Company had not incurred material preliminary expenses.

7. Promoter

The promoters of our Company at the time of our incorporation comprised all of the five shareholders of our Company as at December 11, 2015 immediately before our conversion into a joint stock company with limited liability. Within the two years immediately preceding the date of this document, no cash, securities or other benefit have been paid, allotted or given or have been proposed to be paid, allotted or given to the above promoter in connection with the [**REDACTED**] or related transactions herein.

8. Consents of Experts

Each of the experts as referred to in "D. Other Information — 12. Qualification of Experts" in this Appendix has given and has not withdrawn its consent to the issuance of this document with the inclusion of its view, report and/or letter and/or legal opinion (as the case may be) and references to its name included herein in the form and context in which it respectively appears.

None of the experts named above has any shareholding interest in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any of our subsidiaries.

9. Binding Effect

This document shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

10. Bilingual document

The English language and Chinese language versions of this document are being published separately in reliance on the exemption provided in section 4 of the Companies Ordinance (Exemption of Companies and Prospectus from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

This document is written in the English language and contains a Chinese translation for information purposes only. Should there be any discrepancy between the English language of this document and the Chinese translation, the English language version of this document shall prevail.

11. Taxation of Holders of H Shares

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty. The current rate charged on each of the seller and [**REDACTED**] is [**REDACTED**]% of the consideration or, if higher, the fair value of the H Shares being sold or transferred. For further information in relation to taxation, see "Appendix III — Taxation and Foreign Exchange."

12. Qualification of Experts

The following are the qualifications of the experts who have given opinion or advice which are contained herein:

Name	Qualifications
CITIC Securities (Hong Kong) Limited	Licensed to conduct Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Ms. Queenie W.S. Ng	Barrister-at-law in Hong Kong
Jingtian & Gongcheng	Legal advisor to our Company as to PRC law
RHTLaw Vietnam	Legal advisor to our Company as to Vietnam law
King and Wood LLP	Legal advisor to our Company as to international compliance
Confucius International CPA Limited	Certified Public Accountants under Professional Accountant Ordinance (Chapter 50 of the Laws of Hong Kong) and Registered Public Interest Entity Auditor under Accounting and Financial Reporting Council Ordinance (Chapter 588 of the Laws of Hong Kong)
China Insights Industry Consultancy Limited	Independent industry consultant

13. No Material Adverse Change

Our Directors believe that there has been no material adverse change in the financial or trading position since December 31, 2025 (being the date to which the latest audited consolidated financial statements of the Group were prepared).

14. Miscellaneous

Save as disclosed in this document:

(a) within the two years immediately preceding the date of this document, our Company has not issued nor agreed to issue any share or loan capital fully or partly paid either for cash or for a consideration other than cash;

(b) no share or loan capital of our Company is under option or is agreed conditionally or unconditionally to be put under option;

(c) our Company has not issued nor agreed to issue founder, management or deferred shares or any deferred debentures;

(d) our Company has no outstanding convertible debt securities;

(e) within the two years immediately preceding the date of this document, no commission, discount, brokerage or other special term has been granted or agreed to be granted in connection with the issue or sale of any capital of our Company or any of our subsidiaries;

(f) there is no arrangement under which future dividends are waived or agreed to be waived;

(g) there has been no interruption in our business which may have or have had a significant effect on the financial position in the last 12 months;

(h) none of our equity securities is [**REDACTED**] or [**REDACTED**] with on Stock Exchange or any other Stock Exchange; and

(i) our Company is a joint stock limited company and is subject to the PRC Company Law.

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:

(a) a copy of each of the material contracts referred to in "Appendix VI — Statutory and General Information — B. Further Information about Our Business — 1. Summary of Material Contracts"; and

(b) the written consents referred to in "Appendix VI — Statutory and General Information — D. Other Information — 8. Consents of Experts."

2. DOCUMENTS AVAILABLE ON DISPLAY

The following documents will be available on display on the websites of the Stock Exchange (**www.hkexnews.hk**) and our Company (**www.dke.com.cn**) up to and including the date which is 14 days from the date of this document:

(a) the Articles of Association;

(b) the Accountant's Report for the three years ended December 31, 2023, 2024 and 2025 from Confucius International CPA Limited, the text of which is set out in "Appendix I — Accountants' Report";

(c) the report on the unaudited [**REDACTED**] financial information from Confucius International CPA Limited, the text of which is set out in "Appendix II — Unaudited [**REDACTED**] Financial Information";

(d) the audited consolidated financial statements of our Group for the three years ended December 31, 2023, 2024 and 2025;

(e) the material contracts referred to in "Appendix VI — Statutory and General Information — B. Further Information about Our Business — 1. Summary of Material Contracts";

(f) the written consents referred to in "Appendix VI — Statutory and General Information — D. Other Information — 8. Consents of Experts";

(g) the service contracts and letters of appointment referred to in "Appendix VI — Statutory and General Information — C. Further Information about Our Directors and Substantial Shareholders — 1. Particulars of Directors' Service Contracts and Appointment Letters";

(h) the legal opinion issued by Ms. Queenie W.S. Ng, our Hong Kong Legal Counsel, in respect of certain matters of DKE Hong Kong;

(i) the legal opinions issued by Jingtian & Gongcheng, our legal advisor as to PRC law, in respect of certain aspects of our Group;

(j) the legal opinion issued by RHTLaw Vietnam, our legal advisor as to Vietnam law, in respect of certain aspects of Vietnam law in relation to our Group;

(k) the legal memorandum issued by King and Wood LLP, our International Compliance Legal Counsel as to international compliance;

(l) the PRC Company Law, the PRC Securities Law and the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies, together with their unofficial English translations; and

(m) the industry report issued by China Insights Industry Consultancy Limited, the summary of which is set forth in "Industry Overview."