



SHENZHEN SDMC TECHNOLOGY CO., LTD.

深圳市華曦達科技股份有限公司

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

Stock Code : 00901

**GLOBAL
OFFERING**



Sole Sponsor, Sole Overall Coordinator,
Sole Global Coordinator,
Joint Bookrunner and Joint Lead Manager

Joint Bookrunners and Joint Lead Managers



CMBI 招銀國際

建銀國際
CCB International

ABCI 農銀國際

信銀投資
CNIB INVESTMENT

結好證券有限公司
GET NICE SECURITIES LIMITED

方德證券
FORTHRIGHT

路華證券有限公司
ROOFER SECURITIES LIMITED

IMPORTANT

If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.



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GLOBAL OFFERING

Number of Offer Shares	:	19,207,300 H Shares (subject to the Offer Size Adjustment Option)
Number of Hong Kong Offer Shares	:	1,920,800 H Shares (subject to reallocation)
Number of International Offer Shares	:	17,286,500 H Shares (subject to reallocation and the Offer Size Adjustment Option)
Offer Price	:	HK\$32.80 per H Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and Accounting and Financial Reporting Council transaction levy of 0.00015%, payable in full on application subject to refund on final pricing
Nominal Value	:	RMB1.00 per H Share
Stock Code	:	00901

**Sole Sponsor, Sole Overall Coordinator, Sole Global Coordinator,
Joint Bookrunner and Joint Lead Manager**



中信建投國際
CHINA SECURITIES INTERNATIONAL

Joint Bookrunners and Joint Lead Managers

CMBI 招銀國際

建銀國際
CCB International

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The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in "Appendix VII — Documents Delivered to the Registrar of Companies in Hong Kong and Available on Display — 1. Documents Delivered to the Registrar of Companies in Hong Kong" to this prospectus, has been registered with the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance. The SFC and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other document referred to above.

The Offer Price will be HK\$32.80 per Offer Share, unless otherwise announced. Applicants for Hong Kong Offer Shares may be required to pay, on application (subject to application channels), the Offer Price of HK\$32.80 for each Hong Kong Offer Share together with brokerage fee of 1.0%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015%.

The H Shares have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred within the United States, or to or for the account or benefit of the U.S. persons, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in accordance with any applicable U.S. state securities laws. The H Shares are being offered and sold only outside the United States in offshore transactions in reliance on Regulation S.

Prior to making an investment decision, prospective investors should consider all of the information set out in this prospectus, including the risk factors set out in "Risk Factors".

The Overall Coordinators, for themselves and on behalf of the Underwriters, and with our consent may, where considered appropriate, reduce the number of Hong Kong Offer Shares at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, an announcement will be published on the website of our Company at www.sdmctech.com, and on the website of the Stock Exchange at www.hkexnews.hk and the offer will be cancelled and relaunched at the revised number of Offer Shares and the requirements under Rule 11.13 of the Listing Rules (which include the issue of a supplemental prospectus or a new prospectus (as appropriate)), as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering. Further details are set forth in "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus.

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement to subscribe for, and to procure applicants for the subscription for, the Hong Kong Offer Shares, are subject to termination by the Sole Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters) if certain grounds arise prior to 8:00 a.m. on the day that trading in the H Shares commences on the Stock Exchange. Such grounds are set out in the section entitled "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for Termination" in this prospectus. It is important that you refer to that section for further details.

ATTENTION

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this prospectus to the public in relation to the Hong Kong Public Offering.

This prospectus is available at the websites of the Stock Exchange at www.hkexnews.hk and our website at www.sdmctech.com. If you require a printed copy of this prospectus, you may download and print from the website addresses above.

May 18, 2026

IMPORTANT

IMPORTANT NOTICE TO INVESTORS:

FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering and below are the procedures for application.

This prospectus is available at the website of the Stock Exchange at www.hkexnews.hk under the “HKEXnews > New Listings > New Listing Information” section, and our website at www.sdmctech.com.

To apply for the Hong Kong Offer Shares, you may:

- (1) apply online through the **HK eIPO White Form** service at www.hkeipo.hk; or
- (2) apply through the **HKSCC EIPO** channel to electronically cause HKSCC Nominees to apply on your behalf by instructing your **broker** or **custodian** who is a HKSCC Participant to give **electronic application instructions** through HKSCC’s FINI system to apply for the Hong Kong Offer Shares on your behalf.

The contents of this prospectus are identical to the prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

Please refer to the section headed “How to apply for Hong Kong Offer Shares” in this prospectus for further details of the procedures through which you can apply for the Hong Kong Offer Shares.

If you are an **intermediary, broker or agent**, please remind your customers, clients or principals, as applicable, that this prospectus is available online at the website addresses above.

IMPORTANT

Your application through the **HK eIPO White Form** service or the HKSCC EIPO channel must be for a minimum of 100 Hong Kong Offer Shares and in one of the numbers set out in the table.

If you are applying through the **HK eIPO White Form** service, you may refer to the table below for the amount payable for the number of H Shares you have selected. You must pay the respective amount payable on application in full upon application for Hong Kong Offer Shares.

If you are applying through the **HKSCC EIPO** channel, your broker or custodian may require you to pre-fund your application in such amount as determined by the broker or custodian, based on the applicable laws and regulations in Hong Kong. You are responsible for complying with any such pre-funding requirement imposed by your broker or custodian with respect to the Hong Kong Offer Shares you applied for.

No. of Hong Kong Offer Shares applied for	Amount payable ⁽²⁾ on application/successful allotment HK\$	No. of Hong Kong Offer Shares applied for	Amount payable ⁽²⁾ on application/successful allotment HK\$	No. of Hong Kong Offer Shares applied for	Amount payable ⁽²⁾ on application/successful allotment HK\$	No. of Hong Kong Offer Shares applied for	Amount payable ⁽²⁾ on application/successful allotment HK\$
100	3,313.08	2,000	66,261.58	10,000	331,307.88	300,000	9,939,236.40
200	6,626.16	2,500	82,826.96	20,000	662,615.75	400,000	13,252,315.20
300	9,939.24	3,000	99,392.37	30,000	993,923.65	500,000	16,565,394.00
400	13,252.31	3,500	115,957.76	40,000	1,325,231.52	600,000	19,878,472.80
500	16,565.39	4,000	132,523.15	50,000	1,656,539.40	700,000	23,191,551.60
600	19,878.47	4,500	149,088.55	60,000	1,987,847.28	800,000	26,504,630.40
700	23,191.55	5,000	165,653.95	70,000	2,319,155.15	960,400 ⁽¹⁾	31,818,808.79
800	26,504.63	6,000	198,784.73	80,000	2,650,463.05		
900	29,817.71	7,000	231,915.51	90,000	2,981,770.92		
1,000	33,130.79	8,000	265,046.30	100,000	3,313,078.80		
1,500	49,696.18	9,000	298,177.09	200,000	6,626,157.60		

Notes:

- (1) Maximum number of Hong Kong Offer Shares you may apply for and this is 50% of the Hong Kong Offer Shares initially offered.
- (2) The amount payable is inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) or to the **HK eIPO White Form** Service Provider (for applications made through the application channel of the **HK eIPO White Form** service) while the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy will be paid to the SFC, the Stock Exchange and the AFRC, respectively.

No application for any other number of the Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

EXPECTED TIMETABLE⁽¹⁾

If there is any change in the following expected timetable of the Global Offering, we will issue an announcement on the website of our Company at www.sdmctech.com and the website of the Stock Exchange at www.hkexnews.hk.

Hong Kong Public Offering commences 9:00 a.m. on Monday,
May 18, 2026

Latest time for completing electronic applications via
the **HK eIPO White Form** service through the
designated website at www.hkeipo.hk⁽²⁾ 11:30 a.m. on Thursday,
May 21, 2026

Application lists of the Hong Kong
Public Offering open⁽³⁾ 11:45 a.m. on Thursday,
May 21, 2026

Latest time for (a) completing full
payment of application monies via
the **HK eIPO White Form** service, or;
(b) giving **electronic application**
instructions to HKSCC⁽⁴⁾ 12:00 noon on Thursday,
May 21, 2026

If you are instructing your **broker** or **custodian** who is a HKSCC Participant to submit **HKSCC EIPO** applications on your behalf through HKSCC's FINI system in accordance with your instruction, you are advised to contact your **broker** or **custodian** for the latest time for giving such instructions which may be different from the latest time as stated above.

Application lists of the Hong Kong
Public Offering close⁽³⁾ 12:00 noon on Thursday,
May 21, 2026

Announcement of:

- the level of indications of interest in the International Offering;
- the level of applications in the Hong Kong Public Offering; and
- the basis of allocations of the Hong Kong Offer Shares

to be published on the website of our Company
at www.sdmctech.com⁽⁵⁾ and the website of
the Stock Exchange at www.hkexnews.hk no later than
11:00 p.m. on Tuesday,
May 26, 2026

EXPECTED TIMETABLE⁽¹⁾

Results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels, including:

- from “Allotment Results” page in the designated results of allocations website at **www.hkeipo.hk/IPOResult** (alternatively: **www.tricor.com.hk/ipo/result**) with a “search by ID” function from⁽⁶⁾ 11:00 p.m. on Tuesday, May 26, 2026 to 12:00 midnight on Monday, June 1, 2026
- The Stock Exchange’s website at **www.hkexnews.hk** and our website at **www.sdmctech.com**⁽⁵⁾ which will provide links to the above mentioned websites of the H Share Registrar no later than 11:00 p.m. on Tuesday, May 26, 2026
- from the allocation results telephone enquiry line by calling +852 3691 8488 between 9:00 a.m. and 6:00 p.m. from Wednesday, May 27, 2026 to Monday, June 1, 2026 (excluding Saturday, Sunday and public holidays in Hong Kong)
- For those applying through **HKSCC EIPO** channel, you may also check with your broker or custodian from 6:00 p.m. on Friday, May 22, 2026

H Share certificates in respect of wholly or partially successful applications applied through **HKSCC EIPO** channel pursuant to Hong Kong Public Offering to be deposited into CCASS⁽⁷⁾⁽⁸⁾ on or before Tuesday, May 26, 2026

H Share certificates in respect of wholly or partially successful applications applied through the **HK eIPO White Form** service pursuant to Hong Kong Public Offering to be dispatched⁽⁷⁾⁽⁸⁾ on or before Tuesday, May 26, 2026

HK eIPO White Form e-Auto Refund payment instructions/refund checks in respect of wholly/ partially unsuccessful applications to be dispatched⁽⁹⁾ on or before Wednesday, May 27, 2026

Dealings in the H Shares on the Stock Exchange expected to commence at⁽⁸⁾ 9:00 a.m. on Wednesday, May 27, 2026

EXPECTED TIMETABLE⁽¹⁾

Notes:

- (1) Unless otherwise stated, all times and dates refer to Hong Kong local times and dates.
- (2) You will not be permitted to submit your application under the **HK eIPO White Form** service through the designated website at www.hkeipo.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
- (3) If there is a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above and/or Extreme Conditions (collectively, “**Bad Weather Signal**”) in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, May 21, 2026, the application lists will not open or close on that day. For further details, see “How to Apply for Hong Kong Offer Shares — E. Bad Weather Arrangements.”
- (4) Applicants who apply via **HKSCC EIPO** channel shall contact their broker or custodian for the earliest and latest time for giving such instructions, as this may vary by broker or custodian.
- (5) Neither of the websites nor any of the information contained on the websites forms part of this prospectus.
- (6) The full list of (i) wholly or partially successful applicants using the **HK eIPO White Form** service and **HKSCC EIPO** channel, and (ii) the number of Hong Kong Offer Shares conditionally allotted to them, among other things, will be displayed at www.hkeipo.hk/IPOResult or www.tricor.com.hk/ipor/result.
- (7) H Share certificates will only become valid at 8:00 a.m. on the Listing Date provided that the Global Offering has become unconditional and the right of termination described in “Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for Termination” has not been exercised. Investors who trade the H Shares on the basis of publicly available allocation details prior to the receipt of H Share certificates or prior to the H Share certificates becoming valid evidence of title do so entirely at their own risk.
- (8) If a Bad Weather Signal in force is hoisted on Tuesday, May 26, 2026, the H Share Registrar will make appropriate arrangements for the delivery of the H Share certificates to the HKSCC Depository’s service counter so that they would be available for trading on Wednesday, May 27, 2026.
- (9) Refund mechanism for surplus application monies paid by application via **HKSCC EIPO** channel is subject to the arrangement between applicants and their broker or custodian.

Applicants who have applied for Hong Kong Offer Shares through the **HKSCC EIPO** channel should refer to “How to Apply for Hong Kong Offer Shares — D. Dispatch/Collection of H Share Certificates and Refund of Application Monies” for details.

Applicants who have applied through the **HK eIPO White Form** service and paid their applications monies through single bank accounts may have refund monies (if any) dispatched to the designated bank account in the form of **HK eIPO White Form** e-Auto Refund payment instructions. Applicants who have applied through the **HK eIPO White Form** service and paid their application monies through multiple bank accounts may have refund monies (if any) dispatched to the address as specified in their application instructions in the form of refund cheques in favor of the applicant (or, in the case of joint applications, the first-named applicant) by ordinary post at their own risk.

Further information is set out in “How to Apply for Hong Kong Offer Shares — D. Dispatch/Collection of H Share Certificates and Refund of Application Monies.”

The above expected timetable is a summary only. For further details of the structure of the Global Offering, including its conditions, and the procedures for applications for Hong Kong Offer Shares, see “Structure of the Global Offering” and “How to Apply for Hong Kong Offer Shares” in this prospectus.

If the Global Offering does not become unconditional or is terminated in accordance with its terms, the Global Offering will not proceed. In such case, our Company will make an announcement as soon as practicable thereafter.

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IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by Shenzhen SDMC Technology Co., Ltd. solely in connection with the Hong Kong Public Offering and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Hong Kong Offer Shares offered by this prospectus pursuant to the Hong Kong Public Offering. This prospectus may not be used for the purpose of, and does not constitute, an offer or a solicitation of an offer to subscribe for or buy, any security in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this prospectus to make your investment decision. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorized by us, the Sole Sponsor, the Sole Overall Coordinator, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries, the Underwriters, any of our or their respective directors, officers or representatives, or any other person or party involved in the Global Offering.

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SUMMARY

This summary aims to give you an overview of the information contained in this prospectus. Since it is a summary, it does not contain all the information that may be important to you. You should read this prospectus in its entirety before you decide to invest in our shares.

There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed “Risk Factors.” You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are a provider of smart home products for enterprise customers, focused on enhancing home applications through intelligent technologies. The smart home products we offer include both hardware and software products. During the Track Record Period, our revenue was mainly generated from sales of hardware products, namely our digital video devices and network communication devices. Smart home products refer to an integrated home ecosystem that connects and manages various smart devices across the household, enabling whole-home network coverage and device interaction. Different from smart home product providers who sell self-branded products directly to consumers, we, as a provider of smart home products for enterprise customers, develop and sell digital video devices and network communication devices with our customers’ brands, and provide system platforms and services, to enterprise customers. Our solutions allow users to control their home with ease leveraging the application of cloud, IoT and AI technologies, through our digital video devices, such as media streaming terminals, speakers, projectors, and cameras, network communication devices, such as optical network terminals, Wi-Fi routers, and cable modems, and system platforms, such as *Cedar*, *XHome* and *XMediaTV*. According to Frost & Sullivan, we are the eighth largest provider globally, and the third largest among Chinese Mainland-based providers, in the global smart home product for enterprise customers market in terms of revenue in 2024, with a market share of 2.7%. In terms of market size in 2024, the global enterprise smart home product market accounts for approximately 14.7% of the entire global smart home product market.

Founded in 2003 by entrepreneur Mr. Li Bo, our odyssey commenced with the development and sales of cryptographic chips. In the years that followed, we set foot in digital TV modules and TV dongles. In 2012, we launched AOSP-based digital video solutions, and started partnering with overseas telecom operators. As a testament to our technical capabilities, we became one of the first companies in China to secure a Google Android TV certification in 2017 and the first ODM company worldwide to secure a Google TV projector certification in 2023, which proved our technological capability and fostered the development of projectors with copyright content in overseas markets, and brought us business opportunities to establish cooperation with Google TV projector brand owners. Per Frost & Sullivan, we are the world’s largest Android TV smart terminal supplier measured by sales volume in 2024.

Capitalizing on our expertise in digital video devices, we have strategically expanded into system platforms and network communication businesses. In 2017, we launched *XMediaTV*, a media streaming platform, followed by a full-scale penetration into network infrastructure starting in 2020 offering carrier-grade Wi-Fi routers, optical network terminals (ONTs), and cable modems. The same year saw the launch of *XHome*, a home device management platform, reinforcing our expertise in hardware-software integration.

The emergence and maturing of AI has driven the shift from “smart home” to “AI Home” — a transition from passive responsiveness to proactive services, enhancing convenience, energy efficiency, security, health management and cross-device synergy with intelligent, personalized and automated technologies. Meanwhile, *Matter* has become a major standard for smart home devices that enable greater interoperability across different ecosystems. In 2024, penetration rate of *Matter* globally has reached approximately 30%, and is expected to further increase to 50% by 2030.

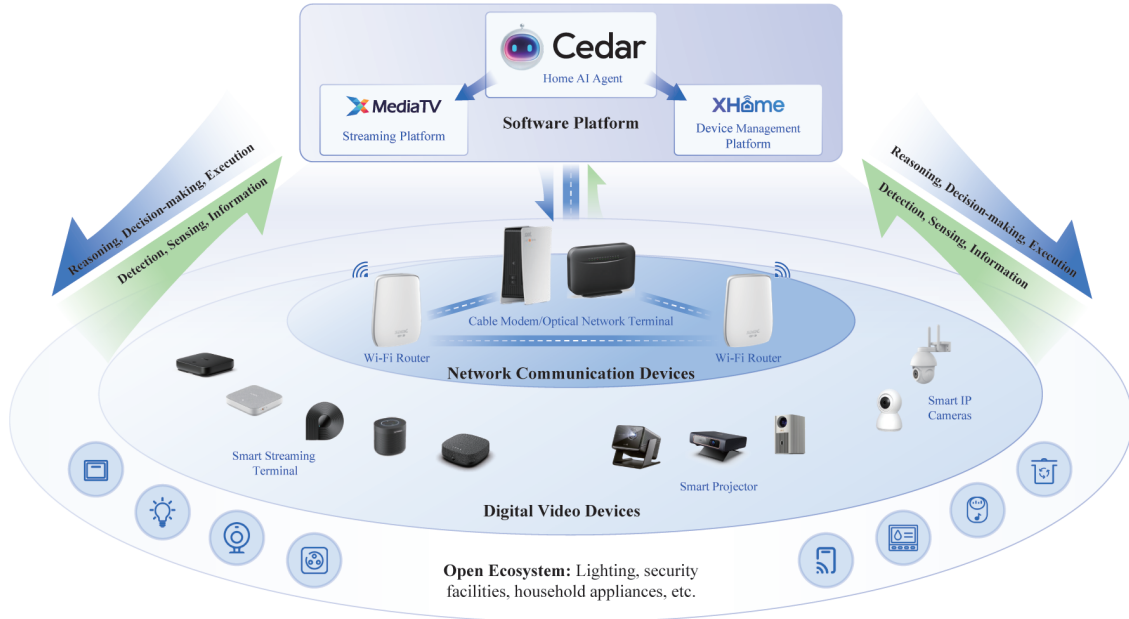
To address this trend, we have accelerated the development of our products. Our network communication and digital video devices have been upgraded with features such as

SUMMARY

Matter connectivity, edge computing and environment sensing. In 2024, we introduced Cedar, a home agent supported by third-party large language models. Cedar has completed its research and development and is ready for mass production. As of the Latest Practicable Date, Cedar is in the customer testing and commercialization stage, where we provide samples or solution prototypes to potential customers for functional testing and scenario adaptation, which forms part of our standard market introduction process rather than the research and development phase. We are currently in business discussions with certain telecom operators, and expect Cedar to begin generating revenue in the fourth quarter of 2026. We collaborate with OEM partners to develop Matter-compliant IoT devices and work with telecom operators to support smart home deployments, enabling us to provide integrated smart home products combining hardware and software. Leveraging third-party large language models, we have developed application features for smart home scenarios, and Cedar supports functions such as visual recognition, semantic understanding and natural language interaction, enabling users to analyze images captured by devices and control home appliances through voice or text commands. We have adapted these models to better suit home environments and integrated them with our XHome platform, allowing coordinated device management and control within a unified system.

Driven by technological innovation and evolving user demands, the global digital and intelligent home solutions market is undergoing a profound transformation — from digital home to smart home. According to Frost & Sullivan, the global smart home products market has surged from US\$53.5 billion in 2020 to US\$88.6 billion in 2024, with a CAGR of 13.4% from 2020 to 2024. Propelled by continuous function enrichment and performance improvement of smart home hardware combined with escalating consumer demand for higher-configuration smart home terminals and advanced networking solutions, the global smart home products market is projected to reach US\$238.2 billion in 2029, representing a CAGR of 21.9% from 2024 to 2029. During the Track Record Period, we primarily sold smart home products and solutions, which accounted for 75.3%, 73.6% and 80.8% of our total revenue for 2023, 2024 and 2025, respectively.

Our Ecosystem



Our ecosystem is composed of system platforms, network communication devices, digital video devices, and an open-ended device matrix that can connect with foreign devices, together forming an open ecosystem. This open ecosystem seamlessly integrates software and hardware and enables autonomous perception, learning and interaction.

- **Software:** Our system platforms comprise our Home AI agent *Cedar*, our media streaming platform *XMediaTV* and our home device management platform

SUMMARY

XHome. Leveraging *Gemini*, *Cedar* serves as a cognitive decision-making nucleus that analyzes and processes data, executes high-precision intent recognition, and issues context-aware action commands via *XMediaTV* and *XHome*. These system platforms together control various connected devices to address user needs in different application scenarios.

- **Hardware:** Our network communication devices, encompassing Wi-Fi routers, ONTs and cable modems, ensures high-speed, ultra-stable whole-home Internet coverage. Our digital video devices include media streaming terminals, projectors, cameras and AI speaker. In addition, as of the Latest Practicable Date, we had other AI-powered products in the pipeline such as robots, AI glasses, AI photo frame and AI computing box designed for users' entertainment and companionship. With edge computing, environment sensing and *Matter* compatibility, our hardware products function as home hubs.
- **Open ecosystem:** Our home ecosystem features an open ecosystem built on *Matter* protocol. It offers cross-ecosystem, cross-brand interoperability, which brings multi-vendor devices under our single management and automation umbrella, allowing open-ended device scalability. The integration of diverse *Matter*-compliant devices further improves our smart home application scenarios and enriches user experience.

In this ecosystem, system platforms undertake data analysis, reasoning and decision-making, and dispatch commands to digital video devices and network communication devices. Our digital video devices and network communication devices, as home hubs, integrating the *Matter* protocol, can thus relay the commands to other *Matter*-compliant devices. Digital video devices, network communication devices, and other *Matter*-compliant devices in return feed user and environmental data back to system platforms for iterative learning and further analysis. This way, users, environment and devices are interconnected and smart home living experience with autonomous perception, learning, and interaction are delivered.

OUR COMPETITIVE STRENGTHS

We believe the following strengths have set us apart from our competitors. We (i) are well-positioned in the thriving smart home product market; (ii) possess a high-caliber R&D team and innovation capabilities translating technologies into integrated smart home products; (iii) have robust supply chain capabilities and high-quality client base; (iv) have formed a collaborative relationship with ecosystem partners; (v) have leveraged our profound technological expertise and established a strategic foothold in home ecosystem and (vi) maintain a forward-looking and seasoned management. See “Business — Competitive Strengths.”

OUR GROWTH STRATEGIES

We believe the following growth strategies have allowed us to enjoy sustainable growths. We expect to (i) enhance our industry position and expand product portfolio; (ii) continue to invest in the application of advanced technology in the home setting; (iii) continue to globalize and deepen collaboration with partners to ensure the stable development of our business; (iv) diversify customer base and expand sales channels; (v) optimize management through automation and data analytics to enhance operational efficiency and (vi) invest in upstream and downstream industry players. See “Business — Our Growth Strategies.”

OUR BUSINESS MODEL

We provide smart home products that allow users to control their home with ease leveraging the application of cloud, IoT and AI technologies in the home setting, through (i)

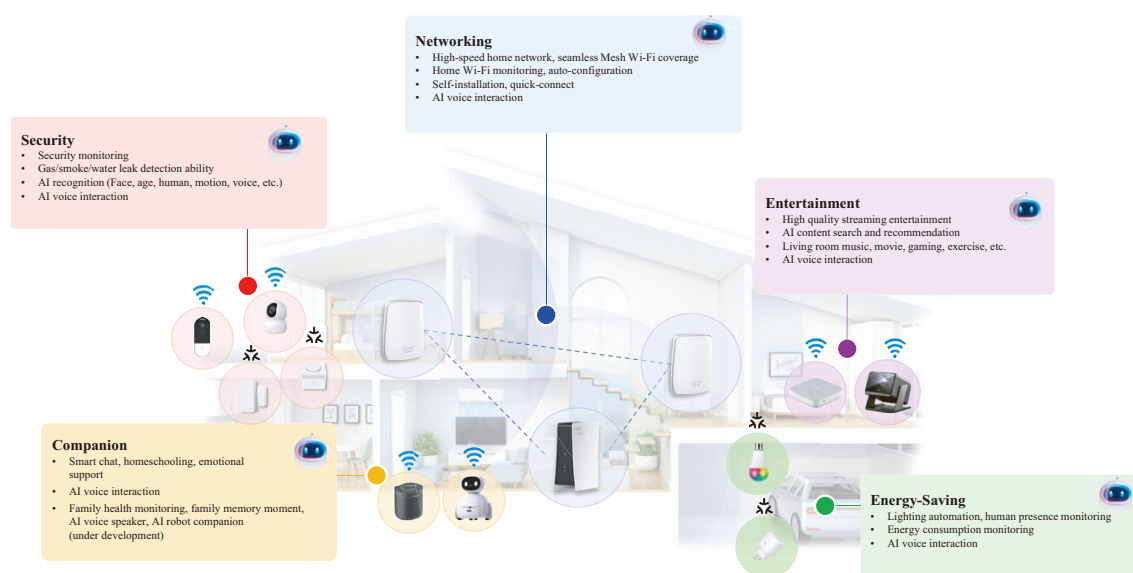
SUMMARY

our digital video devices, such as media streaming terminals, speakers, projectors, and cameras, (ii) our network communication devices, such as optical network terminals, Wi-Fi routers, and cable modems, and (iii) our system platforms, namely our home AI agent *Cedar*, our media streaming platform *XMediaTV* and our home device management platform *XHome*, which serve as the decision-making and control center to operate, manage and maintain digital video devices and network communication devices. During the Track Record Period, our revenue was mainly generated from sales of hardware products, namely our digital video devices and network communication devices. Our end enterprise customers are primarily telecom operators and retailers.

During the Track Record Period, we sold our products and solutions to end enterprise customers both directly and indirectly through intermediaries, including trading companies, manufacturers and other smart home product providers. In our earlier stage, certain customers transacted through intermediaries, while as our business developed, we increasingly established direct sales relationships. Under the direct sales model, customers place orders and make payments to us directly, whereas under the indirect model, intermediaries place orders with us and settle payments on behalf of the end customers. We cooperated with 10, nine and 18 intermediaries under the indirect sales model in 2023, 2024 and 2025, respectively.

Since 2010 and up to the Latest Practicable Date, we have cumulatively delivered smart home products, comprising end-to-end hardware and software solutions, to over 300 global telecom operators and retailers, serving millions of households worldwide. We continue to enhance our presence in the field of home solutions. Starting in 2023, we leverage the application of AI technology and machine learning to empower our smart home products to learn, adapt and make autonomous decisions based on user behavior and environmental context, creating a more proactive and self-sufficient living environment.

The following pictures illustrate the functions and application scenarios of our smart home products:



See “Business — Our Business Model.”

OUR TECHNOLOGY INFRASTRUCTURE

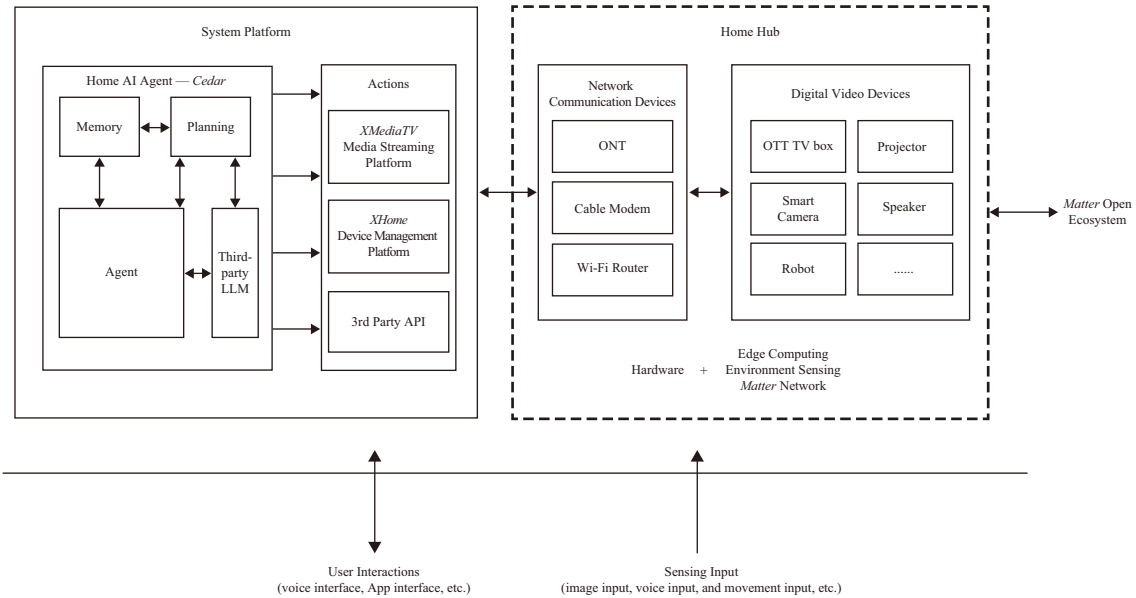
Our ecosystem is built around two major subsystems, namely our system platform and our home hub.

SUMMARY

Our system platform can be further split into two key processes — “thinking” and “action.” For the “thinking” process, the agent is the main processing unit that handles the logical reasoning of users’ command. The third-party LLM, on the other hand, processes users’ commands and interpret the intention of such commands for devices. Meanwhile, the memory module stores user-specific information such as home users’ habits and past behaviors, while the planning module studies and summarizes information stored in the memory module and makes appropriate autonomous decisions based on interaction with the memory module. After the “thinking” process is completed, the command generated from “thinking” is then translated into “action,” which can be performed by our media streaming platform *XMediaTV*, our device management platform *XHome*, and compatible third-party APIs, such as those for weather checking.

Another subsystem is our home hub comprising some of our hardware with edge-computing, environment sensing and *Matter*-compatible connectivity capabilities, which interacts with users directly through intermediaries, such as APP interface or voice interface and handles the environment sensing functions through edge computing to detect changes in their surroundings — e.g. our OTT TV boxes, smart cameras, and Wi-Fi routers are capable of environment sensing through images, voice and movement. Such changes are transmitted through our home hub, which processes the changes, and, in turn, transmits the outcome to the system platform which will act upon the information transmitted.

The following diagram is an illustration of our technology infrastructure:



See “Business — Our Technology Infrastructure.”

OUR MARKET OPPORTUNITIES

In recent years, the global smart home products market has achieved rapid growth. According to Frost & Sullivan, the global smart home products market has surged from US\$53.5 billion in 2020 to US\$88.6 billion in 2024, with a CAGR of 13.4% from 2020 to 2024. Propelled by continuous function enrichment and performance improvement of smart home hardware combined with escalating consumer demand for higher-configuration smart home terminals and next-generation networking solutions, the global smart home products market is projected to reach US\$238.2 billion in 2029, representing a CAGR of 21.9% from 2024 to 2029. As a provider of smart home products, we expect to seize the tremendous opportunities in this transforming and growing market. See “Industry Overview.”

SUMMARY

OUR SOLUTIONS

Our Hardware Solutions — Digital Video Devices and Network Communication Devices

Since 2012, when we successfully developed and launched a series of media streaming products based on the Android AOSP open-source system, our business has always been centered on the evolving needs of global telecom operators' home business. Over the years, we have been able to expand our solutions offerings and enhance our solutions capabilities, to provide a combination of hardware and software solutions. We are capable of customizing our smart home products based on operators' different types of smart home businesses and specific needs as well as home users' preference, benefiting from our comprehensive offerings. In particular, our hardware offerings comprise various digital video devices with different parameters, including OTT TV boxes, smart projectors, and smart cameras, and network communication devices, including Wi-Fi routers, optical network terminals, and cable modems. See “Business — Our Hardware Solutions — Digital Video Devices and Network Communication Devices.”

Our Software Solutions — System Platform

We provide primarily three system platforms to the operators: our Home AI agent, *Cedar*, our media streaming platform (*XMediaTV*), and our home device management platform (*XHome*). Our system platforms provide various software solutions, offering comprehensive functionality, stability, and flexible deployment options, to satisfy operators' various and evolving business needs and reduce integration efforts and costs. We have developed advanced technologies to enhance user experience, ensuring reliable services, personalized content, efficient operations, and seamless user experiences across different devices and applications. See “Business — Our Software Solutions — System Platform.”

RESEARCH AND DEVELOPMENT

We are supported by a robust R&D team of more than 400 dedicated employees as of December 31, 2025, many of whom are industry veterans with profound expertise in telecom technology. In 2023, 2024 and 2025, we had R&D costs of RMB149.2 million, RMB160.7 million and RMB163.9 million, respectively, representing approximately 6.8%, 6.6% and 5.2% of our operating expenses (including our cost of sales, selling and distribution expenses, administrative expenses and R&D costs) in the same periods, respectively. See “Business — Research and Development.”

INTELLECTUAL PROPERTY

Our success and competitive advantages depend in part on our ability to develop and protect our core technologies and intellectual property. We own a large portfolio of intellectual property, including patents, software copyrights, confidential technical information and expertise in the PRC and registered trademarks in Asia, Europe and the United States. As of December 31, 2025, our R&D efforts had accumulated 266 patents and computer software copyrights and 126 pending patent applications worldwide. In particular, our patents related to AI Home are particularly material to our business, technology development and prospects, as detailed in the section headed “Business — Intellectual Property.”

CUSTOMERS AND SUPPLIERS

Our end enterprise customers consist primarily of (i) global telecom operators, retailers, trading companies and certain other smart home product providers for sales of hardware products, parts and accessories (including digital video devices, network

SUMMARY

communication devices and others) and (ii) global telecom operators, retailers and other smart home product providers and manufacturers for provision of software solutions (namely our system platforms). We sell our products and solutions primarily to our end enterprise customers both directly and indirectly through certain trading companies, manufacturers and other smart home product providers. Our trading company customers order products from us based on their business needs, such as global telecom operators' placement orders to such trading companies, and do not maintain their own inventories. Revenue generated from our trading company customers accounted for 20.0%, 14.2% and 7.8% of our total revenue in 2023, 2024 and 2025, respectively, while revenue generated from our end customers accounted for 80.0%, 85.8% and 92.2% of our total revenue in the respective years, reflecting an increasing contribution from end customers over the Track Record Period.

Revenue generated from our largest customer in each year during the Track Record Period accounted for 23.6%, 14.3% and 15.9% of our total revenue in 2023, 2024 and 2025, respectively. Revenue generated from our five largest customers in each year during the Track Record Period accounted for 60.7%, 50.6% and 47.7% of our total revenue in 2023, 2024 and 2025, respectively.

To the best knowledge of our Directors, each of our five largest customers in each year during the Track Record Period is an Independent Third Party. In addition, to the best knowledge of our Directors, there was no other past or present relationships (including financing, trust or otherwise) between us and each of our five largest customers in each year during the Track Record Period, their respective substantial shareholders, directors or senior management, or any of their respective associates during the Track Record Period. As of the Latest Practicable Date, none of our Directors, their respective close associates or any of our shareholders (who owned or to the knowledge of Directors had owned more than 5% of our issued share capital) had any interest in any of our five largest customers in each year during the Track Record Period. See "Business — Sales and Marketing — Major Customers." One of the controllers of Smart Digital Media Co., Limited is a brother of a member of our senior management. For details regarding certain historical business dealings between our Group and Smart Digital Media Co., Limited during the Track Record Period, see "History and Corporate Structure — Previous Listing on the NEEQ and Previous A Share Listing Attempt."

Our major suppliers include primarily raw material suppliers for chips and modules in China. Purchases from our largest supplier in each year during the Track Record Period accounted for 11.5%, 18.6% and 11.9% of our total purchase amount in 2023, 2024 and 2025, respectively. Purchases from our five largest suppliers in each year during the Track Record Period accounted for 46.9%, 40.0% and 37.0% of our total purchases in 2023, 2024 and 2025, respectively.

To the best knowledge of our Directors, each of our five largest suppliers in each year during the Track Record Period is an Independent Third Party. In addition, to the best knowledge of our Directors, there was no other past or present relationships (including financing, trust or otherwise) between us and each of our five largest suppliers in each year during the Track Record Period, their respective substantial shareholders, directors or senior management, or any of their respective associates during the Track Record Period. As of the Latest Practicable Date, none of our Directors, their respective close associates or any of our shareholders (who owned or to the knowledge of the Directors had owned more than 5% of our issued share capital) had any interest in any of our five largest suppliers in each year during the Track Record Period. See "Business — Procurement and Supply Chain Management — Major Suppliers."

For details of overlapping of customers and suppliers, see "Business — Overlapping of Customers and Suppliers."

SUMMARY

SALES AND MARKETING

As of December 31, 2023, 2024 and 2025, we had 232, 275 and 273 direct customers, respectively, most of whom were global telecom operators and retailers. We typically acquire our customers through marketing activities such as exhibitions, forums and seminars, as well as by capitalizing on our robust brand reputation and substantial industry influence established through long-term, comprehensive and in-depth collaboration with global telecom operators, together with other marketing activities.

Pricing

We price our products based on a variety of factors, including: (i) customer and market factors, (ii) product and service factors, and (iii) strategic and cost factors. Once we set the base prices according to these factors, we adjust the pricing on a case-by-case basis in consideration of specific requirements of our customers. See “Business — Sales and Marketing — Commercialization and Pricing Strategy.”

PRODUCTION

We focus on product and solutions design and development as well as production process design, which are crucial to our competitiveness. We outsource production and manufacturing of our products to specialized original equipment manufacturer (OEM) to secure stable production capacity, guarantee timely delivery, and achieve our sustainability goals. Given the maturity of production technologies and the availability of sufficient professional OEM vendors in the smart home industry, our adoption of a full outsourcing model can ensure stable production capacity, good quality, and reduced costs. See “Business — Production.”

COMPETITION

The global smart home products for enterprise customers market is highly competitive and the competitive landscape is relatively fragmented, with more than 200 market players in the global smart home products for enterprise customers market, according to Frost & Sullivan. Based on the different operation models, the major players in the global smart home products market for enterprise customers can be further categorized into two types: corporate-serving smart home product providers under the light moderation model and such providers under the heavy operation model.

We adopted the asset-light production model in partnership with well-known OEMs based in various countries and regions in the world. This unique model brings manufacturing agility, allowing us to achieve economies of scale for large-volume orders, while maintaining flexible production capacity for diverse, small-batch requests. Compared to other providers, we enjoy the advantages of being an integrated smart home product provider for enterprise customers. An integrated smart home product provider for enterprise customers can continuously enrich and expand its product matrix by offering a wide spectrum of hardware, infrastructure, and platform solutions, thereby addressing the diversified and evolving needs of customers. In addition, an integrated smart home product provider for enterprise customers can also create a seamless and interoperable ecosystem, which not only enhances user experience by ensuring smooth connectivity and unified management but also enables stronger customer stickiness through bundled solutions. We were the eighth largest provider globally, and the third largest among Chinese Mainland-based providers, in the global smart home product for enterprise customers market in terms of revenue in 2024, according to Frost & Sullivan. In terms of market size in 2024, the global enterprise smart home product market accounts for approximately 14.7% of the entire global smart home product market.

OUR CONTROLLING SHAREHOLDERS

Immediately following the completion of the Global Offering (assuming the Offer Size Adjustment Option is not exercised) and the conversion of Unlisted Shares into H Shares, Mr.

SUMMARY

Li and the five limited partnerships of which Mr. Li is the general partner (namely, Zhixin Weilai, Kaida Yunzhi, Huazhi Changlian, Qihang No.1 and Qihang No.2) will in aggregate hold and be entitled to exercise in general meetings voting rights attached to Shares representing approximately 33.26% of the total issued share capital of our Company. Accordingly, Mr. Li, Zhixin Weilai, Kaida Yunzhi, Huazhi Changlian, Qihang No.1 and Qihang No.2 will remain as our Controlling Shareholders upon Listing.

PREVIOUS A SHARE LISTING ATTEMPT

In June 2023, our Company submitted the A-share Application to the Beijing Stock Exchange. In January 2024, we submitted our application not to pursue listing of our Shares on the Beijing Stock Exchange after considering our Group's long term development plan (including our offshore development plans). The Beijing Stock Exchange issued termination notice in relation to the A-share Application accepting our application not to proceed with the A-share Application on January 25, 2024. For details, see "History and Corporate Structure — Previous Listing on the NEEQ and Previous A Share Listing Attempt."

RISK FACTOR

Our operations involve certain risks and uncertainties, some of which are beyond our control. We have categorized these risks and uncertainties into: (i) risks relating to our industry and business, (ii) risks relating to our business and industry in the principal place of our business and (iii) risks relating to the global offering.

Some of the major risks we face include, but are not limited to: (i) Failure to maintain our business relationship with global telecom operators could materially affect our business operation and profitability; (ii) we generate revenue primarily from overseas market, and our exposure in and further expansion to overseas markets may expose us to operational, financial and regulatory risks; (iii) The smart home products industry is competitive. If we are not able to compete successfully, our business, results of operations and future prospects will be harmed; (iv) Our business, financial condition and results of operations may be materially and adversely affected by international policies and international export controls and economic sanctions; (v) If we are unable to maintain certifications or licenses from our business partners, including those certifications or licenses in connection with ecosystem, content and technology, our business, results of operations and financial condition could be adversely and materially affected; (vi) Our business may be adversely affected if we fail to introduce new solutions and products on a timely basis to adapt to rapid advancements in technology, and our investments in research and development may not yield the expected results; and (vii) If we fail to develop new solutions and products that address customer preferences and achieve market acceptance in a timely and cost-effective manner, our results of operations could be adversely affected. See "Risk Factors."

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

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

Summary of Consolidated Statements of Profit or Loss

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

SUMMARY

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Revenue	2,366,870	2,540,936	3,367,659
Cost of sales	(1,866,402)	(2,057,990)	(2,711,565)
Gross profit	500,468	482,946	656,094
Other income and gains	26,215	37,518	17,188
Selling and distribution expenses	(103,687)	(129,542)	(146,311)
Administrative expenses	(64,294)	(74,171)	(106,910)
Research and development costs	(149,229)	(160,706)	(163,900)
(Provision for)/reversals of impairment losses on financial assets, net	(5,290)	(8,400)	14,284
Other expenses	(430)	(434)	(14,947)
Finance costs	(3,512)	(6,121)	(4,313)
Profit before tax	200,241	141,090	251,185
Income tax expense	(9,032)	(3,864)	(12,032)
Profit for the year	191,209	137,226	239,153

Non-HKFRS Measures

To supplement our consolidated statements of profit or loss and other comprehensive income presented in accordance with HKFRS Accounting Standards, we also use adjusted net profit (non-HKFRS measure), as an additional financial measure, which is not required by, or presented in accordance with HKFRS Accounting Standards. We believe that the presentation of such non-HKFRS measure when shown in conjunction with the corresponding HKFRS measures provide useful information to potential investors and management in facilitating a comparison of our operating performance from period to period.

However, the use of non-HKFRS measure has limitations as an analytical tool, and you should not consider them in isolation from, or as a substitute for analysis of, our results of operations or financial conditions as reported under HKFRS Accounting Standards. In addition, the non-HKFRS financial measure may be defined differently from similar terms used by other companies.

We define adjusted net profit (non-HKFRS measure), as profit for the year adding listing expenses. The following table reconciles our adjusted net profit (non-HKFRS measure) for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Profit for the year	191,209	137,226	239,153
Adding			
Listing expenses related to the Global Offering	—	—	14,850
Adjusted net profit (non-HKFRS measure)	191,209	137,226	254,003

SUMMARY

During the Track Record Period, we primarily derived stable revenue from provision of integrated smart home products comprising both hardware and software solutions, including (i) digital video devices, such as media streaming terminals, speakers, projectors and cameras, (ii) network communication devices, such as optical network terminals, Wi-Fi routers and cable modems, and (iii) system platforms, namely our media streaming platform *XMediaTV*, our home device management platform *XHome*. When we sell integrated smart home products to customers, we record revenue under sale of hardware products only, while factoring in the added value of our software solutions in the pricing.

In addition to integrated smart home products, we are also able to meet customers' tailored demands for various hardware products or software solutions. When customers purchase hardware products only, we record revenue under sale of hardware products, and when customers purchase software solutions only, we record revenue under provision of software solutions.

Our profit for the year decreased from RMB191.2 million in 2023 to RMB137.2 million in 2024, primarily due to a decrease in our gross profit, combined with increases in our selling and marketing expenses, administrative expenses and research and development costs. Compared to 2024, our profit for 2025 increased from RMB137.2 million to RMB239.2 million, primarily due to an increase in our revenue, combined with our effective management of costs and expenses as well as our collection of long aged trade receivables. We achieved a net profit margin of 8.1%, 5.4% and 7.1% in 2023, 2024 and 2025.

The following table sets forth a breakdown of our revenue generated from different business segments in absolute amounts and as percentages of our total revenue for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	% of revenue	RMB'000	% of revenue	RMB'000	% of revenue
Sale of hardware products						
Digital video devices	1,700,977	71.9%	1,787,533	70.3%	2,454,359	72.9%
– Streaming media terminals	1,664,588	70.3%	1,699,695	66.9%	2,155,747	64.0%
– Smart Projectors	28,279	1.2%	70,157	2.8%	291,767	8.7%
– Other smart home devices	8,110	0.3%	17,681	0.7%	6,845	0.2%
Network communication devices	596,545	25.2%	527,530	20.8%	560,887	16.6%
Subtotal	2,297,522	97.1%	2,315,063	91.1%	3,015,246	89.5%
Provision of software solutions						
System platforms services	21,498	0.9%	29,257	1.2%	36,847	1.1%
Sales of parts and accessories	47,850	2.0%	196,616	7.7%	315,566	9.4%
Total	2,366,870	100.0%	2,540,936	100.0%	3,367,659	100.0%

During the Track Record Period, our revenue was primarily generated global telecom operators and retailers. Our revenue from these customers fluctuated from period-to-period, mainly driven by customers' demands of our products, which were in turn influenced by various factors including the end-users' demand, industry trends, general economic and market conditions where they operate. In 2023, 2024 and 2025, we recorded revenue amounting to RMB2,366.9 million, RMB2,540.9 million and RMB3,367.7 million, respectively, which was primarily derived from sales of digital video devices. For a detailed discussion, see “Financial Information — Principal Components of Our Consolidated Statements of Profit or Loss” and “Financial Information — Results of Operations”.

SUMMARY

The following table sets forth the sales volume and average selling price (“ASP”) of our hardware products sold for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	Sales volume (Unit in thousands)	ASP RMB/ Unit	Sales volume (Unit in thousands)	ASP RMB/ Unit	Sales volume (Unit in thousands)	ASP RMB/ Unit
Digital video devices	8,575.3	198	8,849.9	202	11,801.9	208
– Streaming media terminals	8,425.4	198	8,561.1	199	11,287.1	191
– Smart Projectors	82.7	342	154.2	455	441.8	660
– Other smart home devices	67.2	121	134.6	131	73.0	94
Network communication devices	1,942.7	307	1,733.7	304	2,477.6	226
– Optical network terminals	997.4	211	813.4	266	1,089.4	220
– Cable modems	244.2	638	221.9	560	217.5	443
– Wi-Fi routers	701.1	328	698.3	267	1,170.7	192

The changes in ASP of our hardware products during the Track Record Period were primarily driven by product mix and regional sales composition. The ASP of our streaming media terminals remained relatively stable, with only minor fluctuations. The ASP of our smart projectors increased significantly in 2024 and further in 2025, primarily due to a shift in product mix as we expanded our projector business and increased sales of mid- to high-end models with higher unit prices. ASP fluctuations of other product categories were mainly attributable to changes in product mix and regional demand, including increased sales of entry-level models in certain regions, which generally carry lower unit prices.

The following table sets forth our gross profit and gross profit margin by business segment for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	Gross profit RMB'000	Gross profit margin %	Gross profit RMB'000	Gross profit margin %	Gross profit RMB'000	Gross profit margin %
Sale of hardware products						
Digital video devices	392,228	23.1%	353,583	19.8%	443,411	18.1%
Network communication devices	92,865	15.6%	96,719	18.3%	89,896	16.0%
Provision of software solutions						
System platforms and services	10,964	51.0%	16,001	54.7%	25,033	67.9%
Sales of parts and accessories	4,411	9.2%	16,643	8.5%	97,754	31.0%
Total/Overall	500,468	21.1%	482,946	19.0%	656,094	19.5%

SUMMARY

Summary of Consolidated Statements of Financial Position

The following table sets forth summary data from our consolidated statements of financial position as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Total non-current assets	86,722	95,448	118,015
Total current assets	1,738,041	2,129,310	2,455,411
Total current liabilities	923,372	1,182,968	1,296,793
Net current assets	814,669	946,342	1,158,618
Total assets less current liabilities	901,391	1,041,790	1,276,633
Total non-current liabilities	989	4,737	9,393
Net assets	900,402	1,037,053	1,267,240
Equity attributable to owners of the parent			
Share capital	191,500	191,500	190,333
Reserves	708,893	845,546	1,076,859
Non-controlling interests	9	7	48
Total equity	900,402	1,037,053	1,267,240

We recorded net current assets of RMB814.7 million, RMB946.3 million and RMB1,158.6 million as of December 31, 2023, 2024 and 2025, respectively. The increase in our net current assets in 2024 was primarily due to increases in inventories and cash and cash equivalents, partially offset by an increase in trade and bills payables and interest-bearing bank and other borrowings. The increase in our net current assets as of December 31, 2025 was primarily due to an increase in inventories and prepayment, other receivables and other assets, partially offset by a decrease of cash and cash equivalents.

Our net asset increased from RMB900.4 million as of December 31, 2023 to RMB1,037.1 million as of December 31, 2024, primarily due to profit for the year of RMB137.2 million and share-based payment of RMB2.4 million. Our net asset increased from RMB1,037.1 million as of December 31, 2024 to RMB1,267.2 million as of December 31, 2025, primarily due to profit for the year of RMB239.2 million and share-based payment of RMB0.5 million, partially offset by share repurchased of RMB11.0 million.

SUMMARY

Summary of Consolidated Statement of Cash Flows

The following table sets forth selected cash flow statement information for the periods indicated:

	Year ended December 31, 2023	2024	2025
	<i>(RMB'000)</i>		
Net cash flows from/(used in) operating activities	28,670	125,854	(134,043)
Net cash flows used in investing activities	(44,585)	(8,900)	(17,191)
Net cash flows from/(used in) financing activities	(26,230)	45,562	(28,188)
Net increase/(decrease) in cash and cash equivalents	(42,145)	162,516	(179,422)
Cash and cash equivalents at the beginning of the year	313,455	280,956	455,770
Effect of foreign exchange rate changes, net	9,646	12,298	(2,995)
Cash and cash equivalents at the end of the year	<u>280,956</u>	<u>455,770</u>	<u>273,353</u>

See “Financial Information — Liquidity and Capital Resources — Cash Flows” for details.

Key Financial Ratios

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

	Year ended December 31, 2023	2024	2025
Profitability ratios			
Gross profit margin (%)	21.1	19.0	19.5
Net profit margin (%)	8.1	5.4	7.1
Adjusted net profit margin (non-HKFRS measure) (%)	8.1	5.4	7.5
Return on equity (%)	23.8	14.2	20.8
Return on assets (%)	11.6	6.8	10.0
	As of December 31, 2023	2024	2025
Liquidity ratios			
Current ratio (times)	1.9	1.8	1.9
Quick ratio (times)	1.3	1.3	1.2
Capital adequacy ratio			
Gearing ratio (%)	13.6	21.9	18.3

SUMMARY

See “Financial Information — Key Financial Ratio” for details of calculation methods of our key financial ratios.

DIVIDENDS

We are incorporated under the laws of the PRC. We do not have any formal dividend policy or pre-determined dividend payout ratio. Any dividends we pay will be at the discretion of our Directors and will depend on our future operations and earnings, capital requirements and surplus, general financial condition, contractual restriction and other factors which our Directors consider relevant. Our shareholders in a general meeting may approve any declaration of dividends, which must not exceed the amount recommended by our Board.

Under the applicable PRC laws and regulations, 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. The 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 advised by our PRC Legal Advisors, our PRC companies cannot pay dividends if such companies are in an accumulated loss position.

No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Our Directors have the absolute discretion to recommend any dividend subject to our constitutional documents and the relevant laws. We cannot assure you that our Company will be able to declare dividends of any amount each year or in any year.

No dividend was paid or declared by the Company during the Track Record Period.

RECENT DEVELOPMENTS

Subsequent to the Track Record Period and up to the Latest Practicable Date, our business remained stable.

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that up to the date of this prospectus there has been no material adverse change in our financial or trading position or prospects since December 31, 2025 (being the date of our latest audited financial statements) and there has been no event since December 31, 2025 which would materially affect the information shown in the Accountants’ Report set out in Appendix I to this prospectus.

LISTING EXPENSES

Our listing expenses mainly include underwriting commissions, professional fees paid to legal advisors, the Reporting Accountants and other professional parties for their services rendered in relation to the Listing and the Global Offering.

Based on the Offer Price of HK\$32.80 per Share, the total estimated listing expenses in relation to the Global Offering are RMB52.4 million (HK\$60.0 million), assuming the Offer Size Adjustment Option is not exercised, which constitute approximately 9.5% of the gross proceeds. Our total listing expenses consist of (i) underwriting-related expenses and fees (including underwriting commissions, Stock Exchange trading fee, SFC and AFRC transaction levy) of RMB19.3 million (HK\$22.1 million); and (ii) non-underwriting-related expenses of RMB33.1 million (HK\$37.9 million), including (a) fees payable to the Sole Sponsor, legal advisors and Reporting Accountants of RMB23.3 million (HK\$26.6 million)

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and (b) other fees and expenses of RMB9.8 million (HK\$11.2 million). During the Track Record Period, we incurred listing expenses of RMB14.9 million, all of which was recognized in our consolidated statements of profit or loss in 2025. As of December 31, 2025, we recorded RMB2.4 million as deferred listing expenses under prepayments, other receivables and other assets in our consolidated statements of financial position, to be accounted for as a deduction from equity upon the Listing. Approximately RMB15.5 million is expected to be charged to profit or loss for the year ending December 31, 2026, and approximately RMB19.7 million directly attributable to the issue of the Shares is expected to be deducted from equity upon the completion of the Global Offering.

We estimate that we will receive net proceeds from the Global Offering of approximately HK\$570.0 million, based on the Offer Price of HK\$32.80 per Offer Share, after deducting the underwriting commissions and estimated expenses paid or payable by us in connection with the Global Offering and assuming that the Offer Size Adjustment Option is not exercised. We intend to apply the net proceeds from the Global Offering, in the next three to four years, for the following purposes and in the amounts set forth below:

- Approximately 25% of the net proceeds, or HK\$142.5 million, will be used to enhance our market position and develop new products;
- approximately 35% of the net proceeds, or HK\$199.5 million, will be used to invest in AI Home-related technologies;
- approximately 20% of the net proceeds, or HK\$114.0 million, will be used for our global expansion;
- approximately 10% of the net proceeds, or HK\$57.0 million, will be used to invest in upstream and downstream market players with strong potential in areas including, but not limited to, AI and algorithms; and
- approximately 10% of the net proceeds, or HK\$57.0 million, will be used for working capital and general corporate purposes.

See “Future Plans and Use of Proceeds.”

CHIPS USED IN OUR PRODUCTS

We use various types of chips in our products.

Chips used in our digital video devices primarily include main control chips, memory, flash storage, and wireless communication modules. The main control chip determines product performance, decoding capability, and overall user experience. For the memory, during operation, the operating system (OS) and active applications will load into memory for CPU access. Larger capacity enables more background apps and smoother switching. The flash storage stores the OS, pre-installed and user-installed apps, and user data long-term. The wireless module handles network and external device connections.

Chips used in our network communication devices primarily include main processor, GPON MAC chip, wireless chip, optical module control chip, and DOCSIS protocol processor. The main processor has three key functions, including (i) system control hub: manages boot, task scheduling, hardware resources; (ii) protocol processing: runs GPON stack (e.g. OMCI protocol) for OLT registration/encryption. Network acceleration: integrates hardware engines (NAT and traffic classification), boosts throughput; and (iii) voice and data collaboration: coordinates the data interaction between the voice chip and the network module to ensure low-latency communication. The GPON MAC chip's function is physical

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layer (PHY) adaptation which converts optical signals (via SERDES) and parses GPON frame structure (GEM Port allocation). The wireless chip enables concurrent multi-device communication via MU-MIMO technology optical module control chip Monitors Rx power and auto-adjusts Tx power per GPON standards. The DOCSIS protocol processor supports DOCSIS/EuroDOCSIS standards for hybrid fiber-coaxial (HFC) network compatibility and channel bonding.

The “Wafer Fab Origin Rule” is a key criterion for determining the country of origin of integrated circuits (chips). Its core principle is that the location of the factory where wafer fabrication (tape-out) takes place serves as the sole basis for determining the chip’s origin, rather than packaging, testing, or design locations. This rule is stipulated in the Decree of the General Administration of Customs of the PRC (No. 122).

The table below sets forth a breakdown of our chip procurement by wafer fab origin for the years indicated:

wafer fab origin	2023		2024		2025	
	Amount (RMB'000)	% of total chip procurement	Amount (RMB'000)	% of total chip procurement	Amount (RMB'000)	% of total chip procurement
China (including Taiwan)*	559,435	85.7%	522,002	94.2%	688,489	85.4%
South Korea	1,012	0.2%	20,346	3.7%	88,315	10.9%
U.S.	23,077	3.5%	777	0.1%	10,466	1.3%
Philippines	–	–	629	0.1%	4,769	0.6%
Ireland	69,200	10.6%	10,216	1.8%	14,160	1.8%
France	159	–	29	–	–	–
Italy	73	–	–	–	–	–
Germany	–	–	–	–	392	–
Total	652,955	100.0%	553,999	100.0%	806,592	100.0%

Note: During the Track Record Period, the amount of our chip procurement with Taiwan as the wafer fabrication origin was RMB536.1 million, RMB483.3 million and RMB243.1 million for 2023, 2024 and 2025, respectively.

During the Track Record Period, we did not export any chips.

Our Directors are of the view that the current chip restrictions and recent chip shortage have had, during the Track Record Period and up to the Latest Practicable Date, limited impact on us on the following bases: (i) the chips that we use are consumer-grade chips of mature process nodes, which are currently not subject to any export restrictions; (ii) during the Track Record Period and up to the Latest Practicable Date, chip supply to us remained stable without shortages; (iii) the PRC imposes tariffs on chips imported from the U.S. in accordance with wafer fab origin rules, and we primarily procure non-US fabbed chips, which are currently not subject to tariffs in China; (iv) we procure chips from a number of global chip providers, and such chip providers offer chips of various wafer fab origins to meet our demands; and (v) in the unlikely event that only US-fabbed chips could meet our needs, we would arrange such chips to be used by our overseas OEM partners, which would not be subject to PRC import tariffs.

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To mitigate risks stemming from potential global chip shortages, trade restrictions, tariffs, and economic sanctions, we have implemented the following countermeasures: (i) maintain safety stock of critical components like chips through continuous inventory buildup; (ii) establish cooperative relationships with globally renowned chip suppliers to secure stable procurement channels; (iii) adopt a cost-plus-margin pricing strategy to cushion the impact of raw material price volatility on financial performance; and (iv) implement a phased domestic substitution plan for chip products to gradually reduce reliance on imported chips.

Our international export controls and trade sanctions counsel has reviewed our business model in light of the recent changes in the rules and regulations that impact international trade by PRC businesses, particularly those businesses that import, directly or indirectly, U.S. produced components, and/or that have export sales or deliveries to the United States. After consideration of the export control restrictions placed on PRC companies, including among others those applied through the U.S. Export Administration Regulations (EAR), administered by the Bureau of Industry and Security of the U.S. Department of Commerce (the “**BIS**”), it is our international export controls and trade sanctions counsel’s view that (i) the Group did not, directly or indirectly, deliver products subject to the EAR to any customers that are listed on the Entity List or otherwise in contravention of the transfer restrictions placed on products by the EAR, or (ii) directly or indirectly, engage in any transactions that could trigger any restrictions by the BIS or other U.S. regulators. Therefore, such advisor concluded that our Group’s exposure to U.S. trade restrictions and the impact of relevant trade restrictions on our Group’s operations is not material. In light of the foregoing, our Directors are of the view that our increasing revenue contribution from the U.S. would not lead to additional risk exposure in this regard.

Based on the foregoing, the Sole Sponsor is of the view that the chip restrictions and shortage did not have any material impact on the Group’s business operations during the Track Record Period and up to the Latest Practicable Date.

IMPACT OF TARIFF

Recently, certain foreign jurisdictions have imposed or may impose restrictive trade policies, such as tariffs and harsh trade conditions, against certain countries. For instance, the recent U.S.-China trade tensions have led to the introduction of higher tariffs on various goods traded between the two countries. See “Risk Factors — Risks Relating to Our Industry and Business — Our business, financial condition and results of operations may be materially and adversely affected by international policies and international export controls and economic sanctions.”

Our products are exported primarily through the following trade formats: (i) Cost, Insurance, and Freight (CIF), for which the buyer is responsible for import duty; (ii) Free on Board (FOB), for which the buyer is responsible for import duty; (iii) Deliver Duty Paid (DDP), for which the seller is responsible for import duty; (iv) Carriage and Insurance Paid To (CIP), for which the buyer is responsible for import duty; (v) Delivered at Place (DAP), for which the buyer is responsible for import duty; and (vi) Free Carrier (FCA), for which the buyer is responsible for import duty.

We only bear tariffs for exports under the DDP model. During the Track Record Period, the destination ports of our DDP exports were primarily Estonia, Austria, Bulgaria, Poland, Germany, Finland, Croatia, Portugal, Sweden, Spain, Greece, Hungary and other European countries, as well as Colombia, Mexico and other Latin American countries, and the United States accounted for a relatively low proportion. The details of the tariff applicable to our products imposed by each of our major destinations as of the Latest Practicable Date are as follows:

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For our DDP exports to Mexico, the tariff is 0% for most products, and 10% for certain products. For our DDP exports to U.S., the tariff ranges from 20% to 45%. In addition to above destination ports, the tariff for most destination ports of our DDP exports, including Estonia, Austria, Bulgaria, Poland, Germany, Finland, Croatia, Portugal, Sweden, Spain, Greece, Hungary, Colombia, is 0%.

During the Track Record Period, DDP exports accounted for 9.6%, 15.1% and 10.8% of our total revenue for 2023, 2024 and 2025, respectively. The table below sets forth a breakdown of our revenue from DDP exports by destination for the years indicated:

DDP Destination	Year ended December 31,					
	2023		2024		2025	
	Amount (RMB'000)	% of total revenue	Amount (RMB'000)	% of total revenue	Amount (RMB'000)	% of total revenue
Poland	184,741	7.8%	230,208	9.1%	145,641	4.3%
Sweden	615	–	91,583	3.6%	115,593	3.4%
Bulgaria	5,681	0.2%	21,869	0.9%	20,078	0.6%
Estonia	8,519	0.4%	6,581	0.3%	12,420	0.4%
Spain	397	–	357	–	30,449	0.9%
Lithuania	1	–	14,440	0.6%	17,847	0.5%
Finland	2,333	0.1%	4,696	0.2%	8,707	0.3%
Croatia	76	–	11,529	0.5%	3,853	0.1%
Germany	24,451	1.0%	1,113	–	5,576	0.2%
U.S.	301	–	435	–	–	–
Others	8	–	120	–	4,716	0.1%
Total	227,124	9.6%	382,932	15.1%	364,880	10.8%

We believe we are well poised to tackle global trade tensions and tariff challenges. Specifically, we have established cooperative relationship with OEM partners in Philippines, Malaysia, Thailand, Vietnam, India, Brazil, Poland and Mexico. This expansive global production network enables us to flexibly allocate production capacity and significantly reduces risks associated with current international geopolitical uncertainties. Specifically, we plan to utilize the rules of origin through (1) “substantial transformation” of products in relevant countries to meet the origin determination standards of the target market; (2) distributing production across multiple member countries of a free trade agreement to make the cumulative regional value-added to meet the threshold for tariff exemption; and (3) assembling components in relevant countries to change their customers classification and make them eligible for lower tariff rates. We will fully capitalize on the benefits of free trade agreements, prioritizing production in countries with zero or low tariffs.

Based on the foregoing, our Directors are of the view that recent tariff policies have not had any material adverse effect on our business, results of operations or financial condition, given that (i) we only need to bear tariffs under DDP exports, which accounted for a relatively small portion of our total revenue during the Track Record Period; (ii) most of our DDP export destinations do not impose tariffs on our products, and our DDP exports to the United States accounted for an insignificant amount during the Track Record Period; and (iii) during the Track Record Period and up to the Latest Practicable Date, none of our U.S. customers had requested us to reimburse them of the U.S. tariffs they paid, and none of our customers had requested to cancel orders, suspended delivery, or re-negotiated price, order quantity, payment or other material terms of the transactions. We will continue to monitor the development of trade restriction and tariff policies in the relevant jurisdictions. In case we

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have to bear punitive tariffs in the future, we will negotiate commercially reasonable and sustainable approaches with our customers.

We also consulted with our international export controls and trade sanctions counsel on the impact of the current and evolving tariff situation between the United States and China. Our international export controls and trade sanctions counsel is of the view that these tariffs have not adversely impacted our Group's business during the Track Record Period and up to the Latest Practicable Date, and absent significant changes to such policies, which are not knowable at this time, are unlikely to have any material adverse impact to our Group's business in the future.

Based on (i) the relevant documents and information provided by the Company in relation to the foregoing, (ii) the participation in due diligence and discussions with the Company; and (iii) the confirmation from the Directors and the international export controls and trade sanctions counsel disclosed above, the Sole Sponsor is of the view that recent tariff policies have not had any material adverse effect on the Company's business, results of operations or financial condition.

OFFERING STATISTICS

**Based on
an Offer Price of
HK\$32.80 per
H Share**

Market capitalization of our H Shares immediately after completion of the Global Offering ⁽¹⁾	HK\$6,868,108,834
Market capitalization of our Shares immediately after completion of the Global Offering ⁽²⁾	HK\$6,872,914,296
Unaudited pro forma adjusted consolidated net tangible assets per Share ⁽³⁾	HK\$9.68

- (1) The calculation of market capitalization is based on 146,508 Unlisted Shares in issue, 190,186,262 H Shares converted from Unlisted Shares and 19,207,300 H Shares expected to be in issue and outstanding following the completion of the Global Offering (assuming that the Offer Size Adjustment Option is not exercised).
- (2) The calculation of market capitalization of our Shares is based on the assumption that 209,540,070 Shares are in issue and outstanding immediately after completion of the Global Offering (assuming that the Offer Size Adjustment Option is not exercised).
- (3) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share are calculated after the adjustments referred to in "Appendix II Unaudited Pro Forma Financial Information" to this prospectus and on the basis that 209,540,070 Shares were in issue assuming that the Global Offering had been completed on December 31, 2025 (assuming that the Offer Size Adjustment Option is not exercised).
- (4) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group to reflect any trading results or other transactions of the Group entered into subsequent to December 31, 2025.

DEFINITIONS

In this prospectus, unless the context otherwise requires, the following terms shall have the meanings set out below. Certain other terms are explained in the section entitled “Glossary of Technical Terms” in this prospectus.

“Accountants’ Report”	the accountants’ report of our Company for the Track Record Period, the text of which is set out in Appendix I to this prospectus
“affiliate(s)”	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“AFRC”	the Accounting and Financial Reporting Council of Hong Kong
“Articles” or “Articles of Association”	the amended and restated articles of association of our Company, as amended, which shall become effective from the Listing Date and a summary of which is set out in Appendix V to this prospectus
“Board”	the board of Directors
“Business Day”	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are generally open for normal banking business
“Capital Market Intermediaries”	the capital market intermediaries as named in “Directors and Parties Involved in the Global Offering”
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company” or “our Company”	Shenzhen SDMC Technology Co., Ltd. (深圳市華曦達科技股份有限公司), a joint stock company with limited liability incorporated in the PRC on October 22, 2003, formerly known as Shenzhen Zhixin Micro-electronics Co., Ltd. (深圳市致芯微電子股份有限公司), which was converted from Shenzhen Zhixin Micro-electronics Ltd. (深圳市致芯微電子有限公司) into a joint stock company with limited liability on January 13, 2009
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Mr. Li, Zhixin Weilai, Huazhi Changlian, Kaida Yunzhi, Qihang No.1 and Qihang No.2
“CSDC”	China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司)

DEFINITIONS

“CSRC”	the China Securities Regulatory Commission (中國證券監督管理委員會)
“CWUMPO” or “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
“Director(s)”	the director(s) of our Company
“Employee Shareholding Platforms”	collectively, Zhixin Weilai, Kaida Yunzhi and Huazhi Changlian
“Exchange Participant(s)”	a person (a) who, in accordance with the Listing Rules, may trade on or through the Stock Exchange; and (b) whose name is entered in a list, register or roll kept by the Stock Exchange as a person who may trade on or through the Stock Exchange
“Extreme Conditions”	the occurrence of “extreme conditions” as announced by any government authority of Hong Kong due to serious disruption of public transport services, extensive flooding, major landslides, large-scale power outage or any other adverse conditions before Typhoon Signal No. 8 or above is replaced with Typhoon Signal No. 3 or below
“FINI”	Fast Interface for New Issuance, an online platform operated by HKSCC
“Global Offering”	the Hong Kong Public Offering and the International Offering
“Governmental Authority”	any governmental, regulatory, or administrative commission, board, body, authority, or agency, or any stock exchange, self-regulatory organization, or other non-governmental regulatory authority, or any court, judicial body, tribunal, or arbitrator, in each case whether national, central, federal, provincial, state, regional, municipal, local, domestic, foreign, or supranational
“Group”, “our Group”, “the Group”, “we”, “us” or “our”	our Company and our subsidiaries from time to time, their predecessors (as the case may be), and where the context requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time

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“H Share(s)”	overseas listed foreign share(s) in our ordinary share capital with a nominal value of RMB1.00 each, which are to be subscribed for and traded in Hong Kong dollars and for which an application has been made for listing and permission to trade on the Stock Exchange
“H Share Registrar”	Tricor Investor Services Limited
“ HK eIPO White Form ”	the application for Hong Kong Offer Shares to be issued in the applicant’s own name by submitting applications online through the designated website at www.hkeipo.hk
“ HK eIPO White Form Service Provider”	the HK eIPO White Form service provider designated by our Company, as specified on the designated website at www.hkeipo.hk
“HKICPA”	Hong Kong Institute of Certified Public Accountants
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“HKSCC EIPO”	the application for the Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated HKSCC Participant’s stock account through causing HKSCC Nominees to apply on your behalf, including by instructing your broker or custodian who is a HKSCC Participant to give electronic application instructions via HKSCC’s FINI system to apply for the Hong Kong Offer Shares on your behalf
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“HKSCC Operational Procedures”	the operational procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to the operation and functions of CCASS, as from time to time in force
“HKSCC Participant”	a participant admitted to participate in CCASS as a direct clearing participant, a general clearing participant or a custodian participant
“HK\$” or “Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“HK” or “Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

DEFINITIONS

“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong Listing Rules” or “Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
“Hong Kong Offer Shares”	the 1,920,800 H Shares being initially offered by our Company for subscription in the Hong Kong Public Offering (subject to reallocation as described in “Structure of the Global Offering”)
“Hong Kong Public Offering”	the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong for subscription at the Offer Price, on an subject to the terms and conditions set out in this prospectus, as described in the section headed “Structure of the Global Offering” in this prospectus
“Hong Kong Underwriters”	the underwriters of the Hong Kong Public Offering as listed in “Underwriting — Hong Kong Underwriters”
“Hong Kong Underwriting Agreement”	the underwriting agreement, dated on May 15, 2026, relating to the Hong Kong Public Offering, entered into by, among others, our Company, our Controlling Shareholders, the Sole Sponsor, the Sole Overall Coordinator and the Hong Kong Underwriters, as further described in “Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Hong Kong Underwriting Agreement”
“Huazhi Changlian”	Shenzhen Huazhi Changlian Internet Technology Partnership (Limited Partnership) (深圳市華智暢聯互聯網技術合夥企業(有限合夥)), a limited partnership established in the PRC on July 1, 2022, one of our Employee Shareholding Platforms
“HKFRS”	Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants
“Independent Third Party(ies)”	any entity or person who is not a connected person of our Company or an associate of such person within the meaning ascribed to it under the Listing Rules

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“International Offer Shares”	the 17,286,500 H Shares being initially offered for subscription under the International Offering together, where relevant, with any additional Shares that may be issued by us pursuant to any exercise of the Offer Size Adjustment Option (subject to reallocation as described in “Structure of the Global Offering”)
“International Offering”	the offering of the International Offer Shares by our Company through the International Underwriters at the Offer Price outside the United States in offshore transactions in accordance with Regulation S, in each case on and subject to the terms and conditions as further described in “Structure of the Global Offering”
“International Underwriter(s)”	the underwriter(s) of the International Offering
“International Underwriting Agreement”	the underwriting agreement relating to the International Offering which is expected to be entered into on or around May 22, 2026 by, among others, our Company, our Controlling Shareholders, the Sole Sponsor, the Sole Overall Coordinator and the International Underwriters, as further described in “Underwriting — Underwriting Arrangements and Expenses — International Offering — International Underwriting Agreement”
“Joint Bookrunners”	the joint bookrunners as named in “Directors and Parties Involved in the Global Offering”
“Joint Lead Managers”	the joint lead manager as named in “Directors and Parties Involved in the Global Offering”
“Kaida Yunzhi”	Shenzhen Kaida Yunzhi Investment Partnership (Limited Partnership) (深圳市凱達雲智投資合夥企業(有限合夥)), a limited partnership established in the PRC on July 1, 2022, one of our Employee Shareholding Platforms
“Latest Practicable Date”	May 9, 2026, being the latest practicable date for ascertaining certain information in this prospectus before its publication
“Laws”	all laws, statutes, legislation, ordinances, rules, regulations, guidelines, opinions, notices, circulars, directives, requests, orders, judgments, decrees, or rulings of any Governmental Authority (including the Stock Exchange and the SFC) of all relevant jurisdictions

DEFINITIONS

“Listing”	the listing of the H Shares on the Main Board of the Stock Exchange
“Listing Date”	the date, expected to be on or about Wednesday, May 27, 2026 on which the H Shares are to be listed and on which dealings in the Shares are to be first permitted to take place on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock market (excluding the options market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
“MOF”	Ministry of Finance of the PRC (中華人民共和國財政部)
“MOFCOM”	Ministry of Commerce of the PRC (中華人民共和國商務部)
“Mr. Li”	Mr. Li Bo, our founder, an executive Director, general manager and a Controlling Shareholder
“Mr. Yan”	Mr. Yan Zhikang, an executive Director
“Offer Price”	the offer price per Offer Share (exclusive of brokerage, SFC transaction levy, Stock Exchange trading fee and AFRC transaction levy), expressed in Hong Kong dollars, at which Hong Kong Offer Shares are to be subscribed for pursuant to the Hong Kong Public Offering and International Offer Shares are to be offered pursuant to the International Offering
“Offer Share(s)”	the Hong Kong Offer Shares and the International Offer Shares, being Shares, together, where relevant, with any additional Shares to be issued by our Company pursuant to the exercise of the Offer Size Adjustment Option

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“Offer Size Adjustment Option”	the option expected to be granted by our Company to the International Underwriters under the International Underwriting Agreement, exercisable by the Sole Overall Coordinator and the Sole Global Coordinator (on behalf of the International Underwriters), pursuant to which our Company may be required to allot and issue up to an aggregate of 2,881,000 additional H Shares at the Offer Price, representing approximately 15.0% of the number of Offer Shares initially available under the Global Offering, to cover excess demand in the International Offering, if any, further details of which are described in the section headed “Structure of the Global Offering” in this prospectus
“PRC” or “China”	the People’s Republic of China, but for the purposes of this prospectus only (unless otherwise indicated) excluding the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan China
“PRC Company Law”	the Company Law of the PRC, as amended, modified and/or otherwise supplemented from time to time
“PRC GAAP”	generally accepted accounting principles in the PRC
“PRC Legal Advisor”	Zhong Lun Law Firm, our legal advisor on PRC laws
“prospectus”	this prospectus being issued in connection with the Hong Kong Public Offering
“Qihang No.1”	Shenzhen Qihang No.1 Investment Partnership (Limited Partnership) (深圳市啟航一號投資合夥企業(有限合夥)), a limited partnership established in the PRC on February 27, 2025
“Qihang No.2”	Shenzhen Qihang No.2 Investment Partnership (Limited Partnership) (深圳市啟航二號投資合夥企業(有限合夥)), a limited partnership established in the PRC on February 27, 2025
“Regulation S”	Regulation S under the U.S. Securities Act
“RMB” or “Renminbi”	Renminbi, the lawful currency of China
“SAFE”	the State Administration for Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
“SAMR”	the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)

DEFINITIONS

“SASAC”	the State-owned Assets Supervision and Administration Commission of the State Council of the PRC (中華人民共和國國務院國有資產監督管理委員會)
“SDMC Colombia”	SDMC TECHNOLOGY COLOMBIA S.A.S., a company incorporated in Columbia on September 12, 2025 and a wholly-owned subsidiary of our Company
“SDMC HK”	SDMC TECHNOLOGY (HK) LIMITED (華曦達科技(香港)有限公司), a company incorporated under the laws of Hong Kong with limited liability on March 19, 2019 and a wholly-owned subsidiary of our Company
“SDMC Mexico”	SDMC INNOVATIONS MEXICO, a company incorporated in Mexico on March 6, 2026 and a wholly-owned subsidiary of our Company
“SDMC Poland”	SDMC TECHNOLOGY POLAND SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOŚCIĄ, a company incorporated in Poland with limited liability on July 6, 2023, and an indirect 99%-owned subsidiary of our Company
“SDMC Singapore”	SDMC TECHNOLOGY (SINGAPORE) PTE. LTD., a private company limited by shares incorporated under the laws of Singapore on July 13, 2022, and an indirect wholly-owned subsidiary of our Company
“SDMC US”	SDMC TECHNOLOGY INC, a company incorporated in the State of Delaware with limited liability on January 16, 2024, and an indirect wholly-owned subsidiary of our Company
“SFC”	Securities and Futures Commission of Hong Kong
“SFO” or “Securities and Futures Ordinance”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shares”	ordinary share(s) in the capital of our Company with a nominal value of RMB1.00 each, comprising our Unlisted Shares and our H Shares
“Shenzhen Dashi Yun”	Shenzhen Dashi Yun Technology Co., Ltd. (深圳市達視雲科技有限公司), a company established in the PRC with limited liability on December 3, 2018 and a wholly-owned subsidiary of our Company

DEFINITIONS

“Shenzhen Huacheng”	Shenzhen Huacheng Zhineng Technology Co., Ltd. (深圳華誠智能終端科技有限公司), a company established in the PRC with limited liability on July 1, 2021 and a wholly-owned subsidiary of our Company
“Shenzhen Tencent”	Shenzhen Tencent Venture Base Development Co., Ltd. (深圳市騰訊創業基地發展有限公司), a company established in the PRC with limited liability
“Sole Global Coordinator”	the sole global coordinator as named in “Directors and Parties Involved in the Global Offering”
“Sole Overall Coordinator”	the sole overall coordinator as named in “Directors and Parties Involved in the Global Offering”
“Sole Sponsor”	the sole sponsor of the Listing as named in “Directors and Parties Involved in the Global Offering”
“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
“Track Record Period”	the three years ended December 31, 2023 and 2024 and 2025
“U.S.”, “US” or “United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdictions
“U.S. dollars” or “US\$”	United States dollars, the lawful currency of the United States
“U.S. Securities Act”	United States Securities Act of 1933 and the rules and regulations promulgated thereunder
“Underwriters”	the Hong Kong Underwriters and the International Underwriters
“Underwriting Agreements”	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
“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
“VAT”	value-added tax
“Xinchuang Zhongxiang”	Shenzhen Xinchuang Zhongxiang Internet Technology Partnership (Limited Partnership) (深圳市新創眾享互聯網技術合夥企業(有限合夥)), a limited partnership established in the PRC on October 25, 2021

DEFINITIONS

“Yunchuang Zhongda”	Shenzhen Yunchuang Zhongda Internet Technology Partnership (Limited Partnership) (深圳市雲創眾達互聯網技術合夥企業(有限合夥)), a limited partnership established in the PRC on October 26, 2021
“Zhixun Technology”	Shenzhen Zhixun Digital Technology Co., Ltd. (深圳市致訊數字科技有限公司), a company established in the PRC with limited liability on May 27, 2022 as a wholly-owned subsidiary of our Company and has been deregistered on January 2, 2025
“Zhixin Weilai”	Shenzhen Zhixin Weilai Investment Partnership (Limited Partnership) (深圳市智信未來投資合夥企業(有限合夥)), a limited partnership established in the PRC on October 20, 2021, one of our Employee Shareholding Platforms
“%”	per cent

Unless the content otherwise requires, references to “2023”, “2024” and “2025” in this prospectus refers to our financial year ended December 31 of such year.

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

For ease of reference, the names of the PRC laws and regulations, governmental authorities, institutions, natural persons or other entities (including certain of our subsidiaries) have been included in the prospectus in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail. English translations of official Chinese names are for identification purpose only.

In this prospectus, the terms “associate,” “close associate,” “connected person,” “connected transaction,” “core connected person,” “controlling shareholder,” “insignificant subsidiary,” “subsidiary” and “substantial shareholder” shall have the meanings given to such terms in the Hong Kong Listing Rules, unless the context otherwise requires.

GLOSSARY OF TECHNICAL TERMS

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

“agent”	an entity or device that perceives its environment, takes actions autonomously to achieve goals, and may improve its performance through machine learning or by acquiring knowledge
“AI”	artificial intelligence, simulation of human intelligence processes by machines, especially computer systems
“AI computing box”	a device in our ecosystem that performs data management
“AI Home”	a smart home that uses AI technology in any part of its operation
“AI-ISP”	AI Image Signal Processing, a technology that combines artificial intelligence (AI) algorithms with image signal processing (ISP) techniques
“AIoT”	the integration of AI and IoT, combining the data-collecting capabilities and connectivity of IoT devices with the data-processing capabilities of AI
“algorithm”	a finite sequence of well-defined instructions, typically used to solve a class of specific problems or to perform a computation
“Android AOSP open-source system”	an initiative led by Google to maintain and develop the open-source components of the Android operating system
“anti-jamming”	techniques and technologies used to protect signals — especially Global Navigation Satellite System (GNSS) signals — from interference
“AOSP”	the Android Open Source Project, an open source initiative led by Google
“AR”	augmented reality, a technology that overlays real-time 3D-rendered computer graphics onto a portion of the real world through a display
“ATSC”	an international set of standards for broadcast and digital television transmission
“auto-trapezoidal correction”	an automated process used to rectify the distortion of an image projected onto an angled surface, making it appear trapezoidal

GLOSSARY OF TECHNICAL TERMS

“BLE”	Bluetooth Low Energy, a wireless personal area network technology
“cable modem”	a device that can be used to deliver, usually digital, data over cable television infrastructure
“channel scanning”	a receiver side feature that means that a receiver switches its center frequency regularly to be able receiving packets in more frequency bands
“chip”	a small electronic device that contains multiple interconnected components on a single semiconductor chip, also known as an integrated circuit or microchip
“cloud”	the computers and connections that support cloud computing
“cloud computing”	the practice of storing computer data and programs on multiple servers that can be accessed through the internet
“CO ₂ e”	carbon dioxide equivalents, a measure of the effect of different greenhouse gases on the climate
“contextual memory”	the ability of an AI system to understand and store information within a specific context, allowing it to make more accurate and relevant decisions or generate more coherent responses
“DDR RAM”	double data rate synchronous dynamic random-access memory, a class of memory integrated circuits typically used in computers
“DLP”	a variant of projectors that beam light through a color wheel, reflection mirrors, then finally a lens
“DOCSIS”	a standard for broadband cable transmission of IP data services
“DVB”	a set of international open standards for digital television
“edge algorithms”	a class of algorithms designed to run on edge computing devices
“edge computing”	a distributed computing model that brings computation and data storage closer to the sources of data
“edge gateway”	an IoT function that connects IoT devices to edge infrastructure, primarily by translating IoT protocols into data formats that can be aggregated and processed at the edge

GLOSSARY OF TECHNICAL TERMS

“environment sensing”	detecting, measuring, and monitoring of various parameters in their surroundings, such as temperature, humidity, air quality, light, and sound
“full duplex”	a communication protocol that enables two devices to transmit and receive data simultaneously
“fusion gateway”	an advanced type of network gateway that integrates and unifies multiple communication technologies, data protocols and network domains into a single, cohesive access point
“fusion projection”	a technology that allows for the integration of multiple projectors to create high-resolution displays, significantly enhancing the quality and scope of visual presentations
“Gemini”	a generative artificial intelligence chatbot developed by Google
“GHG”	greenhouse gas
“GPON”	gigabit passive optical network, a high-speed fiber optic network technology that delivers broadband internet, voice, and video services to homes and businesses. It uses a point-to-multipoint architecture, meaning a single optical fiber can connect to multiple users
“hardware-accelerated video decoding”	a pivotal technology that leverages dedicated hardware components to decode video streams efficiently, ensuring smooth video playback and supporting the delivery of high-resolution content
“HDMI”	a proprietary audio/video interface for transmitting uncompressed video data and compressed or uncompressed digital audio data from a source device
“integrated circuit” or “IC”	commonly called a chip, in which small electronic components such as transistors, resistors, and capacitors are formed within the silicon and then wired together with interconnects layered on top of the silicon surface
“intent recognition”	a pivotal concept in natural language processing (NLP) that identifies a user’s intention behind their input, enabling systems to understand and respond effectively
“internet of things” or “IoT”	a network of physical devices, or “things,” that are embedded with sensors, software, and other technologies to connect and exchange data with other devices and systems over the internet
“ISDB-T”	a Japanese broadcasting standard adopted for commercial transmissions

GLOSSARY OF TECHNICAL TERMS

“LAN”	local area network, a computer network that interconnects computers within a limited area such as a building, office, or home
“large language model” or “LLM”	an AI algorithm that uses deep learning techniques and massively large data sets to understand, summarize, generate and predict new content
“laser TV”	a type of television that utilizes two or more individually modulated optical (laser) rays of different colors to produce a combined spot that is scanned and projected across the image plane by a polygon-mirror system or less effectively by optoelectronic means to produce a color-television display
“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
“Matter”	an open ecosystem protocol used by our home ecosystem
“Mesh”	a way computer networks and other networks are laid out; in mesh networking, each node is connected to one or more other nodes
“modular sub-agent architecture”	a design paradigm for building complex AI systems, which decomposes a large, complex task into smaller, more manageable specialized subtasks with each subtask handled by a dedicated, independent module called a sub-agent
“multimodal interaction technology”	technology that combines voice recognition, computer vision, haptic feedback, and other sensory capabilities to accurately interpret user intentions and respond in context, greatly enhancing the naturalness of interactions with smart home devices
“next generation networking”	a packet-based network which can provide services including telecommunication services and is able to make use of multiple broadband, quality of service-enabled transport technologies and in which service-related functions are independent from underlying transport-related technologies
“ODM”	original design manufacturer, a company that designs and manufactures a product
“OEM”	original equipment manufacturer, a company that makes parts or components for other companies to use in their products

GLOSSARY OF TECHNICAL TERMS

“ONT” or “optical network terminal”	a device that connects fiber optics cables to other wiring such as Ethernet and phone lines by converting the signal from optical to electrical and vice versa
“OTA”	a modality of software update, which features an embedded system that is delivered through a wireless network, such as Wi-Fi or a cellular network
“OTT”	over-the-top media service, a digital distribution service of video and audio delivered directly to viewers via the public Internet
“perception”	an artificial intelligence agent’s ability to gather, interpret and process data from its environment to make decisions
“QoS”	quality of service, meaning the use of mechanisms or technologies that work on a network to control traffic and ensure the performance of critical applications with limited network capacity
“RAG”	retrieval-augmented generation, an AI technique that enhances language models by allowing them to retrieve and integrate external knowledge into their responses. This approach helps improve accuracy, relevance, and factuality of generated text, especially when dealing with domain-specific or up-to-date information
“radio-frequency integrated circuit” or “RFIC”	an electrical integrated circuit operating in a frequency range suitable for wireless transmission
“router”	a computer whose software and hardware are designed to move data between computer networks
“rule engine”	a type of logic that enables manufacturing actions to be automated based on specific guidelines or pre-established “rules”
“SaaS”	a cloud computing service model where the provider offers use of application software to a client and manages all needed physical and software resources
“SDK”	software development kit, a collection of tools that developers use to build applications for a specific platform or framework
“set-up box”	an information appliance device that generally contains a TV tuner input and displays output to a television set, turning the source signal into content in a form that can then be displayed on the television screen or other display device

GLOSSARY OF TECHNICAL TERMS

“smart home”	a home setup where appliances and devices can be automatically controlled remotely from anywhere with an internet connection using a mobile or other networked device
“terminal device”	a device that is directly interacted with by the user
“Thread”	a low-power mesh networking protocol for IoT products
“USB”	an industry standard for digital data transmission and power delivery between many types of electronics
“UWB”	ultra-wideband communication, a radio technology focused on precise ranging between devices, which can use a low-energy density for short range measurements and perform high-bandwidth signaling over a large portion of the radio spectrum
“Wi-Fi”	a family of wireless network protocols based on the IEEE 802.11 family of standards, which are commonly used for local area networking of devices
“XGS-GPON”	10-gigabit symmetric passive optical network, advanced versions of GPON, offering significantly higher bandwidth compared to the original GPON technology, which offers symmetrical 10 Gbps speeds in upstreams and downstreams

FORWARD-LOOKING STATEMENTS

We have included in this prospectus 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.

We have included in this prospectus forward-looking statements that are not historical facts but relate to our intentions, beliefs, expectations or predictions for future events and conditions which may not occur. Even though these statements have been made by our Directors after due and careful consideration and on bases and assumptions that we believe are fair and reasonable at the time, they nevertheless involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Some of the risks are listed in the section entitled “Risk Factors” and elsewhere in this prospectus. In some cases, you can identify these forward-looking statements by words such as “aim,” “anticipate,” “believe,” “continue,” “could,” “expect,” “intend,” “may,” “might,” “plan,” “potential,” “predict,” “project,” “propose,” “seek,” “should,” “will,” “would” or similar expressions, or their negatives. These forward-looking statements include, without limitation, statements relating to:

- any changes in the laws, rules and regulations of the central and local governments in the PRC and the rules, regulations and policies of the relevant governmental authorities relating to all aspects of our business and our business plans;
- our business and operating strategies and our ability to implement such strategies;
- our ability to control or reduce costs;
- our capability to identify and integrate suitable acquisition targets;
- expected growth of and changes in the global smart home products industry;
- our future business development, results of operations and financial condition;
- the future competitive environment for the global smart home products industry;
- determination of the fair value of our Shares;
- our dividend policy;
- capital market development;
- exchange rate fluctuations and restrictions; and
- risks identified under the section entitled “Risk Factors” in this prospectus.

This prospectus also contains market data and projections that are based on a number of assumptions. The markets may not grow at the rates projected by the market data, or at all. The failure of the markets to grow at the projected rates may materially and adversely affect our business and the market price of our Shares. In addition, due to the rapidly changing nature of the PRC economy and the global smart home products industry, projections or estimates relating to the growth prospects or future conditions of the markets are subject to significant uncertainties. If any of the assumptions underlying the market data prove to be

FORWARD-LOOKING STATEMENTS

incorrect, actual results may differ from the projections based on these assumptions. You should not place undue reliance on these forward looking statements.

We do not guarantee that the transactions and events described in the forward-looking statements in this prospectus will happen as described, or at all. Actual outcomes may differ materially from the information contained in the forward-looking statements as a result of a number of factors, including, without limitation, the risks and uncertainties set forth in the section entitled “Risk Factors” in this prospectus. You should read this prospectus in its entirety and with the understanding that actual future results may be materially different from what we expect. The forward-looking statements made in this prospectus relate only to events as of the date on which the statements are made or, if obtained from third-party studies or reports, the dates of the respective studies or reports. Since we operate in an evolving environment where new risks and uncertainties may emerge from time to time, you should not rely upon forward-looking statements as predictions of future events. We undertake no obligation, beyond what is required by law, to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made, even when our situation may have changed.

RISK FACTORS

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

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

RISKS RELATING TO OUR INDUSTRY AND BUSINESS

Failure to maintain our business relationship with global telecom operators could materially affect our business operation and profitability.

A large portion of our revenue was generated, directly or indirectly, from telecom operators across the world, accounting for 78.5%, 62.1% and 62.5%, respectively, of our total revenue in 2023, 2024 and 2025, respectively. As a result, the sustainable growth of our business and our success depend on the growth of our telecom operators’ business and prospects as well as the industry they operate in, i.e. the smart home industry, which is affected by various factors which are generally beyond our control, including, among others:

- user demand for smart home products;
- changes of technologies and their application;
- the ability and willingness of global telecom operators to maintain or increase capital expenditures on their smart home business;
- changes of laws, regulations and government policies that are related to the smart home industry; and
- the general global economic and political condition.

We have historically benefited from the fast-growing smart home industry and global telecom operators’ business. However, if the smart home industry or the global telecom operators’ smart home business does not grow as fast as we anticipate or even shrinks, or our customer demand otherwise decreases, our business and results of operations could be materially and adversely affected.

We generate revenue primarily from overseas market, and our exposure in and further expansion to overseas markets may expose us to operational, financial and regulatory risks.

During the Track Record Period, we generated revenue primarily from overseas market, accounting for 95.8%, 94.7% and 90.3% of our total market in 2023, 2024 and 2025, respectively. Our continuous efforts in expanding our global footprint and growing overseas sales is an important part of our future growth, but these efforts may not be successful. Overseas operations are subject to a number of risks, including but not limited to: (i) foreign exchange control and exchange rate fluctuations; (ii) increased costs associated with maintaining the ability to understand the local markets and develop and maintain effective marketing and distributing presence in various countries; (iii) difficulties and costs related to

RISK FACTORS

providing after-sales services and customer support in these markets; (iv) difficulty with staffing and managing overseas operations; (v) failure to develop and implement appropriate risk management and internal control structures tailored to overseas operations; (vi) difficulty and cost relating to compliance with different commercial and legal requirements of the overseas markets in which we offer or plan to offer our solutions and products; (vii) failure to obtain or maintain permits for our solutions or products in these markets; (viii) inability to obtain, maintain or enforce intellectual property rights; (ix) stringent consumer protection and product compliance regulations on our customers' products; (x) unanticipated changes in prevailing economic conditions and regulatory requirements; and (xi) trade barriers such as export requirements, tariffs, taxes and other restrictions and expenses.

The occurrence of any of these risks could negatively impact our overseas expansion and consequently our business, financial condition and results of operations.

The smart home products industry is competitive. If we are not able to compete successfully, our business, results of operations and future prospects will be harmed.

The smart home products industry is characterized by rapidly changing technologies as well as technological obsolescence. Significant technological advancements in the smart home products industry could render our existing or future solutions and products uncompetitive, obsolete or otherwise unmarketable, and may materially and adversely affect our business and prospects in ways we cannot currently anticipate. The introduction of new solutions and products and technologies by our competitors, the market acceptance of solutions and products based on our new or alternative technologies, or our failure to anticipate or timely develop new or enhanced existing solutions and products or technologies in response to changing market demand, whether due to technological shifts or otherwise, could result in loss of customers and reduced competitiveness. Moreover, some of our direct and indirect competitors may have greater resources and certain advantages, including but not limited to longer operating history, better financing capabilities, well developed technologies and intellectual properties, more efficient sales and marketing and stronger customer relations. If we are unable to stay competitive or compete successfully with our competitors, we may experience decreases in market share and sales volume, and may have to reduce our prices or make other concessions, thereby adversely affecting our profitability, business, financial condition and results of operations.

Our business, financial condition and results of operations may be materially and adversely affected by international policies and international export controls and economic 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. For instance, heightened tensions between major economies, such as the United States and China, could result in stricter export controls on chips and/or semiconductors, including the licensing requirements on certain high performance chips and items subject to the EAR depending on the end-user and/or end-use of the items set forth in relevant rules.

During the Track Record Period, our products were primarily sold in Europe, Asia and the Americas, with a significant increasing trend of revenue contributed by the U.S. During the Track Record Period, our revenue generated from sales of products delivered to the U.S. (regardless of the jurisdiction of registration of the end customers) accounted for 15.1%, 28.9% and 21.2% of our total revenue in 2023, 2024 and 2025, respectively. As a result of our increasing U.S. sales, U.S. tariff policies are expected to have an impact on our business and results of operations arising from our sales to the U.S.

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The recent U.S.-China trade tensions have led to the introduction of higher tariffs on various goods traded between the two countries.

Following Donald Trump's reelection in January 2025, the U.S. government has issued multiple executive orders implementing additional tariffs on imports from various jurisdictions, including additional tariffs on imports from the Chinese Mainland and Hong Kong. The U.S. tariff and trade policies are subject to constant changes, influenced by evolving geopolitical dynamics, economic priorities and regulatory agenda, and such policies may be amended, expanded, or replaced with little or no advance notice. Due to broad uncertainty regarding the timing, scope, and severity of potential changes in tariff and trade policies, which may continue to evolve in the future, we cannot predict the impact, if any, that these changes could have to our business, financial condition and results of operations. During the Track Record Period, our products were primarily sold in Europe, Asia and Americas, with significant increasing trend of revenue contributed by the U.S.

U.S. tariffs have continued to change regularly since 2025. According to the Geneva Interim Agreement effective May 14, 2025, the U.S. has removed additional tariffs on 91% of Chinese goods (previously up to 125%) and suspended "punitive tariffs" on 24% of goods, indicating a relaxation in trade tensions. In parallel, China lowered its 125.0% tariff on American imports to 10.0%. Following the talks in Stockholm, U.S. and China agreed to seek an extension of their 90-day tariff truce, and the parties agreed to a further 90 day extension on August 11, 2025. The U.S. president threatened on October 10, 2025 to impose an additional 100% tariff on Chinese imports into the United States effective November 1, 2025, but he walked back that threat subsequently. The United States and China reached an agreement on October 30, 2025 that maintains the 10% baseline levy and lowers the 20% U.S. tariff on China concerning fentanyl to 10% effective November 10, 2025 through November 10, 2026. The U.S. tariff landscape shifted again in February 2026 following a U.S. Supreme Court decision that invalidated prior tariffs imposed under the U.S. International Emergency Economic Powers Act (IEEPA).

As of February 28, 2026, the United States has transitioned to a 10% global baseline tariff, with the U.S. administration threatening an increase to 15% depending on the outcome of the 6th round of bilateral trade talks and the upcoming presidential summit in April 2026. Additionally, a specific 25% tariff on advanced semiconductors and their derivatives was implemented in January 2026 under Section 232, though certain exemptions exist for data centers and specific consumer end-uses. It remains uncertain whether these will be expanded to a broader range of legacy chips or smart home components.

On March 23, 2026, the U.S. Federal Communications Commission (FCC) added all consumer-grade routers produced in foreign countries to its "Covered List" (found at 47 U.S.C. § 1608, which defines the "covered list" as the list of covered communications equipment or services published by the Commission under Section 2(a) of the Secure and Trusted Communications Networks Act of 2019), effectively prohibiting new models of foreign-produced routers from receiving FCC equipment authorization and therefore from being imported or sold in the United States, following a White House-convened interagency national security determination that such devices introduce unacceptable supply-chain and cybersecurity risks, including vulnerabilities exploited in the Volt Typhoon, Flax Typhoon, and Salt Typhoon cyberattacks. Previously authorized router models may continue to be imported, sold, and used, and consumers need take no action with respect to devices already in their possession; however, manufacturers may apply for conditional approvals from the U.S. Department of Defense or the U.S. Department of Homeland Security, which, if granted, would exempt specific router models from the ban. Because virtually every consumer Wi-Fi router currently available in the U.S. market is manufactured overseas, this action could materially disrupt router supply chains, reduce product availability, increase consumer and enterprise costs, and expose affected manufacturers, distributors, and internet service

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providers to significant regulatory and business-continuity risk. Not all of our Wi-Fi products have obtained FCC certification as only Wi-Fi products exported to the U.S. need to obtain FCC certification. We believe such policy has a limited impact on our existing Wi-Fi router business, as all of our Wi-Fi routers exported to the U.S. so far have obtained FCC certification. However, if our U.S. customers have additional demand for new model Wi-Fi router products in the future, we may face the risk of being unable to obtain FCC certification for such new models in a timely manner, which could in turn affect our future cooperation with U.S. customers in relation to our Wi-Fi router business. We will actively monitor the changing regulatory framework, conduct the feasibility assessment, and keep the relevant regulatory authorities informed as appropriate. “See “Business — Our Solutions — Our Hardware Solutions — Digital Video Devices and Network Communication Devices.”

Uncertainty remains over the longer term U.S. tariff policy will be on Chinese goods. The tariff fluctuations have not created any material adverse effects on our operations or financial performance so far. However, we are actively monitoring the US-China tensions and the changing mutual tariffs between the US and China, and keep frequent communications with our global customers and suppliers to assess and to mitigate our risks in connection with our international operations. Any future deteriorating changes in the U.S. tariff policies towards the PRC may incur additional costs, affect our results of operations and deter market demands of our customers’ solutions and products in the U.S., and we may face a decrease in revenue while simultaneously experiencing increased costs. Additionally, if such changes are implemented faster and/or more strictly than anticipated, we may not be able to respond to and mitigate the associated risks effectively and in a timely manner. Any of the above could negatively affect our performance, financial results and business operations.

Furthermore, if we export our solutions and products to other countries which are subject to sanctions or export controls in the future and/or if the scope of the export controls or sanctions are expanded, our business, financial condition and results of operations may be materially and adversely affected.

Further, we have no control over the countries to which our customers will sell and/or export their end products. If the export sales of our customers’ 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, our customers’ demand in our solutions and products may drop and, as a result, our business, financial condition and results of operations may be materially and adversely affected.

If we are unable to maintain certifications or licenses from our business partners, including those certifications or licenses in connection with ecosystem, content, and technology, our business, results of operations and financial condition could be adversely and materially affected.

We need to obtain certifications or licenses from our business partners, including those certifications or licenses in connection with ecosystem, content, and technology, for our solutions and products to function and thrive in the market. We have limited influence over our business partners and we cannot assure you we will be able to secure their certifications or licenses in a timely manner or at all. If we are unable to secure certifications or licenses from our business partners, we may not be able to use their brand, services or products or may lose attraction to the smart home users, which in turn could adversely and materially affect our reputation, business, financial condition, and results of operations.

Our business may be adversely affected if we fail to introduce new solutions and products on a timely basis to adapt to rapid advancements in technology, and our investments in research and development may not yield the expected results.

We compete in the competitive smart home products industry characterized by iterative technologies, evolving industry standards and continual improvements in performance

RISK FACTORS

characteristics. To be able to compete effectively, we must continually introduce new solutions and products and technologies, enhance existing solutions and products, and effectively stimulate customer demand for new and upgraded solutions and products. The success of new solutions and products offerings depends on a number of factors, such as timely and successful completion of development efforts, time-to-market of new and upgraded solutions and products, successful production ramp-ups and market acceptance of the products.

Advancements in technology, the introduction of new solutions and products and changing customer demands, preferences and lifestyle trends typically lead to rapid declines in retail volumes for solutions and products with older technologies and their loss of competitiveness or even obsolescence. If we are unable to compete successfully by introducing competitive new solutions and products that meet the demands and preferences of customers, our business, results of operations and financial condition would be adversely affected.

As a result, we seek to continuously design new solutions and products, upgrade existing and generate appealing solutions and products, develop new technologies, and invest in the marketing of new solutions and products. These investments require significant management time and a high level of financial and other commitments to research and development. Our R&D costs increased by 7.7% from RMB149.2 million in 2023 to RMB160.7 million in 2024, and reached RMB163.9 million in 2025. We may need to increase expenditure on research and development in response to changes in customer demand. Further, there can be no assurance that our investments of research and development resources will yield the desired results. Our business, results of operations and financial condition may be adversely affected if we fail to successfully anticipate and react in a timely manner to changes in customer preferences or if our investments in research and development do not result in successful introductions of solutions and products.

If we fail to develop new solutions and products that address customer preferences and achieve market acceptance in a timely and cost-effective manner, our results of operations could be adversely affected.

We are dedicated to the R&D and the application of advanced and innovative technologies, such as AI, big data, and digital media, in our solutions and products, and proactively respond to technological evolution, accelerate our R&D capabilities and innovation, to further boost our overall competitiveness. Our customers are constantly seeking new solutions and products with more features and functionality at lower cost, and our success relies heavily on our ability to continue to develop and provide our customers with new and innovative solutions and products and improvements of existing solutions and products.

The success of a new solution or product depends on a variety of specific implementation factors, including: (i) timely development of new technologies and adaption to changes in existing technologies; (ii) timely and cost-effective design, while ensuring functionality, performance and reliability; (iii) effective marketing, sales and services to gain market share; and (iv) strong and sustainable market demand.

Solutions and products design, development, innovation and iteration is often a complex, time-consuming and costly process involving significant investment in R&D with no assurance of return on investment. In 2023, 2024 and 2025, we had R&D costs of RMB149.2 million, RMB160.7 million and RMB163.9 million, respectively. Our R&D costs increased consistently during the Track Record Period, primarily due to an increase in the employee benefits of our R&D personnel and a rise in expenses associated with our R&D process. However, the smart home products industry is competitive, characterized by rapidly changing technologies and technological obsolescence. We may invest significant resources in R&D activities and incur significant R&D costs in the future to achieve technological

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breakthroughs, as well as maintain our technological capabilities and the competitiveness of our solutions and products. There can be no assurance that we will be able to develop and introduce new and enhanced solutions and products in a timely or efficient manner or that we will continue to achieve technological breakthroughs and successfully commercialize such breakthroughs through our R&D activities. Failure to timely develop new technologies or to react quickly to changes in existing technologies could materially delay our development of new and enhanced solutions and products, which could result in the obsolescence of our solutions and products, decreased revenue, and/or a loss of market share to competitors. Our investments in R&D activities may not generate sufficient revenue to offset liabilities assumed and expenses associated with these investments.

In addition, we may not be able to optimize the processes of solutions and products design and the ability to commercialize in a cost-effective manner. To the extent that we fail to timely develop new solutions and products or to quickly achieve market acceptance in a cost-effective manner, our results of operations could be materially and adversely affected.

We have limited control over the operations of our suppliers, business partners, and third party service providers. Our business may be negatively affected due to risks relating to the acts of our third party suppliers, including the OEMs and their potential breach of the relevant supplier agreements.

We work with a broad range of suppliers, business partners, and third party service providers. These third parties are also subject to their own risks relating to business interruption, systems and employee failures, and cybersecurity and data protection, and are also subject to their own legal, regulatory and market risks.

Our suppliers, business partners, and third party service providers may not fulfill their respective commitments and responsibilities in a timely manner and in accordance with the terms agreed upon or applicable laws. In addition, while we have procedures in place for assessing risks along with selecting, managing and monitoring our relationships with suppliers, business partners, and third party service providers, we do not have control over their business operations or governance and compliance systems, practices and procedures, which may increase our financial, legal, operational and reputational risk. If we are unable to effectively manage our relationships with suppliers, business partners, and third party service providers, or for any reason our suppliers, business partners, and third party service providers fail to satisfactorily fulfill their commitments and responsibilities, our business, results of operations and financial condition could suffer. Upon expiry of existing contracts with third parties, we may not be able to renew such contracts at terms commercially favorable to us, if at all, or find an appropriate substitute in a timely manner, in which case our business may be adversely affected.

In addition, the engagement of service providers also exposes us to risks associated with any non-performance, delayed performance or substandard performance by our service providers. In such case, we will have to appoint replacement service providers and additional costs will be incurred. These events may impact our profitability, financial results and reputation, as well as result in litigation or damages claims.

We rely on trading companies for the resale of certain non-branded products, which exposes us to risks associated with limited control over downstream sales

We sell a portion of our non-branded products to trading companies, which independently resell such products to telecom operators. We do not impose contractual restrictions on resale territory, resale price or downstream customer arrangements, and we do not have direct contractual relationships with telecom operators or end users. As a result, we have limited visibility into and control over the subsequent distribution, pricing and

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marketing of such products. Trading companies may adopt pricing or sales strategies that could adversely affect the market positioning of our products or create price volatility, and we may have limited ability to ensure consistent product positioning, customer experience or after-sales support in downstream markets. Any dissatisfaction among end customers, whether arising from the conduct of trading companies or otherwise, may adversely affect our reputation.

In addition, we depend on trading companies as intermediaries to access certain end customers, and there is no assurance that such trading companies will continue to prioritize or promote our products. Any deterioration in our relationships with such trading companies, or any disruption in their business operations, may adversely affect our sales channels and revenue. If any of the foregoing risks materialize, our business, financial condition and results of operations may be adversely affected.

Our business depends on third-party AI frameworks, protocols and certification.

We depend, to a certain extent, on third-party, open-source AI frameworks, and connection protocols, upon which we develop our own products. Such AI frameworks and protocols are open to all market players including our competitors. For example, a key feature of our ecosystem is our matrix of *Matter*-compatible products and an open ecosystem built on *Matter* protocol that offers cross-brand interoperability and allows open-ended device scalability. However, as a standard communication protocol for the industry, *Matter* protocol is open to all market players and enables enterprises to integrate their hardware that complies with this protocol to connect. As a result, we may lose the edge and differentiation of our products from our competitors' products if our competitors develop competitive *Matter*-compatible products.

In addition, in order to sell certain products, such as our digital video devices featuring Android TV, Google TV, Netflix, and Amazon prime video, we may need to obtain certain certification. In 2023, 2024 and 2025, our revenue generated from products requiring certification was RMB485.9 million, RMB1,136.9 million and RMB1,948.2 million, accounting for 20.5%, 44.7% and 57.9%, respectively. Criteria for certification typically include market position, technological and R&D capabilities, safety and technical specifications. We cannot guarantee that we will continue to successfully obtain such certification in the future. If we fail to do so, our business, results of operations and prospect may be adversely affected.

Undetected defects, failures or reliability issues in our products could reduce the market adoption of our products, damage our reputation or expose us to product liability and other claims.

Our customers generally have stringent specifications for quality, performance and reliability that our products must meet. Due to the complex product design and production process, our products may contain undetected defects or failures when first introduced or after commencement of commercial shipments, which might require product replacement or recall. Further, changes of raw material used in the production processes may cause our products to fail. If defects and failures occur in our products, we could experience lost revenue, increased costs, including warranty expenses and costs associated with after-sales services, cancelations or rescheduling of orders or shipments, and product returns or discounts, any of which would harm our operating results.

Further, the research, design and production of our products, including the assembly and testing of products, involve highly complex processes. These problems may also result in claims against us by our customers or others, and subject us to liabilities and damages. Our reputation or brand may be damaged as a result of these problems and customers may be

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reluctant to buy our products, which could adversely affect our ability to retain existing customers and attract new customers and could adversely affect our business, financial condition and results of operations.

We may be subject to product liability or warranty claims that could result in significant direct or indirect costs, which could adversely affect our business and results of operations.

Our products are end-products used in consumer homes. The use of end-products that adopt our products could result in an unsafe conditions as a result of, among other factors, product defect or inadequate implementation. These factors could result in product liability or warranty claims; we could be named as a defendant in such claims, and any insurance that we carry may not be sufficient or it may not apply to all situations. Similarly, our customers could be subjected to claims as a result of such accidents and bring claims against us to hold us accountable.

In addition, in the event that our products fail to perform as expected or such failure of our products results in a recall, our reputation may be damaged, which could make it more difficult for us to sell our products to existing and prospective customers and could materially and adversely affect our business, results of operations and financial condition.

We typically provide a warranty period ranging from one to three years for our products. The occurrence of any material defects in our products could make us liable for damages and warranty claims. We could incur significant costs to correct any defects, warranty claims or other problems, including costs related to product recalls. Warranty, recall, product liability claims, or negative publicity may result in litigation, including class actions, the occurrence of which could be costly, lengthy and distracting and adversely affect our business and operating results.

Failure to successfully execute our expansion plans may have a material adverse effect on our business, financial condition and results of operations.

We have expanded and will continue to expand our businesses, including offering of more solutions and products and acquisitions of companies alongside our industry value chain, and our operations will become more widespread and complex. Expansion of our business activities exposes us to a number of risks and challenges, including (i) failure of our new solutions and products to be accepted by our customers or meet the expected targets; (ii) insufficient experience or expertise in certain new solutions and products and dealing with new counterparties and customers, which may prevent us from effectively competing in these areas; (iii) difficulty in materializing synergies among our businesses; (iv) failure to achieve investment returns from our new businesses; (v) failure to make accurate analysis or judgment regarding market conditions facing our new business; (vi) increasing difficulty for us in directing and monitoring the day-to-day operations of our businesses; (vii) inability to hire additional qualified personnel or to hire and retain personnel on commercially reasonable terms; (viii) insufficient financial, operational, management and other human resources to support our expanded range of solutions and products; (ix) failure of our logistics management to support timely delivery; (x) failure of sales network management to grow our revenue and profitability; (xi) failure to enhance our risk management capabilities, internal control capabilities and information technology systems in a timely manner to support new businesses and a broader range of solutions and products; (xii) stricter regulation and increased credit, market and operational risks; (xiii) regulatory risks relating to our expanding operations domestically and globally, including those relating to labor, environmental and industry-specific regulations; (xiv) inability to obtain regulatory approvals for our new solutions and products or to anticipate legal or government action or changes in legal or regulatory requirements; (xv) failure to obtain sufficient financing from internal and external sources to support our business expansion on commercially reasonable terms or at all; (xvi)

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failure to protect our intellectual property rights across different jurisdictions; (xvii) imitation or replication of our solutions and products by our competitors; and (xviii) increasing difficulty in preventing and detecting fraud and protecting our assets, both physical and intangible.

Our planned expansion is based on our assessment of market prospects, among other considerations. There is no assurance that our assessments will turn out to be accurate. We may also face challenges to acceptance of our solutions and products in new markets or our new solutions and products in markets in which we have been operating. We cannot guarantee that our upgrade or expansion plan, if implemented, will be operationally or financially successful and substantiated by sufficient market demand for or profit margin of our solutions and products. If we are unable to implement the upgrade or expansion plan cost-effectively and efficiently, our business and profitability may be adversely affected.

If we fail to maintain adequate inventory, or if we mismanage our inventory, we could lose sales or incur high inventory-related expenses, which could negatively affect our financial condition and results of operations.

Our inventories mainly include raw materials, work in process, finished goods and goods in transit. As of December 31, 2023, 2024 and 2025, we had inventories of RMB499.9 million, RMB645.0 million and RMB869.4 million, respectively. Our inventory turnover days were 83 days, 102 days and 102 days in 2023, 2024 and 2025, respectively. Our business model requires us to manage our inventories efficiently.

We depend on our demand forecasts to make purchase decisions for raw materials and consumables and to pace our production progress to manage our inventories. Such demand, however, can change significantly from time to time and we may not always be able to accurately make predictions. Demand may be affected by general market conditions, end market conditions, new product launches, pricing and discounts, and not all of them are within our control. In addition, as we develop and market a new product, we may not be successful in establishing stable and favorable supplier relationships or accurately forecasting demand. The acquisition of certain types of raw materials and consumables may require significant lead time and prepayment and they may not be returnable. Furthermore, as we plan to continue expanding our product offerings, we expect to include a wider variety of raw materials and consumables, which will make it more challenging for us to manage our inventory and logistics effectively.

Our inventories are carried at the lower of cost and net realizable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labor and an appropriate proportion of overheads. Net realizable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal. In 2023, 2024 and 2025, we had write down of inventories of RMB28.9 million, RMB23.4 million and RMB27.5 million, respectively. For more information, see “Financial Information — Discussion of Certain Key Balance Sheet Items — Inventories.” If we continue to experience inventory write down, our profitability, financial results and prospects will be negatively affected.

We cannot guarantee that our inventory levels will be able to swiftly meet the demands of customers, which may adversely affect our revenue. We also cannot guarantee that all of our inventory can be sold as products within a reasonable period of time. If we fail to manage our inventory effectively, we may be subject to increased inventory storage costs, a heightened risk of inventory obsolescence, a decline in inventory value and significant inventory write-offs. Any of the above may materially and adversely affect our results of operations and financial condition. On the other hand, if we underestimate demand for our products, or if our suppliers fail to supply in a timely manner, we may experience inventory shortages, which

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might result in diminished customer base and lost of revenue, any of which could harm our business, financial condition and results of operations.

If we are unable to deliver high quality products on schedule and on a large scale, our business may be materially and adversely affected.

Continuous production of our hardware products is crucial to our future financial prospects. We work with our third party manufacturers to ensure that we timely meet our customers' shipment orders. We may face difficulties in meeting our delivery deadlines when there is a surge in customer demand. If any of our manufacturers experience interruptions, delays or disruptions in supplying products, our ability to deliver products to customers would be impeded. In addition, failure to fulfill customers' requirements and quality control problems that occur in the manufacturing process could prevent us from meeting the stipulated delivery deadline. We may also experience delays in shipments caused by our third-party suppliers and third-party logistic service providers. These delays or product quality issues could have an immediate and material adverse effect on our ability to fulfill orders and damage our reputation and brand, affecting our business, results of operations and financial condition.

Further, if we or suppliers experience any difficulties or shortages of raw materials, or if our suppliers are otherwise unable or unwilling to continue to provide raw materials in required volumes or at all, our supply may be disrupted, and we may be required to seek alternate sources of supply. The process would be time-consuming and could be costly and impracticable. Interruptions to supply will have an adverse effect on our ability to meet scheduled product deliveries and subsequently lead to the loss of sales.

Our brand is integral to our success. If we fail to effectively maintain, promote and enhance our brand, our business and competitive advantage may be harmed.

We believe that maintaining and enhancing our well-recognized brand is crucial to the success of our business and sustaining our market position. As a provider of smart home products, we face competition and challenges from various market participants. For more information, see "Business — Competition." These companies present a challenge as they bring abundant experience in large-scale production and an existing customer base, while also ramping up efforts to adapt their solutions and products to align with market trend.

In addition, 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. We may incur extra expenses in promoting our brand. The results of such initiatives may not cover the costs of the increased investment. We cannot guarantee that our marketing efforts will be successful, or that they will yield significant benefits that justify the costs. Any such failure may result in our declining market recognition and position, and materially and adversely affect our business, financial condition and results of operations.

An increase in prices of raw materials or shortage in supply may disrupt our supply chain, increase our costs and delay deliveries of our products to customers.

We depend on third-party suppliers to provide a variety of materials necessary for the manufacturing of our products, including chip and modules. Our cost of raw materials amounted to RMB1,692.4 million, RMB1,788.7 million and RMB2,424.0 million in 2023, 2024 and 2025, respectively, representing 90.7%, 86.9% and 89.4% of our total cost of sales in the respective periods. Our profitability depend on our ability to source key raw materials at competitive prices. However, the raw materials we use are subject to price volatility caused by external factors, such as commodity price fluctuations, changes in supply and demand, logistics and processing costs, our bargaining power with suppliers, inflation and

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governmental regulations and policies. During the Track Record Period, the framework agreements we entered into with our suppliers set out the standards and procedures to be followed in future transactions, reflecting the parties' intention to establish a cooperative relationship over a certain period. Such framework agreements generally include basic terms such as forecast-based stock preparation, procurement cycle, delivery and acceptance, pricing principles, settlement methods, payment terms, quality standards and requirements, ownership of intellectual property, confidentiality obligations, liability for breach of contract, and term of cooperation, but do not include specific material specifications, quantities, or prices. We typically negotiate prices with our suppliers on an annual basis or through a bidding process. We have adopted comprehensive policies and measures to manage the price fluctuations of raw materials. For more information, see "Business — Procurement and Supply Chain Management — Raw Materials and Procurement."

Any shortages or delay in the supply of our raw materials could result in occasional price adjustments or cause delays in our manufacturer's production and our delivery to customers. We may in the future experience price fluctuations and supply shortages of certain raw materials, and the predictability of the availability and pricing of these materials may be limited. If we are unable to keep up with demand for our products because of failing to obtain the materials needed to successfully manufacture and deliver our products in a timely manner, our business could be materially impaired, and market acceptance for our products could be adversely affected.

We may be subject to credit risk with respect to our trade and bill receivables.

We are exposed to credit risk in relation to our trade and bills receivables. As of December 31, 2023 and 2024 and 2025, our trade and bills receivables amounted to RMB772.4 million, RMB820.5 million and RMB905.2 million, respectively. For the years ended December 31, 2023 and 2024 and 2025, our trade and bills receivables turnover days were 112 days, 114 days and 94 days, respectively. For details, please see "Financial Information — Discussion of Certain Key Items from Consolidated Statements of Financial Position — Trade and Bills Receivables."

During the Track Record Period, we have generally granted credit terms of 30-120 days. However, there is no assurance that we may be able to receive payment for our products on time. Although we closely monitor the payment record of our customers and regularly review the credit terms we granted to them, we cannot assure you that our customers will pay us in full for their purchases in a timely manner or at all in the future. In such circumstances, our operating cash flows, business, financial condition and results of operations may be materially and adversely affected.

We have granted, and may continue to grant, restricted share or other types of awards under our share incentive plans, which may result in increased share-based payment compensation and adversely impact our results of operations, as well as shareholding dilution to our Shareholders.

We adopted employee incentive plans to enhance our ability to attract and retain exceptionally qualified individuals and to encourage them to acquire a proprietary interest in the growth and performance of us. We incurred share-based payment expenses of nil, RMB2.4 million and RMB0.5 million in 2023, 2024 and 2025, respectively. We believe share-based awards as part of an overall compensation package are important to attracting and retaining key personnel and employees, and we plan to continue to grant share based payment compensation to employees in the future. As a result, our share-based payment expenses may increase, which may have an adverse effect on our results of operations and financial condition. Issuance of additional shares with respect to such share-based payments may also dilute the shareholding of our Shareholders and could result in a decline in the value of our H Shares.

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Our information technology system and Internet infrastructure are critical to our operations and growth prospects.

Failure to maintain or improve our information technology infrastructure, or any deficiencies in the underlying telecommunications and Internet infrastructure, could harm our business and prospects. The satisfactory performance, reliability, and availability of our technology systems are critical to our ability to provide high-quality smart home products. We rely on our software infrastructure to efficiently manage and operate our network, including using our AI platform to monitor home users' movement or big data to analyze home users' requests. Any system interruptions or service failure, errors during upgrades, computer viruses, or hacking attempts may result in unavailability or slowdowns, potentially impairing our operations and increasing costs. Our business may thereby incur significant disruption that could materially and adversely affect our business, financial condition, results of operation and prospects.

As our business grows, we expect to continue investing in and implementing upgrades to our information technology systems and infrastructure. However, we cannot assure successful execution of these system improvements. Our systems may experience interruptions during upgrades, and new technologies may not fully integrate with existing systems on a timely basis. The continuous upgrade and enhancement of our information technology systems and infrastructure demand significant financial, operational, and technical investments. However, these investments do not guarantee an increase in business performance or revenue. Our failure to respond effectively to technological changes or to maintain and upgrade our systems and infrastructure in a timely, efficient, and cost-effective manner to meet evolving business needs could potentially harm our competitive position and negatively impact our business operations.

In addition, our business critically depends on the performance, reliability, and security of the Internet infrastructure in the jurisdictions where we operate. The availability and reliability of our technology systems and smart home products and platforms rely on third-party providers for communications and storage capacity, including cloud service and server storage providers. If we are unable to continue our cooperation with these local providers on acceptable terms, our ability to provide solutions could be adversely affected. Any service interruptions, failures, or other problems with this infrastructure could result in the unavailability or slowdown of our technology platform, delays in transaction processing, loss of data and historical materials, and inability to provide solutions. These issues could frustrate customers, discourage them from using our solutions or products, and ultimately cause us to lose customers and harm our operating results.

Our historical results may not be indicative of our future performance, and we may not be successful in expanding our operations or managing our growth.

We had revenue of RMB2,366.9 million, RMB2,540.9 million and RMB3,367.7 million in 2023, 2024 and 2025, respectively. However, there can be no assurance that we will be able to maintain our profit-making status in future periods. We may encounter risks and difficulties in our constantly evolving smart home products industry, and any predictions about our future revenue and expenses may not be accurate. Moreover, our efforts to grow our business may be more costly than we expect, and we may not be able to increase our revenue enough to offset our increased operating expenses. We may incur significant losses in the future for a number of reasons, including the other risks described herein, and unforeseen expenses, difficulties, complications and delays, and other unknown events. If we are unable to achieve and sustain profitability, our business may be harmed. If we fail to achieve the necessary level of efficiency as we grow, our growth rate may decline, investors' perceptions of our business and prospects may be adversely affected and the market price of our H Shares could decline.

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Our business depends on our ability to protect our intellectual property rights, and we may be subject to intellectual property infringement and other claims by third parties in the PRC or other jurisdictions, which, if successful, could cause us to pay significant damages and incur other costs.

We rely primarily on a combination of our patents, trade secrets, trademarks, the confidentiality agreements signed by the employees, and confidentiality agreements signed with third parties to protect our intellectual property rights. There is no assurance that we are able to successfully apply and be granted new intellectual property rights in a timely and cost-effective manner in the future, as such applications are expensive and time consuming. For more information, see “Business — Intellectual Property.” Unauthorized parties may be able to obtain and use information that we regard as proprietary. Under such circumstances, to protect our intellectual property rights and maintain our competitive advantages, we may initiate legal proceedings against parties who we believe are infringing our intellectual property rights. Legal proceedings are often costly and may divert management attention and resources away from our business. In certain situations, we may have to initiate such legal proceedings in foreign jurisdictions, in which case we are subject to additional risks as to the result of the proceedings, the amount of damages that we can recover, and the enforcement process.

Our success is also subject to our ability to use, develop and protect our technology and trade secrets without infringing the intellectual property rights of third parties. Others may hold or obtain patents, copyrights, trademarks, or other proprietary rights used in our solutions and products. This might prevent, limit, or interfere with our production, use, development, sales, or marketing, and could therefore disturb our daily operations and distract our management. From time to time, we may receive communications from intellectual property rights holders regarding their proprietary rights. Companies holding patents or other intellectual property rights may, in the PRC or other jurisdictions, bring suits alleging infringement of such rights or otherwise assert their rights and urge us to obtain licenses. We may also be subject to liability due to the misconduct of our employees in relation to third party intellectual property rights. Our use of trademarks relating to our design, software, and technology could be found to infringe upon existing intellectual property rights owned by others. In addition, if we are found to have infringed upon a third party's intellectual property rights, we may be required to do one or more of the following: (i) cease to offer solutions or products that are involved in the challenged intellectual property rights owned by others; (ii) pay damages to the rights holders or the customers who purchased our solutions or products; (iii) redesign our solutions or products; or (iv) establish and maintain alternative branding for our solutions or products.

Any of the aforementioned will materially and adversely affect our business, financial condition and results of operations.

Our business depends substantially on the efforts of our management and highly skilled, including R&D personnel, and our operations may be severely disrupted if we lost their service.

Our future performance depends on the service and contribution of our management to oversee and execute our business plans and identify and pursue new opportunities and product innovations. Any loss of service of our management can significantly delay or prevent us from achieving our strategic business objectives, and adversely affect our business, financial condition and operating results. From time to time, there may be changes in our management team, resulting from the hiring or departure of executives, which could also disrupt our business. Hiring suitable replacements and integrating them into our existing teams also require a significant amount of time, training and resources, and may impact our existing corporate culture.

Additionally, competition for highly skilled personnel is often intense, and we may incur significant costs to attract and retain highly skilled personnel, including those in our

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R&D team. We may not be successful in attracting, integrating, or retaining qualified personnel to fulfill our current or future needs. We have experienced, and we expect to continue to experience, difficulty in hiring and retaining highly skilled employees with appropriate qualifications in competition with other companies, particularly in the areas of engineering and product development. In addition, job candidates and existing employees often consider the value of the equity awards they receive in connection with their employment. If the estimated value of our equity or equity awards declines, it may adversely affect our ability to retain highly skilled employees. If we fail to attract new personnel or fail to retain and motivate our current personnel, our business and prospects could be adversely affected.

We may need to raise additional capital in the future in order to execute our business plan, which may not be available on acceptable terms, or at all.

We may need additional capital in the future to fund our continued operations, and we may be unable to raise additional funds, whether through equity or debt financing, when needed on favorable terms or at all. If we do raise additional capital through public or private equity offerings, the ownership interest of our existing shareholders, including investors in this offering, will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect our shareholders' rights. If we raise additional capital through debt financing, we may be subject to covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. Any failure to raise capital as and when needed could have a negative impact on our financial condition and on our ability to pursue our business plans and strategies.

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

The foreign exchange rate of Renminbi against US dollar and other foreign currencies fluctuates and is affected by, among other things, changes in international political and economic conditions, as well as supply and demand in the local market. There is no assurance that, under a certain exchange rate, we will have sufficient foreign exchange to meet our foreign exchange requirements. It is difficult to predict how market forces or government policies may impact the exchange rate between Renminbi and US dollar, the Hong Kong dollar or other currencies in the future.

The proceeds from the Global Offering will be received in Hong Kong dollars. As a result, any appreciation of Renminbi against US dollar, Hong Kong dollar or any other foreign currency may result in a decrease in the value of our proceeds from the Global Offering. Conversely, any depreciation of the Renminbi may adversely affect the value of, and any dividends payable on, our H Shares in foreign currency. In addition, there are limited instruments available for us to reduce our foreign currency risk exposure at reasonable costs. Any of these factors could materially and adversely affect our business, financial condition, results of operations and prospects, and could reduce the value of, and dividends payable on, our Shares in foreign currency terms. Remittances of Renminbi into and out of China are subject to strict restrictions.

Downturns or volatility in general economic conditions could have a material adverse effect on our business, financial condition, results of operations and liquidity.

Our sales and profitability depend significantly on general economic conditions and the demand for the end products in the markets in which our customers compete. Weaknesses in the economy and financial markets can lead to lower demand in our target product groups. Economic uncertainty affects businesses such as ours in a number of ways, making it difficult to accurately forecast and plan our future business activities. A decline in end-user demand

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can affect the demand of the customers for our products, and the tightening of credit in financial markets may lead consumers and businesses to postpone spending, either of which may cause our customers to cancel, decrease or delay their existing and future orders with us. In particular, the EU has been experiencing an economic downturn in the past few years, which led to a decrease in the demand for our solutions and products, adversely affecting our business, results of operations and financial condition.

We may not accurately assess the impact of changing market and economic conditions on our business and operations. Any adverse changes in economic conditions, including any recession, economic slowdown or disruption of credit markets, may also lead to lower demand for our products. In addition, financial difficulties experienced by our suppliers or other business partners could result in product delays, increased accounts receivable defaults and inventory challenges. All these factors related to global economic conditions, which are beyond our control, could adversely impact our business, financial condition, results of operations and liquidity.

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

In accordance with the laws and regulations in the jurisdictions in which we operate, we are required to maintain various approvals, licenses, permits and certifications in order to operate our business. For more information, see “Business — Licenses, Approvals and Permits.” Complying with such laws and regulations may require substantial expense and may impose a significant burden, while any noncompliance may expose us to liability. Furthermore, the regulatory requirements of certain sectors, such as data security and cybersecurity, are relatively new and continuously evolving. For more information, see “Regulatory Overview — Regulations on Cybersecurity” for further details. If we fail to maintain compliance with law, or otherwise fail to complete, obtain or maintain any of the required licenses or approvals or make the necessary filings in any of the jurisdiction where we operate our business, we may be subject to adverse consequences.

In addition, in the event that we are required to renew our existing licenses or permits or acquire new ones, whether as a result of the promulgation of new laws and regulations or otherwise, we cannot assure you that we will be able to meet the requisite conditions and requirements, or obtain all requisite approvals, licenses, permits and certifications in a timely manner. If we are unable to obtain, or experience material delays in obtaining, necessary government approvals, our operations may be substantially disrupted, which could materially and adversely affect our business, financial condition and results of operations.

Security breaches and other disruptions could compromise our confidential and proprietary information, which could cause our business and reputation to suffer.

We collect and store business data and transaction data generated during or in connection with our business operations, including our business and transactions with our customers, suppliers and business partners. For more information, see “Business — Data Security and Privacy.” The secure maintenance of such data is critical. Our data security and protection measures may not be sufficient, and our information technology and infrastructure may be vulnerable to breaches by hackers, employee error, malfeasance or other disruptions such as natural disasters, power losses or telecommunication failures. Any such breach could compromise our networks and the information stored therein, possibly resulting in legal and regulatory actions, disruption of operations and customer services, and otherwise harming our business, reputation and future operations.

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Our employees or other third parties may engage in misconduct or other improper activities, including noncompliance with regulatory standards and requirements, which could cause significant liability for us, harm our reputation or otherwise result in other consequences that may have a material adverse effect on our business, financial condition and results of operations.

Misconduct could include violations of laws, fraud or other improper activities. Our policies, procedures and controls to prevent and detect these activities may not prevent all misconduct, and as a result, we could face unknown risks or losses. Our failure to comply with applicable laws or regulations due to misconduct or other improper activities by any of our employees, suppliers, agents or business partners could damage our reputation and may subject us to fines and penalties, restitution or other damages, or loss of current and future customer contracts, any of which would adversely affect our business, financial condition and results of operations.

We are, and may in the future be, subject to legal and regulatory proceedings and/or investigations in the ordinary course of our business.

From time to time, we may face litigation, regulatory proceedings and government investigations which may be brought against us by customers, end-users, competitors, governmental entities conducting civil, regulatory or criminal investigations, or other parties, and may be brought by us against other parties. These claims could be asserted under a variety of laws, including but not limited to product liability laws, intellectual property laws, labor and employment laws, securities laws, tort laws, contract laws and property laws. There is no guarantee of our success in enforcing our rights under the relevant business or other agreements or arrangements which may involve multiple parties and/or jurisdictions, in asserting our rights thereunder or under applicable laws and regulations, or in defending against these legal and regulatory proceedings or investigations.

Even if we succeed in our defense or asserting our rights, the process can be expensive, time-consuming, and may not yield the desired outcome. Legal and regulatory proceedings can also expose us to negative publicity, substantial financial damages, legal defense expenses, injunctive orders, and criminal, civil and administrative fines and penalties.

We may be required to pay administrative fines for our failure to register some of our lease agreements with housing administration authorities. Failure to renew our current leases or locate desirable alternatives for our leased properties could materially and adversely affect our business.

Under the applicable PRC laws, lease agreements of commodity housing tenancy are required to be registered with the local construction (real estate) departments. The parties of the lease agreements may be exposed to potential fines if they fail to rectify such non-compliance within the prescribed time frame after receiving notice from the relevant PRC government authorities. The penalty ranges from RMB1,000 to RMB10,000 for each unregistered lease, at the discretion of the relevant authority. As of the Latest Practicable Date, six out of 18 of the lease agreements for our leased properties located on state-owned land parcels in China, all of which are required to obtain lease registration, had not been registered with the relevant PRC government authorities. We cannot assure you that the government authorities will not impose fines on us due to our failure to register any of our lease agreements, which may negatively impact our financial condition. As of the Latest Practicable Date, we were not aware of any regulatory or government actions, claims or investigations being contemplated or any challenges by third parties to our leased agreements or the use of our leased properties.

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In addition, there is no assurance that we will be able to extend or renew our leases upon expiration of the current term on commercially reasonable terms or at all, and our rights to use these leased properties may be negatively affected by prior encumbrances on these properties. In any such events, we may be forced to relocate our affected operations. This could disrupt our operations and result in significant relocation expenses. In addition, we compete with other businesses for premises at certain locations or of desirable sizes. As a result, even though we could 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 current leased properties as our business continues to grow and failure in relocating our affected operations could adversely affect our business and operations.

We may not have sufficient insurance coverage to cover our potential liability or losses and as a result, our business, financial conditions, results of operations and prospects may be materially and adversely affected should any such liability or losses arise.

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 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 the jurisdictions in which we operate. In particular, we purchase the requisite insurance policies on a case-by-case basis, based on the relevant laws and regulations, our customers' requirements and our past practice. For more information, 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 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, financial conditions, results of operations and prospects may be materially and adversely affected.

We face risks related to natural disasters, health epidemics and other outbreaks, which could significantly disrupt our operations.

Our business could be materially and adversely affected by natural disasters, such as snowstorms, earthquakes, fires or floods, outbreaks of a widespread health epidemic or pandemic such as COVID-19, or other events such as wars, acts of terrorism, environmental accidents, power outages or communication interruptions. Such events may also significantly affect our industry and may even cause a temporary closure of the facilities we or our business partners use for our operations, which would severely disrupt our operations and have a material adverse effect on our business, financial condition and results of operations. Our operations could be disrupted if any of our employees or employees of our business partners were suspected of having any of the epidemic or pandemic illnesses, since this could require us or them to quarantine some or all of such employees or disinfect the facilities used for our operations. In addition, our revenue and profitability could be materially reduced to the extent that a natural disaster, health epidemic or pandemic or other outbreaks harm the global or PRC economy in general.

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RISKS RELATING TO OUR BUSINESS AND INDUSTRY IN THE PRINCIPAL PLACE OF OUR BUSINESS

Changes in China's or global economic, political or social conditions or government policies in the countries and regions where we operate could have a material and adverse effect on our business and operations.

We conduct our operations primarily in China and sell our solutions and products to customers overseas. Accordingly, our business, financial condition, results of operations and prospects may be influenced to a significant degree by political, economic and social conditions in China generally and by continued economic growth in China as a whole.

The Chinese economy has experienced significant growth over the past decades, and the Chinese government has implemented various measures to encourage economic growth. Some of these measures may benefit the overall Chinese economy, but may not have the same effect on us. Any economic downturn, whether actual or perceived, further decrease in economic growth rates or an otherwise uncertain economic outlook in our geographic markets or any other market in which we may operate could affect our business, financial condition and results of operations.

In addition, the global economic, political and social conditions are evolving rapidly and are subject to uncertainties. For example, health epidemics have caused significant downward pressure for the global economy. Geopolitical tension and conflicts, energy crisis, inflation risk, interest rate increases, instability in the financial system, and the tightening of monetary policy by the U.S. Federal Reserve impose new challenges and uncertainties on the global economy. It is unclear whether these challenges and uncertainties will be contained or resolved, and what effects they may have on the global political and economic conditions in the long term. Furthermore, sanctions and export control measures are unilaterally imposed by the U.S. or other jurisdictions from time to time. These measures may have a significant impact on the targeted countries, markets and/or entities. Chinese companies may be affected by such sanctions or export control measures. We may also be exposed to risks in dealing with business partners subject to sanctions or export controls. As a result, we could be required to incur additional costs to comply with these complicated regulations and measures and could face penalties for any violation, even if inadvertent.

We may be subject to additional regulatory requirements under new laws and regulations on overseas offerings and listings issued by PRC government authorities.

On July 6, 2021, the relevant PRC government authorities issued the Opinions on Strictly Cracking Down Illegal Securities Activities in Accordance with the Law (《關於依法從嚴打擊證券違法活動的意見》). These opinions emphasize the need to strengthen the administration over illegal securities activities and the supervision on overseas listings by China-based companies and propose to take effective measures, such as promoting the construction of relevant regulatory systems to deal with the risks and incidents faced by China-based overseas-listed companies.

On February 17, 2023, the CSRC promulgated the Trial Administrative Measures for 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》) (the “**Overseas Listing Trial Measures**”) along with five relevant guidelines, which became effective on March 31, 2023. The Overseas Listing Trial Measures require, among others, that PRC domestic companies that seek to initially offer and list securities in overseas markets, either directly or indirectly, shall file the required documents with the CSRC within three business days after its application for overseas listing is submitted. As advised by our PRC Legal Advisors, the Global Offering will be considered a direct overseas offering and listing activity by a PRC domestic company under the Overseas

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Listing Trial Measures. A rescission of any such approval or filing obtained by us would subject us to sanctions by the CSRC or other PRC regulatory authorities, and such failure may materially adversely affect our ability to finance the development of our business. Furthermore, if the filing procedure with the CSRC under the Overseas Listing Trial Measures is required for any future offerings, listing or any other capital raising activities, we cannot guarantee that we could complete such filing procedure in a timely manner, or at all.

On February 24, 2023, the CSRC, the Ministry of Finance of the PRC, the National Administration of State Secrets Protection of China, and the National Archives Administration of China published the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (《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 Rules**”), which came into effect on March 31, 2023. The Archives Rules require that, in relation to the overseas securities offering and listing activities of domestic enterprises, either in direct or indirect form, such domestic enterprises, as well as securities companies and securities service institutions providing relevant securities services, are required to strictly comply with relevant requirements on confidentiality and archives management, establish a sound confidentiality and archives system, and take necessary measures to implement their confidentiality and archives management responsibilities. The interpretation and implementation of the Archives Rules may keep evolving, failure to comply with which may materially affect our business, prospects, results of operations, financial condition, and cash flows. For more information, see “Regulatory Overview — Regulations on Securities Offering and Overseas Listing.”

Given that the Overseas Listing Trial Measures and the Archives Rules were recently promulgated, their interpretation, application, and enforcement are still evolving and subject to change. We are closely monitoring how they will affect our operations and our future financing activities.

Changes in international trade policies, and in relationships between the PRC and other countries, may adversely impact our business and operating results.

We conduct our business operations primarily in the PRC and we primarily sell our products to customers overseas. Unfavorable government policies related to international trade, including capital controls or tariffs, or changes in diplomatic relations between China and foreign countries or regions, have the potential to impact the sales of our equipment and systems, in international markets. These factors may also affect our ability to recruit engineers and other R&D personnel and influence the import or export of raw materials essential to our international expansion efforts. The implementation of new tariffs, changes in legislation and regulations, or the renegotiation of existing trade agreements could result in a material adverse effect on our business, prospects, results of operations, financial condition, and cash flows.

We are subject to PRC laws and regulations that could require us to modify our current business practices and incur increased costs.

We are subject to extensive national, provincial and local governmental regulations, policies and controls, covering, among others and in addition to specific industry-related regulations, the following aspects: (i) consumer protection and product liability; (ii) cybersecurity, data security and protection of personal information; (iii) security laws and regulations; (iv) establishment of or changes in shareholder of foreign investment enterprises; (v) foreign exchange; and (vi) taxes, duties and fees.

The liabilities, costs, obligations and requirements associated with these laws and regulations may cause interruptions to our operations or impact our financial position and

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results of operations. Failure to comply with the relevant laws and regulations in our operations may result in various penalties, including, among others, the suspension of our operations and thus adversely and materially affect our business, prospects, financial condition and results of operations. Additionally, there can be no assurance that the relevant government agencies will not change such laws or regulations or impose additional or more stringent laws or regulations. Compliance with such laws or regulations may require us to incur material capital expenditures or other obligations or liabilities. Legal requirements are frequently changed and subject to interpretation, and we are unable to predict the ultimate cost of compliance with these requirements or their effect on our operations. We may be required to make significant expenditures or modify our business practices to comply with existing or future laws and regulations, which may increase our costs and materially limit our ability to operate our business.

Our operations are subject to PRC tax laws and regulations.

We are subject to periodic examinations on the fulfillment of our tax obligation under the PRC tax laws and regulations by PRC tax authorities. The PRC tax laws and regulations might be subject to interpretations and adjustments by relevant authorities from time to time. We cannot assure you that future examinations by PRC tax authorities would not result in fines, other penalties or actions that could materially and adversely affect our business, prospects, results of operations, financial condition, and cash flows.

Certain PRC regulations may make it more difficult for us to pursue growth through acquisitions.

The Anti-monopoly Law of the PRC (《中華人民共和國反壟斷法》) promulgated by the SCNPC on August 30, 2007, which amended on June 24, 2022 and became effective on August 1, 2022, and the Rules of the State Council on Declaration Threshold for Concentration of Undertakings (《關於經營者集中申報標準的規定》) promulgated by the State Council on August 3, 2008, and latest amended on January 22, 2024, require that where a concentration reaches certain thresholds, a declaration must be lodged in advance with the anti-monopoly law enforcement agency under the State Council, or otherwise the concentration shall not be implemented. Furthermore, under relevant PRC laws and regulations, we are required to obtain or complete approval, registration, filing and/or other procedural requirements from the MOFOM, the NDRC, the SAFE and/or their local counterparts or designated banks, with respect to our overseas investments and acquisitions. Any failure to do so or any delay in such process may subject us to suspension of overseas investments or acquisitions, timely rectification, warnings, fines and other legal sanctions, which may adversely affect our business operation.

Holders of our H Shares may be subject to PRC income tax on dividends from us or on any gain realized on the transfer of our H Shares.

As is customary with all major economies, China has tax treaties or similar arrangements with jurisdictions across the world. Under the EIT Law and its implementation rules and Notice on the Issues concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H-share Holders Which Are Overseas Non-resident Enterprises (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) (Guo Shui Han [2008] No. 897) (國稅函[2008]897號), dated November 6, 2008, issued by the SAT, subject to any applicable tax treaty or similar arrangement between China and your jurisdiction of residence that provides for a different income tax arrangement, PRC withholding tax at the rate of 10% is normally applicable to dividends from PRC sources payable to investors that are resident enterprises outside of the PRC, which do not have an establishment or place of business in the PRC, or which have such establishment or place of business if the relevant income is not effectively connected with the

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establishment or place of business. Any gain realized on the transfer of shares by such investors is subject to 10% (or a lower rate) PRC income tax if such gain is regarded as income derived from sources within the PRC unless a treaty or similar arrangement otherwise provides. Pursuant to the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法》) (revised and effective on 29 December 2018) and the Implementation Regulations of the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法實施條例》) (first revised on 23 April 2019 and second revised on 6 December 2024, effective from 20 January 2025), a non-resident enterprise that has not established an establishment or place in China, or that has established an establishment or place but the income obtained is not effectively connected with such establishment or place, shall pay Chinese enterprise income tax at the rate of 10% on the gains derived from the sale or other disposal of H shares.

Under the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) and its implementation rules, income and gains from sources within the PRC paid to foreign individual investors who are not residents in the PRC are generally subject to a PRC withholding tax at a rate of 20%, unless specifically exempted by the tax authority of the State Council or reduced or eliminated by an applicable tax treaty. Pursuant to the Circular on Questions Concerning the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 045 (《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》) (Guo Shui Han [2011] No. 348) (國稅函[2011]348號) dated June 28, 2011, issued by the SAT, dividends paid to non-PRC resident individual holders of H Shares are generally subject to individual income tax of the PRC at the withholding tax rate of 10%, depending on whether there is any applicable tax treaty between the PRC and the jurisdiction in which the non-PRC resident individual holder of H Shares resides as well as the tax arrangement between the PRC and Hong Kong. Non-PRC resident individual holders who reside in jurisdictions that have not entered into tax treaties with the PRC are subject to a 20% withholding tax on dividends received from us. However, pursuant to the Circular Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) issued by the MOF of the PRC and the SAT on March 30, 1998, gains of individuals derived from the transfer of listed shares of enterprises may be exempt from individual income tax. As of the Latest Practicable Date, the aforesaid provision has not expressly provided that individual income tax shall be collected from non-PRC resident individuals on the sale of shares of PRC resident enterprises listed on overseas stock exchanges.

If any PRC income tax is collected from the transfer of our H Shares or on dividends paid to our non-PRC resident investors, the value of your investment in our H Shares may be affected. Furthermore, our Shareholders whose jurisdictions of residence have tax treaties or arrangements with the PRC may not qualify for benefits under such tax treaties or arrangements.

You may experience difficulties in effecting service of legal process and enforcing judgments against us and our management.

We are a company incorporated under the laws of the PRC and substantially all of our assets are located in China. In addition, the majority of our Directors and executive officers reside in China, and substantially all of the assets of such Directors and executive officers are located in China. As a result, it may not be possible for you to directly effect service of process upon us or such Directors or executive officers who reside in China, including with respect to matters arising under U.S. federal securities laws or applicable state securities laws. Pursuant to Arrangements for Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Cases between Courts of the Mainland and Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) effective on January 29, 2024, promulgated by the Supreme People's Court, a party with an enforceable

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final court judgment rendered by any designated people's court of China or any designated Hong Kong court with respect to any civil and commercial cases excluding certain types of which, may apply for recognition and enforcement of the judgment in the relevant people's court of China or Hong Kong court.

China has not entered into a treaty for the reciprocal recognition and enforcement of court judgments with the United States, the United Kingdom, Japan and many other countries. In addition, Hong Kong has no arrangement with the United States for reciprocal enforcement of judgments. In accordance with the Civil Procedure Law of the PRC and other applicable laws, regulations, and interpretations, a court judgment obtained in the United States and any of the other jurisdictions mentioned above may be recognized and enforced in the Chinese Mainland or Hong Kong in consideration of the treaties providing for the reciprocal enforcement of judgments of courts between China and the country where the judgment was made.

The foreign exchange regulations may limit our business and results of operations and our ability to remit dividends.

Conversion and remittance of foreign currencies are subject to the foreign exchange regulations. It cannot be guaranteed that under a certain exchange rate, we shall have sufficient foreign exchange to meet our foreign exchange needs. For example, under the Chinese current foreign exchange control system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from the SAFE, but we are required to present relevant documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within the PRC that have the licenses to carry out foreign exchange business. Foreign exchange transactions under the capital account, however, normally need to be approved by or registered with the SAFE or its local branch unless otherwise permitted by law. Any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments to shareholders or satisfy any other foreign exchange obligation. If we fail to obtain approvals from the SAFE to convert RMB into any foreign exchange for any of the above purposes, our potential offshore capital expenditure plans and even our business may be materially and adversely affected and could subject us to administrative penalties and fines.

Fluctuations in exchange rates of the Renminbi could result in foreign currency exchange losses.

The exchange rate of the Renminbi against the Hong Kong dollar and other foreign currencies fluctuates and is affected by, among other things, the policies of the PRC Government and changes in the PRC's and international political and economic conditions. It is difficult to predict how market forces or government policies may impact the exchange rate between the Renminbi and the Hong Kong dollar, the U.S. dollar or other currencies in the future. In addition, the PBOC regularly intervenes in the foreign exchange market to limit fluctuations in Renminbi exchange rates and achieve policies goals.

Any failure to make adequate contributions to various employee benefit plans as required by PRC regulations may subject us to penalties, and entitle the employee to request the termination of the labor contract and the payment of economic compensation.

Companies operating in China are required to participate in various employee benefit plans, including pension insurance, unemployment insurance, medical insurance, work-related injury insurance, maternity insurance and housing provident fund and contribute to the amounts equal to certain percentage of salaries, including bonuses and allowances, of their employees up to a maximum amount specified by the local government from time to time at locations where they operate their business. The requirement of employee

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benefit plans has not been implemented consistently by the local governments in China given the different levels of economic development in different locations.

During the Track Record Period, we engaged a third-party human resource agency to pay social insurance and housing provident funds for a small number of our employees, and did not make full contributions to the social insurance and housing provident fund for certain employees. According to the applicable laws and regulations, the competent government authorities may demand us to take rectification measures, failing which, we may be subject to fines. Furthermore, that may also entitle the employee to request the termination of the labor contract and the payment of economic compensation. The shortfall amount of social insurance and housing provident funds contributions is estimated to be RMB19.6 million, RMB23.3 million and RMB26.5 million for 2023, 2024 and 2025, respectively. According to the communication with the relevant competent government authorities, the relevant competent authorities do not have any specific implementation policy in place to conduct a comprehensive investigation into companies' historical compliance with social insurance and housing provident fund contribution obligations, nor to require companies to carry out centralized settlement of historical unpaid contributions to social insurance and housing provident funds. As such, we will make contributions for the shortfall amount or otherwise rectify in the manner as required as soon as practicable and within the prescribed time limit once we receive any notification from the relevant government authorities demanding us to do so. According to our PRC Legal Advisors, in light of the foregoing, the likelihood of us incurring material administrative penalties for underpayment of social insurance and housing provident funds contributions during the Track Record Period is remote. As a result, no provision has been made for the abovementioned shortfall amount. See “Regulatory Overview — Laws and Regulations Related to Employment and Social Securities.” Furthermore, we might be subject to additional contribution, late payment fee and/or penalties imposed by the relevant authorities if the third-party human resource agency failed to pay the social insurance or housing provident funds for the relevant employees in full amount and/or in a timely manner, or if the validity of such arrangements are challenged by the relevant authorities. We might also be subject to potential labor disputes arising from such arrangements with the relevant employees.

As of the Latest Practicable Date, we had not received any notification from the relevant PRC regulatory authorities requiring us to pay material shortfalls with respect to social insurance and housing provident funds, nor were we aware of any employee complaints or involved in any labor disputes with our employees with respect to social insurance and housing provident funds. We had ceased to engage the third-party human resource agency to pay the social insurance and housing provident fund for our employees, as of the same date. As advised by our PRC Legal Advisors, save for the abovementioned non-compliances, we were in compliance with the applicable laws and regulations related to social insurance and housing provident funds in all material respects during the Track Record Period and up to the Latest Practicable Date. However, we cannot assure you that any new laws and regulations or any changes in the implementation of the existing laws and regulations will not require us to pay any contribution shortfall or impose late payment penalties and fines on us retroactively, thereby adversely affecting our financial condition and results of operations.

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RISKS RELATING TO THE GLOBAL OFFERING

There has been no prior public market for our H Shares. Their market price may be volatile and an active trading market for our H Shares may not develop.

No public market currently exists for our H Shares. The Offer Price for our H Shares to the public is the result of negotiations between our Company and Sole Overall Coordinator (on behalf of the Underwriters), and the Offer Price may differ significantly from the market price of our H Shares following the Global Offering. We have applied to the Stock Exchange for the listing of, and permission to deal in, the H Shares. A listing on the Stock Exchange, however, does not guarantee that an active and liquid trading market for our H Shares will develop, or if it does develop, that it will be sustained following the Global Offering, or that the market price of the H Shares will rise following the Global Offering. The market price and trading volume of our H Shares may be volatile, which could result in substantial losses for investors who purchase our H Shares in the Global Offering.

The market price and trading volume of our H Shares may be highly volatile. Several factors beyond our control such as variations in our revenue, earnings and cash flow, strategic alliances, the addition or departure of key personnel, litigation, the removal of the restrictions on H share transactions or volatility in market prices and changes in demand for our products may cause significant and sudden changes to the market price and trading volume of our H Shares. Furthermore, the market price of our H Shares could also 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. New shares or share-linked securities issued by our Company may also confer rights and privileges that take priority over those conferred by the H Shares. The Stock Exchange and other securities markets have, from time to time, experienced significant price and trading volume volatility that is not related to the operating performance of any particular company. This volatility may also materially and adversely affect the market price of our H Shares.

The trading price of our H Shares may be volatile which could result in substantial losses to you.

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

The actual or perceived sale or availability for sale of substantial amounts of our H Shares, especially by our Directors, executive officers and substantial shareholders, could adversely affect the market price of our Shares.

Future sales of a substantial number of our H Shares, especially by our Directors, executive officers and substantial shareholders, or the perception or anticipation of such sales, could negatively impact the market price of our H Shares in Hong Kong and our ability

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to raise equity capital in the future at a time and price that we deem appropriate. The H Shares held by our substantial shareholders are subject to certain lock-up periods beginning on their respective effective date which in any event shall not be later than the Listing Date. While we currently are not aware of any intention of such persons to dispose of significant amounts of their H Shares after the expiry of the lock-up periods, we cannot assure you that they will not dispose of any H Shares they may own now or in the future.

We cannot assure you when, whether and in what form or size we will pay dividends in the future.

Our ability to pay dividends will depend on whether we are able to generate sufficient earnings. Distributions of dividends shall be decided by our Board of Directors at their discretion and will be subject to the approval of the general meeting. A decision to declare or to pay dividends and the amount thereof depend on various factors, including but not limited to our results of operations, cash flows and financial position, operating and capital expenditure requirements, distributable profits as determined under PRC GAAP or HKFRS Accounting Standards (whichever is lower), our Articles of Association and other constitutional documents, the PRC Company Law and any other applicable laws and regulations in China, market conditions, our strategy and projection for our business, contractual restrictions and obligations, taxation, regulatory restrictions and any other factors from time to time deemed by our Board of Directors as relevant to the declaration or suspension of dividends. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. As a result, there can be no assurance whether, when and in what form we will pay dividends in the future. Subject to any of the above constraints, we may not be able to pay dividends in accordance with our dividend policy.

Should the Offer Price be higher than the net tangible book value per H Share, subject to pricing, you may experience an immediate dilution in the book value of the Offer Shares you purchased in the Global Offering and may experience further dilution if we issue additional Shares in the future.

The Offer Price of the Offer Shares may be higher than the net tangible book value per Share immediately prior to the Global Offering. As a result, you and other purchasers of the Offer Shares in the Global Offering may experience an immediate dilution in pro forma net tangible asset value. In order to expand our business, we may consider offering and issuing additional Shares in the future. Purchasers of the Offer Shares may experience dilution in the net tangible asset value per share of their Shares if we issue additional Shares in the future at a price which is lower than the net tangible asset value per Share at that time. Furthermore, we may adopt new share schemes in the future and issue Shares pursuant to such new share schemes, which would further dilute Shareholders' interests in our Company.

Certain facts, forecast and statistics contained in this prospectus are derived from publicly available official government sources and they may not be reliable.

Certain facts, forecast and statistics contained in this prospectus relating to China, the PRC economy and the industry in which we operate have been derived from various official government publications. We have taken reasonable care in the reproduction or extraction of the official government publications for the purpose of disclosure in this prospectus. However, the information from the official government sources were not prepared or independently verified by us, the Sole Sponsor, the Sole Overall Coordinator, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters or any of their respective affiliates or advisors and, therefore, we make no representation as to the accuracy of such facts, forecast and statistics. Further, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as the case may be in other jurisdictions. In all cases, investors should give consideration as to how much weight or importance they should attach to or place on such facts, forecast and statistics.

RISK FACTORS

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

This prospectus 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 prospectus 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 prospectus, 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 prospectus are qualified by reference to this cautionary statement.

You should read the entire prospectus carefully and we strongly caution you not to place any reliance on any information contained in press articles or other media regarding us or the Global Offering.

We strongly caution you not to rely on any information contained in press articles or other media regarding us and the Global Offering. Prior to the publication of this prospectus, there has been press and media coverage regarding us and the Global Offering. Such press and media coverage may include references to certain information that does not appear in this prospectus, including certain operating and financial information and projections, valuations and other information. We have not authorized the disclosure of any such information in the press or media and do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information or publication. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this prospectus, we disclaim responsibility for it and you should not rely on such information.

WAIVERS AND EXEMPTIONS

In preparation for the Global Offering, our Company has applied for the following waivers and exemption:

WAIVER IN RELATION TO MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, an issuer must have sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong. As of the Latest Practicable Date, none of our executive Directors resided in Hong Kong. Pursuant to Rule 19A.15 of the Listing Rules, 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.

The headquarter of our Company is located in the Chinese Mainland and the Group's principal business activities and management are primarily carried out in the PRC. Accordingly, all four executive Directors and two senior management members of our Company are, and are expected to continue to be, based in the Chinese Mainland to better attend to the management and operations of the business of the Group. In light of the above, we consider that it would be in the best interest for our executive Directors and senior management to be based in the Chinese Mainland and it would be practically difficult and commercially unfeasible for our Company to arrange for two executive Directors to be ordinarily resident in Hong Kong, either by means of relocation of existing executive Directors or appointment of additional executive Directors. Therefore, we do not and, in the foreseeable future, will not have sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rules 8.12 and 19A.15 of the Listing Rules.

Accordingly, we have applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rules 8.12 and 19A.15 of the Listing Rules, subject to the following conditions. We will ensure that there is an effective channel of communication between us and the Stock Exchange by way of the following arrangements: (a) we have appointed Mr. Li Bo and Ms. Li Jianyi as our authorized representatives (the **"Authorized Representatives"**) pursuant to Rule 3.05 of the Listing Rules, who will act as our principal channel of communication with the Stock Exchange. The Authorized Representatives will be readily contactable by the Stock Exchange to promptly address any enquiries from the Stock Exchange, and will be available to meet with the Stock Exchange within a reasonable period of time upon request. Each of the Authorized Representatives is authorized to communicate on behalf of our Company with the Stock Exchange. Additionally, Ms. Luk Pui Yin Grace, our independent non-executive Director, ordinarily resides in Hong Kong and will be readily contactable by the Stock Exchange to facilitate effective and timely communications between our Company and the Stock Exchange; (b) when the Stock Exchange wishes to contact our Directors on any matter, each of the Authorized Representatives has all necessary means to contact all of our Directors (including our independent non-executive Directors) and senior management promptly at all times; (c) in compliance with Rules 3A.19 of the Listing Rules, we have appointed Jun Hui International Finance Limited to act as our compliance adviser (the **"Compliance Adviser"**), which has access to our Authorized Representatives, Directors and other officers of our Company at all times, and will act as an additional channel of communication between the Stock Exchange and our Company during its term of office after the Listing Date pursuant to Rule 13.46 of the Listing Rules. Our Authorized Representatives, Directors and other officers of our Company will provide promptly all such information and assistance as the Compliance Adviser may need or may reasonably require in the course of performing its duties set out under Chapter 3A of the Listing Rules. We shall ensure that there are adequate and efficient means of communication between our Company, Compliance Adviser, Authorized Representatives, Directors and other officers, and to the extent reasonably practicable and legally permissible, our Company will keep the Compliance Adviser informed of all communications and dealings between our Company and the Stock Exchange; (d) our

WAIVERS AND EXEMPTIONS

Company will promptly inform the Stock Exchange in respect of any changes in the Authorized Representatives and Compliance Advisor; (e) each Director who is not an ordinarily resident in Hong Kong that each of them possesses or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable notice; and (f) our Company will retain a Hong Kong legal advisor to advise our Company on the application of the Listing Rules and other applicable Hong Kong laws and regulations after the Listing.

WAIVER IN RESPECT OF APPOINTMENT OF JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, the secretary of our Company must be a person who has the requisite knowledge and experience to discharge the functions of the company secretary and is either (i) a member of The Hong Kong Chartered Governance Institute, a solicitor or barrister as defined in the Legal Practitioners Ordinance or a certified public accountant as defined in the Professional Accountants Ordinance, or (ii) 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.

We have appointed Ms. Li Jianyi (“**Ms. Li**”) and Ms. Pau So Yi (“**Ms. Pau**”) as our joint company secretaries. In view of her substantial experience in legal and corporate governance matters, our Directors are of the view that Ms. Li is a suitable person to act as a company secretary of the Company. In addition, as our headquarter and business operations are primarily located in the Chinese Mainland, our Directors believe that it is necessary to appoint Ms. Li as a company secretary whose presence in the Chinese Mainland will enable her to attend to the day-to-day corporate secretarial matters concerning our Group. Nonetheless, given that Ms. Li currently does not possess the relevant qualifications and sufficient relevant experience as stipulated in the Notes to Rule 3.28 of the Listing Rules, she is not able to solely fulfill the requirements as a company secretary of a listed issuer stipulated under Rules 3.28 and 8.17 of the Listing Rules. Therefore, we have appointed Ms. Pau, who fulfills the requisite qualification as required under Note 1 to Rule 3.28 of the Listing Rules, to act as the other joint company secretary and to assist Ms. Li to acquire all qualifications and experience as the company secretary of our Company required under Rule 3.28 of the Listing Rules. Further biographical details of Ms. Li and Ms. Pau are set out in the sections headed “Directors and Senior Management — Senior Management” and “Directors and Senior Management — Joint Company Secretaries” in this prospectus.

Apart from discharging her functions in her role as one of our joint company secretaries, Ms. Pau will assist Ms. Li in enabling her to acquire the relevant company secretary experience as required under Rule 3.28 of the Listing Rules and to become familiar with the requirements of the Listing Rules and other applicable Hong Kong laws. In addition, Ms. Li will also attend relevant professional training during each financial year as required under Rule 3.29 of the Listing Rules.

We have applied 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 in respect of appointment of Ms. Li as a joint company secretary of our Company pursuant to paragraph 13 of Chapter 3.10 of the Guide for New Listing Applicants on the following conditions: (a) Ms. Li must be assisted by Ms. Pau, who possesses the qualifications experience required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary of our Company throughout the validity period of the waiver; (b) the waiver is valid for an initial period of three years commencing from the Listing Date and will be revoked immediately if Ms. Pau ceases to provide such assistance or if there are material breaches of the Listing Rules by our Company; and (c) before the end of the three-year period, the qualifications and experience of Ms. Li and the need for on-going assistance of Ms. Pau will be further evaluated by the Company. The Company will then endeavor to demonstrate to the Stock Exchange’s

WAIVERS AND EXEMPTIONS

satisfaction that Ms. Li, having had the benefit of the assistance of Ms. Pau for the immediately preceding three years, has acquired the relevant experience (within the meaning of Note 2 to Rule 3.28 of the Listing Rules) such that a further waiver from Rules 3.28 and 8.17 of the Listing Rules will not be necessary. The Company understands that the Stock Exchange may revoke the waiver if Ms. Pau ceases to provide assistance to Ms. Li during the three-year period.

WAIVER AND EXEMPTION IN RELATION TO THE MATERIAL CONTRACT

Rule 11.06 of the Listing Rules requires this listing document to contain all specific items of information set out in Appendix D1A to the Listing Rules. Under paragraph 53(2) to Appendix D1A of the Listing Rules, all material contracts (not being entered into in the ordinary course of business) entered into by any member of the Group within the two years immediately preceding the issue of the listing document shall be published on the Stock Exchange's website and the Company's website for a reasonable period of time (being not less than 14 days).

By paragraph 10 to Chapter 6.6 of the Guide for New Listing Applicants, copies of material contracts certified as true copies by approved certifiers with their recognized digital signatures, together with other required documents shall be submitted to the Stock Exchange for application for the authorisation of the registration of this prospectus.

Under paragraph 17 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Company is required to include a statement that there has been delivered to the Registrar of Companies for registration of a copy of every material contract. Section 342C(3)(b)(i) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance requires a copy of all material contracts stated in this prospectus shall be delivered to the Registrar of Companies together with this prospectus and other required documents for registration of this prospectus.

As disclosed in the section headed "History and Corporate Structure — Information of our Company" of this prospectus, the Company repurchased a total of 1,167,230 Shares from 23 Shareholders (the "**Dissenting Shareholders**") and share purchase agreements in relation thereto (the "**Dissenting Shareholders Share Repurchase Agreements**") were entered into between the Company and the Dissenting Shareholders from December 24, 2024 to March 27, 2025 after the delisting.

Each of the Dissenting Shareholders Share Repurchase Agreements were entered into within two years immediately preceding the expected date of issue of the listing document and were entered into by the Company not in its ordinary course of business. Therefore, each of the Dissenting Shareholders Share Repurchase Agreement is a material contract that shall fall to be disclosed and be submitted for registration and made available on display pursuant to paragraph 53(2) to Appendix D1A of the Listing Rules, paragraph 17 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance and Section 342C(3)(b)(i) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (the "**DOD Requirements**").

We have applied to (i) the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rule 11.06 of, and paragraph 53(2) of Appendix D1A to, the Listing Rules and paragraph 10 to Chapter 6.6 of the Guide for New Listing Applicants so that the Dissenting Shareholders Share Repurchase Agreements will not be published on the websites on the Stock Exchange and will not be submitted for registration together with this prospectus, and (ii) the SFC for, and the SFC has granted, a certificate of exemption under Section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance partially exempting our Company from strict compliance with the requirements

WAIVERS AND EXEMPTIONS

under paragraph 17 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance and section 342C(3)(b)(i) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, so that the Dissenting Shareholders Share Repurchase Agreements will not be submitted for registration together with this prospectus on the ground that strict compliance with the DOD Requirements would be unduly burdensome for our Company for the following reasons:

- (a) the Company will breach its confidentiality obligations when complying with the DOD Requirements. The Company is subject to confidentiality obligation pursuant to the Dissenting Shareholders Share Repurchase Agreement that each Dissenting Shareholder and our Company shall not disclose details of the Dissenting Shareholders Share Repurchase Agreements including the terms of and the information set out in the Dissenting Shareholders Repurchase Agreement unless (i) with the prior consent from the relevant Dissenting Shareholders or (ii) disclosure of relevant information to relevant governmental or judiciary bodies or relevant service providers who are subject to confidentiality obligations in relation to the transactions contemplated thereunder pursuant to legal requirements. Our Company has tried to approach all 23 Dissenting Shareholders to obtain such written consent but as of the date of this Prospectus, we have not successfully obtained all written consents from the Dissenting Shareholders, among which four of them has indicated unwillingness to give such consent and the other nineteen Dissenting Shareholders (who are Independent Third Parties and no longer retain any relationship with us following their transfer of Shares to us as contemplated under the Dissenting Shareholders Share Repurchase Agreements) are not contactable. Considering that the Dissenting Shareholders are Shareholders who either dissented or abstained from voting on the resolution in relation to the delisting of our Shares on NEEQ, and most of them are individual investors who became our Shareholders during our listing on the NEEQ, it is unduly burdensome to the Company to successfully obtain consents from all Dissenting Shareholders and compliance with the DOD Requirements will result in the full set of Dissenting Shareholders Share Repurchase Agreements containing the terms and information set out therein (which includes but without limitation the name, telephone number, address of the relevant personnel of the Company and the Dissenting Shareholder, the transfer accounts for payment of consideration) being disclosed and made available to the public (not only to governmental or regulatory bodies), therefore, as advised by the PRC Legal Advisors, will render the Company in breach of its confidentiality obligations under the Dissenting Shareholders Share Repurchase Agreements and expose our Company to litigation risks;
- (b) the Dissenting Shareholders Share Repurchase Agreements and the information therein would not affect potential investors in assessing the assets, liabilities, financial position, profits and losses and prospects of our Company. The Directors confirm, and the Sole Sponsor concurs, that all material terms of the transactions under the Dissenting Shareholders Share Repurchase Agreements, namely the number of the Dissenting Shareholders, consideration and number of Shares involved and the reasons of the repurchase had been disclosed in the section headed “History and Corporate Structure” of the prospectus. The disclosure of identity of Dissenting Shareholders, the specific number of Shares sold by each Dissenting Shareholder and the consideration of the Shares repurchased by the Company from each Dissenting Shareholder (collectively, the “**Subject Information**”) will not provide additional meaningful information to the potential investors in assessing the financial impact of the transactions contemplated under the Dissenting Shareholders Share Repurchase Agreements.

WAIVERS AND EXEMPTIONS

If Dissenting Shareholders Repurchase Agreements with Subject Information being redacted were to be made available and submitted for registration, the redacted Dissenting Shareholders Share Repurchase Agreements will not provide meaningful information to investors as it will primarily be a template agreement mainly consists of boilerplates and standard clauses typical for transaction of this type. In addition, the total number of Shares repurchased and consideration paid by the Company had been disclosed in the section headed “History and Corporate Structure” of the prospectus, investing public will have sufficient information on the Dissenting Shareholders Share Repurchase Agreements and be able to assess the impact of the Dissenting Shareholders Share Repurchase Agreements essential for an informed decision. As such, the mere fact that the Dissenting Shareholders Share Repurchase Agreements were not made available on display and submitted for registration would not result in the omission of any material information or mislead the Shareholders or the investing public with regard to any facts knowledge of which is essential for an informed assessment of our Group.

In light of the above, our Directors are of the view that the grant of the waiver and exemption sought would not prejudice the interest of the investing public.

The Stock Exchange has agreed to grant to our Company a waiver under the Listing Rules on condition that all material terms of the Dissenting Shareholders Share Repurchase Agreements have been summarized and disclosed in the prospectus.

The SFC has agreed to grant to our Company the certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance granting an exemption from strict compliance with paragraph 17 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance in respect of our obligation to include a statement that a copy of every material contract has been delivered to the Registrar of Companies for registration and section 342C(3)(b)(i) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in respect of our obligation that a copy of every material contract has been delivered to the Registrar of Companies for registration on the conditions that: (i) this Prospectus contains a statement that a copy of every material contract (save for the Dissenting Shareholders Share Repurchase Agreements) has been delivered to the Registrar of Companies for registration; (ii) a copy of every material contract in the form delivered to the Registrar of Companies for registration will be make available on display in accordance with the section headed “Documents Delivered to Registrar of Companies in Hong Kong and Available on Display” in Appendix VII to the Prospectus; and (iii) the particulars of this exemption are set out in this Prospectus, and this Prospectus will be issued on or before May 18, 2026..

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the CWUMPO, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information with regard to our Group. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and that there are no other matters the omission of which would make any statement herein or this prospectus misleading.

CSRC FILING

We have obtained a filing notice dated January 23, 2026 from the CSRC for the Global Offering, the Conversion of Unlisted Shares into H Shares, and the Listing of the H Shares on the Stock Exchange

INFORMATION ON THE GLOBAL OFFERING

This prospectus is published solely in connection with the Hong Kong Public Offering. For applications under the Hong Kong Public Offering, this prospectus contains the terms and conditions of the Hong Kong Public Offering.

The Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and on the terms and subject to the conditions set out herein and therein. No person is authorized to give any information in connection with the Global Offering or to make any representation not contained in this prospectus, and any information or representation not contained herein must not be relied upon as having been authorized by our Company, the Sole Sponsor, the Sole Overall Coordinator, the Sole Global Coordinator, the Joint Lead Managers, the Joint Bookrunners, the Capital Market Intermediaries, the Underwriters, any of our or their affiliates or any of their respective directors, officers, employees, advisors, agents or representatives, or any other persons or parties involved in the Global Offering. Neither the delivery of this prospectus nor any subscription or acquisition made under it shall, under any circumstances, create any implication that there has been no change in our affairs since the date of this prospectus or that the information in this prospectus is correct as of any subsequent time.

See “Structure of the Global Offering” for details of the structure of the Global Offering, including its conditions and the arrangements relating to the Offer Size Adjustment Option.

INFORMATION ON THE CONVERSION OF UNLISTED SHARES INTO H SHARES

We have applied for the conversion of Unlisted Shares into H Shares, which involves a total of 190,186,262 Unlisted Shares held by the existing Shareholders. See “History and Corporate Development” and “Share Capital” for details of our existing Shareholders and their respective interests in our Company and relevant procedures for the conversion of Unlisted Shares into H Shares. Such H Shares to be converted from Unlisted Shares are restricted from trading for a period of one year after the Listing. We have obtained a filing notice dated January 23, 2026 from the CSRC for the conversion of Unlisted Shares into H Shares and the listing and trading of the H shares converted on the Stock Exchange is still subject to the approval by the Stock Exchange.

PROCEDURE FOR APPLICATION FOR HONG KONG OFFER SHARES

The procedure for applying for the Hong Kong Offer Shares is set forth in “How to Apply for the Hong Kong Offer Shares” in this prospectus.

RESTRICTIONS ON OFFER AND SALE OF THE OFFER SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his acquisition of Hong Kong Offer Shares to, confirm that he is aware of the restrictions on the offer and sale of the Hong Kong Offer Shares described in this prospectus and that he is not acquiring, and has not been offered, any Offer Shares in circumstances that contravene any such restrictions.

No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, and without limitation to this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation for subscription. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.

STRUCTURE OF THE GLOBAL OFFERING AND UNDERWRITING

The Listing is sponsored by the Sole Sponsor and the Global Offering is managed by the Sole Overall Coordinator. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters subject to the terms and conditions of the Hong Kong Underwriting Agreement. The International Offering is expected to be fully underwritten by the International Underwriters. See “Underwriting” for further details on the Underwriters and the underwriting arrangements.

APPLICATION FOR LISTING OF OUR SHARES ON THE STOCK EXCHANGE

We have applied to the Stock Exchange for the granting of listing of, and permission to deal in, the H Shares to be issued pursuant to the Global Offering (including any Shares that may be issued pursuant to the exercise of the Offer Size Adjustment Option) and the H Shares to be converted from Unlisted Shares, on the basis that, among other things, we satisfy the profit test under Rule 8.05(1) of the Listing Rules with reference to: our profit attributable to shareholders was RMB239.1 million for the year ended December 31, 2025, which exceeds HK\$35,000,000, and reached an aggregate of RMB328.4 million for the two preceding financial years, which in aggregate exceeds HK\$45,000,000. Assuming that the Hong Kong Public Offering becomes unconditional in Hong Kong at or before 8:00 a.m. in Hong Kong on Wednesday, May 27, 2026, it is expected that dealings in our H Shares on the Stock Exchange will commence on Wednesday, May 27, 2026. The Shares will be traded in board lots of 100 H Shares each, and the stock code of the H Shares will be 00901. Except as otherwise disclosed in this prospectus, no part of our equity or debt securities is listed on or dealt in on any other stock exchange, and no such listing or permission to list is being or proposed to be sought in the near future.

Under section 44B(1) of the CWUMPO, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, the Shares on the Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to our Company by or on behalf of the Stock Exchange.

OFFER SIZE ADJUSTMENT OPTION

Details of the arrangements relating to the Offer Size Adjustment Option are set out in “Structure of the Global Offering.”

H SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of listing of, and permission to deal in, the H Shares on the Stock Exchange and our compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares on the Stock Exchange or any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second settlement day after any trading day. All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time. Investors should seek the advice of their stockbroker or other professional advisors for the details of the settlement arrangements as such arrangements may affect their rights and interests. All necessary arrangements have been made for the H Shares to be admitted into CCASS.

H SHARE REGISTER OF MEMBERS AND STAMP DUTY

All H Shares issued by us pursuant to applications made in the Hong Kong Public Offering and converted from Unlisted Shares will be registered on our H Share register of members to be maintained by our H Share Registrar, Tricor Investor Services Limited, in Hong Kong. Our principal register of members will be maintained by us at our headquarters in the PRC. Dealings in the H Shares registered on our H Share register of members will be subject to Hong Kong stamp duty. Unless otherwise determined by our Company, dividends payable in respect of our H Shares will be paid to the Shareholders listed on our H Share register of members in Hong Kong and sent by ordinary post, at the Shareholders' risk, to the registered address of each Shareholder of our Company.

DIVIDENDS PAYABLE TO HOLDERS OF H SHARES

Unless determined otherwise by our Company, dividends payable in Hong Kong dollars in respect of our H Shares will be paid to the Shareholders as recorded on the H Share register of members of our Company in Hong Kong and sent by ordinary post, at the Shareholders' risk, to the registered address of each Shareholder. According to the Guidelines for the "Full Circulation" Program for H Shares by the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited (《中國證券登記結算有限責任公司深圳分公司H股「全流通」業務指南》) promulgated by the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited and taking effect on September 23, 2024, cash dividends to domestic investors of H-share "full circulation" shall be distributed through CSDC. An H-share listed company shall transfer RMB cash dividends to the designated bank account of the Shenzhen subsidiary of CSDC, who shall complete the clearing of cash dividends by distributing the cash dividends to investors through domestic securities companies.

PROFESSIONAL TAX ADVICE RECOMMENDED

You should consult your professional advisors if you are in any doubt as to the taxation implications of subscribing for, purchasing, holding, disposal of, dealing in or the exercise of any rights in relation to our Shares. None of our Company, the Sole Sponsor, the Sole Overall Coordinator, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries, the Underwriters, any of our or their affiliates or any of their respective directors, officers, employees, advisers, agents or representatives, or any other persons or parties involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription, purchase, holding, disposal of, dealing in, or the exercise of any rights in relation to, our H Shares.

REGISTRATION OF SUBSCRIPTION, PURCHASE AND TRANSFER OF H SHARES

We have instructed Tricor Investor Services Limited, our H Share Registrar, and it has agreed, not to register the subscription, purchase or transfer of any H Shares in the name of any particular holder unless and until the holder delivers a signed form to our H Share Registrar in respect of those H Shares bearing statements to the effect that the holder:

- (i) agrees with us and each of our Shareholders, and we agree with each Shareholder, to observe and comply with the PRC Company Law and the Articles of Association;
- (ii) agrees with us, each of our Shareholders, Directors, managers and officers, and we, acting for ourselves and for each of our Directors, managers and officers, agree with each of our Shareholders to refer all disputes and claims concerning our affairs and arising from any rights or obligations conferred or imposed by our Articles of Association, the PRC Company Law or other relevant laws and administrative regulations to arbitration, and any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct hearings in open session and to publish its award, which arbitration shall be final and conclusive;
- (iii) agrees with us and each of our Shareholders that the H Shares are freely transferable by the holders; and
- (iv) authorizes us to enter into a contract on his/her/its behalf with each of our Directors, managers and officers whereby such Directors, managers and officers undertake to observe and comply with their obligations to our Shareholders as stipulated in the Articles of Association.

Persons applying for or purchasing H Shares under the Global Offering are deemed, by their making an application or purchase, to have represented that they are not close associated (as defined in the Listing Rules) of any of our Directors, or an existing Shareholder of our Company or a nominee of any of the foregoing

LANGUAGE

If there is any inconsistency between this prospectus and its Chinese translation, this prospectus shall prevail. For ease of reference, the names of the Chinese laws and regulations, government authorities, institutions, natural persons or other entities (including certain of our subsidiary) have been included in this prospectus in both the Chinese and English languages. In the event of any inconsistency, the Chinese name shall prevail.

ROUNDING

Certain amounts and percentage figures, such as share ownership and operating data, included in this prospectus may have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

EXCHANGE RATE CONVERSION

Solely for your convenience, this prospectus contains translations among certain amounts denominated in Renminbi, Hong Kong dollars and U.S. dollars. Unless otherwise specified, this prospectus contains certain translations for the convenience purposes at the following rates: Renminbi into Hong Kong dollars at the rate of HK\$1.00 to RMB0.87463, Renminbi into U.S. dollars at the rate of US\$1.00 to RMB6.85020. No representation is made that any amounts in RMB or Hong Kong dollars can be or could have been at the relevant dates converted at the above rate or any other rates or at all.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

DIRECTORS

Name	Address	Nationality

Executive Directors

Mr. Li Bo (李波)	701, Unit 4 Building A, Hong'an Garden Meilin Street Futian District, Shenzhen Guangdong Province, China	Chinese
Mr. Yan Zhikang (嚴志康)	2-801, Tangxuan District A, Kirin Garden Nantou Street Nanshan District, Shenzhen Guangdong Province, China	Chinese
Mr. Li Jun (李軍) (former name: Li Yangjun (李洋君))	No. 1901, Building 13 Fuchuan Ruiyuan Huihuan Street Huicheng District, Huizhou Guangdong Province, China	Chinese
Ms. Dang Hui (黨慧)	1202, Unit 2, Building 2 Yujing Yayuan No. 8, Litang 3rd Road Daping, Tangxia Town Dongguan Guangdong Province, China	Chinese

Independent Non-Executive Directors

Ms. Luk Pui Yin Grace (陸佩然)	Flat A, 17/F Tower 2, The Regalia 33 King's Park Rise Kowloon, Hong Kong	Chinese (Hong Kong)
Mr. Yin Renyong (尹仁勇)	No. 3039, Bao'an North Road Luohu District, Shenzhen Guangdong Province, China	Chinese
Dr. Zheng Qian (鄭潛)	Room 21, 9/F Yu'an Lingyuxuan, N16 District, Haiyu Community No. 233 Xinhua Road, Xin'an Street Bao'an District, Shenzhen Guangdong Province, China	Chinese

Further information about our Directors and other senior management members is set out in the section headed "Directors and Senior Management."

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

PARTIES INVOLVED IN THE GLOBAL OFFERING

**Sole Sponsor, Sole Sponsor —
Overall Coordinator, Sole
Overall Coordinator and
Sole Global Coordinator**

**China Securities (International)
Corporate Finance Company Limited**
18/F
Two Exchange Square
8 Connaught Place, Central
Hong Kong

Joint Bookrunners

**China Securities (International)
Corporate Finance Company Limited**
18/F
Two Exchange Square
8 Connaught Place, Central
Hong Kong

CMB International Capital Limited
45/F,
Champion Tower,
3 Garden Road, Central,
Hong Kong

CCB International Capital Limited
12/F CCB Tower,
3 Connaught Road Central, Central,
Hong Kong

ABCI Capital Limited
11/F,
Agricultural Bank of China Tower,
50 Connaught Road Central,
Hong Kong

CNCB (Hong Kong) Capital Limited
10/F,
AIA Central,
1 Connaught Road Central, Central,
Hong Kong

Get Nice Securities Limited
G/F-3/F,
Cosco Tower,
Grandmillennium Plaza,
183 Queen's Road Central,
Hong Kong

Forthright Securities Company Limited
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188 Des Voeux Road Central,
Sheung Wan,
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DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Lead Managers

Roofer Securities Limited

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ABCI Securities Company Limited
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CNCB (Hong Kong) Capital Limited
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As to the PRC laws
Zhong Lun Law Firm
57/58/59/F, Tower A
Ping An Finance Centre
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Shenzhen, Guangdong 518000
China

As to international export controls and trade sanctions
Stephen Peepels
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Sole Sponsor and
the Underwriters**

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As to PRC Law:
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Nanshan District
Shenzhen, Guangdong
China

Auditor and Reporting Accountant

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
under the Accounting and Financial Reporting Council
Ordinance
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Quarry Bay, Hong Kong

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Industry Consultant

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Shanghai Branch Co.**
2504 Wheelock Square
1717 Nanjing West Road
Shanghai 200040, China

Receiving Banks

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1 Garden Road
Hong Kong

China CITIC Bank International Limited
80 Floor, International Commerce Centre
1 Austin Road West, Kowloon
Hong Kong

CORPORATE INFORMATION

Registered Office	1st Floor, Building 5 Hengtongfa Industrial Zone Tangtou Industrial Park, Tangtou Community Shiyan Street, Bao'an District, Shenzhen Guangdong Province, China
Headquarters	18/F, 19/F, 22/F and 23/F Changhong Science and Technology Building No. 18, Keji South 12th Road High Tech Zone Community Yuehai Street Nanshan District, Shenzhen Guangdong Province, China
Principal Place of Business in Hong Kong	Room 1920, 19/F Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Company's Website	www.sdmctech.com (Note: the information on this website does not form part of this prospectus)
Joint Company Secretaries	Ms. Li Jianyi (李建一) Ms. Pau So Yi (鮑素怡) (<i>ACG, HKACG</i>)
Audit Committee	Ms. Luk Pui Yin Grace (<i>Chairlady</i>) Mr. Yin Renyong Dr. Zheng Qian
Remuneration and Appraisal Committee	Mr. Yin Renyong (<i>Chairman</i>) Mr. Li Bo Ms. Luk Pui Yin Grace
Nomination Committee	Mr. Li Bo (<i>Chairman</i>) Mr. Yin Renyong Ms. Luk Pui Yin Grace
Authorized Representatives	Mr. Li Bo (李波) Ms. Li Jianyi (李建一)
H Share Registrar	Tricor Investor Services Limited 17/F, Far East Finance Centre 16 Harcourt Road Hong Kong
Compliance Adviser	Jun Hui International Finance Limited Unit 01-02, 16/F Hing Yip Commercial Centre 272-284 Des Voeux Road Central Sheung Wan, Hong Kong

CORPORATE INFORMATION

Principal Banks

Citibank (China) Co., Ltd.

Shenzhen Branch

36/F, Duty Free Business Building
No. 6, Fuhua 1st Road
Fu'an Community, Futian Street
Futian District, Shenzhen, China

Bank of China

Shenzhen Dongbin Road Sub-branch

Shop B106, B107 and B108
Hualian City Mountain Garden
Intersection of Dongbin Road and Nanshan Avenue
Nanshan District, Shenzhen, China

Ping An Bank

Hi-Tech Zone Sub-branch

No. 9, 1/F
Block A, Building 1
Shenzhen Bay Innovation and Technology Center
Nanshan District, Shenzhen, China

INDUSTRY OVERVIEW

The information and statistics set out in this section and other sections of this prospectus were extracted from the Frost & Sullivan Report, which was commissioned by us, and from various official government publications and other publicly available publications. We engaged Frost & Sullivan to prepare the Frost & Sullivan Report, an independent industry report, in connection with the Global Offering. The information from official government sources has not been independently verified by us, the Sole Sponsor, the Sole Overall Coordinator, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers and the Capital Market Intermediaries, any of their respective directors and advisors, or any other persons or parties involved in the Global Offering.

OVERVIEW OF GLOBAL SMART HOME PRODUCT MARKET

Development of Digital and Intelligent Home Products

Driven by both technological innovation and evolving user demands, the global digital and intelligent home product market is undergoing a profound transformation — from digital home to smart home.

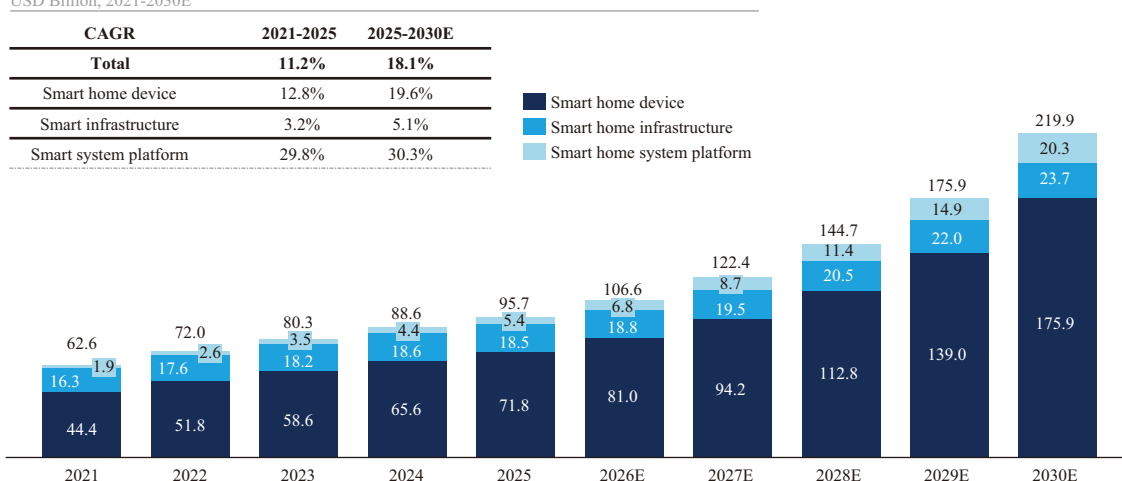
	Digital Home	Smart Home	AI Home
Technological Features	Internet, digitalization, and informatization technologies	IoT, cloud computing, and big data	AI technologies
Scenario Characteristics	Front-end home devices and infrastructure are digitally and informationally provided as standalone units	- Front-end devices and infrastructure evolve from standalone digital units to interconnected systems; users can control devices remotely - User actions can be triggered remotely	- Front-end devices and infrastructure possess predictive and analytical capabilities; users can control and coordinate them via natural language - Devices and infrastructure can actively recognize the environment and proactively trigger actions based on real-time analysis
Openness	Primarily focused on standalone digitalization and informatization	Interconnectivity is easier among devices of the same brand or using a unified communication protocol	Devices and systems from different brands can join an open ecosystem via the <i>Matter</i> protocol, enabling secure and reliable interconnectivity

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	Digital Home	Smart Home	AI Home
Scenario Examples	Users manually select media content on a TV via a set-top box	- Users remotely monitor home security and control indoor temperature via smart devices - Interactive content recommendations based on big data and user history	- Devices enable real-time translation, image quality enhancement, human enhancement, gesture remote - Devices enable proactive network optimization - Devices automatically adjust temperature and lighting based on environmental sensing and contextual judgment - Users interact with central home devices via natural language for entertainment and control tasks

A smart home product refers to an integrated home ecosystem that connects and manages various smart devices across the household. It enables whole-home network coverage and device interaction, supporting a wide range of products such as smart video devices (OTT devices, TVs, projectors and others), smart audio devices, smart security and safety devices, smart appliances, and smart energy management systems. Beyond front-end devices and applications, smart home products also include essential system platforms and infrastructure to ensure deeply intelligent and scenario-based user experiences. Driven by the rapid advancement of global IoT and network technologies, the global smart home product market has experienced significant growth. In terms of spending, market size of global smart home products increased from USD62.6 billion in 2021 to USD95.7 billion in 2025, representing a CAGR of 11.2% during the period from 2021 to 2025.

Market Size of Global Smart Home Product Market
USD Billion, 2021-2030E

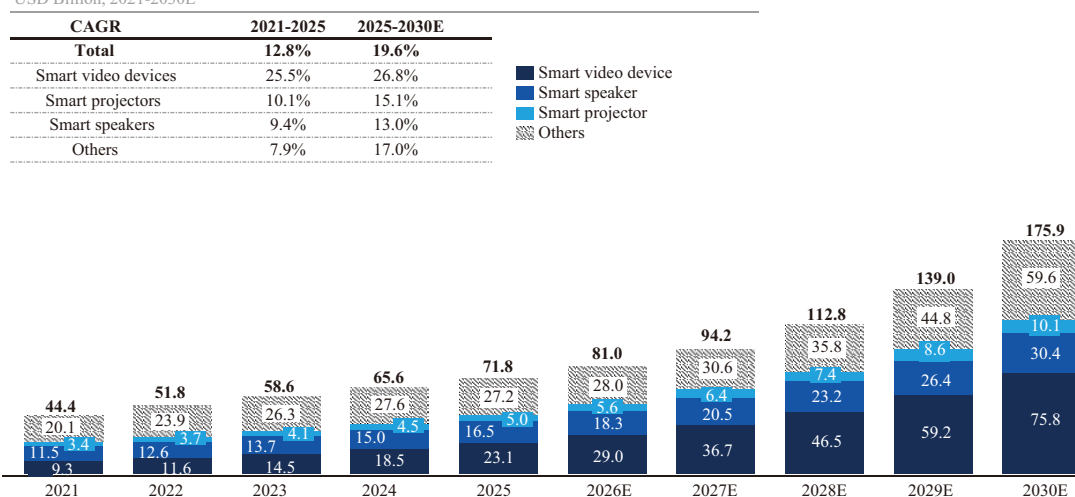


Source: Desk research, Frost & Sullivan

Within the global smart home product market, smart home device market is expected to increase from USD71.8 billion in 2025 to USD175.9 billion in 2030.

INDUSTRY OVERVIEW

Market Size of Global Smart Home Device Market
USD Billion, 2021-2030E



Source: Desk research, Frost & Sullivan

Drivers of Global Smart Home Product Market

- Growing aspiration for a better lifestyle and rising demand for smart home products.** Traditional home devices can no longer satisfy the growing desire for a better lifestyle. Consumers today seek greater convenience and automation in managing their living spaces, such as using voice commands to control household appliances. This shift in demand is not only accelerating the intelligent upgrade of individual home devices but also encouraging enterprises to develop integrated, multi-device interaction scenarios. In response, enterprises are transforming fragmented functionalities of traditional appliances into cohesive smart home products that align more closely with modern living.
- Continuous innovation and advancement in technology.** By leveraging deep learning on massive volumes of user data, smart home products can accurately predict user behaviors and preferences, enabling smart home products to deliver more personalized and intelligent services. At the same time, breakthroughs in large model technology have significantly improved the interaction capabilities and intelligence level of smart home devices. These advancements have made smart home products more accurate in natural language understanding, allowing them to precisely interpret user commands and needs, and respond with personalized voice interactions.
- Development of network technology.** Breakthroughs in high bandwidth, low latency, multi-device concurrency, and interference resistance have greatly enhanced the stability and responsiveness of smart home services. With high-speed transmission and broad Wi-Fi coverage, smart home devices can connect seamlessly, enabling a more intelligent and integrated home experience.
- Unified service experience.** Smart home product providers collaborate with partners such as domestic and international telecom providers, content providers, and channel providers to create an ecosystem around smart home devices, system platforms, and infrastructure. This ecosystem fosters mutually beneficial relationships and empowers each enterprise, improving collaboration quality and efficiency while offering users a unified service experience.

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- *Background of the Matter protocol:* Before the *Matter* protocol emerged, multiple underlying communication protocols existed in the market, making it difficult for different devices and system platforms to interconnect and communicate, leading to low collaboration efficiency. To address this issue, tech giants like Amazon, Apple, and Google collectively initiated the development of a standard communication protocol for the industry, officially launching the *Matter* 1.0 standard in October 2022.
- *Core value of the Matter protocol:* The *Matter* protocol is an emerging IoT standard that solves the compatibility issues of multi-brand protocols in traditional smart homes by unifying device connection standards, allowing devices from different manufacturers to work seamlessly together.
- *Openness of the Matter protocol:* The open architecture of the *Matter* protocol enables enterprises to integrate the hardware capabilities and content resources of ecosystem partners across smart home devices and system platforms. For example, by using smart speakers as central hubs to connect devices throughout the home, enterprises can create an end-to-end service loop. This open ecosystem allows for more efficient product iteration and scenario expansion at lower marginal costs, while delivering more accessible, affordable, and seamless smart home products to users.

Future Trends of Global Smart Home Product Market

- *Development of multimodal interaction technology, providing users with a more user-friendly experience.* Multimodal interaction technology combines voice recognition, computer vision, haptic feedback, and other sensory capabilities to accurately interpret user intentions and respond in context, greatly enhancing the naturalness of interactions with smart home devices. Leveraging advances in natural language processing and adaptive learning, these systems can learn user habits over time and build personalized interaction models. By integrating environmental sensing with contextual semantic understanding, smart home devices evolve from passively executing simple commands to proactively delivering intelligent services. The development and application of multimodal interaction technology not only improve the fluency and realism of human-machine interaction but also lower the learning curve for users.
- *Telecom providers becoming key players in driving consumer upgrades to smart home products.* As traditional telecom services reach saturation and emerging technologies such as cloud computing and IoT grow rapidly, telecom providers are leveraging their channel strengths to accelerate the adoption and deployment of home network devices, which includes promoting home gateways and mesh networking systems to secure control over the household communication entry point. At the same time, telecom providers are actively expanding their product offerings and launching intelligent services to meet the rising demand for smart home experiences. For smart home product providers, forging strong, long-term partnerships with telecom providers will be essential for accessing key market channels and gaining a competitive advantage.

Business Model of Global Smart Home Product Market

The global smart home product market primarily includes two business models: one is the consumer-facing model, and the other is the enterprise-facing model which aims at providing smart home products to telecom providers and retailers. In the consumer-facing model, smart home product providers directly offer end-users the smart home devices, system platforms, and infrastructure needed for home environments. In the enterprise-facing model, smart home product providers develop devices, system platforms, and infrastructure that enable enterprises to deliver smart home products. These enterprises then distribute the products and services through their own channels, addressing the diverse needs of various home environments.

Challenges and Threats of Global Smart Home Product Market

- ***Challenges in Product Upgrades and Commercialization under AI-driven Transformation.*** The rapid advancement of AI technologies is accelerating industry transformation and intensifying competition in the global smart home product market. Companies face increasing pressure to continuously upgrade their products and integrate AI capabilities to enhance scenario-based intelligence and user experience. However, challenges arise in effectively combining AI technologies with hardware and software systems, ensuring interoperability across ecosystems, and achieving rapid product iteration. In parallel, translating technological innovations into commercially viable and scalable business models remains a major hurdle, posing strategic and operational risks for market participants.
- ***Evolving consumer expectations and personalization demands.*** As consumers become increasingly familiar with AI-driven services in other domains, their expectations for personalization and seamless interaction within the home environment are rapidly escalating. Consumers are moving beyond basic remote control, desiring systems that genuinely understand their habits, anticipate needs, and adapt proactively. Global smart home product providers might not be able to accurately and continuously meet and exceed consumers' rising expectations.
- ***Privacy and security concerns.*** With smart home products relying on information inputted by consumers or behaviors of consumers through their voice, movements and others, there is a concern over the security of personal data. Breaches or misuse of consumer data could result in a loss of consumer trust and stricter regulatory scrutiny, which not only hurt a single provider's reputation but also impact a healthy growth of the industry.

Entry Barriers of Global Smart Home Product Market

- ***Brand loyalty and consumer trust.*** Established smart home product providers have strong brand recognition and consumer loyalty. New entrants must invest in marketing and demonstrate value to overcome consumer inertia and build trust in their products.
- ***Supply chain management capability.*** Manufacturing and distributing different types of smart home products at scale requires robust and efficient supply chain management. New entrants may encounter difficulties in securing reliable component sourcing, managing complex manufacturing processes, and establishing efficient global distribution channels. This challenge is particularly acute when competing with established players who benefit from economies of scale and long-standing relationships with suppliers.

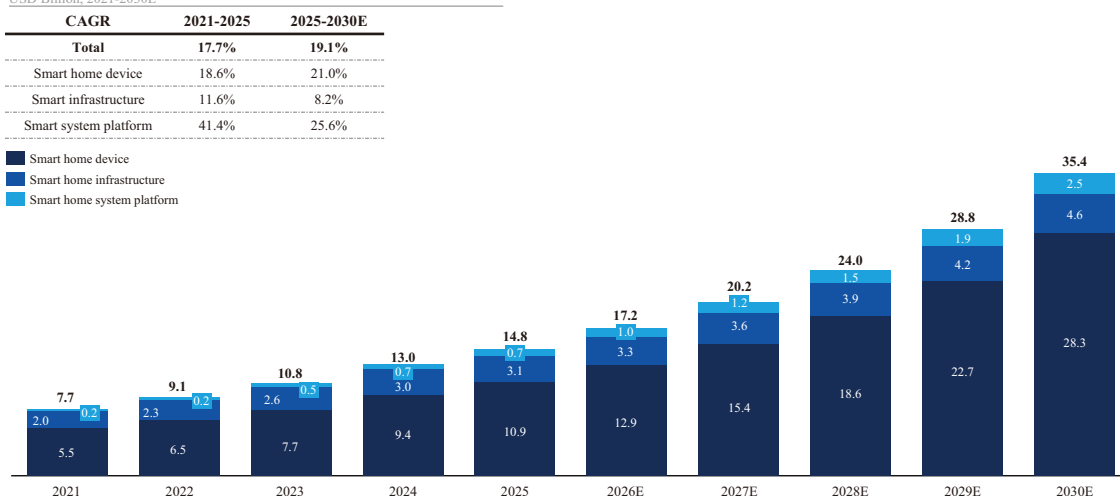
INDUSTRY OVERVIEW

OVERVIEW OF GLOBAL ENTERPRISE SMART HOME PRODUCT MARKET

Development of Global Enterprise Smart Home Product Market

Enterprise smart home products consist of smart home devices, infrastructure, and system platforms specifically designed to enable enterprises to deliver smart home products to end users. The Group provides digital video devices and network communication devices in enterprise smart home products, both of which play a pivotal role in enabling smart home products for enterprises, particularly telecom operators. Network products such as home gateways serve as the core access point of household broadband networks, connecting and managing all smart devices within the home. By deploying these network devices, operators can achieve unified network management and device access control. Supporting multiple communication protocols such as Wi-Fi, Zigbee, Z-Wave, and Bluetooth, network devices enable interoperability across different brands of smart devices, thereby serving as a key platform for ecosystem integration. In addition, digital video devices function as the control center of smart home products, supporting multi-screen interactivity across mobile phones, TVs, and tablets to create an integrated and engaging home experience. They also act as essential carriers for operators' value-added services, including gaming, online education, and e-commerce. Through these devices, operators can seamlessly integrate diverse content and service offerings into the home environment, enhancing user engagement and driving revenue growth. Market size of global enterprise smart home products increased from USD7.7 billion in 2021 to USD14.8 billion in 2025, with a CAGR of 17.7% from 2021 to 2025. Looking forward, market size of global enterprise smart home products is expected to reach USD35.4 billion in 2030, with a CAGR of 19.1% from 2025 to 2030.

Market Size of Global Enterprise Smart Home Product Market
USD Billion, 2021-2030E



Source: Desk research, Frost & Sullivan

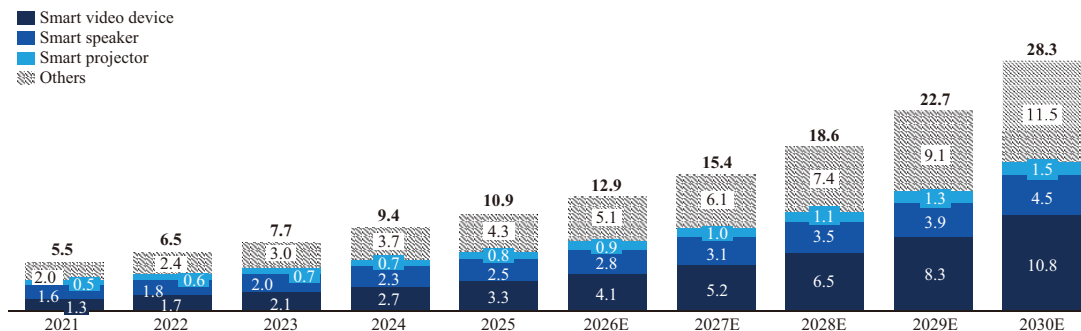
Within the global enterprise smart home product market, enterprise smart home device market is expected to increase from USD10.9 billion in 2025 to USD28.3 billion in 2030.

INDUSTRY OVERVIEW

Market Size of Global Enterprise Smart Home Device Market

USD Billion, 2021-2030E

CAGR	2021-2025	2025-2030E
Total	18.6%	21.0%
Smart video devices	26.2%	26.8%
Smart projectors	12.5%	13.4%
Smart speakers	11.8%	12.5%
Others	21.1%	21.7%



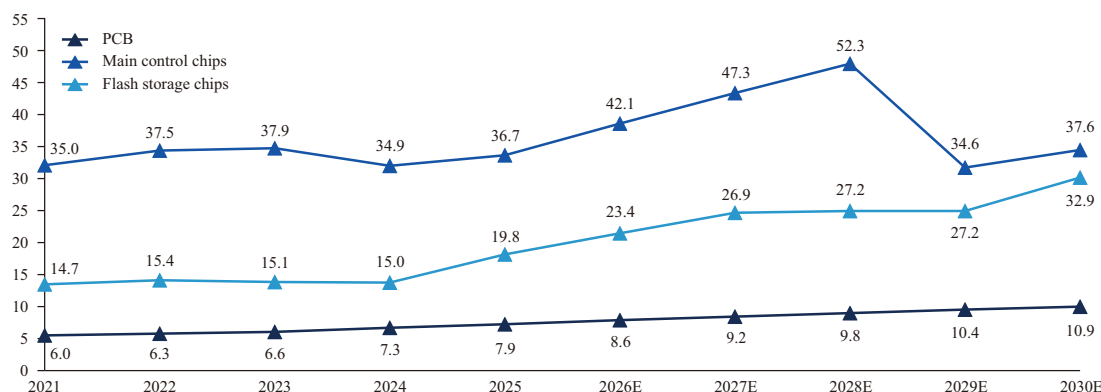
Source: Desk research, Frost & Sullivan

Cost Analysis of Global Enterprise Smart Home Product Market

The major cost components of the Group include main control chips, flash storage chips, PCB and others.

Unit Price of Major Raw Material

RMB, 2021-2030E



Source: Desk research, Frost & Sullivan

Drivers of Global Enterprise Smart Home Product Market

- Demand for diversified value-added services.** After years of development, the broadband and mobile communication services market has reached a high level of saturation, with sluggish growth in new users and limited opportunities to increase spending among existing customers. The narrowing incremental growth potential in fixed broadband and mobile communication services has created significant challenges for telecom providers, prompting a need to optimize their revenue structures through high-value-added services. Enterprise smart home products enable telecom providers to deliver diversified value-added services in a capital-light manner. This approach supports increased average revenue per user, improved capital efficiency, and stronger customer loyalty, ultimately driving long-term revenue growth. Globally, telecom providers can adopt smart home products as a strategic expansion pathway, evolving from traditional service

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offerings — such as fiber, mobile, and television access — to integrated home entertainment and interactive services.

- **Demand for cross-device management.** In the current smart home scenarios, the wide variety of device brands and disparate communication protocols has led to significant fragmentation. Telecom providers deploying whole-home smart products often face compatibility challenges between devices from different manufacturers, making seamless interaction difficult. By adopting standardized interfaces such as the *Matter* protocol and unified communication protocols, smart home products enable seamless interconnectivity and scenario-based control across devices, delivering a more stable and efficient one-stop user experience. Additionally, the cross-platform integration capabilities and strong ecosystem partnerships also drive the market growth because smart home ecosystems typically consist of multiple devices, platforms and connectivity protocols, making interoperability critical for user adoption. For example, collaborations between device manufacturers and platform ecosystems enable products such as smart speakers, smart video devices and smart projectors to be controlled through a single application. Industry initiatives such as the Matter standard represent a collaborative effort among home product providers to align connectivity protocols and allow devices from different brands to interoperate across ecosystems.
- **Data-driven business growth.** Over years of operation, telecom providers have accumulated vast amounts of data on home networks and device usage. However, in the absence of robust data governance systems and advanced scenario-based analytics, they often struggle to derive meaningful behavioral insights from this data. Smart home products integrate built-in data analytics platforms capable of conducting multidimensional analysis across device status, energy consumption trends, and user preferences. These capabilities enable telecom providers to identify high-value user segments, develop personalized membership packages, and implement effective cross-selling strategies. As a result, they can increase user retention, re-engage inactive customers, and unlock the latent value of their existing user base.

Future Trends of Global Enterprise Smart Home Product Market

- **OTT devices and gateways are becoming key hubs in smart home ecosystems.** OTT devices are evolving into voice-interaction centers equipped with sensing algorithms, enabling deep, interactive engagement with users and gradually becoming the central control unit of the smart home ecosystem. Their support for the *Matter* protocol allows seamless interoperability with other home devices, enabling coordinated execution of diverse household tasks and significantly enhancing overall convenience and intelligence. At the same time, OTT devices integrate a wide range of applications and internet-based content, offering users value-added services such as video entertainment, online shopping, music streaming, and gaming — further solidifying their strategic role as all-in-one home integration hub. Additionally, gateways — acting as the central hub for connecting and coordinating various smart devices and platforms — play a vital role in receiving user commands and orchestrating device interactions, making them an essential infrastructure component for realizing the full potential of smart home.
- **Telecom providers are expected to look for more diversified and integrated products.** As AI technology becomes increasingly integrated into home environments, telecom operators worldwide are seeking diversified, end-to-end

INDUSTRY OVERVIEW

smart home products to differentiate their services. On one hand, operators are accelerating the adoption of AI technology within existing product categories to enhance the appeal of home devices to home users, thereby driving growth of smart home products. On the other hand, operators are introducing innovative products like home service robots, AI glasses, and wearable devices to meet the growing demand for companionship, health monitoring, information access, and immersive entertainment. As a result, operators are raising the standards for system integration, scalability, and seamless hardware-software synergy in their product offerings. Enterprise smart home products, with end-to-end delivery capabilities, multi-device collaboration, and continuous functional expansion, will maintain a competitive edge, positioning telecom operators to create differentiated and sustainable smart home service ecosystems.

- **More diversified business models.** As smart home devices expand to include a wider range of products such as home service robots, AI glasses, and wearable devices, enterprise smart home products will no longer focus solely on device and platform integration. They will increasingly incorporate value-added services enabled by cross-scenario and cross-device connectivity. These services may include media content management, home security, health management, health monitoring, pet care and data services — creating multiple commercial pathways.

Competitive Landscape of Global Enterprise Smart Home Product Market

The global enterprise smart home product market is relatively fragmented. The top 10 market player has contributed approximately 53.9% of total market share in terms of revenue in 2025. The Company was seventh largest providers in the global enterprise smart home product market and ranks the third among Chinese Mainland-based providers in terms of revenue in 2025.

Ranking of Global Enterprise Smart Home Product Providers					
Ranking	Company	Revenue (RMB Billion, 2025)	Market Share (%, 2025)	Integrated provider or not	Headquarter
1	Company A	13.9	13.4%	√	France
2	Company B	11.5	11.1%	√	France
3	Company C	7.2	7.0%	X	China (Taiwan)
4	Company D	4.7	4.6%	√	China (Mainland)
5	Company E	4.6	4.5%	X	China (Taiwan)
6	Company F	3.5	3.3%	√	China (Mainland)
7	The Company	3.4	3.3%	√	China (Mainland)
8	Company G	3.0	2.9%	X	China (Taiwan)
9	Company H	2.6	2.5%	√	Korea
10	Company I	1.4	1.4%	X	China (Mainland)
Subtotal		55.9	53.9%		

Source: Desk research, expert interview, Frost & Sullivan

Notes:

- (1) Company A, founded in 1915 with the headquarter in Paris, France, is a public company listed on Euronext Paris, which primarily provides connected home manufactures broadband modems and Android TV set-top boxes. It has less than 5,000 employees worldwide, a total asset of approximately USD2 billion and a total revenue of over USD2 billion as of December 31, 2025.
- (2) Company B, founded in 2008 in Bois-Colombes, France, is a private company, which primarily provides products for the broadband, audio video products and energy markets. It has more than 6,000 employees worldwide as of December 31, 2025.

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- (3) Company C, founded in 2003 in Taiwan, China, is a public company listed on TWSE, which primarily provides integrated digital home, mobile broadband and multimedia gateway products. It has less than 1,000 employees worldwide, a total asset of over USD1 billion and a total revenue of nearly USD2 billion as of December 31, 2025.
- (4) Company D, founded in 1997 in Shenzhen, China, is a public company listed on SZSE, which primarily provides digital home products. It has less than 5,000 employees worldwide, a total asset of approximately USD1.5 billion and a total revenue of over USD1 billion as of December 31, 2025.
- (5) Company E, founded in 1989 in Taiwan, China, is a private company, which primarily provides networked devices and smart application products. It has less than 6,000 employees worldwide as of December 31, 2025.
- (6) Company F, founded in 1985 in Shenzhen, China is a public company listed on SZSE and HKEX, which primarily provides network infrastructure and enterprise products. It has more than 50,000 employees worldwide, a total asset of approximately USD30 billion and a total revenue of over USD15 billion as of December 31, 2025.
- (7) Company G, founded in 1992 in Taiwan, China, is a public company listed on TWSE, which primarily provides broadband products. It has more than 8,000 employees worldwide, a total asset of approximately USD1.5 billion and a total revenue of approximately USD2 billion as of December 31, 2025.
- (8) Company H, founded in 2001 in Seongnam, Korea, is a public company listed on KOSDAQ, which primarily provides OTT and network products. It has less than 300 employees worldwide, a total asset of less than USD0.5 billion and a total revenue of less than USD0.5 billion as of December 31, 2025.
- (9) Company I, founded in 2001 in Shenzhen, China, is a public company listed on SSE, which primarily provides OTT and network products. It has less than 2,000 employees worldwide, a total asset of less than USD0.5 billion and a total revenue of approximately USD0.5 billion as of December 31, 2025.

Challenges and Threats of Global Enterprise Smart Home Product Market

- ***Geopolitics uncertainties.*** Geopolitics uncertainty can lead to the sudden imposition of trade barriers, or even outright bans on foreign products, which might make a smart home products more expensive or impossible to sell in certain markets.
- ***Talent and skills gap.*** The global shortage of skilled technological professionals, particularly those with sophisticated AI skills and industry-specific expertise, poses a significant challenge for the development of enterprise smart home products, which may hinder smart home product providers' ability to effectively manage and integrate latest AI technology into the product offering.

Entry Barrier of Global Enterprise Smart Home Product Market

- ***Integrated delivery capabilities of the products.*** The successful delivery of enterprise smart home products hinge on the seamless integration of product development, localization support, and customized service capabilities. At the development stage, leading providers possess cross-disciplinary technical expertise and robust system platform development capabilities, enabling continuous product performance enhancements. By integrating advanced technologies, these companies ensure their smart home products meet global benchmarks for performance and reliability. Additionally, recognizing the diverse functional needs of users across regions, top-tier providers demonstrate a deep understanding of local user behaviors, network environments, and regulatory requirements — such as alignment with regional content ecosystems and compliance with country-specific data privacy standards — facilitating effective localized deployment. Moreover, they offer flexible service modules tailored to the customization demands of telecom providers and retailers. In contrast, new market entrants often lack the technical depth and localized resources necessary to deliver fully integrated products, facing significant barriers to entry as a result.

- **Barrier built by hub products.** Hub products in smart home products typically exhibit several key characteristics: they connect local *Matter*-enabled devices to the cloud, incorporate edge computing capabilities, and support sensing and user interaction functions. As the most frequently used and interacted-with devices in home environments — such as OTT devices — hubs serve as the primary control platforms and the most familiar touchpoints for users. This positions providers of hub products with a distinct competitive advantage over those offering only non-hub devices. Leveraging this strategic position, hub-product providers are better equipped to expand their product portfolios and build centralized smart home ecosystems by seamlessly integrating a wide range of smart home devices into their core platforms. This enables the creation of a cohesive, collaborative ecosystem and establishes a strong competitive moat. In contrast, non-hub devices like smart cameras are typically used for specific, low-frequency tasks and lack the depth of user interaction and habitual engagement necessary to evolve into centralized control platforms. As a result, providers focused solely on non-hub devices often struggle to overcome structural limitations.
- **Knowhow on home spaces.** A deep understanding of household needs and the ability to continuously iterate and enhance product features are critical success factors — and significant entry barriers — in the global smart home product market. Leading global providers stand out with their strong capabilities in technological innovation and customized product development, allowing them to quickly adapt to evolving household demands and deliver timely updates. In contrast, new entrants often struggle with immature product offerings and a limited user base, which hampers their ability to align product functionality with real-world usage scenarios.
- **First-mover advantage and customer resource barrier.** When selecting global smart home product providers, enterprise clients typically apply stringent evaluation criteria. Beyond assessing design and R&D capabilities, product development experience, and global service and after-sales support, they also place significant emphasis on supply chain management. Early entrants to the global smart home product market have leveraged their first-mover advantage by building strong brand recognition, delivering market-validated, high-quality products, and cultivating close relationships with internationally renowned clients. Leading companies, backed by robust product delivery capabilities and value-added service operations, have established long-term, stable partnerships with premium enterprise customers worldwide. In contrast, newer entrants — still in the early stages of development and lacking extensive market validation — often face challenges in earning enterprise clients' trust and widespread recognition, resulting in high barriers to entry.
- **Partnerships with ecosystem partners.** Leading enterprise smart home product providers significantly boost their product competitiveness through long-term partnerships with top content platforms and operating system providers. For instance, devices certified by platforms like Netflix or Amazon Prime often come pre-installed with popular streaming applications, simplifying user operations, enhancing user experience, and allowing manufacturers to leverage the platform's brand equity and extensive user base to accelerate market penetration. However, these major content platforms enforce stringent certification and access standards, and enterprise clients typically partner only with suppliers officially authorized by these platforms. This creates a high entry barrier for new market entrants, who often struggle to develop products that meet the certification requirements of multiple streaming platforms within a short timeframe — resulting in lower product competitiveness.

INDUSTRY OVERVIEW

SOURCE OF INFORMATION

We commissioned Frost & Sullivan to conduct market research on the smart home industry and prepare the Frost & Sullivan Report. Frost & Sullivan is an independent global consulting firm founded in 1961 in New York that offers industry research and market strategies. We have contracted to pay RMB750,000 to Frost & Sullivan for compiling the Frost & Sullivan Report.

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

The Frost & Sullivan Report is compiled based on the assumption that the social, economic and political environment of the globe and the PRC is likely to remain stable in the forecast period.

REGULATORY OVERVIEW

During the Track Record Period, the Group operates its business primarily in the PRC and in Hong Kong.

PRC LAWS AND REGULATIONS

REGULATIONS ON CORPORATION

The establishment, operation and management of corporate entities in the PRC are governed by the PRC Company Law (《中華人民共和國公司法》) (the “**Company Law**”), which was promulgated by the Standing Committee of the National People’s Congress (the “**SCNPC**”) in December 1993 and further amended in December 1999, August 2004, October 2005, December 2013, October 2018 and December 2023, respectively. According to the Company Law, companies are generally classified into two categories: limited liability companies and companies limited by shares. The Company Law also applies to foreign-invested limited liability companies and companies limited by shares.

General

A “joint stock limited company” refers to an enterprise legal person incorporated in China under the Company Law with independent legal person properties and entitlements to such legal person properties and with its registered capital divided into shares. The liability of the company for its own debts is limited to all the properties it owns and the liability of its shareholders for the company is limited to the extent of the shares they subscribe for.

Shareholders’ General Meetings

According to the Company Law, the shareholders’ general meeting of a company limited by shares shall be constituted by all the shareholders, the shareholders’ general meeting shall be the authority of the company and shall exercise duties and powers in accordance with the Company Law.

A shareholders’ general meeting is required to be held once every year. An extraordinary general meeting is required to be held within two months in case of the certain events specified in the Company Law.

Shareholders present at a shareholders’ general meeting have one vote for each share they hold, save that the shareholders holding classified shares may have the special number of voting rights for each classified share and the company’s shares held by the company are not entitled to any voting rights.

Resolutions of the general meeting must be passed by more than half of the voting rights held by shareholders present at the meeting, with the exception of matters relating to merger, division or dissolution of the company, increase or reduction of registered share capital, change of corporate form or amendments to the articles of association, which in each case must be passed by at least two-thirds of the voting rights held by the shareholders present at the meeting.

The shareholders may appoint the entrusted representative to attend a shareholders’ general meeting, the entrusted representative shall submit a power of attorney to the company and exercise the voting rights within the scope of authorization.

Transfer of Shares

Shares held by shareholders may be transferred legally. Under the Company Law, a shareholder should effect a transfer of his/her shares on a stock exchange established in

REGULATORY OVERVIEW

accordance with laws or by any other means as required by the State Council. Shares may be transferred after the shareholders endorse the back of the share certificates or in any other manner specified by the laws or administrative regulations. Following the transfer, the company shall enter the names and domiciles of the transferees into its share register. No changes of registration in the share register described above shall be effected during a period of 20 days prior to convening a shareholders' general meeting or 5 days prior to the record date for the purpose of determining entitlements to dividend distributions, unless otherwise stipulated by laws, administrative regulation or the securities regulatory authority of the State Council on the changes in the share register of listed companies.

Under the Company Law, shares of the company issued prior to the public issuance of shares may not be transferred within one year of the date of the company's listing on a stock exchange. Directors, supervisors and the senior management of a company shall declare to the company their shareholdings in it and any changes in such shareholdings. During the term of office as determined when they assume the posts, they may transfer no more than 25% of the total number of shares they hold in the company every year. They shall not transfer the shares they hold within one year of the date of the company's listing on a stock exchange, nor within six months after they leave their positions in the company. The articles of association may set out other restrictive provisions in respect of the transfer of shares in the company held by its directors, supervisors and the senior management.

REGULATIONS ON FOREIGN INVESTMENT

Investment in the PRC by foreign investors are mainly regulated by the Catalogue of Industries for Encouraging Foreign Investment (2022 Edition) (《鼓勵外商投資產業目錄》(2022年版)), which was promulgated by the Ministry of Commerce of the PRC (the “MOFCOM”) and the National Development and Reform Committee of the PRC (the “NDRC”) on October 26, 2022 and took effect on January 1, 2023, and the Special Administrative Measures for Access of Foreign Investment (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**”), which were promulgated by the MOFCOM and the NDRC on September 6, 2024 and took effect on November 1, 2024. The Negative List sets out several restrictive measures in a unified manner, such as the requirements on shareholding percentages and management, for the access of foreign investments in the industries listed in the Negative List and the industries that are prohibited for foreign investment. Any industries not falling in the Negative List shall be administered under the principle of equal treatment to domestic and foreign investment.

On March 15, 2019, the National People's Congress (the “NPC”) promulgated the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the “**FIL**”), which came into effect on January 1, 2020, pursuant to which, it is applicable to the investment activities in the PRC carried out directly or indirectly by foreign natural persons, enterprises or other organizations. The Implementation Rules to the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》), which were promulgated by the State Council on December 26, 2019 and became effective on January 1, 2020, further clarify that the state encourages and promotes foreign investment, protects the lawful rights and interests of foreign investors, regulates foreign investment administration, continues to optimize foreign investment environment, and advances a higher-level opening.

On December 30, 2019, the MOFCOM and the National Market Supervision Administration jointly promulgated the Measures for Information Reporting on Foreign Investment (《外商投資信息報告辦法》), which became effective on January 1, 2020, pursuant to which, where a foreign investor carries out investment activities in the PRC directly or indirectly, the market regulatory authorities shall forward the investment information submitted by foreign investor or the foreign-invested enterprise to the competent commerce administrative authorities.

REGULATORY OVERVIEW

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 became effective on January 18, 2021, any foreign investment that has or possibly has an impact on state security shall be subject to security review in accordance with the provisions hereof. A foreign investor or a party concerned in China shall take the initiative to make a declaration to the working mechanism office prior to making the investment in any important infrastructure, important transportation services and other important fields that concern state security while obtaining the actual control over the enterprises invested in.

REGULATIONS ON PRODUCT QUALITY

Pursuant to the Product Quality Law of the PRC (《中華人民共和國產品質量法》) promulgated by the SCNPC on February 22, 1993 and latest amended on December 29, 2018, the seller shall be responsible for the repair, replacement or return of the product sold if (i) the product sold does not have the function for use that it is supposed to have, and no prior indication is given of such a situation; (ii) the product sold does not conform to the applied product standard as carried on the product or its packaging; or (iii) the product sold does not conform to the quality indicated by such means as a product description or physical sample. If a consumer incurs losses as a result of purchased product, the seller shall compensate for such losses.

On May 28, 2020, the Civil Code of the PRC (《中華人民共和國民法典》) (the “**Civil Code**”) was adopted by the NPC, which became effective on January 1, 2021, according to which, a manufacturer or a commercial seller is subject to liability for harm to persons or property caused by the product defects. The infringed may seek compensation from the manufacturer or the commercial seller. Where the infringed seeks compensation from the commercial seller, the commercial seller shall have the right to make a claim against the liable manufacturer after it has made compensation.

The Law of the PRC on the Protection of the Rights and Interests of Consumers (《中華人民共和國消費者權益保護法》) (the “**Customer Protection Law**”) was promulgated by the SCNPC on October 31, 1993 and was amended on August 27, 2009 and October 25, 2013, to protect consumers’ rights when they purchase or use goods and accept services. Pursuant to Customer Protection Law, business operators must guarantee that the commodities they sell satisfy the requirements for personal or property safety, provide customers with authentic information about the commodities, and guarantee the quality, function, usage and term of validity of the commodities. Failure to comply with the Customer Protection Law may subject business operators to civil liabilities such as refunding purchase prices and compensation, administrative penalties such as confiscation of illegal income, fine, order to suspend business for rectification and revocation of business license, or criminal penalties if business operators commit crimes by infringing the legitimate rights and interests of customers.

REGULATIONS ON EXPORTATION OF GOODS

Pursuant to the Foreign Trade Law of the PRC (《中華人民共和國對外貿易法》) which was promulgated by the SCNPC on May 12, 1994 and implemented on July 1, 1994, and subsequently revised on April 6, 2004, November 7, 2016, and December 30, 2022, foreign traders engaging in import and export of goods or technology shall submit documents and material related to its foreign trade activities to the relevant departments in accordance with the provisions of the foreign trade department of the State Council or other relevant State Council departments in accordance with the law.

Pursuant to the Customs Law of the PRC (《中華人民共和國海關法》) promulgated by the SCNPC on January 22, 1987 and amended on July 8, 2000, June 29, 2013, December 28,

REGULATORY OVERVIEW

2013, November 7, 2016, November 4, 2017 and April 29, 2021, unless otherwise stipulated, the declaration of import and export goods may be made by consignees and consignors themselves, and such formalities may also be completed by their entrusted customs brokers that have registered with the Customs. The consignees and consignors for import or export of goods and the customs brokers engaged in customs declaration shall file for record with the Customs in accordance with the laws.

Pursuant to the Administrative Provisions of the Customs of the PRC on the Filing of Customs Declaration Entities (《中華人民共和國海關報關單位備案管理規定》) promulgated by the General Administration of Customs on November 19, 2021 and taking effect from January 1, 2022, the consignees and consignors for imported or exported goods and the customs brokers engaged in customs declarations shall undergo recordation formalities at the relevant administration department of customs in accordance with the laws.

REGULATIONS ON FOREIGN EXCHANGE

The Regulations on the Foreign Exchange Control of the PRC (《中華人民共和國外匯管理條例》), which were issued by the State Council on January 29, 1996, latest amended and became effective on August 5, 2008, classify all international payments and transfers into current account items and capital account items. Pursuant to these regulations and other PRC rules and regulations on currency conversion, Renminbi is freely convertible for payments of current account items, such as trade- and service-related foreign exchange transactions and dividend payments, but not freely convertible for capital account items, such as direct investment, loan or investment in securities outside China unless prior approval of the State Administration of Foreign Exchange (the “SAFE”) or its branches is obtained.

The Decisions of Matters including Canceling and Adjusting a Batch of Administrative Approval Items (《關於取消和調整一批行政審批項目等事項的決定》) promulgated by the State Council on October 23, 2014 canceled the approval requirement of the SAFE and its branches for the remittance and settlement of the proceeds raised from the overseas listing of the foreign shares.

Pursuant to the Notice of the People’s Bank of China and the State Administration of Foreign Exchange on Issues Concerning the Administration of Funds Raised by Domestic Enterprises Listed Overseas (《中國人民銀行 國家外匯管理局關於境內企業境外上市資金管理有關問題的通知》) promulgated by People’s Bank of China and the SAFE on December 24, 2025 and effective on April 1, 2026, a domestic enterprise that conducts an overseas listing shall, within 30 working days from the first trading day of the overseas listing or the completion of the over-allotment option, apply to a bank within the province or the separately-listed municipality where it is registered for overseas listing registration. In principle, funds raised by domestic enterprises through overseas listings shall be remitted back to the territory in a timely manner. Where such funds are retained overseas for the conduct of overseas direct investment, overseas securities investment, overseas lending and other businesses, the domestic enterprise shall obtain the approval or filing documents from the business competent authorities before the date of completion of the overseas issuance or the over-allotment option, and shall comply with relevant cross-border funds administration provisions.

According to the Notice on Further Simplifying and Improving the Foreign Exchange Management Policies for Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》), which was promulgated by the SAFE on February 13, 2015, the administrative approval for foreign exchange registration under domestic direct investment and overseas direct investment have been canceled. A market player involved may elect a bank at the place of its incorporation for direct investment foreign exchange registration. Upon registration, it may open an account, transfer funds and other businesses for subsequent direct investment, including inward or outward remittances of profits and bonus.

REGULATORY OVERVIEW

Pursuant to the Circular on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Account Items (《關於改革和規範資本項目結匯管理政策的通知》) promulgated by the SAFE on June 9, 2016, discretionary settlement of foreign exchange capital income can be handled at the banks based on the actual operating needs of the domestic companies. The proportion of discretionary settlement of foreign exchange capital income for domestic companies is temporarily set at 100%. The SAFE may adjust the above proportion in due course based on international balance of payments.

On January 26, 2017, the SAFE released the Notice on Further Promoting the Reform of Foreign Exchange Administration and Improving the Examination of Authenticity and Compliance (《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》), to further expand the settlement scope for domestic foreign exchange loans, allow settlement for domestic foreign exchange loans with export background under goods trading, allow repatriation of funds under domestic guaranteed foreign loans for domestic utilization, allow settlement for domestic foreign exchange accounts of foreign institutions operating in the Free Trade Pilot Zones, and adopt the model of full-coverage Renminbi and foreign currency overseas lending management, where a domestic institution engages in overseas lending, the sum of its outstanding overseas lending in Renminbi and outstanding overseas lending in foreign currencies shall not exceed 30% of its owner's equity in the audited financial statements of the preceding year.

On October 23, 2019, the SAFE released the Circular on Further Promoting the Facilitation of Cross-border Trade and Investment (《關於進一步促進跨境貿易投資便利化的通知》). Under this Circular, on the basis that investing foreign-funded enterprises (including foreign-funded companies, foreign-funded venture capital enterprises and foreign-funded equity investment enterprises) may make domestic equity investments with their capital funds in accordance with laws and regulations, non-investing foreign-funded enterprises are permitted to legally make domestic equity investments with their capital funds under the premise that the existing special administrative measures (negative list) for foreign investment access are not violated and domestic investment projects are true and compliant.

Pursuant to the Circular on Optimizing Administration of Foreign Exchange to Support the Development of Foreign-related Business (《關於優化外匯管理支持涉外業務發展的通知》) issued by the SAFE on April 10, 2020, under the prerequisite of ensuring true and compliant use of funds and compliance with the prevailing administrative provisions on use of income under the capital account, enterprises which satisfy the criteria are allowed to use income under the capital account, such as capital funds, foreign debt and overseas listing, etc. for domestic payment, without prior provision of proof materials for veracity to the bank for each transaction. Banks shall, with the principle of prudential business development, manage and control the relevant business risks, and conduct ex post random inspection over the payment facilitation business of income under capital accounts according to the relevant requirements.

REGULATIONS ON CYBERSECURITY

On November 7, 2016, the SCNPC promulgated the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》) (the “**Cybersecurity Law**”), which became effective on June 1, 2017. In accordance with the Cybersecurity Law, network operators must comply with applicable laws and regulations and fulfill their obligations to safeguard network security in conducting business and providing services. Network operators must take technical and other necessary measures as required by laws to safeguard the operation of networks, respond to network security events effectively, prevent illegal and criminal activities in the cyberspace, and maintain the integrity, confidentiality and usability of network data.

On June 10, 2021, the SCNPC promulgated the Data Security Law of the People's Republic of China (the “**Data Security Law**”), which came into effect on September 1, 2021.

REGULATORY OVERVIEW

The Data Security Law stipulates that “data” refers to any record of information in electronic or other forms, and “data processing” includes activities such as the collection, storage, use, processing, transmission, provision, and publication of data, etc. Data processors shall establish and improve a comprehensive data security management system, organize and implement data security training, and take appropriate technical measures and other necessary measures to protect data security. They shall also strengthen risk monitoring. In the event of a data security incident, processors shall immediately take remedial measures and promptly report to the relevant competent authorities. Additionally, any organization or individual collecting data shall do so in a lawful and proper manner and shall not steal or otherwise illegally obtain data. Handlers of important data shall designate a person in charge of data security and a management structure, implement data security protection responsibilities, conduct regular risk assessments of their data processing activities as required, and submit risk assessment reports to the relevant departments. To support the implementation of the Data Security Law, on December 28, 2021, the Cyberspace Administration of China (the “CAC”), jointly with other 12 governmental authorities, issued the revised Measures for Cybersecurity Review (《網絡安全審查辦法》) (the “**Review Measures**”), which became effective from February 15, 2022. According to the Review Measures, the online platform operators possessing personal information of more than one million users who are applying for foreign listing, shall make declaration for cybersecurity review with the Office of Cybersecurity Review. Meanwhile, the Review Measures grants the CAC and other competent authorities the right to initiate a cybersecurity review without application, if any member organization of the cybersecurity review mechanism has reason to believe that any internet products, services or data processing activities influences or may influence national security.

On September 24, 2024, the Regulations on Network Data Security Management (《網絡數據安全管理條例》) was issued by the State Council, which took effect on January 1, 2025. According to the Regulations on Network Data Security Management, network data handlers shall, in accordance with the provisions of laws and administrative regulations and the mandatory requirements of national standards, and on the basis of classified protection of cyber security, strengthen the protection of network data security, establish and perfect the system of network data security management, take technical measures to protect network data, and prevent illegal and criminal activities aiming at and using network data.

REGULATIONS RELATED TO PERSONAL INFORMATION PROTECT

The Cybersecurity Law of the PRC stipulates the following regarding personal information:

- (i) Collectors and users of personal information must follow legal, proper, and necessary principles. They must publicly disclose their collection and use rules, clearly state the purpose, method, and scope of information collection and use, and obtain the consent of the individuals whose information is being collected.
- (ii) Network operators are prohibited from collecting personal information unrelated to the services they provide. They must not collect or use personal information in violation of laws, regulations, or agreements with users. They must process the personal information they store in accordance with legal requirements and user agreements.
- (iii) Network operators must not disclose, tamper with, or destroy the personal information they collect. They are not allowed to provide personal information to others without the consent of the individuals concerned, except when the information has been processed to the extent that specific individuals can no longer be identified or restored.

REGULATORY OVERVIEW

The Civil Code stipulates that the personal information of a natural person shall be protected by the law. Any organization or individual shall legally obtain the personal information of others when necessary and ensure the safety of such personal information, and shall not illegally collect, use, process or transmit the personal information of others, or illegally buy or sell, provide or make public the personal information of others. The processing of personal information shall be subject to the principle of legitimacy, rightfulness and necessity.

According to the Personal Information Protection Law of the People's Republic of China (《中華人民共和國個人信息保護法》) (the “**Personal Information Protection Law**”), issued on 20 August 2021 by the SCNPC and effective on November 1, 2021, “Personal information” means all kinds of information related to identified or identifiable natural persons that are electronically or otherwise recorded, excluding information that has been anonymized. The Personal Information Protection Law provided the personal information protection system, under which in case of any personal information processing, individual prior consent must be obtained except in other circumstances stipulated therein to the contrary. Any data processing activities related to sensitive personal information are only allowed provided such activities are purpose-specified, highly necessary and strictly protected. Cross-border personal information transmission is restricted unless certain requirements in the Personal Information Protection Law have been satisfied, including security review organized by the national cyberspace department and other conditions specified by the laws, regulations and the national cyberspace department. Personal information processors shall take the following measures to ensure that personal information processing activities comply with laws and administrative regulations, and to prevent unauthorized access as well as personal information leaks, tampering, and loss: (i) Establish internal management systems and operating procedures; (ii) Implement classified management of personal information; (iii) Adopt corresponding security technical measures, such as encryption and de-identification; (iv) Reasonably determine the scope of personal information processing operations and regularly provide security education and training to staff; (v) Develop and implement emergency plans for personal information security incidents; (vi) Other measures stipulated by laws and administrative regulations.

The company may face penalties, fines, suspension of relevant business operations, or revocation of its business license for violations of the Personal Information Protection Law when processing personal information.

The Regulations on the Administration of Network Data Security also stipulate the processing of data over the network, including but not limited to the formulation of rules for processing personal information, general requirements for processing personal information and handling requests from individuals with personal information. Network data processors handling personal information of more than 10 million people shall also comply with the provisions of Articles 30 and 32 of the Regulations on the Administration of Network Data Security for network data processors handling important data. Network data processors shall designate a person in charge of network data security and a management structure for network data security, which shall be responsible for the protection of network data security. In the event of a merger, division, dissolution, bankruptcy, or other circumstances that may affect data security, network data processors shall take measures to ensure network data security and report to the relevant competent authorities.

REGULATIONS ON ENVIRONMENTAL PROTECTION

The Environmental Protection Law of the PRC (《中華人民共和國環境保護法》) (the “**Environmental Protection Law**”), was promulgated by the SCNPC on December 26, 1989 and latest amended on April 24, 2014. According to the provisions of the Environmental Protection Law, in addition to other applicable laws and regulations of the PRC, the Ministry

REGULATORY OVERVIEW

of Environmental Protection and its local counterparts are responsible for administering and supervising environmental protection matters. Pursuant to the Environmental Protection Law, construction projects that have environmental impact shall be subject to an environmental impact assessment. Installations for the prevention and control of pollution in construction projects must be designed, built and commissioned together with the principal construction plan of the project. Such installations shall not be dismantled or left idle without authorization from the competent government agencies. Consequences of violations of the Environmental Protection Law include fines, rectification within a time limit, forced shutdown, or criminal punishment.

According to the Administration Rules on Environmental Protection of Construction Projects (《建設項目環境保護管理條例》), which was promulgated by the State Council on November 29, 1998, amended on July 16, 2017 and became effective on October 1, 2017, depending on the impact of the construction project on the environment, a construction employer shall submit an environmental impact report or an environmental impact statement, or file a registration form. As to a construction project, for which an environmental impact report or the environmental impact statement is required, the construction employer shall, before the commencement of construction, submit the environmental impact report or the environmental impact statement to the relevant authority at the environmental protection administrative department for approval. If the environmental impact assessment documents of the construction project have not been examined or approved upon examination by the approval authority in accordance with the law, the construction employer shall not commence the construction.

Pursuant to the Law of the PRC on Environment Impact Assessment (《中華人民共和國環境影響評價法》) promulgated by the SCNPC on October 28, 2002 and latest amended on December 29, 2018, the State Council implemented an environmental impact assessment (the “EIA”) system, to classify construction projects according to the impact of the construction projects on the environment. Constructing entities shall prepare an environmental impact report (the “EIR”), or an environmental impact statement (the “EIS”), or fill out the EIR Form according to the following rules: (i) for projects with potentially serious environmental impacts, an EIR shall be prepared to provide a comprehensive assessment of their environmental impacts; (ii) for projects with potentially mild environmental impacts, an EIS shall be prepared to provide an analysis or specialized assessment of the environmental impacts; and (iii) for projects with very small environmental impacts, an EIS is not required but an EIR form shall be completed.

REGULATIONS ON INTELLECTUAL PROPERTY RIGHTS

Patents

The Patent Law of the People’s Republic of China (《中華人民共和國專利法》) (the “Patent Law”) is revised by the SCNPC on October 17, 2020 and came into effect on June 1, 2021. According to the Patent Law, when the invention or utility model patent is granted, unless otherwise stipulate in the Patent Law, without the approval of the patent owner, no entity or person shall implement the relevant patent, that is, manufacture, use, offer to sell, sell or import the patented products for business purpose, or use the patented method and use, offer to sell, sell or import the products directly obtained with the patented method. Implementing the patent without the approval of the patent owner constitutes the infringement of patent rights. Any dispute in connection with this shall be resolved by the relevant parties through negotiation. If the relevant parties refuse to negotiate or the negotiation fails, the patent owner or the relevant stakeholders may file a lawsuit in the people’s court or turn to the patent administration authorities for handling. The PRC Patent Law provides for three types of patents, “invention”, “utility model” and “design”. Invention patents are valid for twenty years, while design patents are valid for fifteen years and utility model patents are valid for ten years, commencing from the date of application.

REGULATORY OVERVIEW

Trademark

According to the Trademark Law of the People's Republic of China ((《中華人民共和國商標法》) (the “**Trademark Law**”), which was promulgated by the SCNPC on August 23, 1982, latest amended on April 23, 2019 and effective on November 1, 2019, the validity period of a registered trademark is 10 years from the date of registration and can be renewed for additional 10-year periods upon application. In addition, the Trademark Law follows the “first-to-file” principle for trademark registration. The registrant of a trademark enjoys the exclusive right to use the trademark. Any dispute arising from acts infringing upon the exclusive right to use a registered trademark as listed in Article 57 of the Trademark Law shall be resolved through consultation between the relevant parties. If the relevant parties refuse to consult or the consultation fails, the trademark registrant or any interested party may bring a lawsuit to the people's court or request the relevant administrative department for industry and commerce to handle the dispute.

Copyrights

Pursuant to the PRC Copyright Law ((《中華人民共和國著作權法》) promulgated by the SCNPC on September 7, 1990 and latest amended on November 11, 2020, as well as the Implementing Regulations of the PRC Copyright Law ((《中華人民共和國著作權法實施條例》) promulgated by the State Council on August 2, 2002 and latest amended on January 30, 2013, the PRC citizens, legal persons, and other organizations shall, enjoy copyright in their works, whether published or not, which include, among others, works of literature, art, natural science, social science, engineering technology and computer software. The copyright owner enjoys various kinds of rights, including right of publication, right of authorship and right of reproduction, etc.

Domain Names

In accordance with the Measures for the Administration of Internet Domain Names ((《互聯網域名管理辦法》) which was issued by the Ministry of Information Industry on August 24, 2017 and came into effect on November 1, 2017, the Ministry of Information Industry is responsible for supervision and administration of domain name services in the PRC. Communication administrative bureaus at provincial levels shall conduct supervision and administration of the domain name services within their respective administrative jurisdictions. Domain name registration services shall, in principle, be subject to the principle of “first apply, first register”. The applicants will become the holders of such domain names upon the completion of the registration procedure.

REGULATIONS ON LEASING

According to the Civil Code, the owner of immovable or movable property lawfully enjoys the rights to possess, use, derive income from, and dispose of such property. If the parties fail to register or file a lease contract in accordance with the provisions of laws and administrative regulations, the validity of the contract shall not be affected. With the consent of the lessor, the lessee may sublet the leased property to a third party. If the lessee sublets the property, the lease contract between the lessee and the lessor remains valid; if the third party causes damage to the leased property, the lessee shall compensate for the loss. If the lessee sublets without the consent of the lessor, the lessor may terminate the contract. In addition, if the ownership of the leased property changes during the period in which the lessee occupies the property in accordance with the lease contract, the validity of the lease contract shall not be affected.

According to the Law of the People's Republic of China on the Administration of Urban Real Estate ((《中華人民共和國城市房地產管理法》), which was promulgated by the

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SCNPC on July 5, 1994, and amended on August 30, 2007, August 27, 2009, and August 26, 2019, in the lease of a house, the lessor and the lessee shall conclude a written lease contract defining such matters as the term, purpose, and price of the lease, liability for repair, as well as other rights and obligations of both parties, and shall register the lease with the department of housing administration for the record.

Pursuant to the Measures for the Administration of the Lease of Commercial Housing (《商品房屋租賃管理辦法》) issued by the Ministry of Housing and Urban-Rural Development on December 1, 2010, within 30 days after the establishment of a housing lease contract, the parties to the lease shall go to the competent department of construction (real estate) of the people's government at the provincial, municipal, or county level where the leased house is located to handle the registration and filing of the housing lease. If a company fails to handle the lease registration and filing, the competent authority may order it to make corrections within a time limit. If the corrections are not made within the time limit, a fine of more than RMB1,000 and less than RMB10,000 may be imposed for each lease contract.

LAWS AND REGULATIONS RELATED TO EMPLOYMENT AND SOCIAL SECURITIES

Employment

According to the Labor Law of the People's Republic of China (《中華人民共和國勞動法》) promulgated by the SCNPC and revised on December 29, 2018 and the Labor Contract Law of the Peoples Republic of China (《中華人民共和國勞動合同法》) promulgated on June 29, 2007 and revised on December 28, 2012, an employer and an employee shall conclude a written labor contract to establish a labor relationship. The labor contract may be a fixed-term labor contract, an open-ended labor contract, or a labor contract that expires upon completion of a specific task. The wages shall not be lower than the local minimum wage standard and shall be paid to the employee in a timely manner. Both the employer and the employee are required to fully perform their respective obligations under the labor contract.

Social Securities

Enterprises in China are required to participate in several employee welfare programs in accordance with Chinese laws and regulations. These include the social insurance fund (i.e., pension plan, medical insurance plan, unemployment insurance plan, work-related injury insurance plan, and maternity insurance plan) and the housing provident fund. They must make contributions to the relevant plans or funds based on a certain percentage of their employees' salaries (including bonuses and allowances), as stipulated from time to time by the local government where their business operations are located or where they are based. According to the Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》), which was last revised on December 29, 2018, enterprises and institutions in China must provide a welfare plan covering basic old-age insurance, unemployment insurance, maternity insurance, work-related injury insurance, and basic medical insurance to their employees. Employers are required to apply for social insurance registration with the local social insurance agency within 30 days from the date of establishment and within 30 days from the date of employment for their employees. Employers who violate the above provisions will be ordered to make corrections within a specified time limit. If the employer fails to correct the violation within the time limit, the employer and its directly responsible personnel will be fined. If an employer fails to pay the social insurance premiums in full and on time, the social insurance agency will order the employer to pay the full amount within a specified period and, starting from the date of arrears, a late payment surcharge at a rate of five ten-thousandths per day will be levied. If the payment is still not made by the end of the specified period, the management department will require the employer to pay a fine of more than the overdue amount but less than three times the amount.

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According to the Urgent Notice of the General Office of the Ministry of Human Resources and Social Security on Implementing the Spirit of the Executive Meeting of the State Council in Stabilising the Collection of Social Security Contributions (《人力資源和社會保障部辦公廳關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知》) issued on September 21, 2018, local authorities at all levels responsible for the collection of social insurance are strictly forbidden to conduct self-collection of historical unpaid social insurance contributions from enterprises in a centralized manner. The Notice of the State Administration of Taxation (the “SAT”) on Implementing Measures to Further Support and Serve the Development of Private Economy (《國家稅務總局關於實施進一步支持和服務民營經濟發展若干措施的通知》) issued on November 16, 2018 and the Notice on Promulgation of the Comprehensive Plan for the Reduction of Social Insurance Premium Rate (《關於印發〈降低社會保險費率綜合方案〉的通知》), promulgated by the General Office of the State Council on April 1, 2019, also emphasize that the historical unpaid arrears of enterprises shall be properly treated, or in the process of the reform of the collection system, it is not allowed to conduct self-collection of historical unpaid arrears from enterprises in a centralized manner.

According to the Interpretation (II) of the Supreme People’s Court on Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》) issued on July 31, 2025 and effective on September 1, 2025, where the employer and the laborer agree, or the laborer promises the employer, that there is no need to pay social insurance premiums, the people’s court shall determine that such agreement or promise is invalid. Where the employer fails to pay social insurance premiums in accordance with the law, and the laborer requests to terminate the labor contract and for the employer to pay economic compensation in accordance with item (3), Article 38 of the Labor Contract Law, the people’s court shall support such claim in accordance with the law. Where the circumstances in the preceding paragraph exist, and the employer, after making up the social insurance premiums in accordance with the law, requests the laborer to return the social insurance compensation already paid, the people’s court shall support such claim in accordance with the law.

Housing Provident Fund

In accordance with the Regulations on the Administration of Housing Provident Fund (《住房公積金管理條例》) which were promulgated by the State Council on April 3, 1999 and last amended on March 24, 2019, employers shall register at the competent managing center for housing provident funds and upon the examination by such managing center of housing provident funds, these enterprises shall complete procedures for opening an account at the relevant bank for the deposit of employees’ housing provident funds. Employers are also required to pay and deposit housing provident funds on behalf of their employees in full and in a timely manner, with the contribution ratio no less than 5% of the average monthly salary of the relevant employee in the previous year. With respect to employers who violate the above regulations and fail to complete housing provident fund contribution registration or open housing provident fund accounts for their employees, such employers shall be ordered by the competent managing center of housing provident funds to complete such procedures within prescribed period. Those who fail to complete such procedures within the prescribed period shall be subject to a fine from RMB10,000 to RMB50,000. For overdue or underpayment of housing provident fund in violation of the provisions of such regulations, the managing center of housing provident funds shall order relevant employers to make contribution within prescribed period, failing which an application may be made to a people’s court for compulsory enforcement.

REGULATIONS ON TAXATION

Principal Taxation of Our Company In the PRC

Enterprise Income Tax

According to the Corporate Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法》) (the “**EIT Law**”), which was promulgated on March 16, 2007, came into effect on January 1, 2008 and amended by the SCNPC on February 24, 2017 and December 29, 2018, and Implementation Regulations for the Corporate Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法實施條例》) (the “**Implementation Regulations of the EIT**”), which was promulgated by the State Council on December 6, 2007 and came into effect on January 1, 2008, and amended by the State Council on April 23, 2019 and came into effect on the same date, amended by the State Council on December 6, 2024 and came into effect on January 20, 2025, all the domestic enterprises in China (including foreign-invested enterprises) shall be subject to the Enterprise Income Tax (the “**EIT**”) at the uniform tax rate of 25%, except for the Small and micro-sized enterprises that meet the criteria are subject to a reduced corporate income tax rate of 20%, or the high-tech enterprises certificated by the state, which will be subject to EIT at the reduced rate of 15%.

The EIT Law stipulates that the research and development expenses incurred by enterprises for the development of new technologies, products, and processes can be subject to additional deductions when calculating the taxable income. According to the regulations of the Implementation Rules of the EIT, the additional deduction for research and development expenses means that for the research and development expenses incurred by enterprises for the development of new technologies, products, and processes, if they are not capitalized as intangible assets but are included in the current period's expenses, they can be deducted based on the actual amount, with an additional deduction of 50% of the research and development expenses. If they are capitalized as intangible assets, the cost of the intangible assets can be amortized at 150%.

According to the Measures for the Administration of the Recognition of High-tech Enterprises (《高新技術企業認定管理辦法》) promulgated by the Ministry of Science and Technology, the Ministry of Finance, and the SAT on April 14, 2008, and revised on January 29, 2016, high-tech enterprises recognized under these measures may, in accordance with the relevant provisions of the EIT Law and its Implementing Regulations, apply for preferential tax treatment. The validity period of the qualification of a recognized high-tech enterprise is three years from the date of issuance of the certificate.

According to the Announcement on Further Supporting the Development of Small and Micro-sized Enterprises and Individual Businesses (《關於進一步支持小微企業和個體工商戶發展有關稅費政策的公告》) issued by the Ministry of Finance and the SAT on August 2, 2023, and effective from January 1, 2023, the policy of reducing the taxable income of small and micro-sized enterprises by 25% and levying corporate income tax at a rate of 20% will be extended until December 31, 2027.

Value-added Tax

The Provisional Regulations on Value Added Tax of the People's Republic of China (《中華人民共和國增值稅暫行條例》), which was promulgated on December 13, 1993, came into effect on January 1, 1994, and last amended on November 19, 2017, and the Detailed Implementing Rules of the Provisional Regulations on Value-added Tax of the People's Republic of China (《中華人民共和國增值稅暫行條例實施細則》), which was promulgated on December 25, 1993 and came into effective on the same date, and was

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amended on December 15, 2008 and October 28, 2011, came into effect on November 1, 2011, set out that all taxpayers selling goods or providing processing, repairing or replacement services, sales of services, intangible assets and immovable assets and importing goods in China shall pay a value-added tax (the “VAT”). A tax rate of 17% shall be levied on general taxpayers selling goods and services, leasing of tangible movable assets or importing goods whereas the applicable rate for the export of goods by taxpayers shall be nil, unless otherwise stipulated. According to the Notice of the Ministry of Finance and the SAT on Adjusting Value added Tax Rates (《財政部、國家稅務總局關於調整增值稅稅率的通知》) issued on April 4, 2018 and became effective on May 1, 2018, the deduction rates of 17% and 11% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 16% and 10%, respectively. According to the Notice of the Ministry of Finance, the SAT and the General Administration of Customs on Relevant Policies for Deepening Value Added Tax Reform (《關於深化增值稅改革有關政策的公告》) issued on March 20, 2019 and became effective on April 1, 2019, the VAT rate was reduced to 13% and 9%, respectively.

According to The Notice of the Ministry of Finance and the SAT on VAT and Consumption Tax Policies for Exported Goods and Services (《財政、國家稅務總局關於出口貨物勞務增值稅和消費稅政策的通知》), which was promulgated on May 25, 2012 by the Ministry of Finance of the PRC and SAT, of which some terms became effective from January 1, 2011, and other terms became effective from July 1, 2012, exported goods and services of export enterprises are eligible for VAT exemption and refund policy. Except for the export VAT refund rate (hereafter referred to as the “**tax refund rate**”) otherwise provided for by the Ministry of Finance and SAT according to the decision of the State Council, the tax refund rate for exported goods shall be the applicable tax rate. SAT shall promulgate the tax refund rate through the Tax Refund Rate Catalog of Exported Goods and Services according to the aforesaid provisions for the implementation of the tax authorities and taxpayers. In the event of adjustment to the tax refund rate, the implementing date shall be subject to the export date as indicated in the Customs Declaration of Goods for Export (specifically for export tax refund) (including the goods under process, repair and fitting) except as otherwise provided.

According to the Announcement on the Value-Added Tax Additional Deduction Policy for Advanced Manufacturing Enterprises (《關於先進製造業企業增值稅加計抵減政策的公告》) issued by the Ministry of Finance and the SAT on September 3, 2023, from January 1, 2023, to December 31, 2027, advanced manufacturing enterprises are allowed to deduct an additional 5% of the deductible input tax from the payable VAT amount (the “**additional deduction policy**”). Advanced manufacturing enterprises referred to in this announcement are general VAT taxpayers in the manufacturing sector that are high-tech enterprises (including non-legal person branches). High-tech enterprises are those recognized in accordance with the Notice on the Revision and Issuance of the Measures for the Administration of the Recognition of High-tech Enterprises (《科技部財政部國家稅務總局關於修訂印發〈高新技術企業認定管理辦法〉的通知》) jointly issued by the Ministry of Science and Technology, the Ministry of Finance, and the SAT. The specific list of advanced manufacturing enterprises will be determined by the industrial and information technology departments of provinces, autonomous regions, municipalities directly under the central government, and planned single-listed cities, in conjunction with the same-level science and technology, finance, and tax departments. Advanced manufacturing enterprises that meet multiple VAT additional deduction policies may choose the most favorable one to apply, but they cannot apply multiple policies simultaneously during the same period.

Taxation on Dividends

Individual Investors

According to the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得稅法》) which was promulgated on September 10, 1980 and last amended on August 31, 2018 by the SCNPC, and came into effect on 1 January 2019, and the Regulations for the Implementation of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法實施條例》), which were last amended by the State Council on December 18, 2018 and came into effect on January 1, 2019, dividends paid by PRC enterprises to individual investors are generally subject to a withholding tax 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 individual income tax of 20% unless specifically exempted by the tax authority of the State Council or reduced by a relevant tax treaty. In addition, pursuant to the Circular on Certain Policy Questions Concerning Individual Income Tax (《關於個人所得稅若干政策問題的通知》) issued by the MOF and SAT on May 13, 1994, the income gained by individual foreigners from dividends and bonuses of enterprises with foreign investment are exempted from individual income tax for the time being.

Corporate Investors

According to the EIT Law and its implementing regulations, non-resident enterprises in China that have not established an institution or place of business within China, or that have established an institution or place of business but the income derived from within China is not actually connected with the established institution or place of business, shall pay EIT on their income sourced from within China (including gains from the disposal of shares in Chinese resident enterprises). The applicable tax rate is generally 10%. Such tax may be reduced or exempted in accordance with the relevant tax treaties or arrangements.

Taxes on Income from Share Transfer

Individual Investors

According to the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得稅法》) which was promulgated on September 10, 1980 and last amended on August 31, 2018 by the SCNPC, and came into effect on 1 January 2019, and the Regulations for the Implementation of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法實施條例》), which were last amended by the State Council on December 18, 2018 and came into effect on January 1, 2019, individuals shall pay the individual income tax at the rate of 20% on their income from the sale of shares of PRC resident enterprises.

In accordance with the Circular of Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from the Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) that was promulgated by the MOF and the SAT on March 30, 1998, from January 1, 1997, income of individuals from the transfer of shares of listed companies remains exempted from individual income tax. The Circular of Issues concerning the Individual Income Tax on Individuals' Income from the Transfer of Restricted Shares of Listed Companies (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知》) which was jointly promulgated on December 31, 2009 by the MOF, the SAT and the CSRC provided that income from the transfer of shares of listed companies on relevant domestic stock exchanges by individuals shall continue to be exempt from income tax, except for the relevant restricted shares as defined in Supplemental Circular of Issues concerning the Individual Income Tax on Individuals' Income from the Transfer of Restricted Shares of

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Listed Companies (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的補充通知》). As of the Latest Practicable Date, the foresaid provisions don't specify whether income tax on transfer of shares of a PRC resident enterprise listed on an overseas stock exchange by non-PRC resident would be levied.

Corporate Investors

According to the EIT Law and its implementation regulations, where a non-PRC resident enterprise has not set up any institutions or establishments in China, or it has done so but its income generated in China is irrelevant to the said institutions or establishments, it shall pay tax on the portion of its income generated in China (including gains from the disposal of shares of PRC resident enterprises) and the EIT rate is generally 10%. Such tax may be reduced or eliminated under applicable tax treaties or arrangements.

REGULATIONS ON SECURITIES OFFERING AND OVERSEAS LISTING

The PRC Securities Law (《中華人民共和國證券法》) which was latest revised on December 28, 2019 and came into effect on March 1, 2020, regulates, among other things, the issue and trading of securities, the listing of securities and takeovers of listed companies. The PRC Securities Law provides that domestic enterprises which, directly or indirectly, issue securities or list and trade their securities outside the PRC shall comply with the relevant regulations of the State Council. Currently, the issue and trading of foreign issued securities (including shares) are principally governed by the regulations and rules promulgated by the State Council and the CSRC.

The Opinions on Strictly Cracking Down Illegal Securities Activities in Accordance with the Law (《關於依法從嚴打擊證券違法活動的意見》) promulgated on July 6, 2021 call for the enhanced administration and supervision of overseas-listed China-based companies, propose to revise the relevant regulation governing the overseas issuance and listing of shares by such companies and clarify the responsibilities of competent domestic industry regulators and government authorities.

On February 17, 2023, the CSRC promulgated the Pilot Measures for the Administration of Overseas Issuance of Securities and Listing by Domestic Enterprises (《境內企業境外發行證券和上市管理試行辦法》) (the “**Overseas Listing Trial Measures**”), which took effect on March 31, 2023. The Overseas Listing Trial Measures comprehensively reformed the regulatory regime for overseas offering and listing of PRC domestic companies' securities, either directly or indirectly, into a filing-based system. According to the Overseas Listing Trial Measures, the PRC domestic companies that seek to offer and list securities in overseas markets, either in direct or indirect means, are required to fulfill the filing procedure with the CSRC and report relevant information. Direct overseas offering and listing by domestic companies refers to such overseas offering and listing by a joint-stock company incorporated domestically.

The Overseas Listing Trial Measures provides that an overseas listing and offering is explicitly prohibited, if any of the following circumstances applies: (i) where such securities offering and listing is explicitly prohibited by provisions in laws, administrative regulations or relevant state rules; (ii) where the intended securities offering and listing may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with laws; (iii) where the domestic company intending to make the securities offering and listing, or its controlling shareholder(s) and the actual controller, have committed crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years; (iv) where the domestic company intending to make the securities offering and listing is suspected of committing crimes or major violations of laws and regulations, and is under investigation

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according to law, and no conclusion has yet been made thereof; or (v) where there are material ownership disputes over equity held by the domestic company's controlling shareholder(s) or by other shareholder(s) that are controlled by the controlling shareholder(s) and/or actual controller.

On February 24, 2023, CSRC and other three relevant government authorities issued the Archives Rules which took effect on March 31, 2023. According to the Archives Rules, a domestic company that seeks overseas offering and listing shall strictly abide by applicable PRC laws and regulations, enhance legal awareness of keeping state secrets and strengthening archives administration, institute a sound confidentiality and archives administration system, and take necessary measures to fulfill confidentiality and archives administration obligations. The “domestic company” may refer to either one of the following entities: a joint-stock company incorporated domestically that conducts direct overseas offering and listing, or a domestic operating entity of a company that conducts indirect overseas offering and listing.

REGULATIONS RELATED TO THE “FULL CIRCULATION” OF H SHARE

On November 14, 2019, CSRC announced the Guidelines for the “Full Circulation” Program for Domestic Unlisted Shares of H-share Listed Companies (《H股公司境內未上市股份申請「全流通」業務指引》(the “**Guidelines for the ‘Full Circulation’**”), which were amended in August 10, 2023. According to the Guidelines for the “Full Circulation”, “Full circulation” means listing and circulating on the Stock Exchange of the domestic unlisted shares of an H-share listed company, including unlisted domestic shares held by domestic shareholders prior to overseas listing, unlisted domestic shares additionally issued after overseas listing, and unlisted shares held by foreign shareholders. Under the premise of complying with relevant laws and regulations, as well as policies on state-owned asset management, foreign investment, and industry supervision, shareholders of domestic unlisted shares may independently negotiate to determine the number and proportion of shares to be circulated and may entrust the H-share company to file with the CSRC. Domestic joint-stock limited companies that have not yet been listed may also file for “Full Circulation” with the CSRC when they conduct their initial public offering and listing overseas. Applications for Full Circulation must be lawful, compliant, fair, and just, fully safeguarding the shareholders' rights to be informed and to participate, and fulfilling the necessary internal decision-making and external approval procedures. After domestic unlisted shares are listed and circulated on the Hong Kong Stock Exchange, they may not be transferred back to China. Shareholders of domestic unlisted shares may reduce or increase their holdings of the company's shares circulating on the Hong Kong Stock Exchange in accordance with relevant business rules. The H-share company shall report the relevant situation to the CSRC within 15 days after the completion of the transfer registration of the shares involved in the application by China Securities Depository and Clearing Corporation.

According to the Overseas Listing Trial Measures, where a domestic enterprise directly issues and lists securities overseas, shareholders holding its domestic unlisted shares who apply to convert their domestic unlisted shares into overseas listed shares for circulation on an overseas trading venue shall comply with the relevant regulations of the CSRC and shall entrust the domestic enterprise to file with the CSRC. Domestic unlisted shares refer to shares that have been issued by a domestic enterprise but have not been listed or traded on a domestic trading venue. Domestic unlisted shares shall be centrally registered and custodied by domestic securities depository and clearing institutions. The registration and settlement arrangements for overseas listed shares shall be governed by the regulations of the overseas listing place.

On December 31, 2019, the China Securities Depository and Clearing Corporation Limited (the “**CSDC**”) and Shenzhen Stock Exchange (the “**SZSE**”) jointly announced the Measures for Implementation of H-share “Full Circulation” Business (《H股「全流通」業務實

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施細則》) (the “**Measures for Implementation**”). The businesses of cross-border conversion registration, maintenance of deposit and holding details, transaction entrustment and instruction transmission, settlement, management of settlement participants, services of nominal holders, etc. in relation to the H-share “full circulation” business, are subject to the Measures for Implementation. Where there is no provision in the Measures for Implementation, it shall be handled with reference to other business rules of the CSDC and China Securities Depository and Clearing (Hong Kong) Company Limited and SZSE.

HONG KONG LAWS AND REGULATIONS

Regulations On Our Operations

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) is an ordinance which provides for the regulation and control of, amongst other things, the import and export of products into or out of Hong Kong.

The import and export of certain articles are prohibited unless with the relevant licenses under sections 6C and 6D of the Import and Export Ordinance. According to section 6C of the Import and Export Ordinance, no person shall import any article specified in Schedule 1 to the Import and Export (General) Regulations (Chapter 60A of the Laws of Hong Kong)), except under and in accordance with an import license issued under section 3 of the Import and Export Ordinance. Section 6D of the Import and Export Ordinance provides that no person shall export any article specified in the second column of Schedule 2 to the Import and Export (General) Regulations to the place specified opposite thereto in the third column of that Schedule except under and in accordance with an export license issued under section 3 of the Import and Export Ordinance. Applications for import license and export license are handled by the Director-General or any Deputy or Assistant Director-General of Trade and Industry pursuant to section 3 of the Import and Export Ordinance. Anyone who fails to comply with sections 6C and/or 6D shall be guilty of an offense and shall be liable on conviction to a fine of HK\$500,000 and to imprisonment for 2 years.

CERTIFICATION POLICIES FOR PRODUCTS IN MAJOR EXPORT DESTINATIONS

In accordance with the requirements of certain countries and regions, our products must obtain quality certification to be sold in those markets. During the Track Record Period, the quality certification requirements applicable to our products in our major export destinations are as follows:

No.	Certification	Description	Jurisdiction
1.	CB Scheme	The CB Scheme is an international scheme operated by IECEE (IEC System for Conformity Assessment Schemes for Electrotechnical Equipment and Components) for international certification of electrical and electronic products. Certification bodies within IECEE member countries test the safety performance of electrical products based on IEC standards, with results recorded in CB Test Reports and CB Test Certificates. CB certification involves sample testing only. Factory inspection is required when converting to other national certification marks. It is applicable within CB Scheme member countries, covering most developed and developing nations globally.	Global

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No.	Certification	Description	Jurisdiction
2.	MTBF (Mean Time Between Failure)	MTBF is a reliability indicator for products, particularly electrical appliances, measured in “hours”. It reflects the product’s quality over time, representing its ability to maintain functionality within a specified period.	Global
3.	BQB (Bluetooth Qualification Body)	BQB refers to Bluetooth certification. The Bluetooth qualification program reference documentation serves as the standard reference for the product certification process, constituting a mandatory compliance procedure for any product utilizing Bluetooth wireless technology.	Global
4.	CE	The “CE” mark is a safety certification mark regarded as a manufacturer’s passport to enter the European market. Within the EU market, the “CE” mark is a mandatory certification mark. Whether produced by enterprises inside or outside the EU, products must bear the “CE” mark to circulate freely, indicating conformity with the essential requirements of the EU’s New Approach Directives. This is a mandatory requirement under EU law.	EU and certain other European countries
5.	RoHS (the Restriction of Hazardous Substances)	RoHS a mandatory standard established by EU legislation. This standard primarily regulates the materials and processes of electrical and electronic products to better protect human health and the environment. It aims to ensure that the content of substances such as lead, mercury, cadmium, hexavalent chromium, PBB, PBDE, and certain phthalates (including DBHP, DBP, DIBP, BBP) in electrical and electronic products complies with the standard limits.	EU and certain other European countries
6.	REACH (Registration, Evaluation, Authorization and Restriction of Chemicals)	The REACH regulation is an EU law for the preventative management of all chemicals entering its market, helping to ensure the substance safety of our products to a certain extent.	EU and certain other European countries
7.	WEEE (Waste Electrical and Electronic Equipment)	This directive aims to ensure that our products comply with EU standards for recycling, reuse, and recovery. Producers of electrical and electronic products circulating in the EU market are legally responsible for financing the collection and treatment of their own waste products.	EU and certain other European countries
8.	UKCA (UK Conformity Assessed)	UKCA marking is the proposed UK product marking requirement. It will replace the EU CE marking requirement for products placed on the market in Great Britain (England, Wales, and Scotland, excluding Northern Ireland). The UKCA mark is a new UK product marking that covers most goods which previously required the CE mark.	Great Britain

REGULATORY OVERVIEW

No.	Certification	Description	Jurisdiction
9.	FCC (Federal Communications Commission)	FCC is an independent agency of the United States government responsible for regulating communications by radio, television, wire, satellite, and cable across the United States. FCC certification is a mandatory requirement for relevant products entering the US market.	U.S.
10.	UL	UL certification was established by UL LLC, a global safety science company and standards development organization. In the United States, it is a non-mandatory certification primarily focused on product safety performance testing and certification. The UL Mark holds significant value for businesses: the US market places great emphasis on product safety; consumers and business customers often prefer products with the UL Mark; over 40,000 federal, state, county, and municipal government jurisdictions across the US recognize the UL Mark.	U.S. and Canada
11.	ETL (Electrical Testing Laboratories)	ETL is a Nationally Recognized Testing Laboratory (NRTL) accredited by Occupational Safety and Health Administration (OSHA). Over more than 100 years, the ETL Mark has gained widespread acceptance among major North American retailers and holds a high reputation, comparable to UL. Any electrical, mechanical, or electro-mechanical product bearing the ETL Listed Mark indicates it has been tested and meets applicable industry standards.	
12.	CA65 (California Proposition 65)	CA65, officially the Safe Drinking Water and Toxic Enforcement Act of 1986, aims to: (i) prohibit the contamination of drinking water sources: No person knowingly discharge or release chemicals known to the state to cause cancer or reproductive toxicity into water sources or onto land where they may pass into water sources, and (ii) provide a clear and reasonable warning (required for listed substances unless exposure levels are exceptionally low and pose no risk).	California
13.	PSE	PSE certification is Japan's mandatory safety certification, demonstrating that electrical and electronic products have passed safety standard tests based on the Japanese Electrical Appliance and Material Safety Law (DENAN Law) or international IEC standards. Japan's Electrical Appliance and Material Safety Law stipulates that 498 categories of products must obtain safety certification to enter the Japanese market.	Japan

REGULATORY OVERVIEW

No.	Certification	Description	Jurisdiction
14.	WPC (Wireless Planning & Coordination Wing)	India's WPC is the authority regulating wireless regulations. All wireless products must obtain WPC approval before entering the market. India's frequency bands are categorized as free (license-exempt) and not freely available. For free bands, devices only need to apply for an ETA (Equipment Type Approval) certificate; for other non-free bands, a license is required. The holder of both the ETA and the license must be a locally registered company. Based on CERR&TTE or FCCID standards, 2G/3G/4G devices require applications from mobile operators.	India
15.	MIC (Ministry of Information and Communications of the Socialist Republic of Vietnam)	The MIC enforces mandatory TCVN/TCN standards for electromagnetic interference of information technology products and communication products. The electromagnetic interference part can be applied for by local suppliers via a self-declaration process, subject to final approval by MIC, after which products can be sold in the Vietnamese market.	Vietnam

U.S. REGULATION OF COMMUNICATIONS EQUIPMENT

On March 23, 2026, the U.S. Federal Communications Commission (the “FCC”) updated its “Covered List” — maintained pursuant to Section 2(a) of the U.S. Secure and Trusted Communications Networks Act of 2019 (47 U.S.C. § 1608) — to include all consumer-grade routers produced in foreign countries. This regulatory action follows an interagency national security determination that such devices may introduce unacceptable supply-chain and cybersecurity risks, specifically citing vulnerabilities identified in the Volt Typhoon, Flax Typhoon, and Salt Typhoon cyberattack campaigns. The primary effect of this designation is to prohibit new models of foreign-produced routers from receiving FCC equipment authorization, thereby effectively barring such new models from being imported or sold within the United States.

The current regulatory framework distinguishes between new equipment models and those with existing authorizations. Router models that obtained FCC certification prior to the March 23, 2026 effective date remain unaffected and may continue to be imported, sold, and utilized by consumers and enterprise customers. To mitigate potential large-scale disruptions to the router supply chain and ensure business continuity for internet service providers, the policy includes a conditional approval framework. Under this mechanism, manufacturers may apply for specific exemptions from the U.S. Department of Defense or the U.S. Department of Homeland Security. If granted, these conditional approvals provide a transition period of up to 18 months, allowing for the continued introduction of certain equipment while addressing long-term security requirements.

HISTORY AND CORPORATE STRUCTURE

OVERVIEW

Our history can be traced back to 2003 when our founder, Controlling Shareholder and executive Director, Mr. Li established our Company with his partner. Mr. Li dedicated his early years of career in the research and development of digital video solutions and related technologies. In the early days, we focused on development of cryptographic chips and set foot in digital TV modules and TV dongles. Under the leadership of Mr. Li, we responded to evolving customer needs in a timely manner and has continued to upgrade and diversify our product offerings. To this day, we offer comprehensive enterprise smart home products and has gained widespread recognition. For details of credentials and experience of Mr. Li, see “Directors and Senior Management — Directors — Executive Directors.”

Our Company was listed on NEEQ in 2014 and has completed six rounds of shares subscriptions. To enhance our presence in international markets and strengthen our fundraising capabilities, our Company voluntarily delisted from NEEQ in February 2025. For further details, see “— Previous Listing on the NEEQ and Previous A Share Listing Attempt” below.

BUSINESS MILESTONES

The following is a summary of the key business development milestones of our Group:

Year	Event
2003	Our Company was established in the PRC.
2005	Our in-house developed DM2016 encryption chips were launched.
2008	We were awarded National High-tech Enterprise (國家級高新技術企業).
2012	We deployed Android solutions and established presence into the overseas market.
2014	Our Shares began trading on the NEEQ in the PRC (stock code: 430755).
2017	We became one of the first companies in China to secure a Google Android TV certification in 2017. We launched <i>XMediaTV</i> , a media streaming platform, which strengthened our digital video capability.
2018	We obtained Netflix global authorisation for digital media streaming products.
2020	We introduced our home communication products and extended our products to home setting solutions. We introduced <i>XHome</i> control platform.
2021	We were awarded the certificate of technologically advanced “Little Giant” Enterprise (國家級專精特新“小巨人”企業). We collaborated with Shenzhen Tencent and introduced our SaaS product TOVP.
2023	We were the first ODM company worldwide to secure a Google TV projector certification. We launched our <i>Matter</i> -based Smart Home IoT Solution. We extended cooperation with Google Cloud, to enhance our IaaS and PaaS capability.
2024	We unveiled our Gemini-powered Home AI agent <i>Cedar</i> . We introduced AI technology applications to enhance and upgrade our smart home products and solutions.
2025	We delisted from NEEQ. We were awarded the certificate of national technologically advanced key Little Giant Enterprise (國家級專精特新重點小巨人企業). We entered into strategic cooperation with Luxshare Precision Industry Co. Ltd. to build an ecosystem using on <i>Matter</i> -compliant IoT devices.

INFORMATION OF OUR COMPANY

Our Company was established in the PRC on October 22, 2003 as a limited company with a registered capital of RMB3,000,000 under its former name Shenzhen Zhixin Micro-electronics Ltd., which was owned as to 70% by Shenzhen Jinhuitong Shiye Co., Ltd. (“**Shenzhen Jinhuitong**”) and 30% by Mr. Li, our Controlling Shareholder, executive Director and chairman. As of the date of establishment of our Company, Shenzhen Jinhuitong was owned as to 90% by Yuan Ming and 10% by Yuan Hua (袁華), each an Independent Third Party, who are friends of Mr. Li. Shenzhen Jinhuitong is a company established in the PRC on September 15, 2003 and was principally engaged in manufacture of electric devices and parts. Shenzhen Jinhuitong was and had always been a financial investor of our Company who did not participate in the daily business operations of our Group. To the best knowledge of our Directors, there was no other past or present relationships (including financing, family, business or otherwise) between us and Shenzhen Jinhuitong and its substantial shareholders, directors or senior management, or any of their respective associates during the Track Record Period and up to the Latest Practicable Date.

In January 2008, Shenzhen Jinhuitong, Mr. Li, Chen Nong, Chou Pei and Li Han subscribed equity interests in our Company at an aggregate consideration of RMB7,000,000. The consideration was determined with reference to the amount of registered capital subscribed. Following which, the registered capital of our Company increased from RMB3,000,000 to RMB10,000,000, and our Company was owned as to approximately 54.9% by Shenzhen Jinhuitong, 23.5% by Mr. Li, 10.0% by Chen Nong, 10.0% by Chou Pei and 1.6% by Li Han. Each of Chen Nong, Chou Pei and Li Han is an Independent Third Party. Li Han was a former supervisor of the Company from May 2015 to March 2024. In or around 2010, we considered it would be beneficial to the growth and development of the Group if the management is also the controlling shareholder of the Company. Thus, Shenzhen Jinhuitong, who had always been a financial investor of our Company who did not participate in the operations and management of the Group, then divested approximately 25.5% Shares held by it in 2010 in two tranches. In March 2010, as agreed between the then shareholders of our Company to establish a share incentive scheme to incentivize our employees, approximately 5% Shares were transferred to Mr. Li Bo (who was then appointed to manage and administrate an employee share incentive scheme) to facilitate the share incentive plan of the Group which had been transferred to various employees as share incentive prior to our listing on NEEQ. In October 2010, to foster a healthy development of the Group and given that we consider that it was in the interests of the shareholders if the management is also the single largest shareholder of the Company, Shenzhen Jinhuitong transferred 16% Shares, 2% Shares and 2% Shares to Mr. Li, Ran Qianhong and Wu Jie at the consideration of RMB1 per Share which was determined with reference to the paid-up capital of the transferred Shares. Ran Qianhong was a former member of our senior management and Wu Jie was our former employee, each of them is an Independent Third Party as of the Latest Practicable Date. Following the transfer in October 2010, Mr. Li became the single largest shareholder holding approximately 37.9% Shares in our Company and Shenzhen Jinhuitong held 29.4% Shares in our Company. To the knowledge of the Company, Shenzhen Jinhuitong disposed the remaining 29.4% Shares held by it on market when our Shares were listed on the NEEQ.

On January 13, 2009, our Company was converted into a joint stock company with limited liability. The conversion was made with reference to the net asset value as of June 30, 2008 of approximately RMB14.1 million, among which RMB14 million was converted into 14,000,000 ordinary shares of the Company with par value of RMB1.00 each, and the remaining amount was classified as capital reserves.

HISTORY AND CORPORATE STRUCTURE

Following a series of equity transfers between September 2009 and May 2013, in May 2013 and immediately prior to the listing on the NEEQ, our Company's shareholding was as follows:

Shareholders	Shares	Approximate percentage (%)
Mr. Li	5,987,520	42.77
Shenzhen Jinhuitong	4,114,880	29.39
Chen Nong ⁽¹⁾	1,400,000	10.00
Chou Pei ⁽¹⁾	1,400,000	10.00
Li Han	201,600	1.44
Ran Qianhong	168,000	1.20
He Zhiqiang	140,000	1.00
Wu Jie	112,000	0.80
Mr. Yan	112,000	0.80
Zhang Lingjing ⁽²⁾	112,000	0.80
Zhang Wenfei ⁽²⁾	112,000	0.80
Li Xiaohu ⁽²⁾	56,000	0.40
Yan Lupeng	56,000	0.40
Jiang Yanjun	28,000	0.20
Total	14,000,000	100.00

Notes:

- (1) Each of Chen Nong and Chou Pei was a former Director who ceased to be a Director in November 2019 and June 2017, respectively. Chou Pei is spouse of Chen Nong. As of the Latest Practicable Date, each of Chen Nong and Chou Pei is an Independent Third Party.
- (2) As of the Latest Practicable Date, each of Zhang Lingjing, Zhang Wenfei and Li Xiaohu is an Independent Third Party.

Our Company's shares began trading on NEEQ on May 30, 2014. In November 2015, SDIC Securities International Financial Holdings Limited, Zheshang Securities Co., Ltd. and Dongguan Securities Co., Ltd. subscribed 300,000 Shares, 300,000 Shares and 200,000 Shares, representing approximately 2.03%, 2.03% and 1.35% of our total number of issued Shares as enlarged upon completion of the share issuance, at a consideration of RMB5 per Share. The consideration was determined with reference to the arm's length negotiation between our Company and the subscribers and the business prospect of the Company and the industry of which our Company operates, the then business development of our Company and the net asset value per Share of RMB2.21 for the year 2014 and the aggregate consideration of RMB4,000,000 was fully settled as of July 29, 2015. As of the Latest Practicable Date, based on the information public available, (i) SDIC Securities International Financial Holdings Limited (now known as SDIC Securities Co., Ltd.) is a company established in the PRC and is owned as to 99.99% by SDIC Capital Co., Ltd. (a company whose shares are listed on the Shanghai Stock Exchange (stock code: 600061.SH)), (ii) Zheshang Securities Co., Ltd. is a company established in the PRC whose shares are listed on the Shanghai Stock Exchange (stock code: 601878.SH) whose controlling shareholder is Zhejiang Shangsang Expressway Co., Ltd. holding approximately 46.46% shares therein. Zhejiang Shangsang Expressway Co., Ltd. is owned as to approximately 51.00% by Zhejiang Expressway Co., Ltd. (a company whose shares are listed on the Stock Exchange (stock code: 576.HK) and whose controlling shareholder holding approximately 66.98% shares therein is Zhejiang Communications Investment Group Co., Ltd. ("Zhejiang Communications") which is controlled by Zhejiang Provincial People's Government State-owned Assets Supervision and Administration Commission), 30.73% by Zhejiang Communications and the remaining 19.27% by other three

HISTORY AND CORPORATE STRUCTURE

corporate shareholders, and (iii) Dongguan Securities Co., Ltd. is a company established in the PRC whose single largest shareholder is Dongguan Investment Holding Group Co., Ltd. who directly and indirectly holds 35.4% shares therein. Dongguan Investment Holding Group Co., Ltd. is wholly owned by State Owned Assets Supervision and Administration Commission of Dongguan Municipal People's Government. Save as Dongguan Investment Holding Group Co., Ltd., none of the other shareholders hold more than 30% shares in Dongguan Securities Co., Ltd.. To the best knowledge of our Directors, there was no other past or present relationships (including financing, trust, business or otherwise) between us and each of SDIC Securities International Financial Holdings Limited, Zheshang Securities Co., Ltd., Dongguan Investment Holding Group Co., Ltd. and their respective substantial shareholders, directors or senior management, or any of their respective associates during the Track Record Period and up to the Latest Practicable Date. Each subscriber was an Independent Third Party. Following the said Share issue, the issued Shares of our Company increased from 14,000,000 Shares to 14,800,000 Shares.

In December 2015, shares were issued to our then Shareholders on the basis of 4 Shares for every 10 Shares as share dividend. Following which, the issued Shares of our Company increased from 14,800,000 Shares to 20,720,000 Shares.

In June 2016, our Company issued 1,400,000 Shares to 14 subscribers at a consideration of RMB9 per Share. The consideration was determined between our Company and the subscribers after arm's length negotiation with reference to the then business prospect of our Company and the industry that the Company operated, and the net asset value per Share of RMB1.94 for the year 2015. The aggregate consideration of RMB12,600,000 was fully settled as of April 27, 2016. Each subscriber was an Independent Third Party, and subscribed shares ranging from 40,000 Shares to 200,000 Shares. There were 14 subscribers comprising three corporate investors and eleven individual investors. The largest investor was Beijing Availink Technology Co., Ltd. who subscribed 200,000 Shares, representing approximately 0.90% of our total number of issued Shares as enlarged upon completion of the share issuance. Beijing Availink Technology Co., Ltd. is a company established in the PRC with limited liability, which was ultimately owned as to 39.74% by Feng-Wen Sun, an Independent Third Party. None of the four remaining shareholders held more than 30% interests therein. Following the said Share issue, the issued Shares of our Company increased from 20,720,000 Shares to 22,120,000 Shares.

In July 2017, our Company issued 1,130,000 Shares to six subscribers at a consideration of RMB9 per Share. The consideration was determined between our Company and the subscribers after arm's length negotiation with reference to the issue price of our Company's placing in 2016, the business prospect of the Company, the then prevailing market and macroeconomic conditions and the net asset value per Share of RMB2.85 for the year 2016. The aggregate consideration of RMB10,170,000 was fully settled as of January 4, 2017. Each subscriber was an Independent Third Party, and subscribed shares ranging from 30,000 Shares to 770,000 Shares. There were six subscribers comprising five individual investors and one institutional investor. The largest investor was Liu Chunhui, an Independent Third Party, who subscribed 770,000 Shares, representing approximately 3.31% of our total number of issued Shares as enlarged upon completion of the share issuance. Following the said Share issue, the issued Shares of our Company increased from 22,120,000 Shares to 23,250,000 Shares.

In September 2017, shares were issued to our then Shareholders on the basis of 13 Shares for every 10 Shares and additional 7 Shares for every 10 Shares as share dividend. Following which, the issued Shares of our Company increased from 23,250,000 Shares to 69,750,000 Shares.

HISTORY AND CORPORATE STRUCTURE

In October 2019, our Company issued 10,000,000 Shares to Zhuhai Jinpin Chuangye Share Platform Technology Co., Ltd. at a consideration of RMB3.2 per Share. The consideration was determined between our Company and the subscribers after arm's length negotiation with reference to the issue price of our Company's placing in 2017, the business prospect and then prevailing market and macroeconomic conditions and the net asset value per Share of RMB1.41 for the year 2018. The aggregate consideration of RMB32,000,000 was fully settled on September 12, 2019. Zhuhai Jinpin Chuangye Share Platform Technology Co., Ltd. was owned as to 55% by Lin Zuwu, 31% by Lin Erfeng and 14% by Lin Zuhao, each an Independent Third Party. Following the said Share issue, the issued Shares of our Company increased from 69,750,000 Shares to 79,750,000 Shares.

In November 2020, our Company issued 8,000,000 Shares to eight subscribers at a consideration of RMB5.5 per Share. The consideration was determined between our Company and the subscribers after arm's length negotiation with reference to the issue price of our Company's placing in 2019, the then prevailing trading price of our Shares, the business prospect of our Company and the industry that our Company operates, then prevailing market and macroeconomic conditions and the net asset value per Share of RMB1.93 for the year 2019. The aggregate consideration of RMB44,000,000 was fully settled as of October 30, 2020. Each subscriber was an Independent Third Party, and subscribed shares ranging from 500,000 Shares to 3,000,000 Shares. There are eight subscribers comprising four individual investors, two limited partnerships and two corporate investors. The largest investor was Shenzhen Tencent, an Independent Third Party, who subscribed 3,000,000 Shares, representing approximately 3.42% of our total number of issued Shares as enlarged upon completion of the share issuance. Shenzhen Tencent is a company established in the PRC with limited liability. Following the said Share issue, the issued Shares of our Company increased from 79,750,000 Shares to 87,750,000 Shares.

In October 2022, our Company issued 8,000,000 Shares to 11 subscribers at a consideration of RMB25 per Share. The consideration was determined between our Company and the subscribers after arm's length negotiation with reference to the business prospect of our Company noting in particular that the price of RMB25 per Share represented a discount of approximately 7.65% to the average closing price of RMB27.07 per Share for the last twenty consecutive trading days immediately before the date of board meeting approving the subject share issuance, and the industry that our Company operates and the net asset value of per Share of RMB3 for the year 2021 and the aggregate consideration of RMB200,000,000 was fully settled as of September 25, 2022. Each subscriber subscribed shares ranging from 60,000 Shares to 2,000,000 Shares. There are 11 subscribers comprising Huazhi Changlian and Kaida Yunzhi, five individual investors, two funds and two corporate investors. Except Huazhi Changlian and Kaida Yunzhi, each subscriber was an Independent Third Party. Each of Huazhi Changlian and Kaida Yunzhi subscribed 500,000 Shares, representing approximately 0.52% of our total number of issued Shares as enlarged upon completion of the share issuance. The largest investor was Luxshare Precision Industry Co. Ltd. ("**Luxshare**"), an Independent Third Party, who subscribed 2,000,000 Shares, representing approximately 2.09% of our total number of issued Shares as enlarged upon completion of the share issuance. Luxshare is a company established in the PRC and whose shares are listed on the Shenzhen Stock Exchange (002475.SZ). Following the said Share issue, the issued Shares of our Company increased from 87,750,000 Shares to 95,750,000 Shares.

In December 2022, shares were issued to our then Shareholders on the basis of 10 Shares for every 10 Shares as share dividend. Following which, the issued Shares of our Company increased from 95,750,000 Shares to 191,500,000 Shares.

HISTORY AND CORPORATE STRUCTURE

Our Company was delisted from the NEEQ on February 24, 2025. For details, see “— Previous Listing on the NEEQ and Previous A Share Listing Attempt.” Immediately after the delisting from the NEEQ, our Company’s shareholding was as follows:

Shareholders	Shares	Percentage of shareholding (%)
Mr. Li ¹	50,286,768	26.26
Shenzhen Chuangzhan Internet Partnership (Limited Partnership) (“Shenzhen Chuangzhan”) ²	18,004,000	9.40
Zhixin Weilai ¹	14,752,800	7.70
Wei Jing ³ (“Ms. Wei”)	6,675,000	3.49
Shenzhen Tencent	6,000,000	3.13
Zhuhai Jinpin Chuangye Share Platform Technology Co., Ltd. ⁵	6,000,000	3.13
Shenzhen Shuangyi Electronic Co., Ltd. ⁶	5,213,692	2.72
Li Qingqing ²	4,815,400	2.51
Mr. Yan	4,544,800	2.37
Luxshare	4,000,000	2.09
Yan Lupeng	1,510,500	0.79
Kaida Yunzhi ¹	1,000,000	0.52
Huazhi Changlian ¹	1,000,000	0.52
Jiang Yanjun	635,200	0.33
Yang Jian ²	600,000	0.31
Zhou Dongdong	502,400	0.26
Remaining Shareholders ⁴	65,959,440	34.44
Total	191,500,000	100.00

Notes:

1. Zhixin Weilai, Kaida Yunzhi and Huazhi Changlian are employee shareholding platforms. The general partner of which is Mr. Li. For details, see “— Employee Shareholding Platforms” and “Appendix VI — Statutory and General Information — D. Employee Share Ownership Plans.”
2. Shenzhen Chuangzhan is a limited partnership established in the PRC in October 22, 2019. As of the Latest Practicable Date, the general partner of Shenzhen Chuangzhan is Yang Jian and the limited partners of Shenzhen Chuangzhan are Yang Jian (holding 50% equity interests), Chen Zhilin (holding 25% equity interests) and Wu Chunxiang (holding 25% equity interests). Li Qingqing is spouse of Yang Jian. To the best knowledge of our Directors, other than their interest in our Company through Shenzhen Chuangzhan, there was no other past or present relationships (including financing, family, business or otherwise) between us and each of Yang Jian, Chen Zhilin, Wu Chunxiang, Li Qingqing during the Track Record Period and up to the Latest Practicable Date. As Chen Zhilin and Wu Chunxiang are limited partners of Shenzhen Chuangzhan and the voting power of Shenzhen Chuangzhan is vested on its general partner namely Yang Jian, thus each of Chen Zhilin and Wu Chunxiang shall not be regarded as a substantial shareholder of our Company by virtue of being a limited partner of Shenzhen Chuangzhan and is an Independent Third Party.
3. Ms. Wei is sister-in-law of Mr. Chen Jinghua, a former director of SDMC Singapore (a wholly-owned and an insignificant subsidiary of our Group) and our senior vice president. Ms. Wei owned a microchip trading business at the material time and was acquainted with our Company through ordinary business relationships. Ms. Wei first became our Shareholder in June 2018 holding 100,000 Shares acquired through on market purchase on the NEEQ. She subsequently acquired 1,500,000 Shares in October 2019, 1,687,400 Shares during April to October 2020 and 50,100 Shares during August to September 2021, in each case through on market purchase on the NEEQ.
4. Among the remaining Shareholders, there are 247 registered Shareholders, and the shareholding of such remaining Shareholders ranged from approximately 0.0001% to 1.57%. To the knowledge of the Company, each of these 247 Shareholders is an Independent Third Party.
5. Zhuhai Jinpin Chuangye Share Platform Technology Co., Ltd. is a company established in the PRC principally engaged in manufacturing of air-conditioning. As of the Latest Practicable Date, it is owned as to 55% by Lin Zuwu, 31% by Lin Erfeng and 14% by Lin Zuhao, each an Independent Third Party.
6. Shenzhen Shuangyi Electronic Co., Ltd. is a company established in the PRC principally engaged in manufacturing of communication access equipment. As of the Latest Practicable Date, it is wholly owned by Shenzhen Twowing Technology Co., Ltd., the single largest shareholder of which is Pang Zhengrong, an Independent Third Party, holding 33.75% therein and none of the remaining 13 shareholders hold 30% or more interest therein.

HISTORY AND CORPORATE STRUCTURE

Shenzhen Twowing Technology Co., Ltd. (the holding company of Shenzhen Shuangyi Electronic Co., Ltd) is one of our ODM suppliers for over five years. In 2023, 2024 and 2025, our purchases from Shenzhen Shuangyi Electronic Co., Ltd amounted to RMB20.72 million, RMB16.38 million and RMB6.97 million, respectively, representing approximately 1.08%, 0.79% and 0.25% of our total purchases for the same period, respectively. Save as disclosed, to the best knowledge of our Directors, there was no other past or present relationships (including financing, family, business or otherwise) between us and each of Zhuhai Jinpin Chuangye Share Platform Technology Co., Ltd. and Shenzhen Shuangyi Electronic Co., Ltd., their respective substantial shareholders, directors or senior management, or any of their respective associates during the Track Record Period and up to the Latest Practicable Date.

In accordance with the applicable requirements under the NEEQ, as a protective measure for Shareholders to dissented to the delisting of our Shares from NEEQ, our Company repurchased Shares from dissenting or abstaining Shareholders after the delisting these Shareholders were granted option to require our Company to repurchase the Shares held by him/her/it. We repurchased from 23 Shareholders a total of 1,167,230 Shares, representing an aggregate of approximately 0.61% of our total number of issued Shares as of the date of delisting, during the period from March 5, 2025 to April 14, 2025. The number of Shares repurchased by our Company from each Dissenting Shareholder ranged from 100 Shares to 289,000 Shares and the repurchase price paid to each Dissenting Shareholder ranged from RMB500 to RMB3,200,000 with the repurchase price per Share ranged from RMB5 to RMB16 per Share which represents (i) a discount of approximately 12.6% and a premium of approximately 179.7% to the average closing price of our Shares for the last 150 days prior to delisting on NEEQ of RMB5.72 per Share, respectively and (ii) a discount of approximately 81.2% and 39.8% to the highest trading price of our Shares during our listing on NEEQ of RMB26.59 per Share on June 26, 2023, respectively. The repurchase price was determined between the Company and the relevant Dissenting Shareholders after arm's length negotiation taking into account the then average closing price of our Shares, the net asset value per Share of our Company during the year 2023, the duration of which such Shareholder had been a member of our Company and the historical trading price of our Shares when such Dissenting Shareholder acquired our Shares. The repurchase price for each repurchase from each Dissenting Shareholder was determined after arm's length negotiation between our Company and each Dissenting Shareholders separately with different number of Shares involved. The bargaining power and negotiation dynamics in each repurchase varied. Taking into account that all repurchases must be completed before the application for Listing, the repurchase price was eventually agreed with from the Dissenting Shareholders ranging from RMB5 to RMB16 per Share which represents a discount of approximately 12.6% and a premium of approximately 179.7% to the average closing price of our Shares for the last 150 days prior to delisting on NEEQ of RMB5.72 per Share. Among the 23 Dissenting Shareholders, 19 of them are individuals and four of them are corporate Shareholders. Each of the Dissenting Shareholders is an Independent Third Party. All share repurchases had been completed by April 14, 2025 and the consideration of all share repurchases had been settled by April 14, 2025.

Apart from the share repurchases, there were certain shareholding changes of our Company from the date immediately after our Company's delisting up to April 21, 2025. Such share transfers were undertaken by a total of 17 individuals and entities (the "**Transferees**"), as transferees, involving a total of 10,230,200 issued Shares, representing approximately 5.37% of our total number of issued Shares as of the Latest Practicable Date. The shareholding changes as a result of these transactions were very insignificant, ranging from 0.026% to 1.13% of our total issued Shares as of the Latest Practicable Date. Among the 17 Transferees, 11 are existing Shareholders as of the date of our Company's delisting and six are new Shareholders. These 11 existing Shareholders are Xie Lifeng, Xie Liying, Pang Zhengrong, Shenzhen Jingboyuan Technology Co., Ltd, Long Qing, Wu Xiaoyong, Zhao Heping, Guo Jialiang, Zeng Shenghui, Le Jingbo and Liu Guangyang, each an Independent Third Party. These six new Shareholders include Qihang No.1, Qihang No.2, Panorama Capital Green Technology Manufacturing Private Equity Investment Fund Partnership (Limited Partnership) ("**Panorama Capital Green Technology**"), Liu Minhua, Li Jingcheng

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and Wu Jun. See “— Pre-IPO Investments.” Since April 21, 2025, being the final settlement date of these share transfers, no other shareholding changes of our Company has taken place.

PRE-IPO INVESTMENTS

The following table summarizes the key terms of the Pre-IPO Investments to our Company made by the Pre-IPO Investors. As confirmed by our PRC Legal Advisor, the Pre-IPO Investments have been approved, filed and registered by relevant regulatory authorities subject to the then effective PRC Law.

Name of Transferee	Panorama Capital Green Technology	Qihang No. 1	Qihang No. 2	Liu Minhua	Li Jingcheng	Wu Jun
Date of Investment	April 2, 2025 and April 3, 2025	April 1, 2025	April 21, 2025	April 3, 2025 and April 8, 2025	April 2, 2025	April 1, 2025
Number of Shares involved	2,150,000	1,500,000	1,150,000	300,000	270,000	100,000
Cost per Share	RMB7.25 and RMB5	RMB5	RMB5	RMB5	RMB5	RMB5
Final date of full settlement of the consideration	April 3, 2025	April 1, 2025	April 21, 2025	April 8, 2025	April 2, 2025	April 1, 2025
Discount to the Offer Price ⁽¹⁾	77.9% and 84.76%	84.76%	84.76%	84.76%	84.76%	84.76%
Shareholding held by the Pre-IPO Investor upon Listing ⁽³⁾	1.03%	0.72%	0.55%	0.14%	0.13%	0.05%
Approximate post-money valuation of our Group	Post-money valuation is not applicable to these Pre-IPO Investments as no Shares were issued and allotted to the relevant Pre-IPO Investors.					
Basis of determining the consideration	To the best of our Directors' knowledge, information and belief having made reasonable enquiries, each of the basis of consideration was made after arm's length negotiations between the parties.					
Use of proceeds	No proceed was received by our Company in relation to the share transfers.					
Strategic benefits	Our Directors were of the view that the Pre-IPO Investors' investments in our Company was an endorsement of our Company's strength and prospects, and that our Company would benefit from the strengthened and diverse Shareholder base.					
Special rights	Not applicable.					
Lock up	One year from the Listing Date pursuant to requirements under the PRC laws.					

Notes:

1. The discount to the Offer Price is calculated based on the Offer Price of HK\$32.80 per Share.
2. Save for Qihang No. 1 and Qihang No. 2, whose general partner is Mr. Li (the executive Director and Controlling Shareholder), and will therefore be a member of the Controlling Shareholder, the other Pre-IPO Investors are independent from our Group and our core connected persons and the H Shares held by such independent Pre-IPO Investors shall be counted towards the public float of our Company.
3. Assuming the Offer Size Adjustment Option is not exercised.

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Information of the Pre-IPO Investors

Panorama Capital Green Technology

Panorama Capital Green Technology is a limited partnership established in the PRC on July 30, 2021. The general partner of which is Panorama Capital Investment Management Co., Ltd., which is a company established in the PRC. The single largest registered shareholder of Panorama Capital Investment Management Co., Ltd. is Shanghai Guohe Capital Corporation Limited holding 21% issued shares therein. The single largest shareholder of Shanghai Guohe Capital Corporation Limited is Shanghai International Group Asset Management Co., Ltd., which is ultimately controlled by State Owned Assets Supervision and Administration Commission of Shanghai Municipal People's Government. Panorama Capital Green Technology has 15 limited partners, none of which hold 30% or more economic interest therein. Panorama Capital Green Technology is an Independent Third Party.

Qihang No. 1 and Qihang No. 2

Qihang No. 1 and Qihang No. 2 were established in the PRC as limited partnerships on February 27, 2025. See “— Corporate Structure — Corporate Structure as at the Latest Practicable Date”.

Liu Minhua, Li Jingcheng and Wu Jun

Each of Ms. Liu Minhua, Mr. Li Jingcheng and Mr. Wu Jun is a private investor and an Independent Third Party.

Compliance with the Pre-IPO Investment Guidance

On the basis that (i) the first date of submission of the listing application to the Stock Exchange took place on May 23, 2025, which was more than 28 clear days after completion of the last Pre-IPO Investment, being the completion date of the Pre-IPO Investment made by Qihang No. 2 on April 21, 2025; and (ii) the Pre-IPO Investors shall have the same rights as the other public Shareholders after the Listing, the Sole Sponsor confirm that, based on the documents provided by the Company relating to the Pre-IPO Investments, the Pre-IPO Investments are in compliance with the Pre-IPO Investment Guidance as set out in Chapter 4.2 of the Guide.

OUR MAJOR SUBSIDIARIES

The following subsidiaries are of strategical importance to us or have made material contributions to our results of operations:

Name of Subsidiary	Place of Establishment/ Incorporation	Date of Establishment/ Incorporation	Issued Share Capital/ Registered Capital	Shareholding Control by our Company as of the Latest Practicable Date	Principal Business and business focus as of the Latest Practicable Date	Major Changes in Shareholding Control by our Company during the Track Record Period
Shenzhen Huacheng	PRC	July 1, 2021	RMB3,000,000	100%	Export sales	None
Shenzhen Dashi Yun	PRC	December 3, 2018	RMB10,599,000	100%	Provision of system platforms and services for value-added solutions	None
SDMC HK	Hong Kong	March 19, 2019	HK\$500,000	100%	Overseas chip procurement and export sales	None

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Name of Subsidiary	Place of Establishment/ Incorporation	Date of Establishment/ Incorporation	Issued Share Capital/ Registered Capital	Shareholding Control by our Company as of the Latest Practicable Date	Principal Business and business focus as of the Latest Practicable Date	Major Changes in Shareholding Control by our Company during the Track Record Period
SDMC Singapore	Singapore	July 13, 2022	SGD600,000	100%	Overseas sales and marketing in Asia	None
SDMC Poland	Poland	July 6, 2023	PLN500,000	99%	Overseas sales and marketing in Europe	None
SDMC US	U.S.	January 16, 2024	USD500,000	100%	Overseas sales and marketing in the Americas	None
SDMC Colombia	Columbia	September 12, 2025	COL\$10,000,000	100%	Overseas sales and marketing in the Americas	None

DEVELOPMENT OF OUR SUBSIDIARIES

As our Company's business grew rapidly since its establishment, we did not only successfully become listed on NEEQ and underwent several rounds of capital increases to broaden our Shareholder base as disclosed above, we have also attracted domestic and international customers over the years. To this end, our Group undertook various corporate actions to meet our business needs:

Establishment of SDMC HK

To strengthen our overseas footprints, SDMC HK was incorporated as a limited company in Hong Kong on March 19, 2019 as a wholly-owned subsidiary of our Company. SDMC HK was principally engaged in trading. To this end, SDMC HK has set up a wholly-owned subsidiary in Singapore, SDMC Singapore in July 2022 which has further established two subsidiaries, namely SDMC Poland and SDMC US in July 2023 and January 2024, respectively.

Establishment of Shenzhen Huacheng

To enhance efficiency and control costs of engaging agents in exports, Shenzhen Huacheng was established as a company with limited liability in the PRC on July 1, 2021 as a wholly-owned subsidiary of our Company principally engaged in the export sales. Shenzhen Huacheng possesses the requisite permit to export products.

Establishment and Deregistration of Zhixun Technology

On May 27, 2022, Zhixun Technology was established as a wholly-owned subsidiary of our Company principally engaged in sale of smart terminal products. As we intend to centralize sale of smart terminal products by our Company, we have voluntarily deregistered Zhixun Technology in January 2025. The business functions of Zhixun Technology have shifted back to our Company.

Major Acquisitions and Disposals

We did not conduct any major acquisitions, disposals or mergers during the Track Record Period and up to the Latest Practicable Date.

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PREVIOUS LISTING ON THE NEEQ AND PREVIOUS A SHARE LISTING ATTEMPT

Listing and Delisting of our Shares in relation to NEEQ

On April 25, 2014, our Company received approval for our Shares to be listed on the NEEQ in the PRC (stock code: 430755), and our Shares began trading on the NEEQ in the PRC on May 30, 2014.

Delisting of our Shares from the NEEQ

NEEQ is a trading platform in the PRC for off-market transfer of non-listed public shares which is open to qualified investors only. Considering that NEEQ has a low trading volume and low liquidity level, we consider that it is generally difficult for our Company to publicly raise funds to continuously support our business development and strategic needs. In view of the then prevailing capital market conditions, coupled with the Group's long term operational development strategies and capital market plans including our aspirations to become more competitive in the industry we operate, our needs to raise business profile and to further attract equity investments through listing on a stock exchange recognized internationally to maximize its shareholders' interests, we consider that the listing of our Shares on the NEEQ no longer satisfied the financing needs of our Company. Besides, we consider that the Stock Exchange is a mature financing platform with sound regulatory regime which could benefit our Group's operations and future business development strategies by providing direct access to the international capital markets, raising our brand awareness, enhancing our fund-raising capabilities and broadening our shareholders base. We believe that the Listing will give us a stronger ability to attract new customers, business partners and strategic investors, as well as greater access to international investors and global markets. Therefore, after taking into account the reasons as set out in “— Previous Listing on the NEEQ and Previous A Share Listing Attempt — Reasons for Seeking Listing on the Stock Exchange” below, our Shareholders resolved to voluntarily delist our Shares from NEEQ. We received the approval for delisting on February 20, 2025 and the delisting was completed on February 24, 2025. As a protective measure for dissenting Shareholders who dissented to the delisting of our Shares from NEEQ, our Company repurchased Shares from Dissenting Shareholders after the completion of delisting. See “—Information of our Company” for further details.

Changes in Board Composition

Immediately prior to the delisting of our Shares on the NEEQ, our Board comprised six directors, including Mr. Li, Mr. Yan, Ms. Jiang Yanjun, Mr. Liang Shilin, Mr. Wu Jun and Mr. Yin Renyong. Save for Mr. Li, Mr. Yan and Mr. Yin Renyong who remain as our Directors, other members of our Board during the period when our Shares were listed on the NEEQ had ceased to be our Directors. For further details of our board composition, please see the section headed “Directors and Senior Management” in this prospectus.

Compliance During Listing on the NEEQ

During the period when our Shares were listed on NEEQ, there was three non-compliance incidents as set forth below.

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(i) *Transactions with Smart Digital Media Co., Limited*

The Company entered into business contracts (the “**Business Contracts**”) with Smart Digital Media Co., Limited since 2019. As Smart Digital Media Co., Limited was a company jointly managed by two business partners, one of which is a brother of our senior management of our Company since March 2020, the Business Contracts constituted related party transactions of our Company since the year of 2020, and is subject to disclosure and approval requirements pursuant to Guideline for Supervision of Unlisted Public Companies — Information Disclosure (the “**PRC Unlisted Company Disclosure Guideline**”) and Rules for the Quotation of Stocks on the National Equities Exchange and Quotations (the “**NEEQ Rules**”).

As the Company did not comply with the relevant disclosure and approval requirements in relation to the Business Contracts in a timely manner, the Company did not comply with the applicable corporate governance and disclosure requirements under the PRC Unlisted Company Disclosure Guideline and the NEEQ Rules, and each of Mr. Li Bo (executive Director, chairman of the Board and our general manager), Ms. Li Jianyi (secretary of the Board), Ms. Dang Hui (general manager of our financial management department and currently also our executive Director) and Mr. Chen Jinghua (senior vice president of the Company) did not comply with applicable requirements under the PRC Unlisted Company Disclosure Guideline. Board meeting and Shareholders’ meeting to approve the Business Contracts were held on April 27, 2023 and May 19, 2023, respectively and at those meetings, relevant details the Business Contracts were disclosed. Accordingly, our Company has re-complied with the applicable disclosure and corporate governance requirements under the PRC Unlisted Company Disclosure Guideline and the NEEQ Rules.

On June 9, 2023 and on August 1, 2023, Shenzhen Securities Regulatory Authority and the NEEQ issued warning letter and a disciplinary decision letter (collectively, the “**Warning Letters**”), respectively, to the Company, Mr. Li, Ms. Li Jianyi, Ms. Dang Hui and Mr. Chen Jinghua and the issue of the Warning Letters in relation to the Incident was recorded in the corresponding database, namely the Securities Market Integrity Files (the “**Database**”).

As advised by our PRC Legal Advisor, (i) the administrative regulatory measures involved in the Warning Letters do not fall within the scope of the types of administrative penalties explicitly stipulated in the Administrative Penalties Law, and that both the NEEQ and the Shenzhen Securities Regulatory Bureau have explicitly stated in their decisions that measures such as “issuing disciplinary decisions” and “issuing warning letters” do not constitute “Administrative Penalty Decisions.” Instead, these measures are characterized as “disciplinary actions” or “administrative regulatory measures” which are not administrative penalties, thus, the issue of the Warning Letters is not an administrative penalty or disciplinary action that would affect our Company’s suitability for Listing, instead it is an administrative regulatory measure which is minor and mild in nature; (ii) the record of the Warning Letters in the Database will not affect the eligibility of Mr. Li, Ms. Li Jianyi, Ms. Dang Hui or Mr. Chen Jinghua to serve as a director, supervisor or senior management member of any PRC companies (including listed companies); (iii) the Warning Letters and the Incident will not affect eligibility of our Company for overseas listing on the Stock Exchange under PRC laws and regulations and filing with the CSRC; (iv) the Incident did not constitute material and systemic non-compliance.

Under the Opinions on the Application of Securities and Futures Laws No. 18, “major illegal and criminal acts” refer to acts that violate laws, administrative regulations, or rules and are subject to criminal penalties or severe administrative penalties, and the Regulatory Rule Application Guidance — Overseas Issuance and Listing Category No. 1 issued by the CSRC provides that “where illegal and criminal acts give rise to serious environmental pollution, major casualties, significant losses to national economic interests, or

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other extremely adverse social impacts, such acts shall, in principle, be deemed as major illegal and criminal acts.”, therefore, as advised by our PRC Legal Advisors, the issue of Warning Letters and the Incident are not “major illegal and criminal acts” and did not constitute a material non-compliance act.

The Board has reviewed the Warning Letters and having considered the opinion of our PRC Legal Adviser as stated above, our Board is of the view that the Incident is an immaterial non-compliance and is not an integrity non-compliance incident nor systemic non-compliance nor material non-compliance having taking into account that: (i) the Incident is minor in nature, (ii) the Incident and the Warning Letters did not give rise to significant financial penalties nor result in closure of material operating facilities given that no monetary fine or other penalty was imposed on our Company, Mr. Li or Ms. Dang Hui, (iii) the underlying transactions of the Business Contracts were genuine business transactions and the Incident represents a failure to disclose and comply with applicable disclosure and board and shareholders’ approval requirement, therefore the said disclosure and approval non-compliance did not have a material adverse impact on our Group’s operational and financial position, (iv) Mr. Li, Ms. Dang Hui and our Company has no intention to conceal the Incident to misled the investing public or regulators noting that (a) we, and Mr. Li and Ms. Dang Hui have procured our Company to, proactively and voluntarily disclose and re-comply the applicable approval Board and Shareholders’ approval requirements as soon as practicable after learning of the Incident, (b) Mr. Li and Ms. Dang Hui had no personal interest in the transactions contemplated under the Business Contracts and did not and will not derive economic benefits from the Business Contracts by virtue of their position as director or general manager and (c) the Incident did not involve investigation, hearing, proceeding or judicial proceeding of Mr. Li or Ms. Dang. Furthermore, our Directors also noted that Mr. Li and Ms. Dang Hui are members of senior management who may not conduct independent and additional checks on the material prepared by various staff. In view of the foregoing, our Directors are of the view that the Incident was a result of a series of oversight and did not involve any fraud, dishonesty or gross negligence on the part of our Company, Mr. Li, Ms. Li Jianyi, Ms. Dang Hui or Mr. Chen Jinghua and believe that there is no reason to cast doubt on the integrity of Mr. Li, Ms. Li Jianyi, Ms. Dang Hui and Mr. Chen Jinghua. To this end, as soon as the Company was aware that it did not comply with the relevant disclosure and approval requirements in relation to the Business Contracts in a timely manner in the course of preparing for its A-share Application, we have proactively taken the following steps with a view to avoiding recurrence of similar incidents: (i) all Directors, senior management and shareholders holding 5% or more issued shares of the Company attended training session held by PRC legal counsel and securities firm to enhance their understanding on related parties under PRC law in May 2023, (ii) all Directors, senior management and shareholders holding 5% or more issued shares of the Company was required to complete questionnaire and disclose to the Company details of their family members and relatives as well as corporations which their family members and relatives are interested in for classification of related party transactions in June 2023, (iii) securities department of the Company has been and will check with all Directors, senior management and shareholders holding 5% or more issued shares of the Company on a monthly basis to enquire if there is any update to the list of family members, relatives and corporations interested and a written confirmation will be signed by each Director, senior management and shareholders holding 5% or more issued shares of the Company on an annual basis, (iv) in case of any update, the updated list will be sent to finance department of the Company to check and identify if there are any transactions that shall be considered as related party transactions of the Company. We have also engaged an internal control consultant who after reviewing the policies adopted by us and performing sample checking on the regular connected persons scrutiny has not identified material deficiency in our enhanced internal control measures. In view of the foregoing, we consider that we have in place adequate and sufficient internal control measures to prevent recurrence of similar incidents. The Sole Sponsor, having considered (i) the nature of the Incident; (ii) the enhanced internal control measures described above including specific measures which are targeted at

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addressing particular circumstances which might have led to the Incident; and (iii) the view of the internal control consultant including that it has not found any material deficiencies in the enhanced internal control measures, is of the view that the enhanced internal control measures are adequate. As such, the Board considers, and the Sole Sponsor concurs, that the Incident does not affect the suitability of Directors of our Company to act as Directors under Rules 3.08 and 3.09 and our Company's suitability under Rule 8.04 of the Listing Rules.

(ii) Verbal Warning in 2022

In June 2022, our Company and two of our then senior management, namely, Mr. Li and Mr. Yang Fangyan (then chief financial officer and then secretary of the Board) received a verbal warning (the “**2022 Verbal Warning**”) from the NEEQ for an error in the accounting of our consolidated financial statements, whereby figures including, among others, the revenue, cost of sales, expenses, net profit were adjusted and as a result we over-distributed dividend in the sum of RMB10,277,280.86 for the six months ended June 30, 2017 (the “**2017 Accounting Adjustment**”). As excessive distribution of dividend cannot be rectified, the distributable profit for the financial year ended December 31, 2021 was reduced accordingly because of the error. As we were preparing for our A-share Application, we appointed a new reporting accountant. In the course of preparing the financial statements for the year ended December 31, 2020, our then auditor identified and recommended the correction of the financial figures.

The details of the adjustments are set forth below: (i) The timing of revenue recognition for DDU and DDP business arrangements were adjusted to delivery of goods to the customer's destination, instead of customers' acknowledgement of delivery of goods to the customer's destination. This had led to a reduction of approximately RMB14.2 million in operating income and a reduction of RMB12.0 million in operating costs for the year 2020; and as at the end of 2020, accounts receivable decreased by RMB12.4 million and inventories increased by RMB10.3 million. These adjustments resulted in changes in the amount of revenue and costs of sales over different reporting periods, but did not result in changes to the cumulative revenue and costs of sales recognized. (ii) At the recommendation of the then auditors, considering that the Company and SDMC HK (subsidiary of the Company) are separate legal entities who formed creditor-debtor relationship with the supply chain company which provides custom export services, receivables of the Company from a supply chain company and payables by SDMC HK to the same supply chain company shall not be offset and were reversed. This had led to an increase of approximately RMB94.5 million in accounts receivable and an increase of approximately RMB97.7 million in accounts payable at the consolidated financial statement as at the end of 2020; and revenue increased by approximately RMB6.6 million and operating costs increased by approximately RMB5.9 million at the consolidated financial statement of the Company in 2020. These consolidation offsets and reverses were mainly due to differences in understanding of the relevant accounting treatment among different auditing institutions, and the relevant adjustments did not have a material adverse impact on the Company's operating net profit. (iii) As the foreign currency transactions were recorded in RMB based on the customs exchange rate, adjustments were made to using their original currency and spot exchange rate. This had led to a reduction of approximately RMB6.3 million in accounts receivable and a decrease of approximately RMB1.6 million in accounts payable as at the end of 2020, and financial expenses increased by approximately RMB4.3 million for the year 2020.

In view of the foregoing, the main adjustment to the financial statements for the year 2020 were: (i) decrease in net profit of approximately RMB10.2 million, or 17.1%; (ii) increase in total assets as of December 31, 2020 of approximately RMB86.5 million, or 15.3%; (iii) increase in total liabilities of approximately RMB98.8 million, or 28.8%; and (iv) decrease in net assets of approximately RMB12.2 million or 5.5%.

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Upon seeking advice from and confirming the accounting treatment with our then independent PRC auditors appointed in 2022, our Company passed a Board resolution and a Shareholders' resolution on April 25, 2022 and May 18, 2022, respectively, to rectify the relevant figures in the financial statements for the six months ended June 30, 2017 and made an announcement on April 26, 2022 to explain the accounting error.

(iii) Verbal Warning in 2021

In June 2021, our Company and two of our then senior management, namely, Mr. Li and Mr. Yang Fangyan (then chief financial officer and then secretary of the Board) received a verbal warning (the **"2021 Verbal Warning"**, together with the 2022 Verbal Warning, the **"Verbal Warnings"**) from the NEEQ for an error in the accounting of our consolidated financial statements for the financial year ended December 31, 2019 (the **"2019 Accounting Adjustment"**, together with the 2017 Accounting Adjustment, the **"Accounting Adjustments"**). As a result, items including, among others, costs of sales, share-based payments, revenue were adjusted due to reclassification of costs, timing on revenue recognition and etc.

As we were considering an application for listing on the NEEQ Select Layer, we appointed a new reporting accountant to audit our financial statements. In the course of the audit, our then reporting accountant identified and recommended modification of certain line items in our financial statements for the year ended December 31, 2019.

The details of the adjustments are set forth below: (i) Patent licensing fees were reclassified from research and development expenses to operating costs because the patent licensing fees payable by the Company and the relevant licensees are linked to the sales volume of the products pursuant to the relevant agreement, and are not one-off fees. This has led to a reduction of approximately RMB11.0 million in research and development expenses and an increase of approximately RMB12.2 million in operating costs for 2019. As it was a reclassification from two cost items (research and development expenses and operating costs), the adjustment did not have a material adverse impact on the Group's operating net profit. (ii) As capitalization of research and development expenses was then less generally accepted at the material time, the intangible assets formed by the capitalization of research and development expenses were retrospectively adjusted and reversed in 2019 and were recorded as expenses in the current period. This had led to a reduction of approximately RMB12.4 million in net intangible assets as at the end of 2019, a reduction of approximately RMB17.9 million in undistributed profits at the beginning of the year 2019, research and development expenses were reduced by RMB5.5 million in 2019 (representing the amount of intangible assets formed from the capitalization of research and development expenses that were amortized and included in research and development expenses in the current period). (iii) Revenue from our content value-added operation services were adjusted only to be recognized after the accounts were reconciled with customers instead of when actual service was provided. This had led to a reduction of approximately RMB18.6 million in accounts receivable, approximately RMB6.1 million in accounts payable and approximately RMB11.7 million in undistributed profits as at the end of 2019, revenue for the year 2019 was reduced by approximately RMB9.7 million and operating costs was decreased by approximately RMB9.2 million. These adjustments mainly affect the revenue recognized over different reporting period, and the amounts of payables and receivables for the year 2019. It did not have a material adverse impact on the Group's overall operating net profit. (iv) The Company entrusted professional supply chain company to handle export customs declarations in 2019. Previously, receivables of our Company from a supply chain company and payables by SDMC HK to the supply chain company were not offset. Under the adjustment, the said receivables and payables had been offset because the supply chain company was a mere intermediary providing export custom declaration service. The offsetting adjustments led to a reduction of RMB46.7558 million in accounts receivable and a reduction of RMB46.6614 million in accounts payable at the end of 2019. The adjustments were only offsets of assets and liabilities

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and did not involve adjustments to operating net profit. (v) This had led to a reduction of approximately RMB8.3 million in accounts receivable and a reduction of approximately RMB8.1 million in accounts payable at the end of 2019, revenue for the year 2019 decreased by approximately RMB8.4 million and operating costs decreased by approximately RMB8.1 million. These adjustments did not have a material adverse impact on the Company's operating net profit.

In view of the foregoing, the main adjustment to the financial statements for the year 2019 were: (i) net profit increased by approximately RMB2.6 million, or 10.7%, (ii) total assets as of December 31, 2019 decreased by approximately RMB84.1 million, or 21.4%, (iii) total liabilities as of December 31, 2019 decreased by approximately RMB51.7 million, or 21.6%, and (iv) net assets as of December 31, 2019 decreased by approximately RMB32.3 million or 21.0%.

Upon seeking advice from and confirming the accounting treatment with our then independent PRC auditors appointed in 2020, our Company passed a Board resolution and a Shareholders' resolution on April 27, 2021 and May 17, 2021, respectively, to rectify the relevant figures in the financial statements for the financial year ended December 31, 2019 and made an announcement on April 27, 2021 to explain the accounting error.

As advised by our PRC Legal Advisor, each of the Verbal Warnings was not an administrative penalty nor a disciplinary action imposed by the NEEQ that would affect our Company's suitability for Listing. Each of the Verbal Warnings is of self-disciplinary in nature and an administrative regulatory measure which is minor and mild in nature. This is because (i) each of the Verbal Warnings were issued by the NEEQ, which is not an administrative organ vested with the power of administrative penalties as stipulated in the Administrative Penalties Law. Also, it was specifically stated in each of the Verbal Warning that it is a "self-regulatory supervision measure" instead of an administrative penalty decision. Moreover, the administrative regulatory measures involved in the Verbal Warnings do not fall within the scope of the types of administrative penalties explicitly stipulated in the said laws, instead the Verbal Warnings are characterized as "administrative regulatory measures" rather than administrative penalties; (ii) the record of the Verbal Warnings in the Database will not affect the eligibility of Mr. Li, Ms. Li Jianyi, Ms. Dang Hui or Mr. Chen Jinghua to serve as a director, supervisor or senior management member of any PRC companies (including listed companies); (iii) based on the provisions of the "Opinions on the Application of Securities and Futures Laws No. 18" and the "Regulatory Rule Application Guidance — Overseas Issuance and Listing Category No. 1", the Accounting Adjustments did not constitute material and systemic non-compliance. The Board has reviewed the Verbal Warnings and having considered the opinion of our PRC Legal Adviser as stated above, our Directors are of the view that each of the Verbal Warnings and the Accounting Adjustments is an immaterial non-compliance and does not constitute an integrity non-compliance incident of the Company nor systemic non-compliance nor material non-compliance after taking into account that (i) each of the Accounting Adjustments did not result in material adverse impact on the financial position of our Group especially during the Track Record Period given that our Company has not been subject to any monetary fines or material penalty relating to the Accounting Adjustments, the adjustments were accounting treatments which does not affect the truthfulness of the underlying transactions and that the Accounting Adjustments relates to financial statements prior to the commencement of the Track Record Period and does not impact the financial position of our Group during the Track Record Period, (ii) each of the Accounting Adjustments did not affect the Group's operations and did not result in closure of material operating facilities, (iii) each of the Accounting Adjustments were voluntarily disclosed by us showing that we had no reason to conceal or mislead the investing public and did not involve investigation, hearing, proceeding or judicial proceeding of Mr. Li or Ms. Dang, (iv) the Accounting Adjustments arose from the recommendation of different auditors in applying a more stringent and prudent approach in preparing the financial statements for

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preparing for application for listing in different venues. There does not involve any intentional omissions or fabrications of transactions, events, or other important information, nor abuse of accounting policies or estimates, malicious concealment, or fraudulent acts, (v) we have implemented adequate and effective internal control measures to prevent recurrence of similar incidents, including (a) arranged specific training to relevant accounting staff in relation to the PRC GAAP on an annual basis; (b) we are committed to engage or consult external accounting experts when encountering complex accounting issues, and maintain regular communication with our external auditors to clarify any points of uncertainty as needed; (c) on the design level, we have established a policy of Regulation on Accounting Accounts Set-up and Use, which provides guidance of use of accounts in accounting treatments of our Group, to avoid misuse of accounts in December 2024; (d) on implementation level, financial reports prepared by the accounting and reporting team of our finance department, are subject to cross-review by both the head of financial department and the securities investment team of the general office of our Company. Upon completion of the review, the investor relations representative initiates the information disclosure process, which is then approved by the secretary of our Board, chief financial officer and the chairman of our Company. After the approvals, the reports are submitted to our Board of Directors for deliberation. We have also engaged an internal control consultant to review the internal control measures adopted by us were of the view that we have in place adequate and effective measures for its financial report. In view of the foregoing, our Directors are of the view that each of the Accounting Adjustments was a result of a series of oversight and did not involve any fraud, dishonesty or gross negligence on the part of our Company, Mr. Li or Ms. Dang Hui and believe that there is no reason to cast doubt on the integrity of Mr. Li and Ms. Dang Hui, and that the enhanced internal control measures adopted by us in relation to audit and financial reporting is sufficient and effective to prevent recurrence of similar incidents. The Sole Sponsor, having considered (i) the nature of the incidents pertaining to the Verbal Warnings; (ii) the enhanced internal control measures described above including specific measures which are targeted at addressing particular circumstances which might have led to the incidents; and (iii) the view of the internal control consultant including that it has not found any material deficiencies in the enhanced internal control measures, is of the view that the enhanced internal control measures are adequate. As such, the Board considers, and the Sole Sponsor concurs, that the Incident does not affect the suitability of Directors of our Company to act as Directors under Rules 3.08 and 3.09 and our Company's suitability under Rule 8.04 of the Listing Rules.

Our Directors, to the best of their knowledge and belief, confirmed that during the period that our Company was listed on the NEEQ, our Company and Directors had not been subject to any administrative penalty by the NEEQ and/or any relevant law enforcement authority or regulator related to securities supervision. Save as disclosed in “— Previous Listing On the NEEQ And Previous A Share Listing Attempt”, there are no further matters in relation to the prior listing of our Company on the NEEQ and the subsequent withdrawal that needs to be brought to the attention of the Stock Exchange, our Shareholders or the potential investors.

Based on the filings on the website of the NEEQ and the information available in the public domain, our PRC Legal Advisor is of the view that during the period that our Company was listed on the NEEQ, we had not been subject to any administrative penalty by the NEEQ and/or any relevant law enforcement authority as a result of any material non-compliance with the rules of the NEEQ, and there is no matter that should be brought to the attention of potential investors of our Company.

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Based on (i) the relevant documents and information provided by the Company in relation to the foregoing; (ii) the opinion from the PRC Legal Adviser that each of the Verbal Warnings was not an administrative penalty nor a disciplinary action imposed by the NEEQ and their participation in due diligence and discussions with the Sole Sponsor and (iii) the confirmation from the Directors disclosed above, nothing has come to the Sole Sponsor's attention that would cause it to disagree with the Directors' views mentioned above in relation to the compliance status of the Company during the quotation of the Company's Shares on the NEEQ between April 2014 and February 2025.

Previous A Share Listing Attempt

In June 2023, our Company submitted an application for listing (the “**A-share Application**”) of our Shares on the Beijing Stock Exchange. The Beijing Stock Exchange issued three rounds of comments and our Company provided responses to these comments which are publicly disclosed. In January 2024, we submitted our application not to pursue listing of our Shares on the Beijing Stock Exchange after considering our Group's long term development plan (including our offshore development plans). The Beijing Stock Exchange issued termination notice in relation to the A-share Application accepting our application not to proceed with the A-share Application on January 25, 2024. Our Directors confirmed that there is no disagreement between the Group and the professional parties engaged by the Company in respect of the A-share Application and there are no other matters relating to the A-Share Application that may affect the Company's suitability for Listing on the Stock Exchange or that are required to be brought to the attention of the Stock Exchange. Based on the due diligence conducted by the Sole Sponsor, there was no material finding on any disagreements between the Group and the professional parties engaged by the Company in respect of the A-share Application and nothing material has come to the attention of the Sole Sponsor in relation to the aforesaid that should be brought to the attention of the Stock Exchange.

Reasons for Seeking Listing on the Stock Exchange

Our Directors believe that the Listing will be in the interest of our Group's business development strategies, and would be beneficial to us and our Shareholders as a whole for the following reasons: (i) the Stock Exchange could offer us a direct access to the international capital markets, enhance our fundraising capabilities and broaden our fundraising channels and our Shareholders base as well as strengthen our corporate governance; (ii) the Listing would give us a better platform to further develop our business especially our growth in overseas market; and (iii) the Listing will further raise our brand awareness, business profile and thus, enhance our corporate image to attract new customers, business partners and strategic investors as well as to recruit, motivate and retain key management personnel for our Group's business.

PRC COMPLIANCE

As confirmed by our PRC Legal Advisor, the share subscriptions and material share transfers of our Company have been approved, filed and registered by relevant regulatory authorities to the extent that is required to be completed up to the date of this prospectus and subject to the then effective PRC Law.

EMPLOYEE SHAREHOLDING PLATFORMS

With a view to incentivizing our management members and core employees to further promote our development and in recognition of their contributions, Zhixin Weilai, Kaida Yunzhi, Huazhi Changlian, were established in the PRC as our employee incentive platforms. For details on our employee share ownership plans and the partnership information of Zhixin

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Weilai, Kaida Yunzhi and Huazhi Changlian, see “Appendix VI — Statutory and General Information — D. Employee Share Ownership Plans.”

PUBLIC FLOAT

So far as our Directors are aware, immediately following the completion of the Global Offering (assuming the Offer Size Adjustment Option is not exercised) and the conversion of 190,186,262 Unlisted Shares into H Shares, the 99,666,668 H Shares held by our core connected persons and 146,508 Unlisted Shares will not be counted towards the public float for the purpose of Rule 8.08 (as amended and replaced by Rule 19A.13A) of the Listing Rules. Details of these core connected persons are set out below: (i) Mr. Li (our executive Director and Controlling Shareholder), together with entities which Mr. Li is the general partner, namely Zhixin Weilai, Kaida Yunzhi, Huazhi Changlian, Qihang No.1 and Qihang No.2, holding in aggregate 69,689,568 H Shares, representing approximately 33.26% of the total issued Shares of our Company (assuming the Offer Size Adjustment Option is not exercised); (ii) Yang Jian, Shenzhen Chuangzhan (the general partner of which is Yang Jian) and Li Qingqing (spouse of Yang Jian), holding in aggregate 23,419,400 H Shares, representing approximately 11.18% of the total issued Shares of our Company (assuming the Offer Size Adjustment Option is not exercised); (iii) Mr. Yan (our executive Director) holding in aggregate 4,544,800 H Shares, representing approximately 2.17% of the total issued Shares of our Company (assuming the Offer Size Adjustment Option is not exercised); (iv) Mr. Yan Lupeng (our director of SDMC Poland) holding in aggregate 1,510,500 H Shares, representing approximately 0.72% of the total issued Shares of our Company (assuming the Offer Size Adjustment is not exercised); and (v) Mr. Zhou Dongdong (our director of SDMC Colombia and SDMC Mexico) holding in aggregate 502,400 H Shares (representing approximately 0.24% of the total issued Shares of our Company (assuming the Offer Size Adjustment is not exercised)).

With respect to the Offer Price of HK\$32.80 per Offer Share, the expected market capitalization of the Company’s H Shares at the time of Listing will be approximately HK\$6.87 billion. Save as provided above, all of the other H Shares held by our Shareholders upon Listing will be counted towards the public float, and approximately 52.37% of our Company’s issued Shares (assuming the Offer Size Adjustment Option is not exercised) will be held by the public. Under Rule 19A.13A(1) of the Listing Rules, in the event the expected market value of the Company’s H Shares upon Listing does not exceed HK\$6 billion, at least 25% of the total issued H Shares must be held by the public upon Listing, and the Company’s expected public float of 52.37% will satisfy the minimum requirement of 25%. Should the expected market value exceeds HK\$6.00 billion but not exceeding HK\$30.00 billion, the minimum public float requirement is the higher of (i) 15% of the total issued H Shares and (ii) such percentage of the total issued H Shares as would result in the expected market value of the H Shares held by the public being at least HK\$1.50 billion upon Listing; in this scenario, the Company’s expected public float of 52.37% exceeds the 15% threshold, and the market value of such H Shares held by the public would also exceed the HK\$1.50 billion requirement (e.g., approximately HK\$3.60 billion based on the Offer Price of HK\$32.8 per Offer Share). Therefore, the Company will be able to meet the minimum public float requirement Rule 8.08 (as amended and replaced by Rule 19A.13A) of the Listing Rules upon Listing in either scenario.

FREE FLOAT

Based on an Offer Price of HK\$32.80 per H Share, the Company will satisfy the free float requirement under Rule 19A.13C of the Listing Rules.

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CAPITALIZATION OF OUR COMPANY

The following table sets out our shareholding structure (i) as of the date of the Latest Practicable Date and (ii) immediately after the Global Offering and the conversion of Unlisted Shares into H Shares:

Shareholder	As of the Latest Practicable Date		Immediately after the Global Offering and the conversion of Unlisted into H Shares (assuming the Offer Size Adjustment Option is not exercised)										Immediately after the Global Offering and the conversion of Unlisted into H Shares (assuming the Offer Size Adjustment Option is exercised in full)						
	No. of Shares held	Approximate %	Approximate % holding (assuming the Offer Size Adjustment Option is not exercised)			% of shareholding in total issued Shares			Approximate % holding (assuming the Offer Size Adjustment Option is exercised in full)			% of shareholding in total issued Shares							
			No. of H Shares held	Approximate % holding in H Shares	No. of Unlisted Shares held	Approximate % holding in Unlisted Shares	Total no. of Shares held	% of shareholding in total issued Shares	No. of H Shares held	Approximate % holding in H Shares	No. of Unlisted Shares held	Approximate % holding in Unlisted Shares	Total no. of Shares held	% of shareholding in total issued Shares					
Controlling Shareholders																			
Mr. Li ⁽¹⁾	50,286,768	26.42%	50,286,768	24.02%	-	0.00%	50,286,768	24.00%	50,286,768	23.69%	-	0.00%	50,286,768	23.67%	-	0.00%	50,286,768	23.67%	-
Zhixin Weilai ⁽¹⁾	14,752,800	7.75%	14,752,800	7.05%	-	0.00%	14,752,800	7.04%	14,752,800	6.95%	-	0.00%	14,752,800	6.95%	-	0.00%	14,752,800	6.95%	-
Qihang No. 1 ⁽¹⁾	1,500,000	0.79%	1,500,000	0.72%	-	0.00%	1,500,000	0.72%	1,500,000	0.71%	-	0.00%	1,500,000	0.71%	-	0.00%	1,500,000	0.71%	-
Qihang No. 2 ⁽¹⁾	1,150,000	0.60%	1,150,000	0.55%	-	0.00%	1,150,000	0.55%	1,150,000	0.54%	-	0.00%	1,150,000	0.54%	-	0.00%	1,150,000	0.54%	-
Kaida Yunzhi ⁽¹⁾	1,000,000	0.53%	1,000,000	0.48%	-	0.00%	1,000,000	0.48%	1,000,000	0.47%	-	0.00%	1,000,000	0.47%	-	0.00%	1,000,000	0.47%	-
Huazhi Changlian ⁽¹⁾	1,000,000	0.53%	1,000,000	0.48%	-	0.00%	1,000,000	0.48%	1,000,000	0.47%	-	0.00%	1,000,000	0.47%	-	0.00%	1,000,000	0.47%	-
Subtotal	69,689,568	36.61%	69,689,568	33.28%	-	0.00%	69,689,568	33.26%	69,689,568	32.83%	-	0.00%	69,689,568	32.81%	-	0.00%	69,689,568	32.81%	-
Shenzhen Chuangzhan, Yang Jian and Li Qingqing																			
Shenzhen Chuangzhan ⁽⁵⁾	18,004,000	9.46%	18,004,000	8.60%	-	0.00%	18,004,000	8.59%	18,004,000	8.48%	-	0.00%	18,004,000	8.48%	-	0.00%	18,004,000	8.48%	-
Li Qingqing ⁽⁵⁾	4,815,400	2.53%	4,815,400	2.30%	-	0.00%	4,815,400	2.30%	4,815,400	2.27%	-	0.00%	4,815,400	2.27%	-	0.00%	4,815,400	2.27%	-
Yang Jian ⁽⁵⁾	600,000	0.32%	600,000	0.29%	-	0.00%	600,000	0.29%	600,000	0.28%	-	0.00%	600,000	0.28%	-	0.00%	600,000	0.28%	-
Subtotal	23,419,400	12.30%	23,419,400	11.18%	-	0.00%	23,419,400	11.18%	23,419,400	11.03%	-	0.00%	23,419,400	11.02%	-	0.00%	23,419,400	11.02%	-
Directors of our Group																			
Yan Zhikang ⁽²⁾	4,544,800	2.39%	4,544,800	2.17%	-	0.00%	4,544,800	2.17%	4,544,800	2.14%	-	0.00%	4,544,800	2.14%	-	0.00%	4,544,800	2.14%	-
Yan Lupeng ⁽³⁾	1,510,500	0.79%	1,510,500	0.72%	-	0.00%	1,510,500	0.72%	1,510,500	0.71%	-	0.00%	1,510,500	0.71%	-	0.00%	1,510,500	0.71%	-
Zhou Dongdong ⁽⁴⁾	502,400	0.26%	502,400	0.24%	-	0.00%	502,400	0.24%	502,400	0.24%	-	0.00%	502,400	0.24%	-	0.00%	502,400	0.24%	-
Other Shareholders[#]																			
<i>Shenzhen Shuangyi and related parties</i>																			
Shenzhen Shuangyi Electronic Co., Ltd. ⁽⁶⁾	5,213,692	2.74%	5,213,692	2.49%	-	0.00%	5,213,692	2.49%	5,213,692	2.46%	-	0.00%	5,213,692	2.45%	-	0.00%	5,213,692	2.45%	-
Pang Zhengrong ⁽⁶⁾	1,112,900	0.58%	1,112,900	0.53%	-	0.00%	1,112,900	0.53%	1,112,900	0.52%	-	0.00%	1,112,900	0.52%	-	0.00%	1,112,900	0.52%	-
Subtotal	6,326,592	3.32%	6,326,592	3.02%	-	0.00%	6,326,592	3.02%	6,326,592	2.98%	-	0.00%	6,326,592	2.98%	-	0.00%	6,326,592	2.98%	-

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Shareholder	As of the Latest Practicable Date		Immediately after the Global Offering and the conversion of Unlisted into H Shares (assuming the Offer Size Adjustment Option is not exercised)				(assuming the Offer Size Adjustment Option is exercised in full)							
	No. of Shares held	Approximate %	No. of H Shares held	Approximate % holding in H Shares	No. of Unlisted Shares held	Approximate % holding in Unlisted Shares	Total no. of Shares held	% of shareholding in total issued Shares	No. of H Shares held	Approximate % holding in H Shares	No. of Unlisted Shares held	Approximate % holding in Unlisted Shares	Total no. of Shares held	% of shareholding in total issued Shares
Wei Jing	6,675,000	3.51%	6,675,000	3.19%	-	0.00%	6,675,000	3.19%	6,675,000	3.14%	-	0.00%	6,675,000	3.14%
Shenzhen Tencent ⁽⁷⁾	6,000,000	3.15%	6,000,000	2.87%	-	0.00%	6,000,000	2.86%	6,000,000	2.83%	-	0.00%	6,000,000	2.82%
Luxshare ⁽⁸⁾	4,000,000	2.10%	4,000,000	1.91%	-	0.00%	4,000,000	1.91%	4,000,000	1.88%	-	0.00%	4,000,000	1.88%
<i>Zhu Yupei and her family trust</i>														
Zhu Yupei ⁽⁹⁾	2,175,640	1.14%	2,175,640	1.04%	-	0.00%	2,175,640	1.04%	2,175,640	1.02%	-	0.00%	2,175,640	1.02%
AVIC Trust Co., Ltd. – AVIC Trust – CICC Wealth Family Trust [No. 638] ⁽⁹⁾	960,000	0.50%	960,000	0.46%	-	0.00%	960,000	0.46%	960,000	0.45%	-	0.00%	960,000	0.45%
Subtotal	3,135,640	1.65%	3,135,640	1.50%	-	0.00%	3,135,640	1.50%	3,135,640	1.48%	-	0.00%	3,135,640	1.48%
<i>Kaiying Limited Partnerships</i>														
Shenzhen Kaiying No. 9 Venture Capital Partnership (Limited Partnership) (“Kaiying No. 9”) ⁽¹⁰⁾	3,000,000	1.58%	3,000,000	1.43%	-	0.00%	3,000,000	1.43%	3,000,000	1.41%	-	0.00%	3,000,000	1.41%
Shenzhen Kaiying Tiancheng Investment Management Partnership – Shenzhen Kaiying No. 10 Venture Capital Partnership (“Kaiying No. 10”) ⁽¹⁰⁾	1,880,000	0.99%	1,880,000	0.90%	-	0.00%	1,880,000	0.90%	1,880,000	0.89%	-	0.00%	1,880,000	0.89%
Shenzhen Kaiying No. 8 Venture Capital Partnership (Limited Partnership) (“Kaiying No. 8”) ⁽¹⁰⁾	1,000,000	0.53%	1,000,000	0.48%	-	0.00%	1,000,000	0.48%	1,000,000	0.47%	-	0.00%	1,000,000	0.47%
Subtotal	5,880,000	3.09%	5,880,000	2.81%	-	0.00%	5,880,000	2.81%	5,880,000	2.77%	-	0.00%	5,880,000	2.77%
<i>Xie Liying and Xie Lifeng</i>														
Xie Liying ⁽¹¹⁾	1,680,796	0.88%	1,680,796	0.80%	-	0.00%	1,680,796	0.80%	1,680,796	0.79%	-	0.00%	1,680,796	0.79%
Xie Lifeng ⁽¹¹⁾	1,660,000	0.87%	1,660,000	0.79%	-	0.00%	1,660,000	0.79%	1,660,000	0.78%	-	0.00%	1,660,000	0.78%
Subtotal	3,340,796	1.76%	3,340,796	1.60%	-	0.00%	3,340,796	1.59%	3,340,796	1.57%	-	0.00%	3,340,796	1.57%

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Shareholder	As of the Latest Practicable Date	Immediately after the Global Offering and the conversion of Unlisted into H Shares (assuming the Offer Size Adjustment Option is not exercised)										assuming the Offer Size Adjustment Option is exercised in full			
		No. of Shares held	Approximate %	No. of H Shares held	Approximate % holding in H Shares	No. of Unlisted Shares held	Approximate % holding in Unlisted Shares	Total no. of Shares held	% of shareholding in total issued Shares	No. of H Shares held	Approximate % holding in H Shares	No. of Unlisted Shares held	Approximate % holding in Unlisted Shares	Total no. of Shares held	% of shareholding in total issued Shares
Century Securities Co., Ltd. ⁽¹²⁾		3,000,000	1.58%	3,000,000	1.43%	-	0.00%	3,000,000	1.43%	3,000,000	1.41%	-	0.00%	3,000,000	1.41%
Shenzhen Jingyoyuan Technology Co., Ltd. ⁽¹³⁾		2,697,740	1.42%	2,697,740	1.29%	-	0.00%	2,697,740	1.29%	2,697,740	1.27%	-	0.00%	2,697,740	1.27%
Wang Houyong		2,594,024	1.36%	2,594,024	1.24%	-	0.00%	2,594,024	1.24%	2,594,024	1.22%	-	0.00%	2,594,024	1.22%
Shenzhen Danguishun Asset Management Co., Ltd. – Danguishun No. 5 Private Securities Investment Fund ⁽¹⁴⁾		2,400,000	1.26%	2,400,000	1.15%	-	0.00%	2,400,000	1.15%	2,400,000	1.13%	-	0.00%	2,400,000	1.13%
Zhang Guiqiang		2,178,000	1.14%	2,178,000	1.04%	-	0.00%	2,178,000	1.04%	2,178,000	1.03%	-	0.00%	2,178,000	1.03%
Panorama Capital Investment Management Co., Ltd. – Panorama Capital Green Technology Manufacturing Private Equity Investment Fund Partnership (Limited Partnership) ⁽¹⁵⁾		2,150,000	1.13%	2,150,000	1.03%	-	0.00%	2,150,000	1.03%	2,150,000	1.01%	-	0.00%	2,150,000	1.01%
Zhang Lingling ⁽¹⁶⁾		1,800,000	0.95%	1,800,000	0.86%	-	0.00%	1,800,000	0.86%	1,800,000	0.85%	-	0.00%	1,800,000	0.85%
Wang Yi		2,000,000	1.05%	2,000,000	0.96%	-	0.00%	2,000,000	0.95%	2,000,000	0.94%	-	0.00%	2,000,000	0.94%
Sichuan Tianyi Comheart Telecom Co., Ltd. ⁽¹⁷⁾		2,000,000	1.05%	2,000,000	0.96%	-	0.00%	2,000,000	0.95%	2,000,000	0.94%	-	0.00%	2,000,000	0.94%
Li Han ⁽¹⁸⁾		1,098,640	0.58%	1,098,640	0.52%	-	0.00%	1,098,640	0.52%	1,098,640	0.52%	-	0.00%	1,098,640	0.52%
Jiang Yanjun ⁽¹⁹⁾		635,200	0.33%	635,200	0.30%	-	0.00%	635,200	0.30%	635,200	0.30%	-	0.00%	635,200	0.30%
Other Shareholders as of the Latest Practicable Date ⁽²⁰⁾		32,754,470	17.21%	32,607,962	15.57%	146,508	100.00%	32,754,470	15.63%	32,607,962	15.36%	146,508	100.00%	32,754,470	15.42%
Other Shareholders from the Global Offering		-	0.00%	19,207,300	9.17%	-	0.00%	19,207,300	9.17%	19,207,300	9.05%	-	0.00%	19,207,300	9.04%
Holder of Shares issued pursuant to the Offer		-	0.00%	0	0.00%	-	0.00%	-	0.00%	2,881,000	1.36%	-	0.00%	2,881,000	1.36%
Size Adjustment Option		-	0.00%	0	0.00%	-	0.00%	-	0.00%	2,881,000	1.36%	-	0.00%	2,881,000	1.36%
Total		190,332,770	100.00%	209,393,562	100.00%	146,508	100.00%	209,540,070	100.00%	212,274,562	100.00%	146,508	100.00%	212,421,070	100.00%

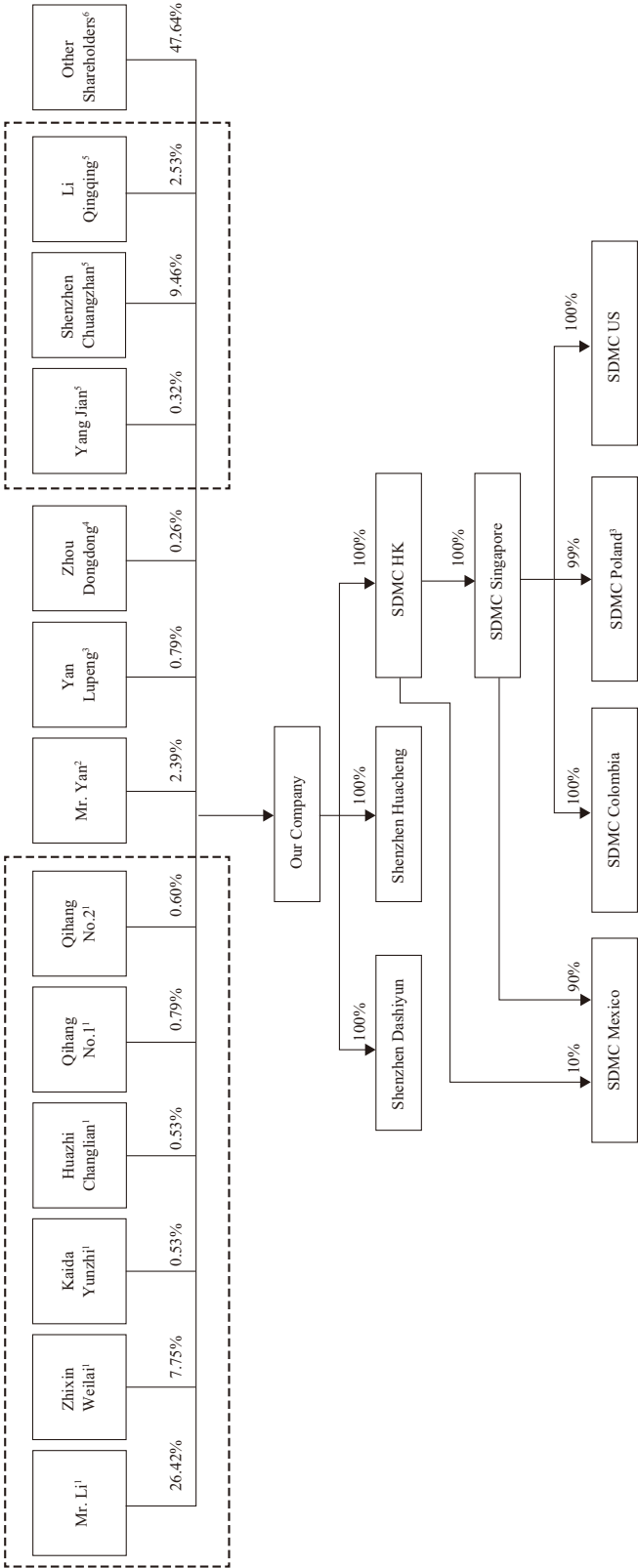
Notes:

- (1) to (5) See notes (1) to (5) to “— Corporate Structure — Corporate Structure as at the Latest Practicable Date.”
- (6) Shenzhen Shuangyi Electronic Co., Ltd. is 100% owned by Shenzhen Twowing Technologies Co., Ltd. and Peng Zhengrong held 33.75% interest in Shenzhen Twowing Technologies Co., Ltd. Each of Shenzhen Shuangyi Electronic Co., Ltd., Shenzhen Twowing Technologies Co., Ltd. and Peng Zhengrong is an Independent Third Party.
- (7) Shenzhen Tencent is a company established in the PRC with limited liability, an Independent Third Party.
- (8) Luxshare is a company established in the PRC and whose shares are listed on the Shenzhen Stock Exchange (002475.SZ) and an Independent Third Party.
- (9) Zhu Yupei, an Independent Third Party, is the trustee and beneficiary of AVIC Trust Co., Ltd. – AVIC Trust CICC Wealth Family Trust [No. 638].
- (10) The general partner of each of Kaiying No.9, Kaiying No.10 and Kaiying No.8 is Shenzhen Kingcapital-TC Investment Management Partnership (Limited Partnership), the general partner of which is Shenzhen Kaiying Jicheng Investment Management Co., Ltd. Shenzhen Kaiying Jicheng Investment Management Co., Ltd. is owned as to 60% by Shenzhen Langke Investment Co., Ltd. and 40% by Shenzhen Kaiyinghua Enterprise Management Consulting Co., Ltd. Shenzhen Langke Investment Co., Ltd. is owned as to 98.01% by Wanwuwei (Shenzhen) Entrepreneurship Investment Center (Limited Partnership), the general partner of which is Everything For Smart Industry (Shenzhen) Co., Ltd., which is owned as to 99.9% by Pu Zuli, an Independent Third Party. Shenzhen Kaiyinghua Enterprise Management Consulting Co., Ltd. is owned as to 51% by Yu Lijun, an Independent Third Party and 49% by Zhang Sen, an Independent Third Party.
- (11) Xie Liying and Xie Lifeng are siblings, and each an Independent Third Party.
- (12) Century Securities Co., Ltd. is a company with limited liability established in the PRC. As of the Latest Practicable Date, it was held as to approximately 49.4% by Shenzhen Qianhai Financial Holdings Co., Ltd. (which is wholly owned by Shenzhen Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone Authority), 46.9% by Xiamen ITG Group Corp., Ltd. (a company whose shares are listed on the Shanghai Stock Exchange (stock code: 600755.SH)) and ten other shareholders with none of them holding 30% or more issued shares therein.
- (13) Shenzhen Jingboyuan Technology Co., Ltd. is a company with limited liability established in the PRC. As of the Latest Practicable Date, it was owned as to 97% by Tong Jing, an Independent Third Party.
- (14) Shenzhen Danguishun Asset Management Co., Ltd. is a company with limited liability established in the PRC. As of the Latest Practicable Date, it was indirectly controlled by Wang Chenglin, an Independent Third Party.
- (15) As of the Latest Practicable Date, the general partner of Panorama Capital Green Technology Manufacturing Private Equity Investment Fund Partnership (Limited Partnership) is Panorama Capital Investment Management Co., Ltd., the single largest shareholder of which is Shanghai Jiayue Zhang Management Consulting Co., Ltd. holding 29.5% issued shares therein, and none of the remaining shareholders hold 30% or more issued shares therein. Shanghai Jiayue Zhang Management Consulting Co., Ltd. is controlled by Shanghai Haozhi Management Consulting Co., Ltd, which is controlled by Lu Ziye, an Independent Third Party.
- (16) Zhang Lingjing is a former Director who ceased to be a Director in November 2020, an Independent Third Party. Zhang Lingjing was a Shareholder prior to our NEEQ listing. See also “— Incorporation of our Company” for details.
- (17) Sichuan Tianyi Comheart Telecom Co., Ltd. is a company established in the PRC whose shares are listed on the Shenzhen Stock Exchange (stock code: 300504.SZ), an Independent Third Party.
- (18) Li Han is a former supervisor of our Company who ceased to be our supervisor in March 2024, an Independent Third Party. Li Han was a Shareholder prior to our NEEQ listing. See also “— Incorporation of our Company” for details.
- (19) Jiang Yanjun is a former Director who ceased to be a Director in April 2025. As a former Director, Jiang Yanjun is not a core connected person and thus Shares held by Jiang Yanjun will be counted towards the public float. Jiang Yanjun was a Shareholder prior to our NEEQ listing. See also “— Incorporation of our Company” for details.
- (20) There are 209 registered shareholders, each an Independent Third Party, holding 100 to 1,800,000 Shares, representing 0.00% to 0.95% of our total issued Shares as of the Latest Practicable Date. These 209 registered shareholder are either our Pre-IPO Investors or became our Shareholders during our listing on the NEEQ. See “— Pre-IPO Investment” for details.

CORPORATE STRUCTURE

Corporate Structure as at the Latest Practicable Date

Set forth below is our corporate and shareholding structure as of the Latest Practicable Date:



HISTORY AND CORPORATE STRUCTURE

Notes:

1. Mr. Li (our executive Director and Controlling Shareholder) is the general partner, namely Zhixin Weilai, Kaida Yunzhi, Huazhi Changlian, Qihang No.1 and Qihang No.2. As of the Latest Practicable Date, Mr. Li, together with entities which Mr. Li is the general partner, namely Zhixin Weilai, Kaida Yunzhi, Huazhi Changlian, Qihang No.1 and Qihang No.2, holding in aggregate 36.61% of the total issued Shares of our Company. Please refer to “— Employee Shareholding Platforms” and “Appendix VI — Statutory and General Information — D. Employee Share Ownership Plans” for details of Zhixin Weilai, Kaida Yunzhi and Huazhi Changlian.

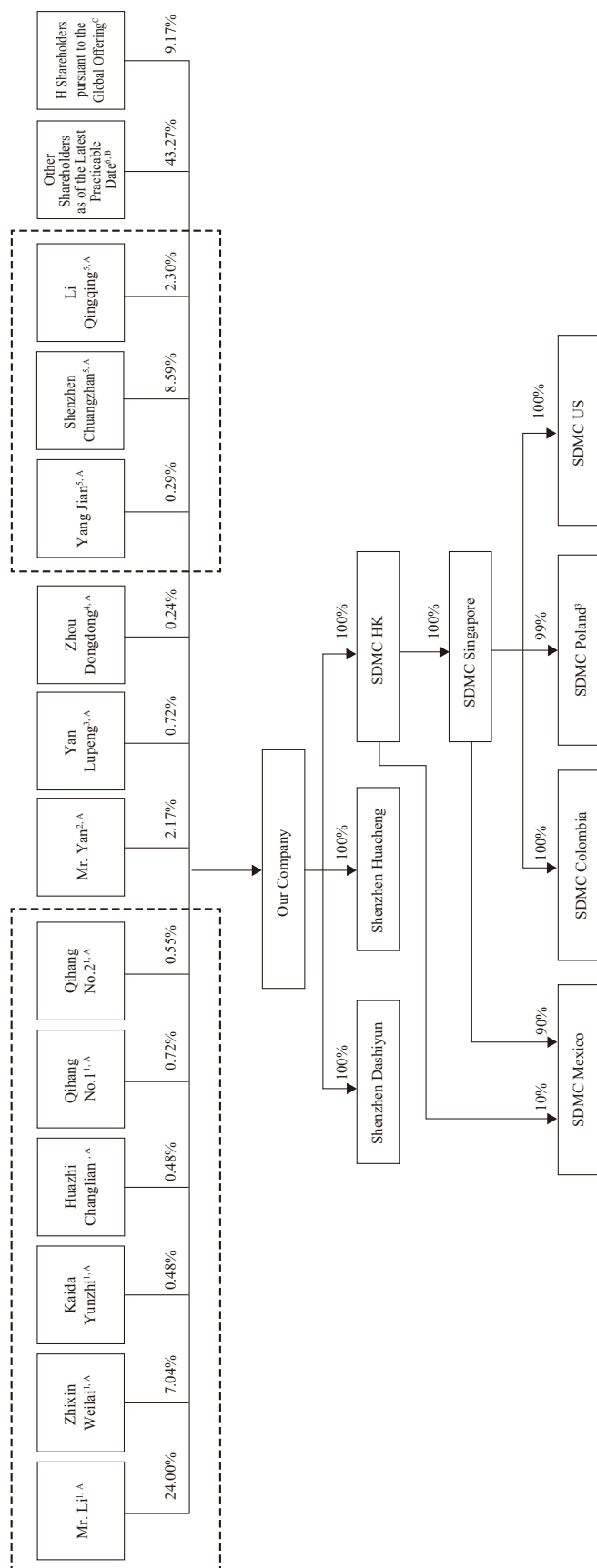
Some employees and their family members were interested in acquiring Shares as they were optimistic about our Group’s business prospects, Qihang No.1 and Qihang No.2 were established in the PRC as limited partnerships on February 27, 2025. Qihang No.1 and Qihang No.2 acquired Shares from Shareholders in April 2025. Mr. Li is the sole general partner of both Qihang No.1 and Qihang No.2, holding approximately 0.33% and 0.43% interest therein, respectively. As of the Latest Practicable Date, Qihang No.1 held approximately 0.79% of the total issued Shares of our Company and had 45 limited partners, all of them are our employees and their family members and each an Independent Third Party holding 0.33% to 13.33% interest in Qihang No.1. The general partner of Qihang No.1 exercises the voting rights attaching to the Shares held by Qihang No.1.

As of the Latest Practicable Date, Qihang No.2 held approximately 0.60% of the total issued Shares of our Company and had 48 limited partners, all of them are our employees, including Mr. Li Jun (our executive Director and general manager of our Terminal Product Center), Ms. Dang Hui (our executive Director and general manager of our financial management department), Mr. Liang Shilin (our former Director) holding 2.61%, 8.70% and 6.09% interest therein, respectively. Each of the remaining 46 limited partners is an Independent Third Party holding 0.43% to 11.30% interest in Qihang No.2. The general partner of Qihang No.2 exercises the voting rights attaching to the Shares held by Qihang No.2.

2. Mr. Yan is our executive Director.
3. Yan Lupeng is a director of SDMC Poland, an employee of the Company and the general manager of the global sales and marketing center (全球营销中心) of our Group. He also held 1% interest in SDMC Poland.
4. Mr. Zhou Dongdong is a director of SDMC Colombia and SDMC Mexico.
5. Yang Jiang is the general partner of Shenzhen Chuangzhan and Li Qingqing is spouse of Yang Jian. As of the Latest Practicable Date, Yang Jian, Shenzhen Chuangzhan (the general partner of which is Yang Jian) and Li Qingqing (spouse of Yang Jian), holding in aggregate 12.30% of the total issued Shares of our Company.
6. As at the Latest Practicable Date, there were 232 other Shareholders, which (i) include Ms. Wei who held approximately 3.51% Shares, Ms. Jiang Yanjun (our former Director) who held approximately 0.33%. Save as the aforesaid, to the best of our Directors’ knowledge, information and belief having made reasonable enquiries, the other Shareholders were Independent Third Parties; and (ii) had a shareholding ranging from approximately 0.0001% to 3.51%.

Corporate Structure Immediately Following the Global Offering

Set forth below is our corporate and shareholding structure immediately after the Global Offering (assuming the Offer Size Adjustment Option is not exercised) and the conversion of Unlisted into H Shares:



Note: See notes 1 to 6 under “— Corporate Structure — Corporate Structure as at the Latest Practicable Date.”

- (A) Immediately upon the completion of the Global Offering (assuming the Offer Size Adjustment Option is not exercised) and the conversion of Unlisted into H Shares, (i) an aggregate of 69,689,568 Unlisted Shares held by Mr. Li, Zhixin Weilai, Kaida Yunzhi, Huazhi Changlian, Qihang No.1 and Qihang No.2 will be converted into H Shares, (ii) 4,544,800 Unlisted Shares held by Mr. Yan will be converted into H Shares, (iii) 1,510,500 Unlisted Shares held by Yan Lupeng will be converted into H Shares, (iv) an aggregate of 502,400 Unlisted Shares held by Zhou Dongdong will be converted into H Shares, and (v) an aggregate of 23,419,400 Unlisted Shares held by Yang Jian, Shenzhen Chuangzhan and Li Qingqing will be converted into H Shares. The Shares held by these Shareholders are H Shares.
- (B) Immediately upon the completion of the Global Offering (assuming the Offer Size Adjustment Option is not exercised and the conversion of Unlisted into H Shares), (i) 124,109,594 Unlisted Shares held by the other 209 Shareholders will be converted into H Shares and (ii) 146,508 Unlisted Shares will remain as Unlisted Shares.
- (C) The Shares held by these other public Shareholders are H Shares, which will be counted towards the public float together with 125,211,994 H Shares to be converted from Unlisted Shares. See the section headed “Share Capital — Conversion of Our Unlisted Shares Into H Shares” for further details of the conversion of Unlisted Shares into H Shares.

OVERVIEW

We are a provider of smart home products for enterprise customers, focused on enhancing home applications through intelligent technologies. The smart home products we offer include both hardware and software products. During the Track Record Period, our revenue was mainly generated from sales of hardware products, namely our digital video devices and network communication devices. Smart home products refer to an integrated home ecosystem that connects and manages various smart devices across the household, enabling whole-home network coverage and device interaction. Different from smart home product providers who sell self-branded products directly to consumers, we, as a provider of smart home products for enterprise customers, develop and sell digital video devices and network communication devices with our customers' brands, and provide system platforms and services, to enterprise customers. Our solutions allow users to control their home with ease leveraging the application of cloud, IoT and AI technologies, through our digital video devices, such as media streaming terminals, speakers, projectors, and cameras, network communication devices, such as optical network terminals, Wi-Fi routers, and cable modems, and system platforms, such as *Cedar*, *XHome* and *XMediaTV*. According to Frost & Sullivan, we are the eighth largest provider globally, and the third largest among Chinese Mainland-based providers, in the global smart home product for enterprise customers market in terms of revenue in 2024, with a market share of 2.7%. In terms of market size in 2024, the global enterprise smart home product market accounts for approximately 14.7% of the entire global smart home product market.

Founded in 2003 by entrepreneur Mr. Li Bo, our odyssey commenced with the development and sales of cryptographic chips. In the years that followed, we set foot in digital TV modules and TV dongles. In 2012, we launched AOSP-based digital video solutions, and started partnering with overseas telecom operators. As a testament to our technical capabilities, we became one of the first companies in China to secure a Google Android TV certification in 2017 and the first ODM company worldwide to secure a Google TV projector certification in 2023, which proved our technological capability and fostered the development of projectors with copyright content in overseas markets, and brought us business opportunities to establish cooperation with Google TV projector brand owners. Per Frost & Sullivan, we are the world's largest Android TV smart terminal supplier measured by sales volume in 2024.

Capitalizing on our expertise in digital video devices, we have strategically expanded into system platforms and network communication businesses. In 2017, we launched *XMediaTV*, a media streaming platform, followed by a full-scale penetration into network infrastructure starting in 2020 offering carrier-grade Wi-Fi routers, optical network terminals (ONTs), and cable modems. The same year saw the launch of *XHome*, a home device management platform, reinforcing our expertise in hardware-software integration.

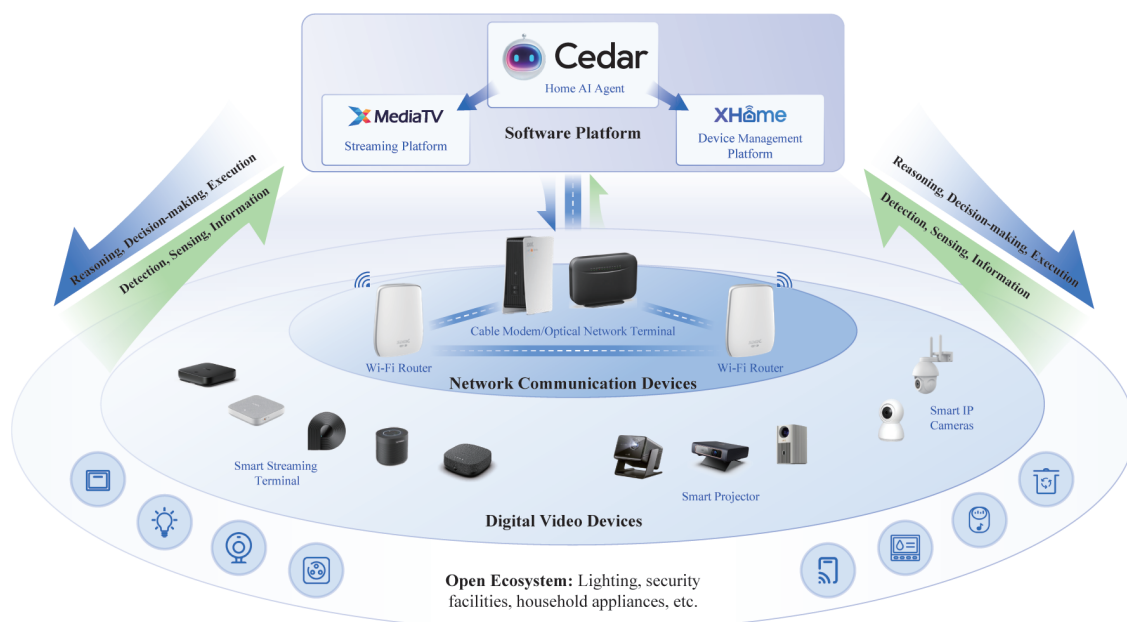
The emergence and maturing of AI has driven the shift from “smart home” to “AI Home” — a transition from passive responsiveness to proactive services, enhancing convenience, energy efficiency, security, health management and cross-device synergy with intelligent, personalized and automated technologies. Meanwhile, *Matter* has become a major standard for smart home devices that enable greater interoperability across different ecosystems. In 2024, penetration rate of *Matter* globally has reached approximately 30%, and is expected to further increase to 50% by 2030.

To address this trend, we have accelerated the development of our products. Our network communication and digital video devices have been upgraded with features such as Matter connectivity, edge computing and environment sensing. In 2024, we introduced Cedar, a home agent supported by third-party large language models. Cedar has completed its research and development and is ready for mass production. As of the Latest Practicable Date,

Cedar is in the customer testing and commercialization stage, where we provide samples or solution prototypes to potential customers for functional testing and scenario adaptation, which forms part of our standard market introduction process rather than the research and development phase. We are currently in business discussions with certain telecom operators, and expect Cedar to begin generating revenue in the fourth quarter of 2026. We collaborate with OEM partners to develop Matter-compliant IoT devices and work with telecom operators to support smart home deployments, enabling us to provide integrated smart home products combining hardware and software. Leveraging third-party large language models, we have developed application features for smart home scenarios, and Cedar supports functions such as visual recognition, semantic understanding and natural language interaction, enabling users to analyze images captured by devices and control home appliances through voice or text commands. We have adapted these models to better suit home environments and integrated them with our XHome platform, allowing coordinated device management and control within a unified system.

Driven by technological innovation and evolving user demands, the global digital and intelligent home solutions market is undergoing a profound transformation — from digital home to smart home. According to Frost & Sullivan, the global smart home products market has surged from US\$53.5 billion in 2020 to US\$88.6 billion in 2024, with a CAGR of 13.4% from 2020 to 2024. Propelled by continuous function enrichment and performance improvement of smart home hardware combined with escalating consumer demand for higher-configuration smart home terminals and advanced networking solutions, the global smart home products market is projected to reach US\$238.2 billion in 2029, representing a CAGR of 21.9% from 2024 to 2029. During the Track Record Period, we primarily sold smart home products and solutions, which accounted for 75.3%, 73.6% and 80.8% of our total revenue for 2023, 2024 and 2025, respectively.

Our Ecosystem



Our ecosystem is composed of system platforms, network communication devices, digital video devices, and an open-ended device matrix that can connect with foreign devices, together forming an open ecosystem. This open ecosystem seamlessly integrates software and hardware and enables autonomous perception, learning and interaction.

- **Software:** Our system platforms comprise our Home AI agent *Cedar*, our media streaming platform *XMediaTV* and our home device management platform *XHome*. Leveraging *Gemini*, *Cedar* serves as a cognitive decision-making nucleus that analyzes and processes data, executes high-precision intent recognition, and issues context-aware action commands via *XMediaTV* and *XHome*. These system platforms together control various connected devices to address user needs in different application scenarios.
- **Hardware:** Our network communication devices, encompassing Wi-Fi routers, ONTs and cable modems, ensures high-speed, ultra-stable whole-home Internet coverage. Our digital video devices include media streaming terminals, projectors, cameras and AI speaker. In addition, as of the Latest Practicable Date, we had other AI-powered products in the pipeline such as robots, AI glasses, AI photo frame and AI computing box designed for users' entertainment and companionship. With edge computing, environment sensing and *Matter* compatibility, our hardware products function as home hubs.
- **Open ecosystem:** Our home ecosystem features an open ecosystem built on *Matter* protocol. It offers cross-ecosystem, cross-brand interoperability, which brings multi-vendor devices under our single management and automation umbrella, allowing open-ended device scalability. The integration of diverse *Matter*-compliant devices further improves our smart home application scenarios and enriches user experience.

In this ecosystem, system platforms undertake data analysis, reasoning and decision-making, and dispatch commands to digital video devices and network communication devices. Our digital video devices and network communication devices, as home hubs, integrating the *Matter* protocol, can thus relay the commands to other *Matter*-compliant devices. Digital video devices, network communication devices, and other *Matter*-compliant devices in return feed user and environmental data back to system platforms for iterative learning and further analysis. This way, users, environment and devices are interconnected and smart home living experience with autonomous perception, learning, and interaction are delivered.

Our Key Clients

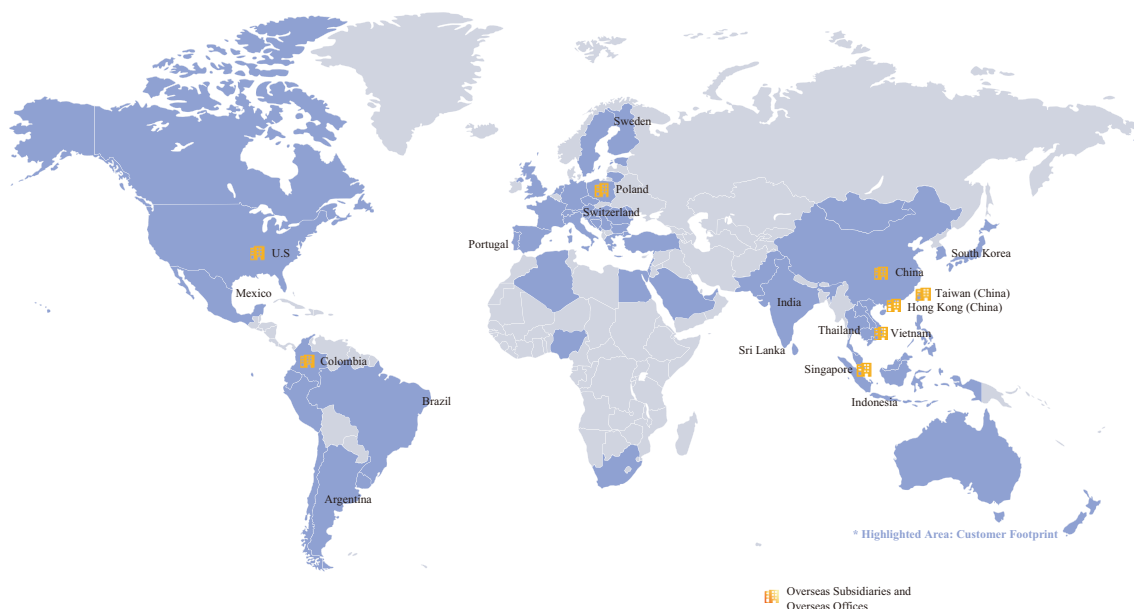
As of December 31, 2025, we served more than 300 clients across over 80 countries and regions around the globe, with a focus on telecom operators. We have established long-term, stable collaborative relationships with major telecom operators in Europe, North America, Latin America and Asia, many of which are *Fortune Global 500* enterprises, including renowned multinational telecom operator giants, and top-ranked telecom operators in 13 regional markets. In addition, we also provide ODM services for retailers.

Our Production Model

We adopt an asset-light production strategy, leveraging long-standing partnerships with top hardware manufacturers in the world and our rich experience in supply chain management. Our globally distributed supply chain enables us to pick the right manufacturer according to client needs, ensuring agility, cost efficiency and resilience against geopolitical risks.

Our Global Operations

The map below demonstrates our presence as of December 31, 2025:



COMPETITIVE STRENGTHS

Well-positioned in the Thriving Smart Home Product Market

The smart home market has experienced exponential growth in recent years, fueled by relentless advancements in IoT and network technologies. According to Frost & Sullivan, the global smart home products market surged from US\$53.5 billion in 2020 to US\$88.6 billion in 2024, reflecting a CAGR of 13.4% from 2020 to 2024. Within this expansion, the smart home devices sector escalated from US\$37.5 billion in 2020 to US\$65.6 billion in 2024; the smart home infrastructure sector grew from US\$15.0 billion in 2020 to US\$18.6 billion in 2024; and the system platforms sector rose from US\$1.0 billion in 2020 to US\$4.4 billion in 2024. Propelled by continuous function enrichment and performance improvement of smart home hardware and escalating consumer demand for higher-configuration smart home terminals and advanced networking solutions, the global smart home products market is projected reach US\$238.2 billion in 2029, representing a CAGR of 21.9% from 2024 to 2029.

To catch this trend, we have accelerated the development and advancement of our products. Our network infrastructure and digital video products have now evolved to feature *Matter* connectivity, edge computing and environment sensing, and functioning as cognitive home hubs. In 2024, we unveiled our Gemini-powered Home AI agent *Cedar*. According to Frost & Sullivan, we are the eighth largest provider globally, and the third largest among Chinese Mainland-based providers, in the global smart home product for enterprise customers market in terms of revenue in 2024. In terms of market size in 2024, the global enterprise smart home product market accounts for approximately 14.7% of the entire global smart home product market.

Our main digital video products — Android TV smart media streaming terminals — are important constituents of the smart home market. Google certification is an indispensable condition for entry in the Android TV terminal market, a threshold we crossed in 2017 as one of China's inaugural Google Android TV-certified enterprises. In 2023, we became the first ODM company worldwide to secure the Google TV projector certification. According to

Frost & Sullivan, we are the world's largest Android TV smart terminal supplier measured by sales volume in 2024, cementing our position in this domain.

High-Caliber R&D Team and Innovation Capabilities Translating Technologies into Integrated Smart Home Products

Since inception, we have been closely tracking market demands and technological frontiers and cultivated a high-caliber R&D team. We focus on development and accumulation of proprietary core technologies. We have established comprehensive R&D system based on our core technologies while encompassing core principles of “technological innovation, standardized R&D and agile delivery.” Through continuous innovation and R&D activities, we achieve technological breakthroughs and gained standardized, modular capabilities, forming a reusable technology platform. Agile delivery relies on platform capabilities to quickly respond to customized needs, enabling efficient product iteration and value realization. These three core principles form a closed-loop system, ultimately creating a virtuous cycle that continues to power our R&D efficiency and prowess.

We believe R&D talent is crucial to our technological prowess and business success. Through years of strategic blend of internal cultivation and global recruitment, we have formed a well-structured R&D team with experienced talent who possess multidimensional, balanced competencies in technology development, cross-functional team collaboration and complex technical problem-solving. As of December 31, 2025, we had over 400 R&D talent, representing over 60% of our total workforce.

We improve smart living experience through hardware innovation. We have core proprietary technologies in hardware, software and edge algorithms, achieving intelligent and high performance product and rapid iterations. In the network communication domain, we have developed Mesh multi-scenario converged networking technology, seamless Wi-Fi connection technology, *Matter* IoT connectivity and cross-protocol interoperability, elevating user experience in whole-home Internet coverage, zero-latency roaming and device connectivity. In the field of digital video devices, we have built a complete audio and video technology system covering core technologies including streaming media decoding, optical and color correction, AI super-resolution enhancement, far-field noise reduction, and speech recognition, supporting and providing a cinema-grade graphic quality and an immersive interactive experience.

Our proprietary software solutions transforms connectivity into cognition. *XMediaTV* is our media streaming platform, which realizes personalized recommendations for content and services for home users, and provides support for marketing decisions and improves user conversion rate for global operators. *XHome* provides zero-touch provisioning and wide spectrum of IoT solutions spanning from device management, device maintenance, smart scenarios, multi-screen client, operation management, to data center, helping telecom operators and retailers build a differentiated ecosystem. *Cedar* as a cognitive decision-making nucleus analyzes household data, executes accurate intent recognition and issues context-aware commands via *XMediaTV* and *XHome*, controlling various connected devices to address user needs in different application scenarios.

By connecting *Cedar* with our digital video devices and network communication devices, we enhance its AI capabilities and achieve edge-AI synergy, providing personalized, interactive user experience in various smart home scenarios.

We believe our excellent R&D team and this hardware-software innovation approach enable us to provide integrated smart home products to our clients, keep up with industry development trends and quickly respond to client needs, thereby consolidating our market position. We believe our R&D philosophy effectively transforms technology into seamless intelligent experiences that anticipate tomorrow's living paradigms.

Robust Supply Chain Capabilities and High-quality Client Base

Guided by an unwavering proactive market strategy, we have cultivated profound partnerships with our key accounts. We have established enduring collaborations with global telecom operators — our core clientele, by providing one-stop services encompassing product R&D and design, manufacturing and after-sales management, effectively enhancing client retention through value-driven engagement. Leveraging our acute market intelligence, robust R&D capabilities and globally distributed supply chain network, we maintain exceptional agility to evolving market demands, enabling swift new product commercialization.

Our supply chain management capabilities are built upon an integrated global procurement and production system:

- **Raw materials:** We have established a vast supplier network consisting of over 800 vetted suppliers across 12 countries and regions, which ensures a stable supply of raw materials. Our core raw materials are procured from prestigious suppliers who can meet our rigorous quality requirements at reasonable costs, laying a foundation for the reliable, timely deliveries and competitive price of our products.
- **Production:** We adopt an asset-light production model in partnership with well-known OEMs based in various countries and regions in the world. This unique model brings manufacturing agility — allowing us to achieve economies of scale for large-volume orders, while maintaining flexible production capacity for diverse, small-batch requests.

Our global supply chain can effectively reduce lead times by choosing the right raw materials suppliers and OEMs in the right places to ensure timely delivery, and mitigate geopolitical risks in this changing trade environment through the globally distributed locations of our customers and suppliers.

We are committed to bridging cultural and operational divides through our localized expertise. With in-depth local market insight, we believe our regional client service teams can significantly improve our market development and client retention. As of December 31, 2025, we had five overseas subsidiaries in key markets and deployed regional client service teams with the ability to provide services to customers located in multiple countries and regions in multiple languages and with a high degree of cultural sensitivity. This localized approach has effectively shortened our response times, increased customer satisfaction and strengthened our long-term partnerships with key clients.

Through years of dedicated market development, we have accumulated a stable and high-quality client base across Europe, North America, Latin America, Asia, Africa and other regions. We have established collaborative relationships with global telecom operators, including world-renowned multinational telecom operator groups, and top-ranked local telecom operators in various regions. These clients have stringent qualification and screening standards for their suppliers. Through years of quality services, we have become their trusted ecosystem enabler and our relationship has demonstrated exceptional durability evidenced by the quality and stability of the supplies of our solutions and products. We believe our strategic relationship with key accounts is more than conventional vendor-client relationship and has evolved into technology partnerships.

Collaborative Relationship with Ecosystem Partners

Over two decades of development, we have built up a collaborative ecosystem with global partners, including Google, premium content providers, telecommunication providers, top-tier chip manufacturers and well-known OEMs. We believe this interconnected alliance forms the bedrock of our industry position.

- **Google:** Google certification is an indispensable condition for entry in the Android TV terminal market — a threshold we crossed in 2017 as one of China's inaugural Google Android TV-certified enterprises. In 2023, we became the first ODM company worldwide to secure the Google TV projector certification. Our products have become integral components of the Google ecosystem. Over the past decade, we have emerged as the world's largest Android TV smart terminal supplier measured by sales volume in 2024, according to Frost & Sullivan. Our deep-rooted partnership with Google extends across Android TV, Google Home, Google Cloud and Gemini, positioning us as a premier strategic collaborator within the Google ecosystem.
- **Content providers:** We are licensed by content titans such as Netflix and Amazon Prime Video. These alliances ensure the content richness of our digital video devices, which proves decisive when telecom operators select their ecosystem partners.
- **Telecom operators:** We maintain close partnerships with top-tier telecom operators worldwide, enabling us to swiftly adapt to evolving customer needs and enhance our market position. These relationships not only sustain our existing business scale but also serve as convincing endorsements of our product and service capabilities, facilitating new customer acquisition and business expansion. Furthermore, our established client base in digital video devices provides critical support for our growing network communication devices and system platform businesses, driving synergistic growth across multiple sectors.
- **Chip suppliers:** We have entered into in-depth collaborations with global chip suppliers. As the core component of our products, these collaborations ensure stable, high-quality chip supplies, weathering global semiconductor fluctuations and supporting our expanding market share in smart terminal devices.
- **Hardware OEMs:** We have long-standing partnerships with well-known hardware manufacturers in the world. Our globally distributed supply chain can effectively reduce lead times by choosing the right OEMs in the right places to ensure timely delivery, and mitigate geopolitical risks. We are collaborating with a world-class OEM on *Matter*-compliant IoT devices, and jointly architecting a context-aware ecosystem, further improving user experience.

This partnership ecosystem has evolved into a value-creation network, elevating our industry influence, future-proofing our operations against geopolitical uncertainties, and providing a solid foundation for our sustainable, high-quality growth.

Profound Technological Expertise and Strategic Foothold in Home Ecosystem

The architecture of home ecosystem is built upon three foundations, namely, comprehensive whole-home Internet coverage, home hubs and cloud-based AI agent. We have strategically fortified our presence across all three dimensions, amassing profound technological expertise and securing leading market positions.

We began to launch a full-scale offering of network infrastructure products in 2020, including carrier-grade Wi-Fi routers, ONTs and cable modems, enabling instantaneous

deployment of whole-home Mesh Wi-Fi networks. Our premium Wi-Fi router solutions stand out with native *Matter* protocol ensuring cross-platform compatibility, *Thread* device integration for enhanced IoT connectivity, on-device spatial awareness algorithms capable of detecting human presence and object movement, and hub functionality that seamlessly coordinates with cloud-based AI agents to deliver intelligent, context-aware services. Our visual entertainment portfolio — including media streaming terminals — has evolved into AI-enhanced perception hubs, equipped with on-device machine learning for ambient adaptation and real-time content optimization algorithms. We have commercialized AI speakers with natural language understanding, and are actively developed AI-powered products through R&D initiatives in conversational domestic robotics for home-living assistance, AI-enabled smart glasses with environment sensing, and AI Computing Box serving as home private cloud. We also collaborate with a world-class OEM on *Matter*-compliant IoT devices.

In 2024, we unveiled our proprietary Home AI agent *Cedar*. *Cedar* also features autonomous learning and memorization capabilities that continuously adapt to user behavior, providing users with omni-scenario functions such as entertainment, appliance automation and lifestyle services.

We believe this three-dimensional strategic devotion — ubiquitous connectivity, hubs and AI agents — grants us unparalleled early-mover advantages.

Forward-looking and Seasoned Management

Our forward-looking founder, Mr. Li Bo, brings nearly three decades of expertise in digital video and smart home industries. We believe his strategic brilliance has spearheaded multiple transformative business pivots across industry cycles and navigated major technological paradigm shifts with agility. Our core management team are all experienced in digital video and smart home industries. Under the leadership of our founder and core management team, we have grown into the eighth largest provider globally, and the third largest among Chinese Mainland-based providers, in the global smart home product for enterprise customers market in terms of revenue in 2024, and the world's largest Android TV smart terminal supplier, measured by sales volume in 2024, according to Frost & Sullivan.

We have established a human capital management system with defined structures and processes. On the one hand, we have established a complete talent selection and training system. For example, we arrange onboarding training programs for new employees, accelerating role-specific proficiency. On the other hand, we have a sound internal talent echelon management system and transparent career progression pathways, cultivating a group of backbone personnel with outstanding professional competencies and loyalty.

Our talent strategy delivers tangible competitive advantages, enabling fast responses to custom project requests and dynamic resource allocation across technological verticals. This institutionalized talent excellence forms the bedrock of our sustained market position.

OUR GROWTH STRATEGIES

Enhance Industry Position and Expand Product Portfolio

According to Frost & Sullivan, we have grown into the eighth largest provider globally, and the third largest among Chinese Mainland-based providers, in the global smart home product for enterprise customers market in terms of revenue in 2024, and the world's largest Android TV smart terminal supplier, measured by sales volume in 2024. In the future, we plan to consolidate our position in the smart home and Android TV smart terminal markets by continuously upgrading existing technologies and optimizing existing products.

Moreover, we plan to continue to develop new products and expand our product portfolio. We have been developing AI-powered products such as domestic robotics, AI-enabled smart glasses and AI computing box. In the future, we will develop more innovative products and strive to create a new growth engine.

Continue to Invest in the Application of Advanced Technology in the Home Setting

In the future, we plan to continue to increase our investment in technology development and application in the home setting. In terms of media streaming terminals, we plan to enhance our edge computing capabilities by integrating distributed processing units and forming a closed-loop capability of “perception-decision-execution.” In addition, we plan to improve the accuracy and response speed of user interactions in areas such as acoustics, vision, radar and UWB. In terms of network communication devices, we plan to further integrate edge computing with advanced algorithms, continuously optimizing performance in anti-interference, automatic detection, network congestion and traffic management, while improving accuracy in Wi-Fi sensing capabilities.

In terms of system platforms, we plan to (i) combine third-party large language models with real-time audio and video technologies to support low-latency streaming and interactive functions between devices and applications; (ii) implement cloud-based visual analysis and processing functions to enhance user experience; (iii) enhance our cloud-edge collaborative networking capabilities to improve edge-side processing efficiency, including storing cross-network coordination information on edge gateways to reduce reliance on cloud processing and lower latency; (iv) further develop scenario-based system functions to enable automated coordination and control among devices through technologies such as rule engines, edge computing and third-party models; and (v) strengthen our platform’s high-concurrency capabilities to support large-scale device connectivity and simultaneous access. With the deployment of multiple data centers globally, we plan to build a global home service platform.

Continue to Globalize and Deepen Collaboration with Partners to Ensure the Stable Development of Our Business

We target the global market. In the future, we will continue to adhere to the client-centric approach, increase our investment in the marketing and technical capabilities of our local client service teams, fulfilling customized product development requests through various methods and ensuring product quality and after-sales services. At the same time, we plan to continuously deepen our collaborations with global partners to ensure the richness and diversity of our content offering and the technological supremacy of our software and hardware products.

Diversify Customer Base and Expand Sales Channels

Overseas telecom operators are our major clients. We have established longstanding relationships with prestigious telecom operators in the world. In the future, we plan to diversify our client base and expand sales channels. In particular, we plan to increase our presence in retail channels, cooperate with global retail giants, and launch products under our own brands, gradually expanding our share in the retail market.

Optimize Management through Automation and Data Analytics to Enhance Operational Efficiency

We have achieved intelligent knowledge management and intelligent meeting management through automation and data analytics. In the future, we plan to leverage automation and data analytics to achieve intelligent document processing, optimize cross-departmental collaboration, upgrade human resources management, digitalize financial management and optimize supply chain system, further improving our operational efficiency.

Investment in Upstream and Downstream Industry Players

While continuously investing in in-house R&D, we plan to strategically invest in high-quality targets closely related to our upstream and downstream businesses, such as algorithms. Through investment in upstream and downstream businesses, we plan to further expand our technological boundaries, and enhance our technological capabilities, product quality and core competitiveness.

OUR BUSINESS MODEL

We provide smart home products that allow users to control their home with ease leveraging the application of cloud, IoT and AI technologies in the home setting, through (i) our digital video devices, such as media streaming terminals, speakers, projectors, and cameras, (ii) our network communication devices, such as optical network terminals, Wi-Fi routers, and cable modems, and (iii) our system platforms, namely our home AI agent Cedar, our media streaming platform *XMediaTV* and our home device management platform *XHome*, which serve as the decision-making and control center to operate, manage and maintain digital video devices and network communication devices. During the Track Record Period, our revenue was mainly generated from sales of hardware products, namely our digital video devices and network communication devices. Our end enterprise customers are primarily telecom operators and retailers.

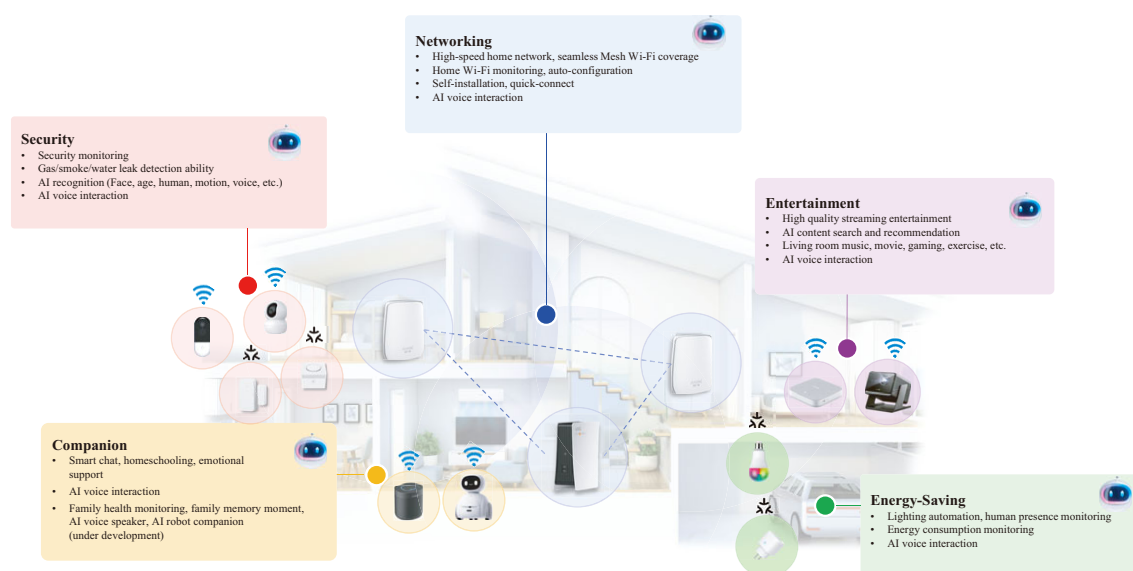
During the Track Record Period, we sold our products and solutions to end enterprise customers both directly and indirectly through intermediaries, including trading companies, manufacturers and other smart home product providers. In our earlier stage, certain customers transacted through intermediaries, while as our business developed, we increasingly established direct sales relationships. Under the direct sales model, customers place orders and make payments to us directly, whereas under the indirect model, intermediaries place orders with us and seel payments on behalf of the end customers. We cooperated with 10, nine and 18 intermediaries under the indirect sales model in 2023, 2024 and 2025, respectively.

Since 2010 and up to the Latest Practicable Date, we have cumulatively delivered smart home products, comprising end-to-end hardware and software solutions, to over 300 global telecom operators and retailers, serving millions of households worldwide.

We continue to enhance our presence in the field of home solutions. Starting in 2023, we leverage the application of AI technology and machine learning to empower our smart home products to learn, adapt and make autonomous decisions based on user behavior and environmental context, creating a more proactive and self-sufficient living environment. In particular, network communication devices establish the basic network connection for the entire home, while digital video devices enable home users to experience smart home applications. Furthermore, we have enhanced the connectivity and inclusiveness of our smart home products by adopting *Matter*, an industry standard protocol for smart homes designed to eliminate compatibility issues, simplify device setup and connectivity, and increase security and reliability, edge computing allowing the capture, processing, and analysis of data at the

farthest reaches and in real-time to enhance the performance and responsiveness of smart home, and environment perception and automatic control enabling our smart home products to make better and more precise interaction with home users.

The following pictures illustrate the functions and application scenarios of our smart home products:



We operate internationally with a large global sales network. As of December 31, 2025, we operated in more than 80 countries and regions.

OUR ECOSYSTEM

We are committed to a deep integration of software platform, hardware device, and an open ecosystem, providing integrated smart home products with self-perception, self-learning and self-interaction. Our ecosystem comprises our system platform (system layer), network communication devices, digital video devices (hardware layer), and our open ecosystem based on *Matter* protocol (ecosystem layer), leveraging our industry expertise, delivering end-to-end AI-powered smart living services across the entire home.

At the system layer, we have established an architecture centered on *Cedar*, our Home AI agent, synergizing with *XMediaTV*, our media streaming platform, and *XHome*, our home device management platform. *Cedar* achieves high-precision intent recognition through multimodal data analysis of voice, habits, images and sensor data, driving *XMediaTV* and *XHome* to accurately execute audio-visual recommendations, device control, environmental adjustments, and cybersecurity settings. This ensures fulfillment of user needs across diverse application scenarios, significantly enhancing smart living experiences.

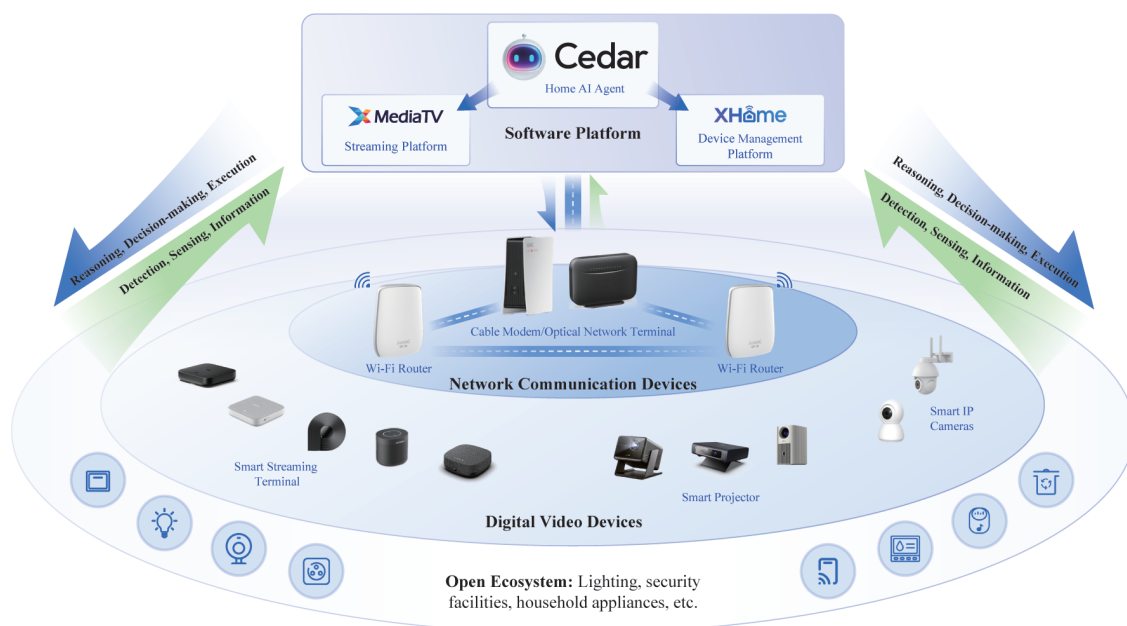
At the hardware layer, our network communication devices enable high-speed, stable and whole-home network coverage, while our digital video devices deeply integrates core scenarios including entertainment, security, energy-saving, and companionship. Certain hardware has integrated edge computing and environment perception technologies and evolved into terminals with self-perception and self-learning capabilities.

At the ecosystem layer, through the compatibility provided by *Matter* protocol, some of our products, namely our digital video devices with *Thread* modules, or Google TV products systems have become central hubs for home connectivity, enabling seamless cross-brand and

cross-ecosystem collaboration. As an open ecosystem protocol, any *Matter*-enabled device can interact and operate with other *Matter* devices from different brands. This enhances compatibility, allowing devices from various sources to integrate into smart home products, creating a convenient, interconnected, and collaboratively operated home environment. As market recognition of the *Matter* ecosystem grows, our revenue from *Matter* ecosystem products has increased significantly. In 2023, 2024 and 2025, our revenue generated from *Matter*-compliant products accounted for 10.9%, 23.6% and 15.4%, respectively, enhancing our strategic position in future AI Home ecosystems. Such products represented a minority of our total product units sold during the Track Record Period.

Operationally, our system platform conducts comprehensive analysis and reasoning of home data, transmits appropriate action commands to various terminals via high-speed networks while receiving real-time feedback from user interactions and environmental sensing data. This continuous iteration within the “platform-terminal-environment” loop forms a closed-loop system, enabling deep synergy among people, objects, and spaces. Ultimately, it builds an end-to-end, fully autonomous smart home product.

The following diagram illustrates our ecosystem:



OUR TECHNOLOGY INFRASTRUCTURE

Our ecosystem is built around two major subsystems, namely our system platform and our home hub.

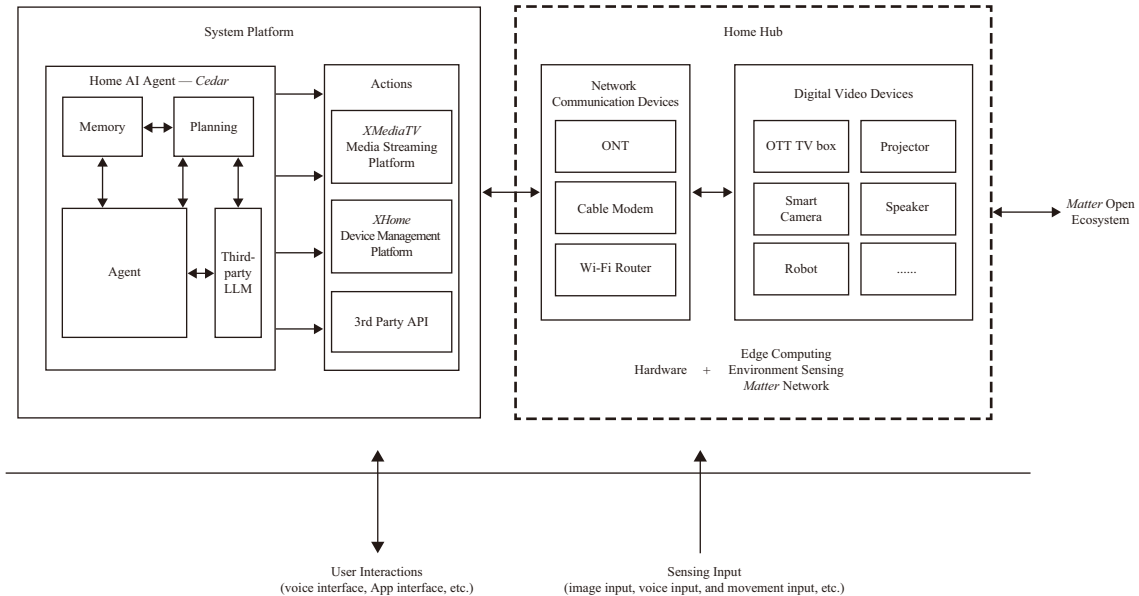
Our system platform can be further split into two key processes — “thinking” and “action.” For the “thinking” process, the agent is the main processing unit that handles the logical reasoning of users’ command. The third-party LLM, on the other hand, processes users’ commands and interpret the intention of such commands for devices. Meanwhile, the memory module stores user-specific information such as home users’ habits and past behaviors, while the planning module studies and summarizes information stored in the memory module and makes appropriate autonomous decisions based on interaction with the memory module.

After the “thinking” process is completed, the command generated from “thinking” is then translated into “action,” which can be performed by our media streaming platform *XMediaTV*, our device management platform *XHome*, and compatible third-party APIs, such as those for weather checking.

Another subsystem is our home hub comprising some of our hardware with edge-computing, environment sensing and *Matter*-compatible connectivity capabilities, which interacts with users directly through intermediaries such as APP interface or voice interface and handles the environment sensing functions through edge computing to detect changes in their surroundings — e.g. our OTT TV boxes, smart cameras, and Wi-Fi routers are capable of environment sensing through images, voice and movement. Such changes are transmitted through our home hub, which processes the changes, and, in turn, transmits the outcome to the system platform which will act upon the information transmitted.

To illustrate the workflow of our ecosystem, we provide the following example. Suppose that a home user said “the light from the window is a little bit harsh” – this information would be first captured by a home hub sensing device, such as our smart speakers, and would then be transmitted to the system platform through the network components of the home hub. After the agent received the information transmitted from the home hub, it would order the third-party LLM to ascertain the intention of “the light from the window is a little bit harsh.” The agent would then resonate that the user’s home had a smart curtain device, and the harsh light could be reduced by shutting the curtains. The agent would then start the action after reaching the conclusion, and would schedule the device platform inside to shut the curtain. The user’s action would then be recorded and the action would be learned through the planning module. If the user requested the same operation for many times in a similar time range, the planning module would consider it as the user’s personal habit.

The following diagram is an illustration of our technology infrastructure:



The table below sets out our key underlying technologies and their applications in some of our main products:

Technology	Application	Source of Technology	Business Segment
Cloud-Edge Collaborative Image Recognition Technology	Applied to streaming media terminals to enable gesture remote control and related content recommendation functions.	In-house developed	Streaming media terminals, other smart home device, system platforms services
	Utilizes on-device Neural Processing Unit (NPU) to run human keypoint detection and video keypoint detection models, enabling real-time gesture parsing and video frame analysis for remote-free interaction and context-aware content recommendations.		
	Applied to internet protocol cameras (IPC) to enable intelligent home security functions.		
	Leverages on-device NPU to run algorithms such as human shape detection, face recognition, and abnormal behavior analysis (e.g., fall detection, intruder alerts), providing preset security event warnings with millisecond-level response.		
AI Super-Resolution (AI-SR) Technology	Applied to the <i>XHome</i> cloud platform to enable intelligent event management and video retrieval functions.	Third-Party Produced Chips & Self-Developed Algorithm Optimization.	Streaming media terminals
	The cloud platform receives and stores event data and video clips uploaded by edge devices. By deploying AI analysis models on the cloud, data undergo secondary processing and intelligent tagging. Users can quickly filter and access relevant video clips via the app, significantly improving video management and retrieval efficiency.		
	Applied to streaming media terminals to reconstruct and enhance video content with AI-powered ultra-high-definition image quality.		
	The self-developed firmware algorithm invokes the AI-SR hardware module to perform real-time AI model inference on each video frame, achieving pixel reconstruction and quality enhancement with minimal latency, ultimately outputting high-resolution video signals to the TV.		

Technology	Application	Source of Technology	Business Segment
Wi-Fi Sensing-Based Near-Field Perception Technology	Applied to streaming media terminals to enable seamless intelligent scene control.	In-house developed	Streaming media terminals, network communication devices
	Leverages existing Wi-Fi signals to detect human presence by analyzing signal reflection disturbances, enabling automatic device activation and sleep mode. This transforms set-top boxes from passive receivers into proactive intelligent hubs that sense user states and deliver services.		
	Applied to network communication products to enable motion sensing functionality.		
Global Multi-Standard Digital TV Protocol Stack Technology	Utilizes existing Wi-Fi signals to detect human presence by analyzing signal reflection disturbances. In security applications, it enables whole-house intrusion detection for enhanced alerts; in energy efficiency, it identifies user activities for seamless interaction while protecting privacy.	In-house developed	Streaming media terminals
	Applied to hybrid streaming terminals to achieve deep integration of global digital TV broadcasting and Android TV.		
	A self-developed, modular digital TV protocol stack software deeply integrated with the Android TV framework, seamlessly compatible with local digital TV broadcasting, delivering a unified and smooth live and on-demand viewing experience.		
Network Self-Optimization Algorithm Technology	Applied to network communication products to empower Mesh Wi-Fi with edge algorithms. Each Wi-Fi node perceives the home network in real time, automatically selects optimal channels, guides devices to connect to the best frequency bands, and enables seamless roaming, enhancing the overall home network experience.	In-house developed	Network communication devices

BUSINESS				
Technology	Application	Source of Technology	Business Segment	
Dedicated Channel Technology	Applied to network communication products, deeply integrating multiple algorithms to enable intelligent network traffic scheduling and “dedicated channel” services. It restricts bandwidth for non-dedicated devices, ensuring real-time network performance for critical devices.	In-house developed	Network communication devices	
Projection Intelligent Algorithm Technology	Applied to smart projectors, leveraging sensors such as Time of Flight (ToF) and cameras combined with software algorithms to enable real-time auto-focus, auto keystone correction, auto obstacle avoidance, auto screen alignment, and intelligent eye protection without manual intervention, significantly enhancing the user experience.	In-house developed	Smart projectors	
Intelligent Recommendation Technology	Applied to the <i>XMediaTV</i> system platform to deliver intelligent video recommendation services based on big data analysis. The system analyzes user behavior and video attributes to generate user and content tags, employs multiple recommendation strategies to dynamically create personalized content, improves user experience, and supports flexible configuration of recommendation slots for personalized content delivery and smart operational management.	In-house developed	System platforms services	
Low-Latency Voice Interaction Technology	Applied to the Home AI Agent <i>Cedar</i> to enable real-time voice interaction, including second-level transcription of user voice input, accurate intent response, and low-latency interaction. Achieved through cloud-edge collaboration: the terminal preprocesses and streams voice slices to the cloud via a low-latency protocol; cloud automatic speech recognition (ASR) performs streaming and incremental decoding for rapid transcription; achieves fast feedback via terminal-cloud coordination.	In-house developed	System platforms services	

Technology	Application	Source of Technology	Business Segment
Agent Intent Recognition Technology	Applied to the Home AI Agent <i>Cedar</i> to achieve contextualized and accurate intent recognition for user commands. Based on local and cloud third-party LLMs, it collects user command data from high-frequency interaction scenarios, builds contextualized labeled datasets, and employs parameter-efficient fine-tuning methods like low-rank adaption (LoRA) for targeted training, accurately capturing user intent and improving recognition accuracy for vague or colloquial expressions.	In-house developed	System platforms services
Agent Memory Technology	Applied to the Home AI Agent <i>Cedar</i>, it enables rapid comparison via vector retrieval, topic-based aggregation and grouping of dialog content, and leverages third-party LLMs to extract and update user profiles and preferences. It constructs a multi-layer memory system combining short-term, medium-term, and long-term memory to gradually refine user profiles, making the Home AI Agent more understanding of users.	In-house developed	System platforms services

OUR SOLUTIONS

Our Hardware Solutions — Digital Video Devices and Network Communication Devices

Since 2012, when we successfully developed and launched a series of media streaming products based on the Android AOSP open-source system, our business has always been centered on the evolving needs of global telecom operators' home business, which often include our projects into their service packages. Over the years, we have been able to expand our solutions offerings and enhance our solutions capabilities, to provide a combination of hardware and software solutions. We are capable of customizing our smart home products based on telecom operators' different types of smart home businesses and specific needs as well as home users' preference, benefiting from our comprehensive offerings. In particular, our hardware offerings comprise various digital video devices with different parameters, including OTT TV boxes, smart projectors, and smart cameras, and network communication devices, including Wi-Fi routers, optical network terminals, and cable modems.

We set forth a list of our representative products as follows:

Digital Video Device

**Media
Streaming
Terminal**

Android TV

OTT TV Box


TV Stick


Hybrid Box


Speaker


XR Station


Projector
Google TV

LCD Projector


DLP Projector


Ultra Short Throw Projector

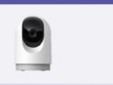

Camera

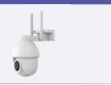
Edge AI Indoor camera

 (Under development)

Edge AI Outdoor Camera

 (Under development)

Smart Indoor Camera


Smart Outdoor Camera


Network Communication Device

Wi-Fi Router

Wi-Fi 5


Wi-Fi 6


Wi-Fi 7


Optimal Network Terminal

GPON


XGS-GPON


Driven by technological innovation and evolving user demands, the global home solutions market is undergoing a transition from digital home to more intelligent home solutions. Some of our digital video and network communication devices incorporate technologies such as edge computing and advanced algorithms, enabling functions such as environmental perception, user interaction and coordination with home system applications. We have developed and launched multiple products with enhanced intelligent features. On the hardware side, these products are equipped with advanced chip solutions that support on-device computing capabilities. On the software side, we utilize a combination of in-house and third-party algorithms, including those for image enhancement, voice interaction and network optimization, to improve performance in areas such as image quality, sound effects and network coverage. In addition, sensing and recognition capabilities enable devices to respond to environmental changes and support applications such as health monitoring and home security. These products can also be integrated with our home system platform, Cedar, which supports functions such as voice interaction, user preference learning, intelligent recommendations, network management and device coordination, serving as a central control point within the home ecosystem.

The recent ban on foreign-made Wi-Fi routers issued by the U.S. Federal Communications Commission (FCC) has limited impact on our business, primarily because (i) our video devices and other network communication devices are not only compatible with our Wi-Fi routers; and (ii) our Wi-Fi routers imported to the United States remain unaffected, primarily because (a) all products that obtained FCC certification prior to March 23, 2026 remain unaffected and continue to be shipped to customers without interruption; (b) all ongoing projects involving us are proceeding as planned under existing certifications. These projects fall within the exemption scope of the new regulation and are not subject to its requirements. No disruption to project schedules or supply commitments has occurred; and (c) we currently have no new projects being introduced into the U.S. market. Should any new projects arise in the future, the conditional approval framework would provide a transition period of up to 18 months. We will evaluate on a case-by-case basis whether to apply for such conditional approval; and (iii) we currently do not possess local manufacturing capabilities within the United States. If future regulatory or commercial conditions necessitate such capabilities, we will conduct a formal feasibility assessment and will keep the relevant regulatory authorities informed as appropriate. In addition, we will implement the following mitigating measures in response to the current regulatory framework. Specifically, (a) we will utilize our existing portfolio of FCC certified products to ensure uninterrupted shipments to the U.S. market; (b) for any potential future U.S. projects, we will assess the necessity of applying for conditional approval and, where appropriate and utilize the available 18 month transition period; and (c) we will maintain strategic and operational flexibility, monitor market and regulatory developments, and evaluate potential U.S. based manufacturing plans if needed. For the related risk, see “Risk Factors — Risks Relating to Our Industry and Business — Our business, financial condition and results of operations may be materially and adversely affected by international policies and international export controls and economic sanctions.”

The table below detailed information of our major hardware products:

Type of Product	Basis of Categorization	Application Scenario	Product Name	Product Picture	Actual or Expected Time of launch	Functions	Designed by	Major Customers
<i>Digital Video Devices</i> Streaming Digital Home media terminal	One-way video reception and playback	Receive broadcast signals and decode DVB/ATSC formats	Digital TV box		2015	1080 HD ground digital TV receiver, supports seven-day electronic program guide and scheduled recording functions	In-house	Retailer
	Realize content ecology and remote control on top of digital home	ATV ecological content, voice remote control, such as Google Voice Assistant	Smart TV dongle		2021	4K Ultra HD video play, compact and space-saving, can be hung directly behind the TV, supports Google Voice Bluetooth remote control, can easily search and control by language	In-house	Retailer
			Smart TV box		2022	4K Ultra HD video play, supports Google Voice Bluetooth remote control, can easily search and control by language	In-house	Telecom operator
			Smart TV dongle		2023	4K Ultra HD video play, compact and space-saving, can be flexibly hidden behind the TV, supports Google Voice Bluetooth remote control, can easily search and control by language	In-house	Telecom operator

Type of Product	Basis of Categorization	Application Scenario	Product Name	Product Picture	Actual or Expected Time of launch	Functions	Designed by	Major Customers
AI Home	Realize contextual awareness, proactive interaction, and AI agent collaboration on top of Smart Home	Millimeter-wave radar enables human/object motion detection, and AI technology enables real-time translation, image quality enhancement, human voice enhancement, gesture remote control	AI TV box		2024	4K UHD video play, AI UHD image quality reconstruction and enhancement, smart home edge gateway	In-house	Telecom operator
			AI speaker		2024	4K Ultra HD Google TV smart speaker box with built-in far-field voice interaction and control, including remote control search function	In-house	Retailer
			AI TV box		2025	4K UHD video play, H.266 video decoding, supports UHD image reconstruction and enhancement, AI streaming real-time subtitles and translation, AI audio source separation, AI gesture recognition control, AI video content real-time analysis and related recommendations, millimeter-wave radar-based intelligent perception and health reminders	In-house	Telecom operator

Type of Product	Basis of Categorization	Application Scenario	Product Name	Product Picture	Actual or Expected Time of launch	Functions	Designed by	Major Customers
Projector	Digital Home	Basic projection function	Projection via HDMI/type-C connected devices					
Smart Home	Realize content ecology and remote control on top of digital home	Google TV ecological content and basic algorithms enable autofocus and trapezoidal correction	Ultra-short-throw projector		2024	Ultra-short-throw projection, built-in battery, portable projection, algorithm: autofocus/automatic trapezoidal correction/intelligent glare prevention	In-house	Retailer
			DLP portable projector		2025	Built-in battery, outdoor portable projector, algorithm: autofocus/real-time non-sensing trapezoidal correction/intelligent glare prevention	In-house	Retailer
AI Home	Realize AI full-scene adaptation on top of Smart Home	AI technology and advanced algorithms enable far-field voice control, environmental perception adaptation, trapezoidal correction, and intelligent glare prevention	DLP laser projector		2025	4K telephoto high-brightness projection with a maximum brightness of 2800 ANSI lm, capable of PTZ control, wall color adaptation, real-time follow-up automatic trapezoidal correction, intelligent glare prevention, automatic obstacle avoidance, auto-retraction and other advanced algorithms	In-house	Targeting retailer

Type of Product	Basis of Categorization	Application Scenario	Product Name	Product Picture	Actual or Expected Time of launch	Functions	Designed by	Major Customers
Camera	Digital Home	Basic security function	NA					
	Smart Home	Realize remote security on top of digital home	Smart camera		2024	2K high-definition image, can analyze the content of the IPC real-time image through AI edge algorithm, such as the number of people and background content, and trigger alarm push and storage	Jointly with independent third party*	Trading company
	AI Home	Proactive protection on top of smart home	Edge AI camera		Expected in 2026	2K/2.5K HD resolution with robust edge AI algorithms supports detection of multiple events (human figures, pets, crying sounds, smoke, among others), triggering alarm notifications, local storage and tagged playback search	In-house	Targeting telecom operator

* *Note:* Pursuant to the joint development arrangement with the independent third party partner, we provided our *XHome* cloud platform to the partner, which then integrated it into its own products and provided us with the necessary technical support. We purchased the integrated products from the partner and on-sold them to our customers. The intellectual property rights for this jointly developed product belong to the partner, while the intellectual property rights related to the *XHome* cloud platform belong to us.

Type of Product	Basis of Categorization	Application Scenario	Product Name	Product Picture	Actual or Expected Time of launch	Functions	Designed by	Major Customers
Network Communication Devices	Optimal network terminal	WiFi signal coverage, broadband access	GPON		2022	Provide basic fiber-to-the-home network and wireless coverage	In-house	Telecom operator
	Smart Home	Mesh networking, multi-device connection, remote management	XGSPON		2023	Provide basic fiber-to-the-home network and Mesh network coverage for the whole house	In-house	Telecom operator
			GPON		2024	Provide basic fiber-to-the-home network and Mesh network coverage for the whole house	In-house	Telecom operator
AI Home	Environmental awareness + proactive network	WiFi sensing and millimeter-wave radar for human/object motion detection, coupled with AI-driven traffic scheduling	XGSPON		2025	10G ultra-broadband network integrated with WiFi sensing technology delivers premium WiFi home guard services	In-house	Targeting telecom operator
	optimization + AI agent collaboration on top of smart home		XGSPON		Expected in 2026	Leveraging edge AI for intelligent traffic scheduling and WiFi optimization, combined with WiFi sensing for premium home guard services	In-house	Targeting telecom operator

Type of Product	Basis of Categorization	Application Scenario	Product Name	Product Picture	Actual or Expected Time of launch	Functions	Designed by	Major Customers
Router	Digital Home	Basic network connection	Wi-Fi5		2023	Provide basic fiber-to-the-home network and wireless coverage	In-house	Telecom operator
	Smart Home	Mesh coverage and interconnection on top of digital home	Wi-Fi6		2023	Provide basic fiber-to-the-home network, Mesh network coverage for the whole house, network security protection and remote management	In-house	Telecom operator
	AI Home	Environmental awareness + proactive network optimization + AI agent collaboration on top of smart home	Wi-Fi6		2025	Realize Wi-Fi sensing technology, provide value-added home guard services	In-house	Targeting telecom operator
Modem	Digital Home	Basic network connection	DOCSIS 3.0		2022	Integration of DOCSIS 3.0 cable modem, home cable network and WiFi coverage	In-house	Telecom operator

During the Track Record Period, we primarily sold smart home products and solutions, which accounted for 75.3%, 73.6% and 80.8% of our total revenue for 2023, 2024 and 2025, respectively.

Digital Video Device

Media streaming terminals

Our media streaming terminals are core devices for home users to access TV, glasses, and other displays. They connect to the display screens, through which home users can select their preferred 4K TV programs from a wide array of different types, and use internet service, such as online shopping and gaming. We were one of the first companies in China to secure a Google Android TV certification in 2017, according to Frost & Sullivan. Furthermore, we were the world's largest Android TV smart terminal supplier in terms of sales volume in 2024, according to the same source. The main customers of our streaming media terminals are telecom operators, retailers and certain other smart home product providers.

Our media streaming terminals are equipped with the Google Android TV system, enabling access to Google Play Store's content ecosystem, fulfilling the demand of overseas end-users for a vast array of internet video content. In terms of functionality, our products integrate hardware-accelerated video decoding technology and support AI super-resolution, enabling real-time upscaling of standard-definition video images to 4K resolution, delivering clearer and smoother visual effects for users. Additionally, our media streaming terminals feature built-in decoding modules for multiple digital TV signal formats, including different protocols including DVB/ATSC/ISDB-T, supporting reception of broadcast signals in various regions. Our terminals also offer enhanced usability through interactive features such as Bluetooth and voice remote control, and, furthermore, they can be connected to our self-developed system platform *Cedar* (Home AI Agent), which can execute lightweight AI algorithms on the terminal side to achieve real-time image enhancement, voice interaction processing, environment perception, and other functions, creating personalized entertainment services that better understand users.

Our media streaming terminals come in a variety of forms. In addition to traditional OTT TV boxes, we have launched *Dongle* and *Stick*, which are portable devices with exquisite designs, catering to the needs of users who require a more portable product. To create a high-end smart entertainment experience, we have also integrated OTT TV boxes with speakers to launch smart speaker products with media streaming content access. These products are capable of running AI algorithms, and are also equipped with our voice AI models embeded in our *Cedar*, enabling interaction with households to conduct various voice-controlled activities, such as content playback and switching on/off home appliances. In recent years, to respond the growing demand for screen-free viewing, we have also introduced the XR Station, which can empower conventional AR glasses, allowing them to access to a vast array of internet video content.

Smart projectors

Our smart projectors are integrated with media streaming terminals to display content on projector screen or wall directly, eliminating the need for external displays. We were the first ODM company worldwide to secure a Google TV projector certification in 2023, according to Frost & Sullivan. The main customers of our projectors are retailers and certain other smart home product providers.

Our smart projector is equipped with the Google TV smart operating system, enabling users to easily access streaming apps and enjoy thousands of licensed content from Netflix, YouTube, Prime Video, and more. It also features prevalent projection display technologies such as LCD/DLP. We have a comprehensive product portfolio for DLP and LCD, from low-end to high-end products, with brightness ranging from approximately 200 to 3000 lumens, allowing users to enjoy a comprehensive, immersive, and intelligent visual experience. Our smart projector are also known for its portable size and a large projection screen, while

supporting multiple input methods such as HDMI, USB, and Wi-Fi, allowing users to easily connect smart devices and enjoy rich multimedia content. In addition, we have also launched an ultra-short-throw projector that provides users with excellent image quality with a wide color gamut and high contrast.

Our AI all-scene adaptive system utilizes AI algorithms such as second-level auto-focus, auto-trapezoidal correction, intelligent eye protection, and real-time obstacle avoidance to achieve environmental awareness and precise image adaptation, significantly enhancing the user experience. In the future, we will continue to focus on the advancements of 8K ultra-high definition, AR fusion projection, and laser TV technologies, constructing an integrated ecosystem of “hardware + algorithms + content” to drive innovation and empowering the smart projector industry while creating long-term value for global home users.

Smart cameras

Our smart cameras feature enhanced capabilities that include high-definition video recordings, motion detection, application-specific information capturing, and real-time alerts.

Equipped with processing chips and a rich library of trained algorithms, our smart cameras may perform a variety of advanced functions and perfect synchronization with our ecosystem. In addition to its software computing capabilities, high-definition lenses, large-aperture sensors, and AI-ISP algorithm allow our smart cameras to capture high-definition images with no noise, capturing every detail in daytime and at night.

With regard to the network functions of our smart cameras, our cameras are compatible with cloud storage, effectively mitigating data loss resulting from device theft and storage card damages. Our speakers and microphones allow users to engage in high-quality, dual-way online voice calls. Furthermore, our smart cameras can be connected with our self-developed *Cedar* which allows real-time analysis of captured videos and seamless synchronization with other digital video devices through voice command prompts and automatic settings.

The main customers of our camera products are telecom operators and retailers.

Network Communication Devices

Wi-Fi router

Wi-Fi router is a critical component of a home network, transferring internet signal to wireless network that can be accessed through devices such as cell phones and computers. We offer Wi-Fi routers supporting continuously evolving generations of Wi-Fi technology including Wi-Fi 5, 6, and 7, offering a continuously improving experience with respect to data flow and connection stability. With a full range of technology upgrades, our Wi-Fi routers empowers the home network to enter a new generation of higher speed and greater intelligence. Our Wi-Fi 7 has the advantage of low latency and high bandwidth, with a maximum bandwidth of 19,000Mbps. In addition to its speed, our Wi-Fi routers are also integrated with Mesh technology, allowing a wide range of coverage, covering the entire home with Internet access.

As a critical component of our network communication devices, our Wi-Fi routers’ built-in channel scanning and anti-jamming algorithms, providing a more stable and faster connection environment for a large number of IoT devices. Furthermore, our Wi-Fi sensing algorithm allows our Wi-Fi routers to sense the surrounding environment through Wi-Fi signals, enabling future functions such as illegal intrusion detection, resident health monitoring and home energy saving. To further improve the experience of key applications, our Wi-Fi router also features QoS traffic management and edge AI processing technology,

which is able to intelligently allocate bandwidth resources according to the type of application, making gaming, video conferencing and media streaming playback smoother and smoother.

Optical network terminal and cable modems

As the core equipment for connecting homes to the fiber optic broadband, optical network terminals have been gradually upgraded from GPON to XGS-PON. This technological upgrade allows users to enjoy symmetrical upstream and downstream 10G network experience, meeting the demand for higher bandwidth while better adapting to operators' multi-scenario applications.

Our self-developed software vocal module allows for rapid reaction to the specific and evolving needs of operators, giving us an advantage in terms of technological support. Furthermore, our hybrid multi-service processing technology can flexibly adapt to the operators' demand for multi-service processing. Following the emergence of the *Matter* protocol and related technology, we swiftly overcame the coexistence issue between *Thread* and 2.4GHz Wi-Fi wireless technologies. We are among the few companies in China to have launched a fusion gateway solution integrating XGS-PON and *Matter* for overseas logistics operators.

The main customers of our network communication devices are telecom operators.

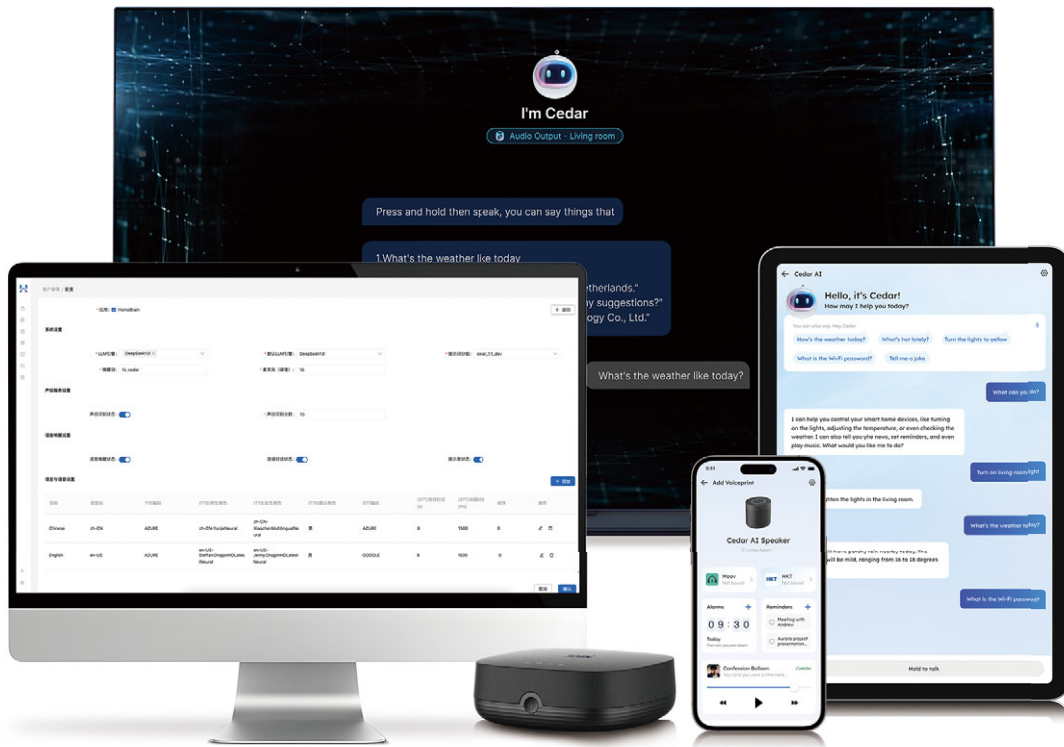
Our Software Solutions — System Platform

We provide primarily three system platforms to operators: our Home AI agent, *Cedar*, our operator-tier OTT media streaming platform (*XMediaTV*), and our home device management platform (*XHome*). Our system platforms provide various software solutions, offering comprehensive functionality, stability, and flexible deployment options, to satisfy operators' various and evolving business needs and reduce integration efforts and costs. We have developed advanced technologies to enhance user experience and to ensure reliable services, personalized content, efficient operations, and seamless user experiences across different devices and applications. The number of devices with *XMediaTV* and *XHome* activated in 2023, 2024 and the period from January 1, 2025 to the Latest Practicable Date was approximately 139,300, 5,856,100 and 18,233,187, respectively. As of the Latest Practicable Date, our *Cedar* remained at the customer promotion stage, during which we have provided sample units to selected customers and engaged in discussions regarding potential collaboration. During the Track Record Period and up to the Latest Practicable Date, we had not generated any revenue from *Cedar*.

Our Home AI Agent — Cedar

Our Home AI agent, *Cedar*, is the decision-making and control center of our smart home products. Since its launch in September 2024, *Cedar* has received positive feedback for its controls and intelligent features. *Cedar* features capabilities of language support, speech recognition, fast response times, and contextual memory. These improvements enable *Cedar* to better understand and respond to user needs, delivering a more personalized, intuitive, and efficient smart home experience. *Cedar* is fully compatible with our latest *Matter* IoT Solution and our home device management platform, *XHome*, ensuring smooth connectivity across a wide range of smart home devices. We plan to leverage *Cedar* to expand our current smart home products to cover more aspects everyday life.

The following picture shows the interface of *Cedar*:



Our *Cedar* has the following features:

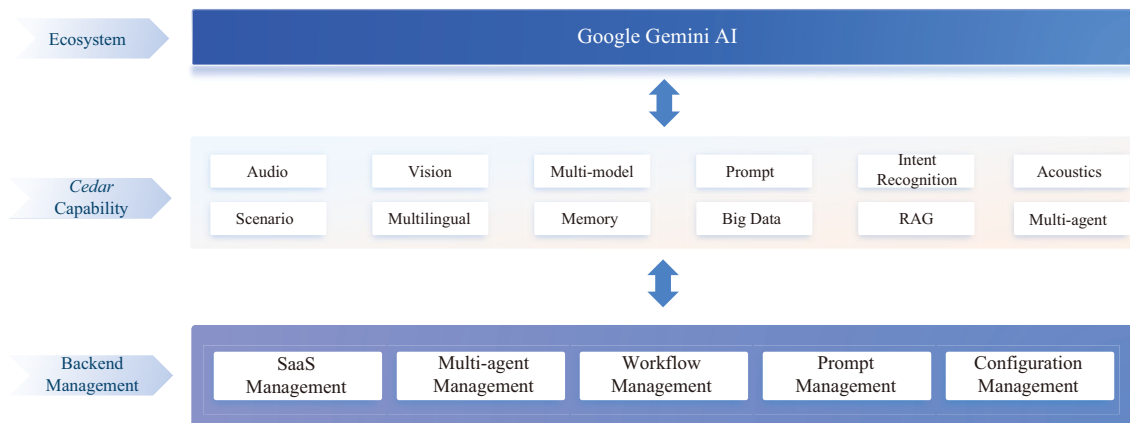
- **Multi-information input, accurate intention recognition:** *Cedar* has updated the traditional single information interaction mode and supports multi-modal information input such as voice, vision, and sensing. *Cedar* can quickly and accurately receive information, whether through voice commands, visual recognition, or sensor devices to obtain environmental data. On this basis, *Cedar* has a very high intention recognition capability with advanced algorithms and models, and can deeply understand user needs. Even in the case of vague and complex instructions, *Cedar* can accurately analyze user intentions and lay the foundation for the ultimate interactive experience for intelligent response.
- **Multi-agent collaboration to build smart ecological interaction:** *Cedar* supports multi-agent collaboration, where agents with different functions perform their duties and work closely together. In particular in a smart home setting, agent responsible for voice interaction receives user commands, visual agent identifies the environmental status, and device control agent accurately controls the collaborative interaction of various smart devices based on commands and environmental perception. *Cedar* has therefore enabled the collaborative operation of multiple agents, not only improving the ability to handle complex tasks, but also creating a more intelligent and convenient ecological device interaction for users.
- **Memory of user's family life and the continuous optimization of experience:** *Cedar* is highlighted by its memory function. It can record home users' historical interaction data, behavioral habits and preference information. As data and information accumulate, *Cedar's* understanding of home users' intention and

behavior continues to deepen. Based on these memory data, *Cedar* can provide home users with more personalized and precise proactive services, making user experience more intimate and comfortable.

- **Home device control for enjoyable smart life:** *Cedar* has powerful reasoning and decision-making capabilities and can achieve seamless connection with and smart control of devices that support the *Matter* protocol such as lights, curtains, sensors and smart cameras. At the same time, *Cedar* can also collaborate with operators to interact with TV content by giving commands to media streaming platforms such as *XMediaTV* — home users can easily switch TV channels, search for video resources, adjust playback progress, among others, through voice or other control without the constraints of traditional remote controls, enabling more flexible and convenient audio-visual experience.
- **Flexible SaaS service, convenient and efficient deployment:** *Cedar* provides a SaaS service model, and operators do not need complex local deployment and maintenance. This service model greatly reduces the threshold and cost of, and improves the efficiency of, the use of *Cedar*. In addition, *Cedar* supports flexible configuration of various parameters of agents through the backend of *Cedar*. Operators can personalize the functions, interaction methods, among others, of agents based on their specific needs to fully meet the diverse applications in different scenarios.

Cedar has shown great potential in terms of AI application, given its diverse information input methods, powerful multi-agent collaboration capabilities, unique memory functions, wide range of controlled devices, and flexible SaaS service model. Whether helping operators to achieve intelligent transformation or creating a smart life for home users, we believe *Cedar* will play an important role and lead users towards a more intelligent and convenient future.

The following diagram illustrates the functions and capabilities of our *Cedar*:



XMediaTV: media streaming platform

XMediaTV is a one-stop comprehensive OTT media streaming platform providing operational solutions for global telecom operators, consisting of a management platform for operators and a multi-screen client-end app for home users. Our operator-tier *XMediaTV* enables operators to create a custom user interface that allows operators to curate their own selection of apps and services for their home users.

The following picture set forth an illustrative interface of our *XMediaTV*:

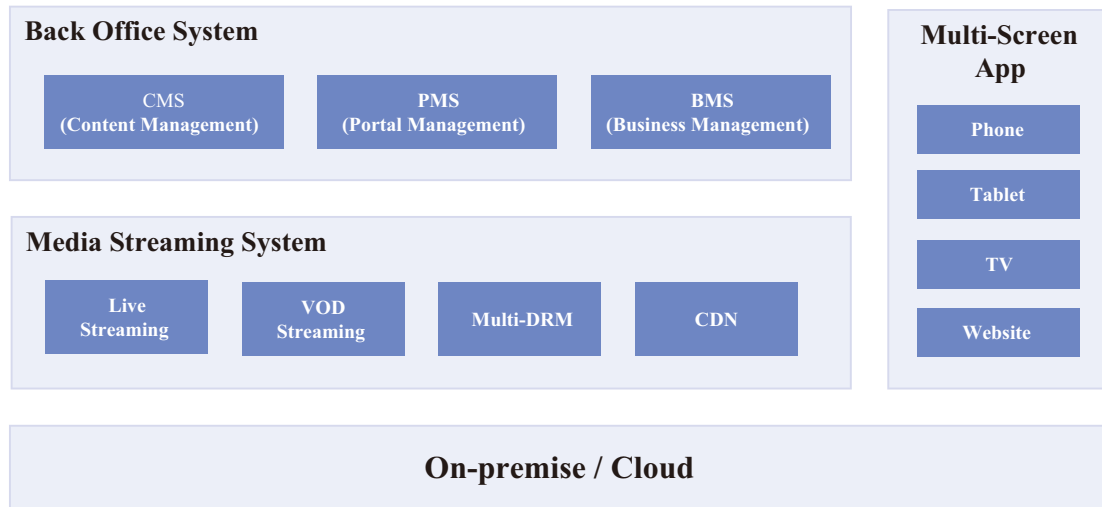


The management platform is the operational platform for operators' media streaming business, supporting massive concurrent access for millions of home users. It has three key modules:

- ***SaaS backend solutions:*** *XMediaTV* offers various SaaS backend solutions, including content management, business management, portal management, user management, and value-adding management, for operators to better manage and monitor their content, products, advertisement, data, and daily operations, as well as interactions and transactions with home users.
- ***Multi-screen client-end solutions:*** *XMediaTV* provides a cross-terminal multi-screen interactive experience for smart home scenarios, covering multiple terminal devices including Android TV, smartphones, tablets, PCs, among others, building a unified multi-screen client-end solution to achieve seamless content playback and synchronous experience across terminals, and comprehensively improve user stickiness and home entertainment experience.
- ***Media streaming solutions:*** Our media streaming solutions support almost all mainstream video, audio and file format and input and output protocols, and are able to transcode format for multiple streams to run parallelly. It can also manage user entitlement and access by geographic region and device category on one unified system, and support content delivery and playback in offline mode.

Such features of *XMediaTV*'s management platform enable operators to quickly set up their operational framework, manage various content types, and conduct OTT TV operations solutions. The backend platform's functions work together to provide one-stop solutions and support for operators' to enhance their smart home business, including through analysis of user behavior and market trends via data analysis to adjust their content and complementary solutions strategies accordingly. The client-end app of *XMediaTV* enables users to watch videos on and interact with their smart TVs, mobile phones, and tablets. Besides viewing content, users can also play games, shop online, and control other smart devices in their home network through the client-end app. In addition, our *XMediaTV* SaaS backend solutions are based on a mix of on-premise deployment and public cloud computing, enabling us to fully realize the benefits of high scalability and low cost, as well as full control of, our infrastructure hardware and servers.

The following diagram set forth the major functions of our *XMediaTV* solution:



XHome: home device management platform

XHome is a one-stop home device management platform designed for operators and retail brands. Its core features include a home device management platform, client app, and smart device access SDK, providing access to *XHome* for our self-developed smart hardware and *Matter*-compliant devices. At the same time, it can seamlessly set up a prevalent smart home device ecosystem, helping operators and retail brands to quickly build a unified, open and secure smart home platform, and realize multi-brand, multi-device interoperability and personalized customization services.

The following image showcases an illustrative interface of *XHome*:

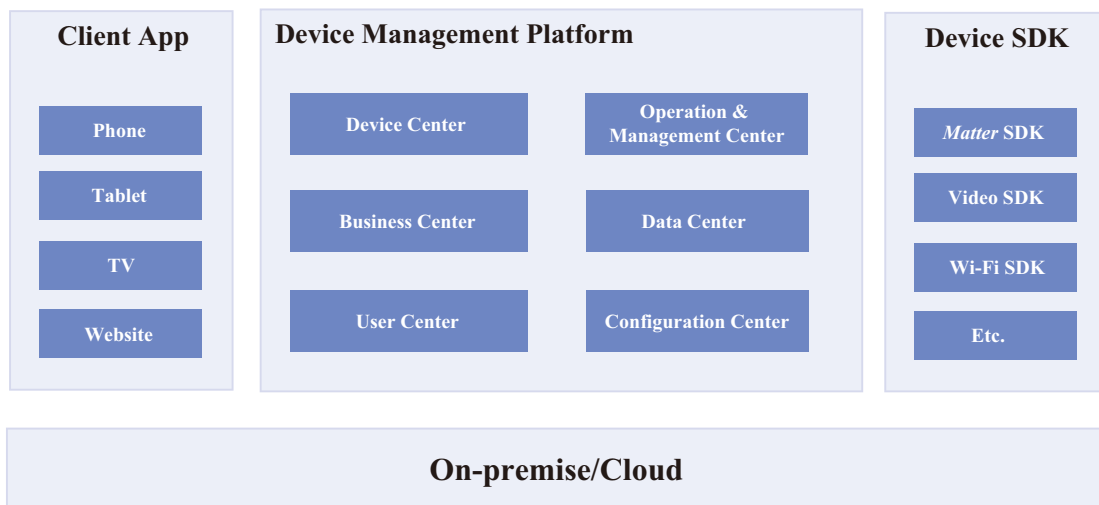


Our *XHome* features the following core functionalities:

- **Device management platform:** *XHome* serves as the management platform, responsible for unified smart device integration, remote control, operational management, and data analysis. It supports device lifecycle management, bulk OTA updates, fault monitoring and alerts, and intelligent scene linkage. This enables efficient and secure management of home devices, providing a stable and reliable cloud-based foundation for device control.
- **Client App:** *XHome* offers various functions to home users, including device addition, remote control, scene linkage, household management, and alert notifications. It also seamlessly integrates third-party agents or applications, such as Google Home and Amazon Alexa, allowing home users to conveniently control all their smart devices with a unified app. This creates a unified, intuitive, and intelligent entry point for home device control.
- **Smart Device Integration SDK:** The *XHome* Smart Device Integration SDK provides standardized access capabilities for proprietary and third-party smart hardware. It supports device registration, authentication, secure communication, and command transmission, compatible with various IoT protocols (e.g., Wi-Fi, BLE, *Matter*). This accelerates and secures device integration into the *XHome* platform, building a rich and open ecosystem.

Empowered by the deep synergies among *Cedar*, *XHome*, and the *Matter* ecosystem, we have achieved not only rapid integration and unified management of *Matter*-compliant devices but also remove the integration barriers between different brands and platforms. Leveraging *Cedar*'s AI capabilities in device perception, intelligent inference, and adaptive scenes, we have created a cross-brand and cross-platform intelligent interaction experience, fully empowering the end-to-end smart home product, making smart homes more proactive, intuitive, and continuously evolving.

The following diagram illustrates the main features of our *XHome*:



For some contracts, we provide commissioning services that are bundled together with the sale of products to the customers. Commissioning services mainly include customization of Terminal Management System (“TMS”) to comply with local regulatory requirements and installation support. TMS is a terminal management system, which is highly dependent on the sale of hardware. As a subsystem of *XHome*, TMS is responsible for fault monitoring, early warning, and remote operation and maintenance of smart devices, assisting operators in efficiently managing terminal devices. TMS enables telecom operators to manage all terminal devices efficiently, including but not limited to identifying malfunctioning products and providing updates through remote assistance. TMS is an inseparable part for telecom operators to provide services and commissioning services cannot be identified as a separate performance obligation. As such, commissioning services are priced along with the sale of hardware and there is no separate pricing policy for commissioning services. The commissioning services significantly modify or customize the goods, therefore, the products and the services are highly interrelated and combined as one single performance obligation which is satisfied at a point in time. See “Financial Information — Material Accounting Policies and Estimates — Revenue Recognition — Sales of Products.”

RESEARCH AND DEVELOPMENT

Overview

We invested significant resources into the R&D of our products, solutions and technologies. Our R&D activities primarily focus on digital video, IoT and cloud technologies. We established our global R&D center in Shenzhen, China, leveraging which, we actively engage in R&D activities associated with our products and solutions and meeting operators’ various and evolving needs. We are also constructing a new R&D center in Shenzhen, China, which is expected to be completed around 2027, to support our R&D activities, including but not limited to the application of audio and video technologies, AI algorithm, virtual and augmented reality and cloud computing technologies in our products. Our endeavors in R&D resulted in significant accomplishments, evidenced by a proven history of constantly iterating products and solutions and generating intellectual property and industry expertise. As of December 31, 2025, we had 266 patents and computer software copyrights, and 126 pending patent applications worldwide. See “— Intellectual Property.”

We are supported by a robust R&D team of more than 400 dedicated employees as of December 31, 2025, many of whom are industry veterans with profound expertise in telecom technology. Our R&D team has well-designed methodology to establish internal R&D standards, optimize R&D management system, and organize project evaluations, initiations, progress coordination and summaries.

During the Track Record Period, we had conducted over 160 R&D projects, primarily related to smart TVs, smart projectors, smart speakers, smart home, routers, modems, *XHome*, *XMediaTV* and *Cedar*, and had obtained over 110 patents and over 30 software copyrights. As of December 31, 2025, we had 42 R&D projects in the pipeline, primarily related to smart TVs, smart projectors, other digital video devices, network communication devices, and system platforms.

In 2023, 2024 and 2025, we had R&D costs of RMB149.2 million, RMB160.7 million and RMB163.9 million, respectively, representing approximately 6.8%, 6.6% and 5.2% of our operating expenses (including our cost of sales, selling and distribution expenses, administrative expenses and R&D costs) in the same periods, respectively.

BUSINESS

Set forth below is a breakdown of our R&D costs by business segment for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	<i>RMB '000</i>	<i>% of total</i>	<i>RMB '000</i>	<i>% of total</i>	<i>RMB '000</i>	<i>% of total</i>
Digital video devices	70,718	47.4	86,648	53.9	83,841	51.2
Network communication devices	53,535	35.9	58,746	36.6	50,951	31.1
System platforms and services	24,976	16.7	15,312	9.5	29,108	17.7
Total	149,229	100.0	160,706	100.0	163,900	100.0

R&D Process

We develop our products, solutions and technology, taking into consideration primarily operators' business needs and market trends and demands. Our R&D activities also focus on satisfying certification requirements from various industry players, including those certifications in connection with ecosystem, content, and technology.

Our R&D product design and development process typically consists of five stages:

Conceptual Phase: We assess the concept, feasibility, and market acceptance of the product. Upon approval, the project is launched and enters the R&D process;

Planning Phase: We analyze the product's functions and features, create a product requirement traceability matrix, and conduct a preliminary design. We identify the development workflow, break it down into manageable tasks, and develop a feasible implementation plan;

Development Phase: Based on the product requirements, we conduct hardware design, exterior design, structural design, software design, manufacturability, material selection, procurement cycle and overall cost analysis and review. We then develop engineering prototypes to ensure that the new product's performance meets our requirements. During the product design process, we refine and/or modify the product design and conduct rigorous testing to ensure it meets the specification requirements;

Validation Phase: We conduct various certification tests on the product to ensure it meets market access requirements. We also validate the product's manufacturability to ensure production efficiency for mass production;

Release Phase: We optimize production processes to ensure a stable manufacturing process and mass production capability before commencing full-scale production.

The below chart illustrates the phases of our R&D project development process.



INTELLECTUAL PROPERTY

Our success and competitive advantages depend in part on our ability to develop and protect our core technologies and intellectual property. We own a large portfolio of intellectual property, including patents, software copyrights, confidential technical information and expertise in the PRC and registered trademarks in Asia, Europe and the United States.

The table below sets forth some of our material patents:

No.	Type of patent	Description	Legal Status	Date Granted*	Patentee	Application
1.	Invention	A Long Video Recommendation Method Based on Aquila Optimizer Algorithm	Granted	2022.8.12	our Company	AI Home
2.	Invention	A Video Push Method and Apparatus	Granted	2022.8.2	our Company	AI Home
3.	Invention	An EasyMesh Network Management Method and Apparatus	Granted	2022.9.20	our Company	AI Home
4.	Invention	Image Processing Method, System, and Readable Storage Medium Based on Text-Image Combination	Granted	2022.12.6	our Company	AI Home
5.	Invention	A VR Video Transmission Method, Apparatus, Terminal, and System	Granted	2023.3.24	our Company	AI Home
6.	Invention	Android Device Anomaly Warning Processing Method, System, and Readable Storage Medium	Granted	2023.1.6	our Company	AI Home
7.	Invention	A Method and Apparatus for Building Network Anomaly Traffic Detection Models	Granted	2023.4.7	our Company	AI Home
8.	Invention	A Processing Method and Apparatus for QoS Routing Model Based on Wireless Mesh Networks	Granted	2023.9.19	our Company	AI Home
9.	Invention	A Distributed Real-Time Video Keyframe Extraction Method and Apparatus Based on Flink	Granted	2023.10.20	our Company	AI Home
10.	Invention	Application Programming Interface Control Method and Apparatus	Granted	2023.12.22	our Company	AI Home

For a list of our key intellectual property rights, see “Appendix VI — Statutory and General Information — Our Material Intellectual Property Rights”.

We rely on a combination of patents, copyrights, trademark law, trade secret protection and confidentiality agreements with customers, suppliers and employees to protect our intellectual property rights. We have also adopted a comprehensive set of internal rules for intellectual property management. These guidelines set out the obligations of our employees and create a reporting mechanism in connection with the protection of our intellectual property. As of December 31, 2025, our R&D efforts had accumulated 266 patents and computer software copyrights, and 126 pending patent applications.

There can be no assurance that our intellectual property protection efforts will be successful. Even if our efforts are successful, we may incur significant costs in defending our rights. From time to time, third parties may initiate litigation against us alleging infringement of their proprietary rights or declaring their non-infringement of our intellectual property rights. See “Risk Factors — Risks Relating to Our Industry and Business — Our business depends on our ability to protect our intellectual property rights, and we may be subject to intellectual property infringement and other claims by third parties in the PRC or other jurisdictions, which, if successful, could cause us to pay significant damages and incur other costs.”

Note:

* Granted patents have a term of 20 years from the application date.

During the Track Record Period and up to the Latest Practicable Date, we were not subject to any material intellectual property infringement and other intellectual property-related claims by third parties in the PRC or other jurisdictions in which we operate.

PRODUCTION

We focus on product and solutions design and development as well as production process design, which are crucial to our competitiveness. We outsource production and manufacturing of our products to specialized original equipment manufacturer (OEM) to secure stable production capacity, guarantee timely delivery, and achieve our sustainability goals. Given the maturity of production technologies and the availability of sufficient professional OEM vendors in the smart home industry, our adoption of a full outsourcing model can ensure stable production capacity, good quality, and reduced costs. Under this model, we usually procure raw materials, such as chips, storage units, modules and PCB, and supply them to OEM vendors for manufacturing. We believe this enables us to better control the quality of raw materials and improve customer satisfaction with the end products. In addition, through centralized procurement of raw materials, we believe we are able to negotiate with suppliers for more favorable prices. After the raw materials are delivered, the OEM vendors will proceed with the production process. As of December 31, 2025, we engaged 16 OEM vendors, the majority of which were located in China and some were located in Thailand, Vietnam and Poland.

We enter into framework agreements with our OEM vendors, and make specific orders based on our production plan, our inventory of raw materials, vendors' capacity, and our sales orders and forecasts, among others. We are generally responsible for R&D and design of our products (including software and hardware) based on our customers' demands, as well as sourcing most of the raw materials needed for production of our products, whereas our OEM vendors are required to have the necessary production know-know, facilities and manpower for production of our products. We will provide our OEM vendors with the raw materials sourced by us, bill of materials, production requirements and testing software for production purposes. We require vendors to follow our quality standards and delivery schedules, and conduct final product acceptance procedures in accordance with the agreements and orders. Such arrangement ensures stable production capacity and product supply and quality.

The below is a summary of the salient terms of the framework agreements and orders with our OEM vendors.

- **Term.** Typically one to three years.
- **Payment.** Typically bank transfer.
- **Credit Term.** Typically 30 to 90 days.
- **Delivery.** Absent unusual circumstances we are required to collect our goods from our OEM vendor's location. Our OEM vendor may be required to deliver the goods in special circumstances and we will be obliged to cover the fees in such circumstances.
- **Inspection and Acceptance.** Our OEM vendors are typically obliged to conduct product quality inspections according to our instructions and are obliged to reach a 100% pass rate for the products to be delivered to us.
- **Risk Allocation.** The risk is typically transferred to us at the time of our receipt of the goods.
- **IP.** We maintain all IP rights over which we have ownership.

BUSINESS

- **Confidentiality.** Neither party may disclose confidential or privileged information acquired in the course of contract performance to third parties without the other party's written consent. The duty of confidentiality lasts for five years after a party acquires confidential or privileged information from the other party and survives the termination of this agreement.
- **Termination.** The agreement may be terminated by any party via written notification at least one month before the termination of the agreement. We may also unilaterally terminate the agreement in the event of our OEM's material breach of the contract.

Selection and Management of OEM Vendors

We select OEM vendors based on various factors, including their management team, registered capital, number of employees, R&D capabilities and quality management capabilities, to ensure the quality of our products. We have established internal OEM vendors selection and management policies and guidelines, according to which we regularly review and assess the quality, capacity and capability of our OEM vendors and update the shortlist of our OEM vendors accordingly.

We also implement quality control measures over OEM vendors through pre-stipulated procedures in our internal guidelines and sign quality assurance agreements with the OEM vendors, to ensure their quality is in compliant with ISO9001 and ISO 14001 quality systems as well as our internal and our client's specific requirements. In addition, we station quality control personnel at OEM vendors' sites to supervise production and inspect the quality of finished products.

To safeguard our core technologies and IP rights, we have developed proprietary encryption algorithm and licensing management systems, protecting our software and firmware and License Key files from the risk of unauthorized leakage. Our agreements with OEM vendors also include IP and technology confidentiality clauses, imposing strict confidentiality obligations with respect to our IP and technology, including technical data and drawings, product designs, performance specifications, and production processes.

SALES AND MARKETING

Overview

During the Track Record Period, our products were primarily sold in the Europe, Asia and Americas, with significant increasing trend of revenue contributed by the United States. The table below sets forth the breakdown of our revenue by geographic region, based on the places of registration of our end enterprise customers, for the periods indicated:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Geographical markets			
Europe	1,074,583	1,053,798	993,182
Asia	721,044	374,841	1,059,014
Americas	463,348	967,935	965,799
U.S.	292,586	825,023	725,389
Africa and Oceania	9,549	8,939	24,609
Chinese Mainland	98,346	135,423	325,055
	<u>2,366,870</u>	<u>2,540,936</u>	<u>3,367,659</u>

BUSINESS

As of December 31, 2023, 2024 and 2025, we had 232, 275 and 273 direct customers, respectively, most of whom were global telecom operators and retailers. We typically acquire our customers through marketing activities such as exhibitions, forums and seminars, as well as by capitalizing on our robust brand reputation and substantial industry influence established through long-term, comprehensive and in-depth collaboration with global telecom operators, together with other marketing activities. See “Financial Information — Revenue — Consolidated Statements of Profit or Loss and Other Comprehensive Income — Revenue by Geographic Region” for detailed discussion of our geographical revenue breakdown.

During the Track Record Period, the Company’s revenue and gross profit margins by customer types are set forth in the below table:

Customer category	Revenue RMB'000	2023	Gross	Revenue RMB'000	2024	Gross	Revenue RMB'000	2025	Gross
		Revenue as % of total revenue	profit margin		Revenue as % of total revenue	profit margin		Revenue as % of total revenue	profit margin
Trading companies	474,289	20.0%	18.9%	361,270	14.2%	14.5%	261,077	7.8%	9.3%
End customers	1,892,581	80.0%	21.7%	2,179,666	85.8%	19.8%	3,106,582	92.2%	20.3%
Total	2,366,870	100.0%	21.1%	2,540,936	100.0%	19.0%	3,367,659	100.0%	19.5%

We enter into framework agreements and make specific orders with our customers. The salient terms of our standard sales agreements are set out below:

- **Duration.** The duration of the sales agreements with our customers is typically one year, or indefinitely until terminated by either party.
- **Pricing policy.** We sell our products to customers at mutually agreed prices.
- **Payment and credit term.** The payment is due when customers confirm acceptance of our products. We generally grant a credit period to our customers ranging from 30 to 120 days from the date of billing.
- **Logistics.** We make delivery arrangements as agreed upon by the parties.
- **Return arrangements.** We typically do not allow our customers to return products to us except for product design defects or quality issues.
- **Termination.** Our customers are typically entitled to terminate the agreement with two to three months’ prior written notice.

Marketing

We have established robust brand reputation and substantial industry influence through sustained, comprehensive and in-depth collaboration with globally leading operators across the world. We have an experienced and highly trained sales and marketing team, consisting of approximately 76 personnel as of December 31, 2025, who proactively identify market opportunities and design sales strategies. We adopt tailored strategies for customers in different locations and devote significant resources to business development in emerging locations. By focusing on lighthouse customers, we can navigate the achievement of our sales

goals, thus building a strong foundation for rapid expansion with other customers. In addition, we have adopted a comprehensive customer strategy that covers the entire process from customer acquisition to product delivery, which has further strengthened our industry influence and reputation. We maintain close contact with customers to gain a deep understanding of their needs and the current landscape of competing products. We also station technical and customer service personnel on global operators' site to learn about their needs and requirements timely and deeply. Leveraging our thorough understanding of international market dynamics and customer needs, we are able to better position our products, engage in strategic collaborations with our customers to co-develop new products, promptly address any technical issues during production and provide satisfactory after-sales services.

We take a customer-centric marketing approach to build and expand our business relationships. We collect feedback directly from customers and partners to garner insights that help drive our business and operations forward. We formulate targeted marketing strategies, organize online and offline marketing activities such as exhibitions, forums and online technical seminars to meet our business promotion needs and enhance our brand awareness. As we continue to expand domestically and globally, we will continue to optimize our sales and marketing network to ensure that we have sufficient geographic coverage across both existing and new markets.

Major Customers

Our end enterprise customers consist primarily of (i) global telecom operators, retailers, trading companies and certain other smart home product providers for sales of hardware products, parts and accessories (including digital video devices, network communication devices and others) and (ii) global telecom operators, retailers and other smart home product providers and manufacturers for provision of software solutions (namely our system platforms). We sell our products and solutions primarily to our end enterprise customers both directly and indirectly through certain trading companies, manufacturers and other smart home product providers. Our trading company customers order products from us based on their business needs, such as global operators' placement orders to such trading companies, and do not maintain their own inventories. Revenue generated from our largest customer in each year during the Track Record Period accounted for 23.6%, 14.3% and 15.9% of our total revenue in 2023, 2024 and 2025, respectively. Revenue generated from our five largest customers in 2023, 2024 and 2025 accounted for 60.7%, 50.6% and 47.7% of our total revenue in 2023, 2024 and 2025, respectively. Revenue generated from our trading company customers accounted for 20.0%, 14.2% and 7.8% of our total revenue in 2023, 2024 and 2025, respectively.

We acquire new telecom operator customers mainly through participation in exhibitions and one-on-one marketing efforts. Our typical transaction process with telecom operators involves the following stages:

- *Tender Preparation Phase*
 - Demand Confirmation and Project Initiation: Identification of core information including products, technical parameters, quantity, delivery timeline, and service requirements;
 - Tender Document Preparation: Formulation of the tender plan and documents, and determination of the tender method.

- *Tender Publication Phase*

- Publication of Tender Notice: For public tenders, notices are published simultaneously on the telecom operator's proprietary procurement platform. The notices typically set forth the project name, products, supplier qualification requirements, method for obtaining tender documents, tender submission deadline, and bid opening location, among others;
- Clarifications and Addenda: Potential suppliers submit any queries regarding the tender documents to the telecom operator's procurement department before the query deadline.

The core objective of this phase is to ensure transparency of information so that potential suppliers have equal access to tender information.

- *Bid Response Phase*

This phase is driven by potential suppliers. The core is to provide a complete response as required, demonstrating compliance with qualifications and competitiveness. Our R&D, procurement, production and sales departments revolve around addressing clients' customized requirements, with each stage being closely interconnected.

- *Bid Opening and Contract Award Phase*

The telecom operator announces the bid-winning supplier and the two parties enter into contracts.

- *Post-Award Business Process*

Following a successful bid award, we formulate a new product development plan based on client requirements and produce trial prototypes. Upon client approval of the prototypes, the client places a formal order. We then proceed to formulate production plans, organize raw material procurement, and arrange production. After production is completed and products pass quality inspection, we deliver the products. Telecom operators do not further modify the products purchased from us before selling them to end users.

Although our customer base is relatively concentrated in telecom operators, we do not rely on any single operator or a limited few. Instead, we engage in extensive collaboration with telecom operators worldwide, and our major operator clients have varied across different years during the Track Record Period. Moving forward, we will continue to diversify our customer portfolio by actively pursuing partnerships with retailers, traders, and other types of clients. This strategy will help broaden our revenue streams and mitigate the risks associated with over-reliance on any single customer category.

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The following tables set forth details of our five largest customers in each year during the Track Record Period:

Year ended December 31, 2023

Customer	Products/ solutions sold	Downstream application of our products/ solutions sold	Customer background	Revenue (RMB'000)	% of total revenue	Year of commencing business relationship	Typical credit terms
Customer A	Smart TV terminals	Further processing for sale to its end enterprise customer, a leading telecommunications operator in India, for onward sale to individual consumers	Established in 2019, a private electronics manufacturer based in Tirupati, India, with paid-up capital of 10 million Indian rupee	557,569	23.6	2019	80 days
Smart Digital Media Co., Limited	Smart TV terminals, optical network terminals, Wi-Fi routers and smart home products	Sale to Altice, an international telecommunications operator, for onward sale to individual consumers	Smart Digital Media Co., Limited, a private trading company based in Hong Kong founded in August 2019 and one of the domestic trader partners for Altice and other customers, with a registered capital of HK\$1 million and total assets of HK\$52.8 million as of December 31, 2024. Apart from our Company, Smart Digital Media Co., Limited also trade products procured from other suppliers.	434,639*	18.4	2019	60 days
Customer B	Smart TV terminals, cable modems and optical network terminals	Sale to individual consumers	Established in 2007, a private telecommunications company based in Warsaw, Poland with a total asset of EUR20.0 billion as of December 31, 2023 that provides cellular carrier services	169,841	7.2	2019	30 days
Customer C	Smart TV terminals	Sale to its end enterprise customer, a global retail platform, for onward sale to individual consumers	Established in 1989, a network communications company based in New Taipei and a member of a Taiwan Stock Exchange-listed group, with a registered capital of NTD4.8 billion that focuses on network communications and electronics manufacturing	136,786	5.8	2021	90 days
Customer D	Smart TV terminals and cable modems	Sale to individual consumers	Established in 2007, an alternative telecom provider listed on The International Stock Exchange and based in Hoofddorp, Netherlands with an annual revenue EUR3.0 billion as of 2024 that operates telecommunications platforms and mass media outlets	134,378	5.7	2019	120 days
				1,433,213	60.7		

Note:

* We started to cooperate with Smart Digital Media Co., Limited in late 2019 and started to generate revenue from sales to Smart Digital Media Co., Limited in 2020. Our revenue generated from sales to Smart Digital Media Co., Limited was RMB14.1 million, RMB251.3 million and RMB574.9 million in 2020, 2021 and 2022, respectively.

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Year ended December 31, 2024

Customer	Products/ solutions sold	Downstream application of our products/ solutions sold	Customer background	Revenue (RMB'000)	% of total revenue	Year of commencing business relationship	Typical credit terms
Customer C	Smart TV terminals	Sale to its end enterprise customer, a global retail platform, for onward sale to individual consumers	Established in 1989, a network communications company based in New Taipei and a member of a Taiwan Stock Exchange-listed group, with a registered capital of NTD4.8 billion that focuses on network communications and electronics manufacturing	362,821	14.3	2021	90 days
Smart Digital Media Co., Limited	Smart TV terminals, optical network terminals, Wi-Fi routers and smart home products	Sale to Altice, an international telecommunications operator, for onward sale to individual consumers	Smart Digital Media Co., Limited, a private trading company based in Hong Kong founded in August 2019 and one of the domestic trader partners for Altice and other customers, with a registered capital of HK\$1 million and total assets of HK\$52.8 million as of December 31, 2024. Apart from our Company, Smart Digital Media Co., Limited also trade products procured from other suppliers.	268,073	10.6	2019	60 days
Customer E	Smart TV terminals	Sale to end enterprise customers in the retail industry	Established in 1998, a Nasdaq-listed technological company based in California, United States with revenue of US\$350.0 billion in 2024 and an total asset of USD450.3 billion as of December 31, 2024 focusing on online advertising, search engine technology, cloud computing, among others	231,798	9.1	2017	30 to 60 days
Customer F	Smart TV terminals and system platforms and services	Further processing for production of video products	A Euronext Paris-listed creative service and technological company based in Paris, France with a total asset of EUR3.0 billion as of December 31, 2021 that provides creative services and technology products for the communication, media and entertainment industries	224,818	8.8	2021	120 days
Customer B	Smart TV terminals, optical network terminals, Wi-Fi routers, cable modems and system platforms and services	Sale to individual consumers	Established in 2007, a private telecommunications company based in Warsaw, Poland with a total asset of EUR20.0 billion as of December 31, 2023 that provides cellular carrier services	198,665	7.8	2019	30 days
				1,286,175	50.6		

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Year ended December 31, 2025

Customer	Products/ solutions sold	Downstream application of our products/ solutions sold	Customer background	Revenue (RMB'000)	% of total revenue	Year of commencing business relationship	Typical credit terms
Customer G	Smart TV terminals	Further processing for sale to its end enterprise customer, a leading telecommunications operator in India, for onward sale to end consumers	Established in 2007, a private electronics manufacturing services provider based in India, with its business spanning various regions in the world	535,868	15.9	2023	80 days
Customer F	Smart TV terminals and system platforms and services	Further processing for production of video products	A Euronext Paris-listed creative service and technological company based in Paris, France with a total asset of EUR3.0 billion as of December 31, 2021 that provides creative services and technology products for the communication, media and entertainment industries	352,622	10.5	2021	120 days
Customer C	Smart TV terminals	Sale to its end enterprise customer, a global retail platform, for onward sale to individual consumers	Established in 1989, a network communications company based in New Taipei and a member of a Taiwan Stock Exchange-listed group, with a registered capital of NTD4.8 billion that focuses on network communications and electronics manufacturing	289,752	8.6	2021	90 days
Altice	Optical network terminals and Wi-Fi routers	Sale to individual consumers	Established in France in 2001 and headquartered in New York, USA, a global telecom operator focusing on the US and European markets, with its US business listed and publicly traded at the New York Stock Exchange	216,544	6.4	2020	60 days
Customer E	Smart TV terminals	Sale to end enterprise customers in the retail industry	Established in 1998, a Nasdaq-listed technological company based in California, United States with revenue of US\$350.0 billion in 2024 and an total asset of USD450.3 billion as of December 31, 2024 focusing on online advertising, search engine technology, cloud computing, among others	212,725	6.3	2017	30 to 60 days
				1,607,511	47.7		

During the Track Record Period, our major customers primarily comprised global telecommunications operators or well-known retail and technology companies with whom we typically maintain relatively stable business relationships. Changes in the composition or ranking of our top five customers across different years were mainly attributable to fluctuations in customers' procurement volumes and project rollout schedules, which in turn affected their relative contribution to our revenue in each year.

To the best knowledge of our Directors, each of our five largest customers for each year during the Track Record Period is an Independent Third Party. In addition, to the best knowledge of our Directors, there was no other past or present relationships (including financing, trust or otherwise) between us and each of our five largest customers in each year during the Track Record Period, their respective substantial shareholders, directors or senior management, or any of their respective associates during the Track Record Period. As of the Latest Practicable Date, none of our Directors, their respective close associates or any of our shareholders (who owned or to the knowledge of Directors had owned more than 5% of our issued share capital) had any interest in any of our five largest customers in each year during the Track Record Period. One of the controllers of Smart Digital Media Co., Limited is a brother of a member of our senior management. For details regarding certain historical business dealings between our Group and Smart Digital Media Co., Limited during the Track Record Period, see "History and Corporate Structure — Previous Listing on the NEEQ and Previous A Share Listing Attempt."

Our Sales to Smart Digital Media Co., Limited and Altice

Since 2019, Smart Digital Media Co., Limited, namely Smart Digital Media Co., Limited, as one of the trader partners of Altice with a registered capital of HK\$1 million and total assets of HK\$52.8 million as of December 31, 2024, has procured digital video devices and network communication devices from us and resold them to Altice. To the best of our knowledge, the substantial majority of Smart Digital Media Co., Limited's revenue during the Track Record Period was derived from sales of our products to Altice, as Smart Digital Media Co., Limited was established by its owners for the primary business purpose of product trades with Altice and us. In addition to products procured from us, Smart Digital Media Co., Limited also generated revenue during the Track Record Period from products procured from other suppliers (primarily suppliers of basic electric devices, such as switches and power adapters) and sold to customers other than Altice. To the best of our knowledge, the owners of Smart Digital Media Co., Limited are experienced in the smart home industry and have profound business relationship with Altice.

During the early years of our cooperation with Altice, we were still at our ramp-up stage and had not gained our market position and reputation that we now enjoy. Therefore, Altice required to proceed with the transaction through Smart Digital Media Co., Limited, which is a trader partner of Altice. As the intermediary, Smart Digital Media Co., Limited was responsible for liaising with Altice from the beginning on the specification of products required, product sample testing, formal order and product delivery, while we were responsible for R&D, design, and production of the products. Under the arrangement, Altice placed orders with Smart Digital Media Co., Limited, which in turn placed orders with us.

In 2020, Altice's U.S. business had demand for network communication devices. Due to Sino-U.S. tariff policies, Altice considered tax-related risks and communication efficiency, and opted to engage in direct transactions with us. In October 2020, we were admitted as a qualified supplier for Altice's U.S. business, allowing direct sale of network communication devices products by us to Altice. We have also established direct business relationships with Altice in other region and for the sales of various new products. For example, we commenced direct sales of network communication products to Altice in Europe in 2024, and started to sell optical network terminals in the U.S. to Altice under the direct sales model in 2024. For

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existing transactions which had been conducted through indirect sales, Altice decided to continue such practice, while the sales model for new transactions is evaluated by Altice on a case by case basis.

The table below sets forth the key differences between the direct and indirect sales to Altice:

		Direct Sales	Indirect Sales
Type of Products Sold	2023	Wi-Fi routers	Smart TV terminals, Wi-Fi routers, smart home devices, optical network terminals
	2024	Wi-Fi routers and optical network terminals	Smart TV terminals, Wi-Fi routers, smart home devices, optical network terminals
	2025	Wi-Fi routers and optical network terminals	Smart TV terminals, smart home devices, optical network terminals
Sales Volume (<i>Unit in thousands</i>)	2023	230.5	1,498.9
	2024	276.7	955.0
	2025	476.4	257.7
Credit Term (<i>days</i>)		60	60
Warranty Period (<i>months</i>)		27	27

As advised by Frost & Sullivan, having direct sales and sales through an intermediary to the same customer is common in the relevant industry. We also cooperate with other trading companies aside from Smart Digital Media Co., Limited in the ordinary course of business. Whether we sell directly or indirectly to Altice is primarily determined by Altice as the dominant party in the transactions. The reason that we continue to adopt the indirect sales model after we have established direct business relationships with Altice was that (i) Smart Digital Media Co., Limited has been familiar with Altice, including Altice's communication practices, supplier management, price negotiation process, and procurement decisions, which is valuable to both Altice and us; and (ii) we established business relationship with Altice upon the referral by Smart Digital Media Co., Limited. Since then, the three parties have cooperated smoothly through the indirect sales model and Altice has decided to continue this indirect sales model for existing products. We have made efforts to establish direct business relationships with Altice in regions in addition to the U.S. With the improvement of our industry position and our increasingly extensive cooperation with Altice, we expect our direct sales to Altice to expand in the future.

During the Track Record Period, products sold by us to Smart Media included digital video products and network communication products. The table below sets forth a breakdown of revenue from sales to Smart Media during the Track Record Period by product:

Product	2023		2024		2025		Total	
	Revenue	%	Revenue	%	Revenue	%	Revenue	%
<i>(RMB in millions, except %)</i>								
Digital Video Product A	6.4	1.5%	–	–	–	–	6.4	0.8%
Digital Video Product B	156.8	36.1%	94.1	35.1%	48.9	86.3%	299.8	39.5%
Product C	99.0	22.8%	75.5	28.2%	–	–	174.5	23.0%
Network Communication Product D	130.5	30.0%	80.1	29.9	2.0	3.6%	212.7	28.0%
Network Communication Product E	7.5	1.7%	–	–	–	–	7.5	1.0%
Network Communication Product F	16.0	3.7%	1.7	0.6%	–	–	17.7	2.3%
Accessories and other product models *	18.5	4.2%	16.7	6.2%	5.8	10.1%	40.8	5.4%
Total	434.6	100%	268.1	100%	56.7	100.0%	759.4	100.0%

* *Note:* The revenue for each product listed above only includes revenue from assembled products. Revenue from accessories corresponding to such products is categorized under this line. “Other product models” included in this line refers to models generating revenue below RMB10 million in each year during the Track Record Period.

The below sets out an analysis of our products sold to Altice through Smart Media by category.

Digital Video Product A is a TV box product. During the Track Record Period, we only sold video product A to Smart Media in 2023. In 2023, the average selling price of Digital Video Product A sold to Smart Media was approximately 1.7% higher than those sold to a well-known European telecom operator. The price difference was small, but the product configuration was higher. The unit cost of materials of Digital Video Product A sold to Smart Media was approximately 16.7% higher.

Digital Video Product B is also a TV box product using another main control chip. Product B1 is a product with similar specifications to Digital Video Product B, which differs in exterior appearance but shares the same main control chip. During the Track Record Period, the average selling price of Digital Video Product B sold to Smart Media was 9.4%, 3.1%, and -13.2% higher than that of Video Product B1 sold to a well-known telecom operator in the Nordic and Baltic regions and used in the Finnish and Swedish markets, respectively, with only minor price differences. The relatively lower price of Video Product B in 2025 was due to the lowering of the price of Digital Video Product B sold to Smart Media in light of the competition of similar TV box products from a peer company based in China for orders from Altice.

Product C is a wireless router product. From 2023 to 2025, the average selling price of Product C sold to Smart Media was 12.8% and 12.3% lower, respectively, than those sold directly to Altice. Given that there were no significant configuration differences between Product C sold directly and indirectly to Altice, the above price difference primarily reflects the lower prices sold to Smart Media which were determined after arm’s length negotiations between us and Smart Media taken into account, among other factors, the level for profit margins Smart Media will require as trader.

In summary, the sales prices of Digital Video Product A, Digital Video Product B, and Product C to Smart Media were reasonable during the Track Record Period.

The pricing policy adopted by us in determining the price offered to Smart Digital Media Co., Limited is the same as that offered to other customers. Specifically, the per unit price offered to Smart Digital Media Co., Limited was determined by us after taking into account, among others, (i) customer and market factors, including purchase volume, customer’s bargaining power, sales channel and regional market characteristics; (ii) product and service factors, including hardware configuration and performance as well as software, content and service package; and (iii) strategic and cost factors, including market competition and strategic objectives as well as dynamic cost structure. For details, see “—Commercialization and Pricing Strategy”. During the Track Record Period, the selling prices for products sold to Altice through Smart Digital Media Co., Limited were relatively close to comparable products offered to other customers. For selling prices of the same product model which was sold through both direct sales and indirect sales, the selling price for indirect sales was relatively lower than that for direct sales, which reflects a reasonable profit margin of 10-15% maintained by Smart Digital Media Co., Limited as a trader. The credit terms typically offered to Smart Digital Media Co., Limited is 60 days, which is within the general credit terms of 30 to 120 days offered to our other customers. The warranty period typically offered to Smart Digital Media Co., Limited is 27 months, which is within the general warranty period of one to three years offered to our other customers.

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Our revenue generated from sales to Smart Digital Media Co., Limited decreased during the Track Record Period, primarily due to the decrease in sales volume for certain products attributable to decrease in demand for the old product models while the new models were under development, which was in line with our product development cycle.

Other than the sales transactions set out above, there was not any other transactions or fund flows or sharing of resources between our Group and Smart Digital Media Co., Limited.

Movement in Number of Customers

Global telecom operator customers

The table below sets forth the number of our direct global telecom operator customers and their movements for the periods indicated:

	Year ended December 31,		
	2023	2024	2025
Number of global telecom operator customers at the beginning of the period	68	62	67
Number of global telecom operator customers added during the period	17	20	21
Number of global telecom operator customers deducted during the period	23	15	31
Number of global telecom operator customers at the end of the period	62	67	57

Retailer customers

The table below sets forth the number of our direct retailer customers and their movements for the periods indicated:

	Year ended December 31,		
	2023	2024	2025
Number of retailer customers at the beginning of the period	107	128	152
Number of retailer customers added during the period	63	94	79
Number of retailer customers deducted during the period	42	70	73
Number of retailer customers at the end of the period	128	152	158

Other customers

Our other customers primarily consist of trading companies, other smart home product providers and manufacturers. The table below sets forth the number of our other customers and their movements for the periods indicated:

	Year ended December 31,		
	2023	2024	2025
Number of other customers at the beginning of the period	40	42	56
Number of other customers added during the period	8	24	22
Number of other customers deducted during the period	6	10	20
Number of other customers at the end of the period	42	56	58

Commercialization and Pricing Strategy

We will continue to focus on our major markets, such as Europe, Americas and Asia. In addition to our existing products, such as digital video devices, network communication devices and system platforms, we will further develop and sell AI-powered products, such as AI glasses, robots and AI computing boxes, based on customer needs. Among these products, our speakers have been preliminarily verified by our customers and are ready to be launched. These products are expected to be launched in Americas first, and gradually promoted to other major markets around the world. Other products, such as AI glasses, robots and AI computing boxes, are still in the research and development stage. We will promote the sales of these products based market demand after they are launched.

We price our products based on a variety of factors, including: (i) customer and market factors, including (a) purchase volume: customers with large annual purchase volumes typically receive more competitive pricing, (b) customer's bargaining power: customers with multiple supplier options often have stronger bargaining power and can secure more favorable prices, (c) sales channel: prices through traders are generally lower than direct sales to end customers to leave reasonable profit margins for traders, and (d) regional market characteristics: variations in operational expenses, tax policies, and market competition across regions also directly affect local pricing strategies; (ii) product and service factors, including (a) hardware configuration and performance: differences in core configurations such as memory, modules, and interfaces can lead to significant cost variations, and (b) software, content and service package: the price of digital video devices is often tied to embedded exclusive content services, and quotations for network communication devices may include software licenses as well as technical support, installation, and long term maintenance services; and (iii) strategic and cost factors, including (a) market competition and strategic objectives: to enter new markets or respond to competition, we may offer "strategical prices" to specific customers, where pricing is driven primarily by market objectives rather than cost alone, and (b) dynamic cost structure: periodic fluctuations in raw material prices and additional costs arising from dedicated production capacity arrangements or special logistics to meet specific customer requirements are reflected in the final quotation.

As our products are highly customized, pricing of comparable products on the market is usually not publicly available. To ensure the market competitiveness and reasonableness of our pricing, we keenly perceive market trends and obtain crucial pricing guidance through (i) direct feedback from customers: as we regularly engage in price discussions and negotiations with key customers, the market condition, price expectation, or pricing pressure disclosed by customers during these communications provide us with the most direct, firsthand information on market trends; (ii) analysis of order fluctuations: by continuously monitoring changes in customer order volumes and, after excluding factors such as fluctuations in the customer's demand, if an unexpected decline in orders is observed, it may indicate that competitors are offering more cost-effective alternatives. This suggests that our pricing is likely facing market challenges; and (iii) assessment of the competitive landscape: domestic players generally tend to adopt more aggressive pricing strategies to capture market share. Therefore, launch of functionally similar products by domestic competitors is an indication that they may enter the market with lower prices. This provides a key regional market reference for our pricing strategy.

Specifically, we price our hardware products (including digital video devices, network communication devices, and parts and accessories on a "cost plus" basis. For our *XMediaTV* sold separately, (i) we charge a one-off fee based on the number of functional modules subscribed by customers, with a price range of US\$10,000 to US\$500,000 and the average selling price per customer of approximately US\$250,000 during the Track Record Period, and (ii) we charge periodic license fees based on the number of active users, with a price range of US\$499 to US\$19,499 during the Track Record Period. For our *XHome* sold separately, (i) we charge a one-off fee based on the number of functional modules subscribed by customers, (ii) we charge periodic license fees based on the number of active users, and (iii) we charge a license fee for IoT equipment used. Our *Cedar* can be sold either as a built-in feature of our hardware products or separately as a system platform. During the Track Record Period and up to the Latest Practicable Date, we had not sold Cedar separately as a system platform. For our system platforms sold as a bundle with hardware products, we do not price the system platforms separately, and instead we factor in the added value of our system platforms in the pricing of the hardware products. Once we set the base prices according to these factors, we adjust the pricing on a case-by-case basis in consideration of specific requirements of our customers. We generally adopt the same pricing strategy for different customers regardless of their geographical location.

PROCUREMENT AND SUPPLY CHAIN MANAGEMENT

Raw Materials and Procurement

We procure from suppliers a variety of materials necessary for the manufacturing of our products, including master control chips, memory chips, flash memory chips, function chips, modules, remote control, power adapter, PCB board, and power cords.

We have preemptively established a qualified supplier database in reference to our procurement plans. Our procurement plans are formulated based on production schedules, inventory levels, supplier lead time and raw material's lifetime. After the procurement plans are approved, our supply chain management department will select the optimal supplier from the supplier database by referring to factors including prices, quality, services, and delivery time. As a consideration factor, the price will be determined through market research, inquiries with the supplier or a competitive bidding process. We typically establish a reasonable price with our suppliers through a process of inquiry or competitive bidding, based on thorough market research. During the Track Record Period, the framework agreements we entered into with our suppliers set out the standards and procedures to be followed in future transactions, reflecting the parties' intention to establish a cooperative relationship over a certain period. Such framework agreements generally include basic terms

such as forecast-based stock preparation, procurement cycle, delivery and acceptance, pricing principles, settlement methods, payment terms, quality standards and requirements, ownership of intellectual property, confidentiality obligations, liability for breach of contract, and term of cooperation, but do not include specific material specifications, quantities, or prices. In response to the potential price increases, we primarily mitigate the impact on our raw material costs by building long-term relationships with our suppliers, maintaining close communication and preemptively stocking critical materials. We have internal mechanisms to monitor the price of our raw materials by considering current stock levels, customer needs and market trends, among others. Specifically, to ensure stable supply of our raw materials, we have implemented the following concrete measures: (a) Supplier management: we adopt management strategies such as multi-source procurement, a four-tier classification system, and strategic cooperation to diversify procurement risks and establish a stable and collaborative supply ecosystem. For each raw material category, we maintain at least three primary suppliers and two alternative suppliers. Qualified suppliers are managed under a four-tier system: strategic, preferred, general, and conditional. We establish long-term and close cooperative relationships with strategic suppliers. (b) Inventory management: we establish mechanisms such as safety stock, capacity locking, and strategic inventory to mitigate risks of short-term fluctuations and supply disruptions. Differentiated safety stock standards are set for different categories of raw materials and are dynamically adjusted based on market fluctuations. For key raw materials, we develop annual supplier cooperation plans, defining annual procurement demand, technology upgrade plans, and delivery lead time requirements. We hold quarterly business review meetings with strategic suppliers on a regular basis, and based on the rolling forecasts provided by us, our suppliers arrange advance stocking and lock production capacity to ensure supply. When prices are relatively low, we opportunistically build strategic inventories to address potential future supply shortages or significant price increases. (c) Technical measures: we pursue technical alternatives for key materials, such as compatibility adaptation, energy consumption optimization, and performance improvement, to reduce reliance on single sources and ensure supply continuity. We timely adjust our stock levels to maintain optimal inventory levels considering anticipated price fluctuations. In addition, during the Track Record Period, prices of our core raw materials such as master control chips, memory chips and flash memory chips experienced increases. During the Track Record Period and up to the Latest Practicable Date, we had not adopted any hedging policies for fluctuations in the prices of raw materials.

Major Suppliers

Our major suppliers include primarily raw material suppliers for chips and modules in China. Purchases from each of our largest supplier in each year during the Track Record Period accounted for 11.5%, 18.6% and 11.9% of our total purchase amount in 2023, 2024 and 2025, respectively. Purchases from our five largest suppliers in each year during the Track Record Period accounted for 46.9%, 40.0% and 37.0% of our total purchases in 2023, 2024 and 2025, respectively.

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The following tables set forth details of our top five suppliers in each year during the Track Record Period:

Year ended December 31, 2023

Supplier	Products/ solutions purchased	Supplier background	Purchase amount (RMB'000)	% of total purchase amount	Year of commencing business relationship	Typical credit terms
Supplier A	Main chips, RFICs and other ICs	Established in 1984, a Shenzhen Stock Exchange-listed electronics company based in Shenzhen with a registered capital of RMB36.3 million, revenue of RMB48.6 billion in 2024 and total assets of RMB26.5 billion as of December 31, 2024 that focuses on the distribution and the sales of electronics parts.	220,153	11.5	2022	30 days
Supplier B	Main chips, RAM, flash memory and modules	Established in 2012, an HKEX-listed electronics and chips dealing platform based in Shenzhen with revenue of RMB10.1 billion in 2024 and a net asset of RMB4.4 billion as of 2024 that focuses on AI and the provision of chip-related solutions.	198,106	10.4	2018	60 days
Supplier C	Main chips, RAM, flash memory	Established in 1993, a Taiwan Stock Exchange-listed semiconductor company based in New Taipei with revenue of NTD959.4 million in 2024 and a net asset of NTD181.0 million as of 2024 that focuses on the distribution of electronics, including IoT-related electronic parts.	192,245	10.0	2017	30 to 45 days
Supplier D	Main chips, RFICs and ICs	Established in 2014, a Shenzhen Stock Exchange-listed electronics company based in Shenzhen with a registered capital of RMB204.7 million, revenue of RMB7.2 billion in 2024 and total assets of RMB2.8 billion as of December 31, 2024 that focuses on the distribution of electronics, including IoT-related electronic parts.	179,118	9.4	2016	60 to 90 days
Supplier E	RAM and flash memory	Established in 2005, a Taiwan Stock Exchange-listed semiconductor company based in Taipei with revenue of NTD880.6 in 2024 and a net asset of NTD101.2 million as of 2023 that focuses on the distribution of semiconductor-related electronic parts.	107,820	5.6	2017	30 to 60 days
			897,442	46.9		

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Year ended December 31, 2024

Supplier	Products/ solutions purchased	Supplier background	Purchase amount (RMB'000)	% of total purchase amount	Year of commencing business relationship	Typical credit terms
Supplier D	Main chips, RFICs and other ICs	Established in 2014, Shenzhen Stock Exchange-listed electronics company based in Shenzhen with a registered capital of RMB204.7 million, revenue of RMB7.2 billion in 2024 and total assets of RMB2.8 billion as of December 31, 2024 that focuses on the distribution of electronics, including IoT-related electronic parts.	387,746	18.6	2016	60 to 90 days
Supplier F	RAM	Established in 2016, a private storage service-provider based in Shenzhen with a registered capital of RMB98.2 million that focuses on storage chips applicable to consumer electronics and vehicles, among other application scenarios.	124,860	6.0	2020	No credit terms
Supplier G	Outsourced production services	Established in 2004, a Shenzhen Stock Exchange-listed precision manufacturing company based in Shenzhen with a registered capital of RMB7.2 billion, revenue of RMB268.8 billion in 2024 and total assets of RMB223.8 billion as of December 31, 2024 that focuses on the assembly and licensed manufacturing of electronic components and devices.	107,681	5.2	2021	30 days
Supplier H	Main chips, RAM, flash memory and modules	Established in 1979, a Shenzhen Stock Exchange-listed, technology-focused holding group based in Shenzhen with a registered capital of RMB80.0 million, revenue of RMB22.0 billion in 2024 and total assets of RMB17.6 billion as of December 31, 2024 that focuses on the distribution and the sales of electronics parts and devices, among others.	106,427	5.1	2016	45 to 90 days
Supplier I	RAM, flash memory, RFICs and other ICs	Established in 2013, a private electronic component provider based in Shenzhen with a registered capital of RMB40.0 million that focuses on the provision of electronic component solutions and sales of individual sales.	105,206	5.1	2013	90 days
			831,920	40.0		

BUSINESS

Year ended December 31, 2025

Supplier	Products/ solutions purchased	Supplier background	Purchase amount (RMB'000)	% of total purchase amount	Year of commencing business relationship	Typical credit terms
Supplier D	Main chips, RFICs and other ICs	Established in 2014, Shenzhen Stock Exchange-listed electronics company based in Shenzhen with a registered capital of RMB204.7 million, revenue of RMB7.2 billion in 2024 and total assets of RMB2.8 billion as of December 31, 2024 that focuses on the distribution of electronics, including IoT-related electronic parts.	332,683	11.9	2016	60 to 90 days
Supplier J	RAM and flash memory	Established in 2021, a company based in Hong Kong which is a wholly-owned subsidiary of a Shenzhen-based company focusing on the entire chain of storage chip technologies, encompassing chip design, firmware and software development, packaging and testing, module production and testing, and application solutions.	185,826	6.7	2025	No credit terms
Supplier F	RAM	Established in 2016, a private storage service-provider based in Shenzhen with a registered capital of RMB98.2 million that focuses on storage chips applicable to consumer electronics and vehicles, among other application scenarios.	176,501	6.3	2020	No credit terms
Supplier K	Main chips and other ICs	Established in 2005, a comprehensive electronics technology enterprise headquartered in Shenzhen, specializing in the research, development, sales, and system integration of semiconductors and electronic components.	170,889	6.1	2021	30 days
Supplier A	Main chips, RFICs and other ICs	Established in 1984, a Shenzhen Stock Exchange-listed electronics company based in Shenzhen with a registered capital of RMB36.3 million, revenue of RMB48.6 billion in 2024 and total assets of RMB26.5 billion as of December 31, 2024 that focuses on the distribution and the sales of electronics parts.	168,746	6.0	2022	30 days
			1,034,645	37.0		

BUSINESS

To the best knowledge of our Directors, each of our five largest suppliers for each year during the Track Record Period is an Independent Third Party. In addition, to the best knowledge of our Directors, there was no other past or present relationships (including financing, trust or otherwise) between us and each of our five largest suppliers in each year during the Track Record Period, their respective substantial shareholders, directors or senior management, or any of their respective associates during the Track Record Period. As of the Latest Practicable Date, none of our Directors, their respective close associates or any of our shareholders (who owned or to the knowledge of the Directors had owned more than 5% of our issued share capital) had any interest in any of our five largest suppliers in each year during the Track Record Period.

Movement in Number of Suppliers

Raw material suppliers

The table below sets forth the number of our raw material suppliers and their movements for the periods indicated:

	Year ended December 31,		
	2023	2024	2025
Number of raw material suppliers at the beginning of the period	365	405	455
Number of raw material suppliers added during the period	130	148	123
Number of raw material suppliers deducted during the period	90	98	122
Number of raw material suppliers at the end of the period	405	455	456

OEM suppliers

The table below sets forth the number of our OEM suppliers and their movements for the periods indicated:

	Year ended December 31,		
	2023	2024	2025
Number of OEM suppliers at the beginning of the period	16	13	14
Number of OEM suppliers added during the period	3	2	3
Number of OEM suppliers deducted during the period	6	1	1
Number of OEM suppliers at the end of the period	13	14	16

Supplier Management

We typically engage experienced suppliers within the industry with a well-established, ISO 9001-certified management system that possess strong capabilities in design, R&D, production management, and quality assurance to ensure the quality of our products. Factors that may affect our selection mainly include technological expertise, financial condition, product quality, qualifications and credentials, reputation and price.

We implement stringent supplier management mechanisms. Prospective suppliers must undergo stages including information collection, qualification review and verification, on-site review by the review team, and remedies of issues before being included in our list of qualified suppliers. If the prospective supplier passes the aforementioned process, we will further obtain product samples for an in-detail inspection.

In addition to vetting new suppliers, we evaluate the quality of goods provided by our suppliers on a monthly and annual basis and require suppliers to promptly address any issues discovered during such evaluations. We require suppliers who fail to meet our standards to implement corrective measures.

We typically enter into framework supply agreements and specific orders with suppliers, the salient terms of which are set out below:

- ***Duration.*** The duration of the framework supply agreements typically lasts indefinitely until terminated by either party.
- ***Product specifications.*** We specify the product name, manufacturer or brand, specification, price, quantity, delivery timeline and other detailed items in each purchase order we send to our suppliers.
- ***Payment, credit term and delivery.*** The suppliers are typically responsible for the delivery of products to our designated location specified in each purchase order. In terms of payment, we are generally granted by our suppliers a credit term of one to six months following our acceptance of the goods and the finalization of the invoice.
- ***Transfer of risk.*** The risk transfers to us after we complete inspection and confirm receipt of the products.
- ***Quality Guarantee.*** In the event of a quality issue arising during the warranty period, the supplier is obliged to either attend the site or provide a response and resolution upon receipt of our notification.
- ***Subcontracting.*** Subcontracting is not allowed without written consent from both parties.
- ***Confidentiality.*** The supplier shall not disclose or make public the contents of the purchase orders without our prior written consent.
- ***Product return.*** We have the right to reject, replace or return products for a variety of reasons, including non-conformity with product quality, product specifications or quantity with the order placed.
- ***Termination.*** We are entitled to terminate the purchase order when the supplier fails to perform and does not make timely corrections after receipt of our written notice. Both parties may terminate the agreement by giving a written notice no less than 30 days prior to the termination date.

OVERLAPPING OF CUSTOMERS AND SUPPLIERS

During the Track Record Period, some of our raw materials and OEM suppliers were also our customers that purchase raw materials from us, primarily because (i) some OEM suppliers purchased chips and other raw materials from us for production and (ii) some raw material suppliers purchased chips and other raw materials from us as they faced shortage of

such materials while we had extra storage of such materials. According to Frost & Sullivan, it is not uncommon in the industry that smart home products providers may also provide raw materials, such as chips and DDR RAM, to OEMs for manufacturing digital video and network infrastructure products and to raw material suppliers when they are short of supplies and smart home products providers have extra storage of such supplies. The number of our overlapping customers and suppliers was 13, 12 and 23 in 2023, 2024 and 2025, respectively. Negotiations of the terms of our sales to and purchases from these overlapping customers and suppliers were conducted on an individual basis, and the sales and purchases were neither inter-connected nor inter-conditional with each other. Our Directors confirmed that all of these overlapping customers and suppliers are Independent Third Parties and all of our sales to and purchases from these overlapping customers and suppliers were conducted in the ordinary course of business under normal commercial terms and on arm's length basis, as the prices for our sales to and purchases from such overlapping customers and suppliers are generally in line with the prices for our sales of comparable products to other customers and our purchases of comparable materials or services from other suppliers. Our revenue from these overlapping customers and suppliers in 2023, 2024 and 2025 was RMB46.3 million, RMB57.4 million and RMB203.4 million, respectively. Our purchases amounts attributable to these overlapping customers and suppliers in 2023, 2024 and 2025 was RMB138.5 million, RMB157.5 million and RMB326.4 million, respectively. Our gross profit attributable to these overlapping customers and suppliers in 2023, 2024 and 2025 accounted for 1.9%, 1.9% and 4.4% of our overall gross profit, respectively.

INVENTORY MANAGEMENT

We attach great importance to our inventory health, assigning dedicated staff to provide management with regular reports on the status of inventory. We take inventory level into consideration when formulating procurement plans.

Our inventories mainly include raw materials, work-in-process and finished goods, and goods in transits. We have various policies in place to ensure effective inventory management, such as adopting the first-in, first-out method, maintaining a safety stock to compensate for any unexpected increase in demand or delay in supply and tracking and monitoring the flow of goods and inventory levels through our warehouse management system (“WMS”), which our Directors believe are effective measures in managing our inventories. In 2023, 2024 and 2025, our inventory turnover days were 83, 102 and 102 days, respectively. See “Financial Information — Discussion of Certain Key Items from Consolidated Statements of Financial Position — Inventories.” Among the raw materials we use, main control chips, memory and flash storage usually require a relatively longer lead time of procurement, which usually takes three to six months and even nine months occasionally. We usually make prepayment for ordering these raw materials in order to secure supply.

QUALITY CONTROL

We have comprehensive policies and detailed procedures in place to ensure product quality, covering cover a spectrum of activities, including R&D projects, management of raw material suppliers, production process, and customer services, among others. We established a quality management system based on our internal stringent standards and our business practice. To ensure the sustained efficacy of our quality management practices and maintain a leading position among quality management systems in the industry, we regularly undergo external oversight and reviews. The effectiveness and adequacy of our quality management system are rigorously evaluated through regular internal audits.

We regularly conduct annual audit, performance review and on-site inspection of our OEM vendors to ensure they maintain valid qualifications and meet our quality standards and requirements. Any OEM vendors that fail to meet our quality standards and requirements will

be required to take remedial actions. Our OEM vendors are required to enter into a quality assurance agreement with us, which set out the quality control requirements and procedures that they are required to comply with. Our OEM vendors are contractually liable to compensate us if they fail to comply with the terms of the quality assurance agreement. We regularly conduct sample testing of the raw materials used by our OEM vendors to ensure their quality is up to standard. Finished products are required to be tested in accordance with our guidelines and standards. Any finished products that fail to our standards will not be accepted and our OEM vendors will be required to conduct analysis and report the reasons to us. To facilitate the communication between our OEM vendors and us in respect of quality control matters, we have established communication channels between our quality control department and the quality control departments of our OEM vendors.

Warranty and After-Sales Services

We generally provide a one to three year warranty period for our products. We carry out routine after-sales satisfaction surveys to ensure prompt communication with our customers. We believe that the provision of satisfactory after-sales services is a crucial determinant of our success. It enhances the value chain of our products and fosters satisfaction among customers and end-users.

We receive customer feedback through our website, telephone, email and via our extensive sales network. When a complaint arises, our committed team will visit the customer's site to thoroughly understand the context and determine the cause of the problem. If there is a quality issue related to our products, we will arrange our technical support team to respond accordingly.

We provide product return and exchange services arising from quality issues that are tailored to address the requirements and concerns of the customer. We developed a standard product return procedure which is detailed in our customer return management policy. When a customer raises a quality issue with our products, our on-site technical team will promptly verify the concern. Following an internal analysis and review that confirms a product deficiency, our quality management department will inform the customer service team to initiate a return request to complete the return and exchange procedure. During the Track Record Period, we did not experience any material product returns from our customers. During the Track Record Period and up to the Latest Practicable Date, we did not have any material product defect or incidence of product exchange or product liability claim.

DATA SECURITY AND PRIVACY

In recent years, data privacy and cybersecurity have emerged as critical governance priorities for companies worldwide. This is particularly pertinent as the PRC legislature and government authorities regularly introduce new cybersecurity, data security and privacy laws and regulations. Consequently, our practices regarding the collection, use, storage, disclosure and transfer of various types of data may come under increased administrative scrutiny. See “Risk Factors — Risks Relating to Our Industry and Business — Security breaches and other disruptions could compromise our confidential and proprietary information, which could cause our business and reputation to suffer” and “Risk Factors — Risks Relating to Our Industry and Business — Any failure to obtain requisite approvals, licenses or permits applicable to our business operation may have a material and adverse impact on our business, financial condition and results of operations.”

In the course of our business operations, we collect, store and process business data and transaction data of our enterprise customers. Such data include purchase order information, email correspondence and contact details of customers, which are collected with their prior consent. There is no cross-border transmission of such data. Our system platforms, namely

Cedar, *XMediaTV* and *XHome* are developed by us as customized solutions based on customer requirements and then delivered to customers for use. Except for that at the request of an Indonesian customer, we operates the *XHome* on its behalf and collects certain personal information, such as names and contact details, for the purposes of registration of accounts, which are stored on the cloud, does not involve any cross-border transmission and can be reviewed and deleted by users at any time, all such system platforms are operated by our enterprise customers, and we are not involved in collecting or processing of personal information of end users. Our website does not collect personal information except for contact details voluntarily provided by the users for the purpose of contacting us, and only collects non-personal information, such as browsing history and operation log. Given that we only make transactions with enterprises, our business generally does not involve the collection or processing of personal information.

We develop our information security management systems in compliance with the requirements of ISO/IEC 27001 standard for information security management systems, so as to achieve our commitment to maintaining the integrity, availability and confidentiality of data.

To reinforce our data security and protection measures, we established comprehensive internal policies. These policies facilitate our data management and provide detailed requirements in relation to the classification, storage, access, transmission, encryption and disposal of data.

Moreover, we implemented a robust information backup management system, which sets forth the guiding principles, detailed procedures and mechanisms for data recovery. In addition, we formulated a manual on information security management to set out the general guidance and principles of our information security management, under which we established a series of polices and procedures, including among others, policies on system operation management, password management and corporate trade secret protection and procedures on document control and confidentiality management. We regularly provide internal trainings to our staff to enhance their awareness of data security. Our suppliers are required to sign a confidentiality agreement to us, pursuant to which they shall keep any business data obtained from us in confidence. These systems, policies and procedures collectively form a solid framework that safeguards our data and upholds our stringent standards for information security.

As advised by our PRC Legal Advisor, to the best of their knowledge, we have complied with all relevant laws and regulations in the PRC in respect of cybersecurity, data privacy and protection in all material respects, and there had not been any material data breaches, loss or unauthorized use of data during the Track Record Period and up to the Latest Practicable Date.

INFORMATION TECHNOLOGY SYSTEMS

IT is fundamental to our competitive edge and operational efficiency. We utilize and maintain IT systems that evolve in tandem with our business growth, ensuring they meet our varied operational demands. These systems underpin key areas such as sales, R&D, supply chain management, production and after-sales services. Our main information technology systems include the following:

- ***SRM+WMS system.*** Our supplier relationship management (“**SRM**”) and warehouse management system (“**WMS**”) facilitate the management of our entire supply chain process, including the procurement, inventory management, material delivery, work orders fulfillment, and acceptance of finished products, among others.

- **SAP system.** The system, applications and products (SAP) system is designed to integrate all aspects of our business including finance, procurement, production, logistics, sales and quality control. It facilitates communication and coordination between different departments, thereby increasing efficiency and enhancing productivity.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material IT system failure or downtime that had a material adverse effect on our business operations. See “Risk Factors — Risks Relating to Our Industry and Business — Security breaches and other disruptions could compromise our confidential and proprietary information, which could cause our business and reputation to suffer.”

COMPETITION

The global smart home products for enterprise customers market is highly competitive and the competitive landscape is relatively fragmented, with more than 200 market players in the global smart home products for enterprise customers market, according to Frost & Sullivan. Based on the different operation models, the major players in the global smart home product market for enterprise customers can be further categorized into two types: corporate-serving smart home product providers under the light moderation model and such providers under the heavy operation model.

The light operation model features product design as their core competition strength while products involved in smart home products are manufactured through OEMs. The heavy operation model, in turn, refers to providers that manufacture their own products. Compared with the heavy model, solution providers under the light model are more flexible. Providers using the light models can choose production sites and co-production partners around the world according to customers’ needs, thus shortening the production and delivery cycle to the greatest extent possible while reducing the impact of geopolitical tension at the same time.

We adopted the asset-light production model in partnership with well-known OEMs based in various countries and regions in the world. This unique model brings manufacturing agility, allowing us to achieve economies of scale for large-volume orders, while maintaining flexible production capacity for diverse, small-batch requests. Compared to other providers, we enjoy the advantages of being an integrated smart home product provider for enterprise customers. An integrated smart home product provider for enterprise customers can continuously enrich and expand its product matrix by offering a wide spectrum of hardware, infrastructure, and platform solutions, thereby addressing the diversified and evolving needs of customers. In addition, an integrated smart home product provider for enterprise customers can also create a seamless and interoperable ecosystem, which not only enhances user experience by ensuring smooth connectivity and unified management but also enables stronger customer stickiness through bundled solutions. We were the eighth largest provider globally, and the third largest among Chinese Mainland-based providers, in the global smart home product for enterprise customers market in terms of revenue in 2024, according to Frost & Sullivan. In terms of market size in 2024, the global enterprise smart home product market accounts for approximately 14.7% of the entire global smart home product market.

BUSINESS

EMPLOYEES

As of December 31, 2025, we had a total of approximately 692 employees and the majority of our employees were based in the Chinese Mainland. The following table sets forth the number of our full-time employees by function as of December 31, 2025:

	As of December 31, 2025	
	Number of Employees	Percentage of total employees %
Supply chain	108	15.6
R&D and other technical personnel	442	63.9
Sales and marketing	76	11.0
General and administrative	66	9.5
Total	692	100.0

To streamline human resource management, we established a comprehensive set of internal management measures, outlining the procedures and criteria for recruitment, training, internal referrals, among others.

We use various recruitment methods, including campus recruitment, online recruitment, other external recruitment channels as well as internal referrals and transfers. In addition to salaries and benefits, we generally provide performance-based bonuses for our full-time employees. We have established a comprehensive system for employee training and development, including general trainings covering corporate culture, employee rights and responsibilities, workplace safety, data security and other logistics aspects, as well as specific trainings that improve employee knowledge and expertise in certain important areas related to our business. We are committed to making continual efforts to provide an engaging working environment for our employees.

We enter into standard labor contracts and confidentiality agreements with our full-time employees, and we enter into non-competition agreements with our key management and professionals.

As required under PRC laws and regulations, we participate in various employee social security plans that are organized by applicable local municipal and provincial governments, including housing, pension, medical, work-related injury, maternity and unemployment benefit plans, under which we make contributions at specific percentages of the salaries of our employees. See “Regulatory Overview — Laws and Regulations Related to Employment and Social Securities.” During the Track Record Period, we did not make full contributions to the social insurance and housing provident fund for certain employees. We estimate that the shortfall amount of social insurance and housing provident funds contributions is estimated to be RMB19.6 million, RMB23.3 million and RMB26.5 million for 2023, 2024 and 2025, respectively. We did not fully rectify such non-compliances as of the Latest Practicable Date primarily because: (i) some of our employees were not willing to make social insurance and housing provident fund contributions based on their actual wages; and (ii) adjustment of the contribution base is usually made in a period designated by relevant authorities and such period varies in different regions. As advised by our PRC Legal Advisor, if the relevant social insurance authorities determine that our social insurance contributions for employees fail to comply with the requirements of applicable PRC laws and regulations, they may order us to pay the outstanding contributions within a specified period, together with a late payment fee

at the rate of 0.05% per day on the total outstanding amount. However, late payment surcharges are not mandatorily imposed in respect of housing provident fund contributions. On the basis of the foregoing, the maximum potential late payment surcharges for which we may be liable in connection with underpaid social insurance contributions are estimated to be approximately RMB1.4 million, RMB4.5 million and RMB8.1 million for 2023, 2024 and 2025, respectively.

In light of the following factors and circumstances, and in the absence of any employee complaints regarding this matter, our PRC Legal Advisor is of the opinion that the likelihood of us incurring material administrative penalties for underpayment of social insurance and housing provident funds contributions during the Track Record Period is remote:

- (1) According to the Urgent Notice on Implementing the Spirit of the Executive Meeting of the State Council and Effectively Stabilizing Social Insurance Premium Collection Work issued by the General Office of the Ministry of Human Resources and Social Security on September 21, 2018, authorities at all levels responsible for collecting social insurance premiums are strictly prohibited from conducting centralized recovery of historical arrears of enterprises on their own initiative. The Notice of the State Taxation Administration on Implementing Several Measures to Further Support and Serve the Development of the Private Economy issued on November 16, 2018, and the Notice on Issuing the Comprehensive Plan for Reducing Social Insurance Premium Rates issued by the General Office of the State Council on April 1, 2019, also emphasized the proper handling of historical arrears of enterprises and prohibited centralized recovery of such arrears during the reform of the collection system.
- (2) Based on inquiries to the Shenzhen Social Insurance Fund Administration and the Shenzhen Housing provident fund Management Center, which are the competent authorities for the subject matter according to our PRC Legal Advisors, both authorities confirmed that, with respect to enterprises' failure to make social insurance and housing provident fund contributions based on employees' actual wages, the competent authorities primarily focus on urging enterprises to make up the shortfall for the specific employees who have filed complaints or reports regarding their own underpaid contributions. There is currently no specific enforcement policy for conducting comprehensive investigations into the historical compliance of enterprises regarding social insurance and housing provident fund contributions, or for requiring enterprises to conduct centralized repayments of historical underpayments.
- (3) As of the Latest Practicable Date, none of our employees had filed complaints with the competent authorities regarding the aforementioned underpaid social insurance and housing provident fund contributions, and there had been no administrative penalties, investigations, or any labor disputes or conflicts with our employees concerning social insurance or housing provident fund matters. Furthermore, if the relevant authorities order us to make full social insurance and/or housing provident fund payments or to take remedial measures in accordance with applicable laws and regulations, we will promptly make the relevant payments or take such remedial measures within the specified period.
- (4) Based on the Public Credit Information Report on No Illegal or Non-compliant Records and the Public Credit Information Inquiry Report (No Illegal or Non-compliant Records Version) queried by our Company and our PRC subsidiaries, during the Track Record Period and up to the Latest Practicable Date, our Company and our PRC subsidiaries had no record of illegal or non-compliant activities or administrative penalties in relation to social insurance and housing provident fund contributions.

As a result, no provision has been made for the abovementioned shortfall amount.

In addition, during the year of 2022, we engaged third-party human resources agencies to withhold and remit social insurance and housing provident fund contributions for 18 off-site employees. This arrangement was necessitated by regional constraints for social insurance and housing provident fund contributions. Specifically, we could only make contributions for our employees in our place of registration, while certain off-site employees requested contributions in their respective cities of residence. Consequently, we commissioned third-party human resources agencies to make these contributions locally on our behalf. From January 2023 up to the Latest Practicable Date, we had centralized the payment of social insurance and housing provident fund contributions for all employees and had discontinued the use of third-party agencies for such withholding and remittance services. Under applicable laws and regulations, employers are principally responsible for handling and paying social insurance and housing provident fund contributions for their employees. According to our PRC Legal Advisors, our previous practice of using third-party agencies to make these contributions, without directly completing the social insurance registration procedures or establishing housing provident fund accounts for the relevant employees, constituted a procedural imperfection. The maximum liability that we may potentially be subject to for paying social insurance and housing provident fund contributions through third-party agencies is RMB0.12 million. Nevertheless, by making contributions through third-party agencies, we substantively fulfilled our legal obligation to provide social insurance and housing provident fund coverage for our employees. This approach aligns with the purpose of the Social Insurance Law of the People's Republic of China in protecting the legitimate rights and interests of employees, and the interests of our employees were not materially prejudiced. Based on the Public Credit Information Report on No Illegal or Non-compliant Records and the Public Credit Information Inquiry Report (No Illegal or Non-compliant Records Version) queried by our Company and our PRC subsidiaries, during the Track Record Period and up to the Latest Practicable Date, our Company and our PRC subsidiaries had no record of illegal or non-compliant acts or administrative penalties in relation to social insurance and housing provident fund contributions. As a result, no provision has been made for this incident.

As advised by our PRC Legal Advisors, save for the aforementioned incidents, we were in compliance with applicable laws and regulations related to social insurance and housing provident funds in all material aspects during the Track Record Period.

In light of the foregoing, our Directors are of the view that these incidents related to social insurance and housing provident fund contributions would not have any material adverse impact on our Group's business, financial condition or results of operations.

We will, to the extent required and as soon as practicable upon receiving any notification from the relevant government authorities requiring us to make up for the shortfall amounts or amend our policies or practices in this regard, make full contributions in accordance with relevant PRC laws and regulations. This is to ensure that we will not be subject to administrative penalties from the relevant government authorities due to failure to make timely contributions.

In an effort to make full contributions to the extent possible and as soon as practicable, we plan to communicate with our employees to seek their understanding and cooperation in complying with the applicable contribution bases, which will require additional contributions from them.

Based on the communications with the relevant government authorities, the adjustment of the contribution base is usually made in a period designated by relevant authorities and such period varies in different regions. As such, we aim to make full contribution for all our employees on an adjusted contribution base by the end of 2026.

We plan to adopt the following rectification measures and internal control enhancement initiatives concerning social insurance and housing provident fund contributions from July 2026:

- Our human resources and administration department will cross-check the declared contribution data against employees' actual salaries and the local upper and lower contribution limits on a monthly basis, ensuring that all figures remain aligned with the latest regulatory requirements.
- A dedicated internal audit of social insurance and housing fund contribution records will be conducted every quarter, with a focus on base compliance and post-rectification discrepancies. Any findings will be documented in a formal rectification log.
- We will actively communicate with our PRC legal advisor to interpret policy changes and guide necessary adjustments to the rectification approach. At the same time, short training sessions on relevant regulations will be organized for human resource and finance personnel, concentrating on practical topics such as regulatory updates, base adjustments, and declaration windows.
- We will maintain proactive communication with the social insurance and housing fund administrative agencies to stay informed about relevant policies and contribution requirements.

We believe we maintain a good working relationship with our employees, and we have not experienced any material labor dispute or any difficulty in recruiting staff for our operations during the Track Record Period and up to the Latest Practicable Date.

IMPACT OF COVID-19

During the Track Record Period, the COVID-19 pandemic did not have any material adverse impact on our business operations or financial condition. Our Directors are of the view that the pandemic did not materially disrupt our production, supply chain or customer demand, and we have maintained stable operations throughout the period.

INSURANCE

During the Track Record Period, we provided mandatory social insurance for our employees as required by PRC social insurance regulations, such as pension insurance, unemployment insurance, work injury insurance and medical insurance. Additionally, we have insured against risks associated with export transactions and risks associated with the transportation of our goods. As of the Latest Practicable Date, we believe that our insurance coverage was in line with the industry practice and adequate to cover our key assets, facilities and liabilities. Our Directors consider our insurance policy as a whole to be in line with the general market practice and that it complies with the relevant rules and regulations in China. See “Risk Factors — Risks Relating to Our Industry and Business — We may not have sufficient insurance coverage to cover our potential liability or losses and as a result, our business, financial conditions, results of operations and prospects may be materially and adversely affected should any such liability or losses arise.”

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Through our robust internal environmental and occupational health and work safety governance and management processes and the treatment of waste, we aim to provide a healthy and safe working environment for all our employees, while minimizing energy consumption and waste emissions to promote a green and low-carbon development philosophy through conservation of energy and office supplies.

In order to comprehensively manage environmental, occupational health, and safety risks in our operation processes, we have established our ESG Task Force to identify and mitigate ESG risks that may occur in our course of operation. Every year, our ESG Task Force identifies, analyzes and evaluates environmental, occupational health, and safety risks related to our operation process and assesses the suitability and effectiveness of potential risk control measures.

Furthermore, we have adopted the following measures to continuously monitor the implementation of our efforts in relation to ESG matters, including reaching the standards of, and being certified with international ESG standards including ISO 14001 Environmental Management System Certification, ISO 14064 Greenhouse Gas Verification Certification, ISO 45001 Occupational Health and Safety Management System Certification, and Ecovadis Silver Rating Certification.

Lastly, to ensure a high level of corporate governance, we have implemented several mechanisms to ensure the highest level of compliances with applicable laws, regulations while fulfilling our social responsibility. We have engaged in community giveback activities through our involvement in poverty relief, disaster relief, and donations to educational institutions.

In the future, we intend to establish closer relationships with our suppliers and partners to convey our requirements for environmental protection, occupational health and safety, and corporate governance to ensure their consistent compliance with our standards.

Health and Work Safety

We are committed to providing a safe and healthy working environment for all of our employees. We have developed internal regulations and to strictly control the use of hazardous and harmful substances during product R&D. By intervening in the product R&D process preemptively, we can identify and control any potential risks to employee health. We also monitor the health of our employees involved in the product R&D process and was certified for the ISO 45001 Occupational Health and Safety Management System Certification.

We also endeavor to educate our employees on ESG and work safety related issues. Our ESG Task Force organizes fire drills and other safety education programs for our employees to raise their safety awareness in office and lab settings. As of the Latest Practicable Date, our operations had not experienced any material accidents, nor are we aware of any claims for material personal or property damage relating to health and occupational safety.

Supply chain

To effectively prevent the use of raw materials containing hazardous substances, and to ensure that the raw materials we use comply with environmental requirements, we have established hazardous substance control requirements for our suppliers and our staff, which help them understand the relevant environmental laws and regulations and market standards for hazardous substances, ensuring compliance with laws and regulations and fulfillment of customer requirements at all stages. We have also established a comprehensive process management system that complies with the requirements of the Registration, Evaluation, and Authorization of Chemicals (REACH) regulation and the Restriction of Hazardous Substances (RoHS) directive of the European Union.

We strictly abide by international conventions and do not accept, purchase or use “conflict minerals” from the Democratic Republic of the Congo and surrounding countries and regions. We also require our suppliers to ensure that all raw materials and manufacturing processes do not use conflict minerals. Due diligence will be conducted in the supply chain management process to ensure that the minerals used for our products are not procured from illegitimate sources.

Our suppliers are required to sign a confirmation to us guaranteeing that none of the raw materials or products provided to us contain any conflict minerals. Our suppliers are also required to sign a Supplier Social Responsibility (CSR) agreement, which covers five areas of labor standards, health and safety, environmental protection, business ethics and management systems, defines the suppliers’ social responsibility and regulates their behavior.

In order to strengthen the sustainable development of the supply chain, we provide guidance to suppliers from time to time, so as to improve product qualification rate and supply timeliness.

Environmental Protection

Our business is generally subject to numerous PRC national, municipal and local environmental regulations. See “Regulatory Overview — Regulations on Environmental Protection.” We are proactively implementing management strategies that are tailored to our circumstances to achieve environmental protection during our operation processes. In line with national policies on carbon peak and carbon neutrality, we are taking stringent measures to promote the use of eco-friendly raw materials in our operations and reduce or eliminate potential environmental, climate, and social impacts throughout our product research and development processes.

To advance our environmental protection and energy conservation initiatives, we plan to implement measures such as shutting down computers after work, turning off unattended screens, utilizing natural daylight instead of artificial lighting, and controlling air conditioning temperatures in the summer to reduce energy consumption and eliminate unnecessary electricity usage throughout our operation processes. We will also adopt office management strategies such as reducing paper and printing materials consumption and energy usage by timely switching off the lights and using e-cards whenever possible.

GHG emissions

We implement the Science Based Targets (SBTi) initiative, developing and implementing effective carbon reduction measures through in-depth analysis of our product carbon footprints with an aim to reduce the impact on the global climate.

The following table sets forth our GHG emissions data for the periods indicated:

Indicator	Unit	Year ended December 31,		
		2023	2024	2025
Scope 1 GHG emission	Ton of CO ₂ e	241.2	76.11	50.19
Scope 2 GHG emission	Ton of CO ₂ e	269.4	1398.01	1,665.61
Scope 3 GHG emission	Ton of CO ₂ e	256,392.14	2,178,688.19	1,761,274.96
Scope 1 GHG emission intensity	Ton of CO ₂ e per RMB million of revenue	0.095	0.030	0.015
Scope 2 GHG emission intensity	Ton of CO ₂ e per RMB million of revenue	0.106	0.550	0.490
Scope 3 GHG emission intensity	Ton of CO ₂ e per RMB million of revenue	100.904	857.435	523.000

Note: Scope 1 GHG emissions are primarily generated from direct energy consumption in our operational processes. Scope 2 GHG emissions are primarily generated from indirect energy consumption in our operational processes. Scope 3 GHG emissions include energy consumption related to purchased goods and services.

BUSINESS

We have also set forth initiatives to decrease our GHG emissions. As a part of our ESG initiatives, we are committed to the continuous reduction of emissions. As of the Latest Practicable Date, we had set several reasonable management targets, except for total quantitative GHG emission reduction targets as the total amount of GHG emissions will increase as our business expands and the intensity targets will allow us to set emission reduction targets in tandem with business growth. Specifically:

- In terms of scope 1 emissions, we plan to reduce the scope 1 emissions intensity by approximately 30.0% of CO₂e from the emissions intensity level in 2025 by 2030, as reviewed by Science Based Targets initiative.
- In terms of scope 2 emissions, we plan to reduce the scope 2 emissions intensity by approximately 30.0% of CO₂e from the emissions intensity level in 2025 by 2030, as reviewed by Science Based Targets initiative.
- In terms of scope 3 emissions, we plan to reduce the scope 3 emissions intensity by approximately 36.8% of CO₂e from the emissions intensity level in 2025 by 2030, as reviewed by Science Based Targets initiative. We plan to achieve this target through the following measures: (i) usage of sold products: (1) By optimizing energy efficiency in design and adopting low-carbon materials, we expect the carbon emission intensity of core sold products during customer use can be reduced by approximately 30%; (2) The average energy efficiency of core sold products continues to improve annually and is projected to increase by about 20% by 2030; and (3) Extending product lifespan and increasing the refurbishment rate of products; and (ii) procurement of goods and services: (1) Core suppliers have achieved a photovoltaic coverage rate of no less than 50% and a green electricity usage rate of no less than 40%. Compared to 2024, comprehensive energy consumption per unit of output has decreased by 18%, and at least two major energy-saving renovation projects have been completed annually; (2) The utilization rate of electric vehicles (such as forklifts and transfer vehicles) in supplier facilities is no less than 80%, and the utilization rate of logistics transport vehicles related to us is no less than 50%. Carbon emissions per unit of external transport distance have been reduced by 20%; and (3) Our top 30 suppliers must disclose carbon emission data, verified by a third party, and be integrated into our green supply chain management system.

Energy management

We adhere to the energy policy of “full employee support, high efficiency and low consumption, compliance with laws and regulations, and green office.” Our direct energy consumption mainly includes gasoline, and indirect energy consumption mainly includes electricity and diesel.

The following table sets forth our energy management data for the periods indicated:

Indicator	Unit	Year ended December 31,		
		2023	2024	2025
Direct energy consumption (gasoline)	kg	4,497.89	4,751.12	4,170.99
Indirect energy consumption (electricity)	kWh	1,721,385	2,605,302	3,104,012
Indirect energy consumption (diesel)	kg	50.40	9.05	0
Total energy consumption intensity	ton of standard coal equivalent per RMB billion of revenue	86.3	129.4	115.10

BUSINESS

We plan to reduce the comprehensive level of direct energy consumption (gasoline) and indirect energy consumption (electricity, diesel) by 15% by 2030 compared to 2025.

Waste management

We strictly adhere to applicable laws and regulations such as the “Law of the People’s Republic of China 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》)” and national and industry standards such as the “Pollution Control Standard for Storage and Landfill of General Industrial Solid Wastes (《一般工業固體廢物貯存和填埋污染控制標準》) (GB 18599-2020)” and the “Pollution Control Standard for Storage of Hazardous Wastes (《危險廢物貯存污染控制標準》) (GB 18597-2023)” in our waste management.

We are a non-manufacturing enterprise without self-owned factory, and do not generate electronic waste. We primarily generate domestic waste, laboratory liquid waste, and waste containers for chemicals. Domestic waste is handled by qualified waste disposal agents for centralized incineration. Laboratory liquid waste and waste containers for chemicals are handled by qualified waste disposal agents for centralized recycling and disposal.

The following table sets forth our waste management data for the periods indicated:

Indicator	Unit	Year ended December 31,		
		2023	2024	2025
Domestic waste	ton	273.73	301.66	321.70
Laboratory liquid waste	liter	N/A ⁽¹⁾	Less than 10	0.001
Waste containers for chemicals	piece	N/A ⁽¹⁾	439	0.001

Note 1: We have not collected such data for 2023.

We plan to reduce the level of domestic waste emissions by 32% by 2030 compared to 2025.

Water resource management

We do not generate any controlled substances or pollutants specified in international environmental conventions, including industrial wastewater. During our daily operations, we utilize water for domestic water consumption, which is supplied by the municipal water supply system. Domestic wastewater is treated at the property’s on-site wastewater treatment facilities before being discharged to the municipal sewage network and treated by municipal wastewater treatment plant.

Corporate Governance

We are required to conduct business with integrity and honesty and comply with the relevant legal and regulatory requirements and ethical standards in each jurisdiction in which we operate. Compliant operations help us build trust with all stakeholders and achieve healthy and sustainable development. Defective ethical governance mechanism and the related improper behavior may lead to reputation damages, increased legal risks, and declined market competitiveness. We have implemented internal mechanisms to empower our legal and compliance departments to oversee our operations with a high level of independence, and each and every of our employee is encouraged to report any non-compliant behavior to the management and the legal and compliance departments.

We attach great importance to the development of a diverse company culture and continually implement management practices that support diversity and provide fair treatment and employment opportunities for all employees. We have an employee handbook and a transparent employee promotion system to protect the legal rights and interests of our employees and reasonably plan their professional development.

We furthermore strive to create a safe environment for our employees by implementing a robust series of anti-discrimination policies. Discrimination or preferential treatment based on an employee's race, gender, disability status, nationality, sexual orientation is strictly prohibited in our workplace.

Lastly, we believe in the value of candid communication between our employees and our managements. Our management has an open-door policy and welcome suggestions, comments, and criticisms from our employees. We have implemented a rewarding mechanisms for employees whose suggestions and proposals led to the betterment of our Company.

PROPERTIES

As of the Latest Practicable Date, we owned 25% of one property in Shenzhen as tenant in common with a third party with an area of 10,302.3 sq.m. We leased 18 properties with a total floor area of approximately 12,877 sq.m. in the PRC and eight properties in other countries, respectively, for use as our offices, storage facilities and employee dormitories as of the same date.

We have taken proactive steps to register these lease agreements. As of the Latest Practicable Date, we had completed the registration of 12 lease agreements and were in the process of registering the remaining six lease agreements. Pursuant to the applicable laws and regulations in China, lease agreements for leased properties must be registered with the relevant real estate administration bureaus in China. As advised by our PRC Legal Advisor, the lack of registration does not affect the validity and enforceability of the lease agreements, but we may be subject to fines from RMB1,000 to RMB10,000 for each such lease agreement for failure to register. As a result, we may be subject a total fine of RMB6,000 to RMB60,000 for non-registration of such lease agreements. No provision has been made for the potential fines. Our PRC Legal Advisor advises that, if the lease registration can be completed in accordance with relevant laws and regulations within a reasonable time from the date of application or the prescribed time limit ordered by the competent governmental authorities, the risk of governmental authorities imposing a material penalty on us with respect to these leased properties is remote. Based on the foregoing, our Directors are of the view that the non-compliances will not have any material adverse impact on our business, financial condition or results of operations.

To avoid recurrence of such incidents, we have implemented the following internal control measures:

- We have established a dedicated lease contract review process. Initiators must upload relevant supporting documents for legal review, and upon contract signing, the original contract and filing proof must be synchronized in the system. This enables our legal department to exercise both pre-control and post-execution supervision.
- We have formulated the “Lease Verification Management Guidelines,” which define departmental responsibilities and specify verification requirements for both domestic and international leases. These include checks on property rights, intended usage, mortgages, and filing procedures. The guidelines are issued together with the “Lease Verification Process Control Table” and “Compliance Guidelines for International Leases.”

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

From time to time, we may become involved in legal proceedings and claims that arise in the ordinary course of our business activities. We cannot predict the results of litigation and claims. See “Risk Factors — Risks Relating to Our Industry and Business — We are, and may in the future be, subject to legal and regulatory proceedings and/or investigations in the ordinary course of our business.”

During the Track Record Period and up to the Latest Practicable Date, there were no legal proceedings pending or threatened against us or our Directors that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

Non-Compliance

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any material non-compliance incidents that have led to fines, enforcement actions, or other penalties that would have a material adverse effect on our business, results of operations, financial condition or reputation. Our Directors and our PRC Legal Advisors are of the view that the non-compliances regarding social insurance and housing provident funds as disclosed in “Risk Factors — Risks Relating to Our Business and Industry in the Principal Place of Our Business — Any failure to make adequate contributions to various employee benefit plans as required by PRC regulations may subject us to penalties” and registration of lease agreements as disclosed in “— Properties” would not have any material adverse impact on our business, financial condition or results of operations.

RISK MANAGEMENT AND INTERNAL CONTROL

We face various risks in the course of our daily operations. We have established a comprehensive internal control and risk management system designed to address the operational, financial, legal, and market risks inherent in our business. This system is regularly reviewed and updated to ensure its effectiveness, alignment with our operational needs, and compliance with applicable regulatory requirements. Our internal controls cover key functions such as sales, procurement, production, inventory management, and quality control.

Internal Control System

Our risk management policy covers all key aspects of operations. The Audit Committee, established under the Board of Directors, is responsible for overseeing risk management and internal controls. Our senior management team and our internal audit department are responsible for the day-to-day execution of these internal control procedures. We also regularly review relevant policies and procedures to ensure they comply with regulatory requirements and business objectives.

Financial Reporting Risk Management

Our accounting policies cover budgeting, financial statement preparation, and accounting record management. We have implemented a multi-layered review mechanism, including segregation of duties, hierarchical approval authorities, and automated accounting systems, to enhance the integrity of financial data. To guard against fraudulent reporting, our finance department conducts regular internal audits and engages independent external auditors to assess financial reporting risks. Our finance department also evaluates internal

controls, monitors compliance with accounting policies, and ensures transparency in financial disclosures. Additionally, we employ advanced data security measures to protect financial data from unauthorized access and cyber threats.

Information Systems and Data Security Management

Our information systems management and data security management encompass a structured IT governance framework to manage cybersecurity risks, data privacy, and system reliability. Our core business systems include office automation (OA), Enterprise resource planning (ERP), customer relationship management (CRM), and other IT systems, which are integrated to ensure data flow and operational efficiency. Our data protection policies are designed to prevent unauthorized access and protect sensitive information.

Sales Management

We have established and implemented a sales management system covering customer onboarding, credit management, contract approval, order fulfillment, and receivables management to ensure the standardized conduct of sales operations and the accuracy of revenue recognition. We have formulated policies for customer credit assessment and credit limit management, which involve reviewing customer creditworthiness, setting appropriate credit limits and payment terms, and conducting periodic credit re-evaluations to control accounts receivable risk. The execution of sales contracts and orders is subject to a tiered approval process, and the ERP system is used to centrally manage order, shipping, and invoicing processes, ensuring the traceability of sales operations and data consistency. Our finance department regularly monitors customer payment status and implements specialized management for abnormal accounts receivable.

Procurement Management

We have established and implemented a procurement management system covering supplier qualification, procurement approval, contract management, acceptance, and payment control to ensure the standardization of procurement activities and the stability of the supply chain. We have formulated supplier qualification and evaluation policies to review supplier credentials, product quality, and performance capabilities, and conduct regular supplier performance evaluations to mitigate procurement risks. Procurement requests must undergo an approval process before execution, and procurement contracts are subject to standardized review and tiered approval management. During the goods receipt and payment stages, relevant departments verify and confirm the goods in accordance with contract terms, and the finance department executes the approval process once payment conditions are met. We manage the procurement process centrally through the ERP system and, in conjunction with segregation of duties and internal audit mechanisms, regularly monitors the implementation of procurement policies to ensure the continuous and effective operation of the procurement management system.

Inventory Management

We have established and implemented an inventory management system covering inventory receipt, storage, issuance, physical counts, and disposal to ensure the security of inventory assets and the consistency between book records and physical counts. Standardized procedures for inventory receipt, issuance, and approval have been established; all inventory receipts and issuances must be recorded in the system and undergo the corresponding approval process to achieve traceable management of inventory movements. We monitor inventory in real time through the ERP system to optimize inventory structure and reduce the risk of obsolete stock. Our warehousing department conducts regular inventory counts and analyzes and addresses any discrepancies. For non-conforming or obsolete inventory, an

approval and disposal mechanism is implemented. Our management team supervises and periodically reviews the implementation of inventory management to ensure that relevant systems operate effectively and comply with internal control requirements.

Production and Quality Management

We have established and implemented a production and quality management system covering production planning, process control, quality inspection, and product traceability to ensure standardized production processes and consistent product quality. Production plans are formulated based on sales orders and inventory levels, and production progress is managed and monitored through the system. Standardized operating procedures are followed during the production process, with process control applied to critical operations and production records maintained. In terms of quality management, we have established a multi-tiered quality inspection mechanism for raw materials, work-in-progress, and finished goods, and implements isolation and disposal procedures for non-conforming products. We have also established product traceability and quality improvement mechanisms. Through internal quality audits and regular management reviews of production and quality management execution, we ensure that the production and quality management systems operate effectively and continuously, and comply with listing rules and risk management requirements.

Compliance Risk Management

We have established strict internal procedures to ensure that operations comply with applicable laws and regulations. Our legal team monitors changes in the regulatory framework and makes necessary adjustments to internal policies and procedures. Prior to entering into contracts with customers, suppliers, or third parties, we conduct thorough due diligence. Our compliance framework includes regular training programs, internal audits, and oversight to ensure compliance with relevant laws and company policies.

LICENSES, APPROVALS AND PERMITS

As of the Latest Practicable Date, we had obtained all material licenses and permits required for our business operations in the jurisdictions in which we operate, and such licenses and permits had remained in full effect. To the best of our Directors' knowledge, we currently do not expect to encounter any material difficulty in renewing them when they expire, if applicable, and no material unexpected or adverse changes have occurred since the date of their respective issuance.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Mr. Li (i) directly held approximately 26.42% of our total issued Shares, and (ii) was deemed to be interested in approximately 7.75%, 0.53%, 0.53%, 0.79% and 0.60% of our total issued Shares held by Zhixin Weilai, Kaida Yunzhi, Huazhi Changlian, Qihang No.1 and Qihang No.2, respectively, by virtue of his role as the general partner in each of the said limited partnerships. Therefore, as of the Latest Practicable Date, Mr. Li, Zhixin Weilai, Kaida Yunzhi, Huazhi Changlian, Qihang No.1 and Qihang No.2 in aggregate held and were entitled to exercise approximately 36.61% of the voting rights attached to the Shares in general meetings. Accordingly, Mr. Li, Zhixin Weilai, Kaida Yunzhi, Huazhi Changlian, Qihang No.1 and Qihang No.2 constitute a group of Controlling Shareholders as of the Latest Practicable Date.

Immediately following the completion of the Global Offering (assuming the Offer Size Adjustment Option is not exercised) and the conversion of Unlisted Shares into H Shares, Mr. Li, Zhixin Weilai, Kaida Yunzhi, Huazhi Changlian, Qihang No.1 and Qihang No.2 will in aggregate hold and be entitled to exercise in general meetings voting rights attached to Shares representing approximately 33.26% of the total issued share capital of our Company. Accordingly, Mr. Li, Zhixin Weilai, Kaida Yunzhi, Huazhi Changlian, Qihang No.1 and Qihang No.2 will remain as our Controlling Shareholders upon Listing.

For details of Mr. Li, see “Directors and Senior Management — Directors — Executive Directors” in this prospectus. For details of Zhixin Weilai, Kaida Yunzhi and Huazhi Changlian, please see “History and Corporate Structure — Employee Shareholding Platforms” and “Appendix VI — Statutory and General Information — D. Employee Share Ownership Plans.” For details of Qihang No.1 and Qihang No.2, please see “History and Corporate Structure — Corporate Structure — Corporate Structure as at the Latest Practicable Date”.

COMPETING INTERESTS

Each of our Controlling Shareholders and Directors confirms that as of the Latest Practicable Date, none of them or their respective close associates had any interest in a business, apart from the business of our Group, which competes or is likely to compete, either 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 out our business independently from our Controlling Shareholders and their respective close associates after the Listing.

Management Independence

Our business is primarily managed and conducted by our Board and senior management as of the Latest Practicable Date. Our Board comprises four executive Directors and three independent non-executive Directors. Mr. Li, being a Controlling Shareholder as detailed above, also serves as the chairman of our Board, an executive Director and the general manager of the Company. Nonetheless, all management and operational decisions are made collectively by all our executive Directors and members of senior management, which ensures a proper balance of power and authority between the Board and senior management of our Company. For details, please see “Directors and Senior Management” in this prospectus.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Our Directors consider that the Board and senior management of our Company are capable of functioning independently from our Controlling Shareholders for the following reasons: (a) each of our Directors is aware of his/her fiduciary duties as a Director of our Company which require, among other things, that he/she acts for the benefit and in the best interests of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interest; (b) in the event that any Director or any of his/her close associates has a material interest in any transaction or arrangement or there is an actual or potential conflict of interest arising out of any transaction or arrangement to be entered into between our Group and any of our Directors or their respective associates, such Director(s) shall fully disclose such matters to our Board and abstain from voting at the relevant meeting of our Board in respect of such transactions and shall not be counted in the quorum. Our Group has also adopted certain corporate governance measures for situations involving conflict of interests. For further details, see “— Corporate Governance Measures”; (c) our daily management and operation are carried out by our team of senior management, all of whom have substantial experience in the industry in which we are engaged and/or in their respective fields of expertise, and will therefore be able to operate our business in the best interest of our Group; (d) we have three independent non-executive Directors, who possess extensive experience in various professions and have been appointed to ensure that the decisions of our Board are made after due consideration of independent and impartial opinions; (e) our Board’s main functions include the approval of our Group’s overall business plans and strategies, monitoring the implementation of such business plans, strategies and policies, and the management of our Company. Decisions within our Board are made collectively by majority votes in accordance with the Articles and relevant laws, and no individual Director is empowered to make decisions independently unless otherwise authorized by our Board; and (f) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Controlling Shareholders which would support our independent management. For further details, see “— Corporate Governance Measures”.

Based on the above, our Directors are satisfied that our Board as a whole together with our senior management team are able to perform the managerial role in our Group independently.

Operational Independence

Despite the controlling interest retained by our Controlling Shareholders in our Company after the Listing, our Company has full rights to make and execute all decisions in relation to our business operations independently. Our Company (through our subsidiaries) holds or enjoys the benefit of all relevant licenses, permits and approvals necessary to carry out our businesses and owns all relevant intellectual property, production and R&D facilities. We also have sufficient capital, technology, equipment, access to customers and suppliers, and employees to operate our business independently from our Controlling Shareholders. In addition, we have established our organizational structure comprised of individual departments, each with specific areas of responsibilities. We have also established a set of internal control measures to ensure effective operation of our business.

Our Directors do not expect that there will be any significant transactions between our Group and our Controlling Shareholders upon or shortly after the Listing.

Based on the above, our Directors are satisfied that we have been operating independently from our Controlling Shareholders and their respective close associates during the Track Record Period and up to the Latest Practicable Date and will continue to operate independently.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Financial Independence

During the Track Record Period and up to the Latest Practicable Date, we have established our own internal control, accounting and financial management system and made financial decisions independently according to our own business needs. We independently manage our bank accounts and do not share any of our bank accounts, loan facilities or credit facilities with our Controlling Shareholders or their respective close associates. Moreover, we maintain sufficient capital and credit facilities to operate our business independently, and has adequate internal resources and credit profile to support our daily operations.

We do not rely on our Controlling Shareholders and/or their respective close associates to provide us any financial assistance. Our Directors believe that we are capable of obtaining financing from external sources without reliance on our Controlling Shareholders. As of the Latest Practicable Date, we did not have any outstanding borrowings or guarantees from our Controlling Shareholders or any of their respective close associates.

Based on the above, our Directors believe that our Group is able to operate with financial independence from our Controlling Shareholders and their respective close associates.

CORPORATE GOVERNANCE MEASURES

Our Directors recognize the importance of good corporate governance in the protection of our Shareholders' interests. We have also put in place adequate corporate governance measures to manage existing and potential conflicts of interest and safeguard the interest of our Shareholder, including: (a) to prepare for the Listing, we amended our Articles to comply with the Listing Rules. In particular, our Articles requires that, unless otherwise provided, a Director shall not vote on any resolution approving any contract or arrangement or any other proposal in which such Director or any of his/her close associates have a material interest nor shall such Director be counted in the quorum present at the meeting; (b) a Director with material interests shall make full disclosure in respect of matters that conflict or potentially conflict with our interest and abstain from voting in the board meetings on matters in which such Director or his/her close associates have a material interest, unless the attendance or participation of such Director at such meeting of our Board is specifically requested by a majority of the independent non-executive Directors; (c) where a Shareholders' meeting is held for the purpose of considering proposed transactions in which any of our Controlling Shareholders or their respective associates have a material interest, such Controlling Shareholder(s) will abstain from voting on the relevant resolutions and shall not be counted towards the quorum in the voting; (d) our Company has established internal control mechanism to identify connected transactions. Upon Listing, our Company will comply with the requirements in relation to connected transactions under the Listing Rules; (e) we are dedicated to maintaining a balanced composition of executive and independent non-executive Directors on our Board. We have appointed three independent non-executive Directors who possess substantial experience in the industry we operate and in their respective fields of expertise. They do not have any business or other relationship which could materially interfere with the exercise of their independent judgment in making decisions of the Board. We believe they will be able to provide an impartial and external opinion to protect the interests of our public Shareholders. Details of our independent non-executive Directors are set out in the section headed "Directors and Senior Management — Independent non-executive Directors"; (f) where our independent non-executive Directors are required to assess any conflict of interest between our Group and our Controlling Shareholders and/or Directors, the relevant Controlling Shareholder(s) and/or Director(s) shall provide them with all necessary information. Our Company will disclose decisions, if any, on matters reviewed by the independent non-executive Directors either through our annual report or by way of announcements; (g) we have resolved to establish the Audit Committee, Remuneration and

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Appraisal Committee and Nomination Committee with written terms of reference in compliance with the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules; (h) in the event that our Directors reasonably request the advice of independent professionals, such as financial advisers, the appointment of such independent professionals will be made at our Company's expenses; and (i) we have appointed Jun Hui International Finance Limited as our compliance adviser to provide advice and guidance to us in respect of compliance with the applicable laws, regulations and the Listing Rules, including various requirements relating to directors' duties and corporate governance.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

As of the Latest Practicable Date, the Board consists of seven Directors, comprising four executive Directors and three independent non-executive Directors. The following table sets forth certain information regarding our Directors:

Name	Age	Position(s)	Date of joining our Group	Date of appointment as Director	Roles and responsibilities	Relationship with other Directors or senior management
Mr. Li Bo (李波)	51	Executive Director, chairman of our Board and our general manager	October 22, 2003	October 22, 2003	Overall strategic planning of our Group and overseeing the business development and management of our Group	None
Mr. Yan Zhikang (嚴志康)	44	Executive Director and our senior vice president	May 19, 2006	June 21, 2017	Formulating and implementing the sales strategies and overseeing the sales development of the Group	None
Mr. Li Jun (李軍) (former name: Li Yangjun (李洋君))	37	Executive Director and general manager of our Terminal Product Center	July 6, 2009	April 29, 2025	Overall strategic planning, research and development and management of terminal products	None
Ms. Dang Hui (黨慧)	49	Executive Director and general manager of our financial management department	May 24, 2021	May 16, 2025	Overseeing the overall financial planning, capital management and tax planning of the Group	None
Ms. Luk Pui Yin Grace (陸佩然)	61	Independent non-executive Director	April 29, 2025	April 29, 2025	Providing independent advice and judgment to our Board	None
Mr. Yin Renyong (尹仁勇)	45	Independent non-executive Director	June 20, 2020	June 20, 2020	Providing independent advice and judgment to our Board	None
Dr. Zheng Qian (鄭潛)	30	Independent non-executive Director	April 29, 2025	April 29, 2025	Providing independent advice and judgment to our Board	None

Executive Directors

Mr. Li Bo (李波), aged 51, is our founder, executive Director, chairman of our Board and our general manager. He is a director of our Company since October 2003 and is primarily responsible for the overall strategic planning of our Group and overseeing the business development and management of our Group. Mr. Li has acquired substantial industry experience and received various industry awards. From February 1999 to February 2003, he served as the project manager and research and development director at Shenzhen Coship Electronics Co., Ltd. (previously known as at Shenzhen Coship Electronics Co., Ltd., a company listed on the Shenzhen Stock Exchange (stock code: 002052) and principally engaged in provision of digital video solutions and research and development and manufacturing of smart home products, and was primarily responsible for research and development of digital video products. Since October 2003, Mr. Li had been the executive

DIRECTORS AND SENIOR MANAGEMENT

Director and general manager of the Group for a period of over two decades, primarily responsible for the overall strategic planning, development and operation of the Group's business in the digital and intelligent home solution industry. In June 2014, he was honored as a High-Level Professional (Reserve Talent) (深圳市高層次專業人才(後備級人才)) by The Human Resources and Social Security Administration of Shenzhen Municipality). In September 2016, he was recognized as High-Level Talent in Nanshan District of Shenzhen (Level C) (深圳市南山區C類領航人才) by Human Resources Bureau of Nanshan District, Shenzhen. In March 2023, he was listed as an innovative outstanding individual (創新傑出人物榜) on the 2022 Guangdong Hong Kong Macau Greater Bay Area Enterprise Innovation Rankings (2022粵港澳大灣區企業創新力榜單) by the Federation of Shenzhen Industries. In September 2023, he was awarded the Shenzhen Industry Award (Encouragement Award) - Industrialist (深圳工業大獎(鼓勵獎) — 工業家) by the Federation of Shenzhen Industries and the Shenzhen Economic Daily. In February 2025, he was recognized as an innovative outstanding contribution individual of the 23rd (2024) Shenzhen Enterprises Innovation Record (第二十三屆(2024)深圳企業創新紀錄創新突出貢獻人物) by the Shenzhen Enterprise Innovation Record Audition Committee and Organization Committee. Mr. Li received his bachelor's degree in automation from Central South University (formerly known as Central South University of Technology) in the PRC in June 1997.

Mr. Yan Zhikang (嚴志康), aged 44, is our executive Director and senior vice president. He is primarily responsible for managing our global marketing center, formulating and implementing the sales strategies and overseeing the sales development of our Group. Mr. Yan joined our Group in May 2006 and had been successively appointed as the engineer, research and development vice director and executive director, vice president of our Group and senior vice president of our Group, where he was mainly responsible for overseeing and managing our video product line, including sales, research and development and product planning of our video products. Mr. Yan was honored as a High-Level Professional (local-level talent) (深圳市高層次專業人才(地方級領軍人才)) by The Human Resources and Social Security Administration of Shenzhen Municipality in May 2020. He was also listed as an innovative outstanding individual (創新傑出人物) on the 2024 Guangdong Hong Kong Macau Greater Bay Area Enterprise Innovation Rankings (2024粵港澳大灣區企業創新力榜單) by the Federation of Shenzhen Industries in February 2025. Mr. Yan obtained his bachelor's degree in electronic science and technology and master's degree in microelectronics from Hunan University in the PRC in June 2003 and June 2006, respectively. He obtained a professional certificate as a senior engineer in electronic component from The Human Resources and Social Security Administration of Shenzhen Municipality in August 2021.

Mr. Li Jun (李軍) (former name: Li Yangjun (李洋君)), aged 37, is our executive Director and general manager of our Terminal Product Center. He is primarily responsible for overall strategic planning, research and development and management of terminal products. He joined our Group since July 2009, and had been successively appointed as the software engineer, product engineer, project manager, vice general manager and general manager of our international business line research and development center, general manager of our video product line, primarily responsible for the overall research and development and management of our video products. Mr. Li received his bachelor's degree in information and computer science from Wuhan Textile University (formerly known as Wuhan Institute of Science and Technology) in the PRC in June 2009.

Mr. Li Jun has been steering the Group's R&D with his service of over 15 years. He has played pivotal roles in various municipal-level projects, such as acted as deputy project manager of Research and Application of Non-Contact Touchscreen Gaming Control Technology and technical specialist of Next-Generation Multimedia Digital Smart Home Gateway, laying the crucial foundation for the Group's recognition as a National High-tech Enterprise and the certificate of national technologically advanced key Little Giant Enterprise. Furthermore, Mr. Li Jun has spearheaded breakthroughs in OTT and system

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platform technologies and OTT edge-side AI algorithms. For Home AI agent related projects, Mr. Li Jun has been heavily involved in core decisions and planning, personally directed technical breakthroughs, and facilitated the deep integration of interactive functions including voice recognition, motions into video products.

Ms. Dang Hui (黨慧), aged 49, is our executive Director and general manager of our financial management department. She joined our Group in May 2021, and is primarily responsible for overseeing the overall financial planning, capital management and tax planning of the Group. Prior to joining the Group, Ms. Dang worked at the finance, tax and capital department of ZTE Corporation, a company listed on both the Stock Exchange (stock code: 763) and the Shenzhen Stock Exchange (stock code: 63) and principally engaged in communications and information technology solutions, from October 2004 to January 2016. She also worked as the assistant to general manager and the director of the financial management department of Shenzhen Coship Electronics Co., Ltd. (深圳市同洲電子股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 2052) which is principally engaged in the provision of digital video solutions and research and development and manufacturing of smart home products, from July 2016 to May 2020. She then worked at Zhengzhong Real Estate Group Co., Ltd. (formerly known as Zhengzhong Real Estate Group Co., Ltd.), a company principally engaged in real estate development, with her last position as the director of property finance department of the finance and accounting operation center from June 2020 to May 2021. Ms. Dang graduated with an undergraduate degree in investment studies from Zhongnan University of Economics and Law (中南財經政法大學) in the PRC in December 2020.

Independent Non-executive Directors

Ms. Luk Pui Yin Grace (陸佩然), aged 61, was appointed as our independent non-executive Director in April 2025. She is primarily responsible for providing independent advice and judgment to our Board. Ms. Luk has over 30 years of corporate governance and financial management experience in the Greater China Region. From July 1988 to February 1993, she served as an auditor at Arthur Andersen & Co. in Hong Kong. From March 1993 to March 1994, she was the department head of category financial management department and assistant budget manager of Colgate Palmolive (HK) Limited, a company principally engaged in sale of oral care products and personal care products, and was primarily responsible for the company's product financial management, budgeting, inventory management, risk control and internal control management. From March 1994 to June 2002, she served as the Financial Controller and director of Kleinwort Benson China Management Limited, which was the investment manager of the London-listed private equity China Investment and Development Fund and was primarily responsible for the financial management, risk control and internal control of such Fund's joint venture projects in Hong Kong and the Chinese Mainland. From April 2001 to December 2001, she served as the Vice President of Dresdner Kleinwort Capital, the private equity arm of Dresdner Bank and a company principally engaged in providing investment banking services, and was primarily responsible for due diligence on the finance, operation, risk management and tax affairs of potential investment projects. From September 2003 to July 2005, she served as the Financial Controller of Ajia Partners (HK) Limited, a company principally engaged in management of minority investments portfolio of a private equity fund with investments in internet and logistics services companies, and was primarily responsible for financial and operational management, internal control, compliance and risk management of the company's investment projects.

From August 2005 to May 2013, she served as the Chief Operating Officer and Chief Financial Officer of North Asia Strategic Holdings Limited, a company listed on GEM of the Stock Exchange (stock code: 8080) and principally engaged in trading of surface mount technology assembly equipments and provision of related installation and maintenance services, and was primarily responsible for the company's financial management and internal

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control, and providing suggested solutions to enhance the company's corporate governance standards. From May 2013 to December 2018, she served as an executive director and Chief Financial Officer of Hong Kong Shanghai Alliance Holdings Limited (formerly known as Van Shung Chong Holdings Limited), a company listed on the Stock Exchange (stock code: 1001) and principally engaged in distribution of steels and sanitary wares, and was primarily responsible for managing the company's finances and internal control and advising on solutions that enhance corporate governance of the company. From January 2019 to March 2022, she worked at Nano and Advanced Materials Institute Limited, a research and development company supervised by the Innovation and Technology Commission of the Hong Kong SAR Government, as Director of Finance and was primarily responsible for managing the company's procurement, information technology, accounting and asset management. Since June 2024, Ms. Luk has been appointed as the independent non-executive director of M&L Holdings Group Limited, a company listed on the Stock Exchange (stock code: 8152), which is mainly engaged in provision of integrated engineering solutions, and was primarily responsible for providing independent advice and judgment to the board of the company. Ms. Luk received her bachelor degree in Business Administration from the Chinese University of Hong Kong in December 1988. She has been an associate of the Hong Kong Institute of Certified Public Accountants since September 1991 and an associate of the UK Chartered Institute of Management Accountants since August 1995. She has also been a fellow of the UK Association of Chartered Certified Accountants since July 1996 and a member of the Hong Kong Institute of Directors since November 2023.

Mr. Yin Renyong (尹仁勇), aged 45, was appointed as our independent non-executive Director since June 2020. He is primarily responsible for providing independent advice and judgment to our Board. Prior to joining the Group, Mr. Yin has over 22 years of experience in the finance industry where he engaged in accounting-related work, including working at Huawei Technologies Co., Ltd., ShineWing Certified Public Accountants, Xiangcai Securities Co., Ltd. (formerly known as Xiangcai Securities Co., Ltd.), a company principally engaged in providing securities investment consultation services and previously listed on the National Equities Exchange and Quotations (stock code: 430399) and delisted in June 2018, Guotou Securities Co., Ltd. (formerly known as Essence Securities Co., Ltd.). From April 2021 to October 2022, he served as the chief financial officer of Shenzhen Hard City Information Technology Co., Ltd. (formerly known as Shenzhen Qianhai Hard City Information Technology Co., Ltd.), a company principally engaged in development of information technology and sale of computer software, and was primarily responsible for management of financial functions of the company. From October 2023 to March 2025, he worked as the financial director of Shenzhen Skyeagle Equipment Technology Co., Ltd. (formerly known as Shenzhen Jiexinlong Technology Co., Ltd.), a company principally engaged in the research and development and sales of airborne equipment and aviation sports equipment, and was primarily responsible for directing financial development of the company. From April 2025 to April 2026, he was as the financial director of New Energy Technology (Shenzhen) Co., Ltd., a company principally engaged in provision of customized solutions and products for energy storage systems, and was primarily responsible for overseeing the financial operations of the company. Mr. Yin received his bachelor's degree in finance from Jilin University of Finance and Economics (formerly known as Changchun Taxation Institute) in the PRC in July 2002 and his master's degree in business administration from Shanghai University of Finance and Economics in the PRC in January 2017. He was certified as a non-practicing member of the Chinese Institute of Certified Public Accountants in 2011.

Dr. Zheng Qian (鄭潛), aged 30, was appointed as our independent non-executive Director in April 2025. He is primarily responsible for providing independent advice and judgment to our Board. Dr. Zheng worked as a postdoctoral researcher mainly focusing on embodied affective interaction and neural oscillation decoupling at the Shenzhen Institutes of Advanced Technology of Chinese Academy of Sciences from July 2022 to October 2024. He has been appointed as an associate researcher of the Center for AI Services Computing

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(AISC) at the College of Computer Science and Software Engineering of Shenzhen University since November 2024. Dr. Zheng obtained his bachelor's degree in automation from Harbin Engineering University in the PRC in July 2017 and a Ph.D. degree in control science and engineering from Zhejiang University in the PRC in June 2022.

Other disclosure pursuant to Rule 13.51(2) of the Listing Rules

Mr. Li Bo, was a director or general manager of (i) Huayong Hotel Media Technology Co., Ltd. (a company principally engaged in hotel media and deregistered on May 10, 2022), (ii) Shenzhen Huayue Media Co., Ltd. (a company principally engaged in design, production, distribution of advertisements and deregistered on August 25, 2014) and (iii) Shenzhen Zhixun Digital Technology Co., Ltd. (a company principally engaged in information transmission, software and information technology services and deregistered on January 2, 2025) (collectively, the “**Deregistered Companies**”) which were established in the PRC prior to their deregistration. Each of the Deregistered Companies were voluntarily deregistered due to termination of business operations.

Mr. Li confirmed that, to the best of his knowledge, (i) each of the deregistered companies above was solvent immediately prior to its deregistration and had no outstanding claim or liabilities arising from any material non-compliance incidents; (ii) he has not received any notification in respect of penalty, acting or proceeding from the authorities in the Chinese Mainland as a result of the deregistration; and (iii) he is not aware of any actual or potential claim which has been or will be made against him as a result of the deregistration. Mr. Li also confirmed, to the best of his knowledge, that Shenzhen Zhixun Digital Technology Co., Ltd. was not subject to any material non-compliance incidents or any pending litigation or penalties during the Track Record Period and prior to its deregistration.

Save as disclosed above and in the sections headed “History and Corporate Structure — Previous Listing On the NEEQ And Previous A Share Listing Attempt — Listing and Delisting of Our Shares In Relation to NEEQ — Compliance During Listing On the NEEQ”, “Substantial Shareholders” and “C. Further Information About Our Directors and Substantial Shareholders — 1. Disclosure of Interests” in Appendix VI of this prospectus, each of our Directors confirms with respect to himself or herself that he or she (1) did not hold other long positions or short positions in the Shares, underlying Shares, debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO) as of the Latest Practicable Date; (2) had no other relationship with any Directors, senior management or substantial shareholders of our Company as of the Latest Practicable Date; (3) did not hold any other directorships in the three years prior to the Latest Practicable Date in any public companies of which the securities are listed on any securities market in Hong Kong and/or overseas; and (4) there are no other matters concerning our Director's appointment that need to be brought to the attention of our Shareholders and the Stock Exchange or shall be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

CONFIRMATION FROM OUR DIRECTORS

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules in April 2025, and (ii) understands his or her obligations as a director of a listed issuer under the Listing Rules.

Each of our independent non-executive Directors has confirmed (i) his/her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) he/she has no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected person of the Company under the Listing Rules as of the Latest Practicable Date, and (iii) that there are no other factors that may affect his/her independence at the time of his/her appointments.

DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Our executive Directors and senior management are responsible for the day-to-day management and operation of our business. For information concerning our executive Directors, see “— Directors — Executive Directors.” The table below sets out certain information regarding our senior management other than our executive Directors:

Name	Age	Position(s)	Date of joining our Group	Date of appointment as senior management	Roles and responsibilities	Relationship with other Directors or senior management
Ms. Li Jianyi (李建一)	36	Secretary to our Board	August 28, 2021	August 28, 2021	Responsible for providing secretarial services to our Company, including ensuring our Company’s compliance with corporate governance requirements, managing investor relations and legal management	None
Mr. Chen Jinghua (陳京華)	46	Our senior vice president	January 2, 2020	March 5, 2020	Responsible for formulating and implementing the sales strategies and overseeing the sales development of the Group	None

For details of our executive Directors, namely Mr. Li Bo, Mr. Yan Zhikang, Mr. Li Jun and Ms. Dang Hui, see “— Directors — Executive Directors.”

Ms. Li Jianyi (李建一), aged 36, has been appointed as the secretary to our Board since August 2021. She is primarily responsible for providing secretarial services to our Company, including ensuring our Company’s compliance with corporate governance requirements, managing investor relations and legal management. Prior to joining the Group, Ms. Li served as the enterprise management specialist of Shenzhen Pengneng Investment Holding Co., Ltd. (深圳市鵬能投資控股有限公司), a company principally engaged in electricity and heat supply, from July 2012 to February 2014. She then served as the securities affairs representative of Shenzhen Bitland Information Technology Co., Ltd. (深圳市寶龍達信息技術股份有限公司), a company principally engaged in manufacturing of computer and telecommunication devices, from February 2014 to February 2016. She also worked at Shenzhen Fabon Information Technology Co., Ltd. (深圳市法本信息技術股份有限公司), a company listed on the ChiNext board of the Shenzhen Stock Exchange (stock code: 300925) and principally engaged in providing information technology-related services, from February 2016 to August 2021, with her last position as securities affairs representative. Ms. Li received her bachelor’s degree in law from Shenzhen University (深圳大學) in the PRC in June 2012 and has obtained the board secretary qualification certificate from the Shenzhen Stock Exchange in April 2015.

Mr Chen Jinghua (陳京華), aged 46, is our senior vice president. He is primarily responsible for managing our global marketing center, formulating and implementing the sales strategies and overseeing the sales development of the Group. He joined our Group since January 2020 and had been successively appointed as the vice president and senior vice president of our Group, primarily responsible for overseeing and managing our internet communication products line, including sales, research and development and product planning of our internet communication products. Prior to joining our Group, Mr. Chen worked as the procurement engineer of the ZTE Corporation (中興通訊股份有限公司), which is a company listed on both the Stock Exchange (stock code: 763) and the Shenzhen Stock

DIRECTORS AND SENIOR MANAGEMENT

Exchange (stock code: 63) and is principally engaged in communications and information technology solutions, from July 2005 to February 2008. He also worked at Shenzhen Coship Electronics Co., Ltd. (深圳市同洲電子股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 2052) which is principally engaged in the provision of digital video solutions and research and development and manufacturing of smart home products, from June 2008 to October 2019, with his last position as a deputy general manager of international business division of the company. He also served as the general manager of strategic customer affairs division of Shenzhen Tongjiu Electronics Co., Ltd. (深圳市通久電子有限公司), a company principally engaged in manufacturing of computer and telecommunication devices, from November 2019 to December 2019. Mr. Chen received his master's postgraduate degree in management science and engineering from Wuhan University (武漢大學) in the PRC in June 2005.

None of our senior management members has been a director of any public company the securities of which are listed on any securities market in Hong Kong or overseas in the three years prior to the Latest Practicable Date. Save as the Incident, there are no other matters concerning our appointment of our senior management that need to be brought to the attention of our Shareholders and the Stock Exchange. For further details of the Incident, see “History and Corporate Structure — Previous Listing On the NEEQ And Previous A Share Listing Attempt — Listing and Delisting of Our Shares In Relation to NEEQ — Compliance During Listing On the NEEQ.”

JOINT COMPANY SECRETARIES

Ms. Li Jianyi (李建一), aged 36, was appointed as one of our joint company secretaries with effect from Listing. See “— Senior Management” above for her information.

Ms. Pau So Yi (鮑素怡) was appointed as one of our joint company secretaries with effect from the Listing Date. She is a manager of company secretarial services of Tricor Services Limited, a member of Vistra Group. Ms. Pau has over ten years of experience in the corporate service field. She has been providing professional corporate services to Hong Kong listed companies, private and offshore companies.

Ms. Pau obtained a Bachelor of Commerce (Hons) in Accounting from Hong Kong Shue Yan University in Hong Kong in 2015. Ms. Pau is a Chartered Secretary, a Chartered Governance Professional, an Associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

BOARD COMMITTEES

We have resolved to form three board committees, namely, the audit committee of the Board (the “**Audit Committee**”), the remuneration and appraisal committee of the Board (the “**Remuneration and Appraisal Committee**”) and the nomination committee of the Board (the “**Nomination Committee**”).

Audit Committee

Our Company established an Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code as set out in Appendix C1 to the Listing Rules (the “**CG Code**”). The Audit Committee consists of three members, namely Ms. Luk Pui Yin Grace, Dr. Zheng Qian and Mr. Yin Renyong, each an independent non-executive Director. Ms. Luk Pui Yin Grace has been appointed as the chairlady of the Audit Committee, and is our independent non-executive Director possessing the related financial management expertise as required under Rules 3.10(2) and 3.21 of the Listing Rules. The primary duties of the Audit Committee are to manage and oversee the

DIRECTORS AND SENIOR MANAGEMENT

finance of the Group, review the financial statements and results of our Group, oversee the external audit process and perform other duties and responsibilities as assigned by our Board.

Remuneration and Appraisal Committee

Our Company established a Remuneration and Appraisal Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the CG Code. The Remuneration and Appraisal Committee consists of Mr. Yin Renyong and Ms. Luk Pui Yin Grace, each an independent non-executive Director, and Mr. Li Bo, our executive Director. Mr. Yin Renyong has been appointed as the chairman of the Remuneration and Appraisal Committee. The primary duties of the Remuneration and Appraisal Committee are to establish and review the remuneration policy for our Directors and senior management, appraise their remuneration packages and make recommendations of their remuneration packages to the Board.

Nomination Committee

Our Company established a Nomination Committee with written terms of reference in compliance with Rule 3.27A of the Listing Rules and the CG Code. The Nomination Committee consists of Mr. Li Bo, our executive Director, and Mr. Yin Renyong and Ms. Luk Pui Yin Grace, each an independent non-executive Director. Mr. Li Bo has been appointed as the chairman of the Nomination Committee. The primary duties of the Nomination Committee are to make recommendations to our Board on the appointment and removal of Directors, formulate and review the corporate governance policy of the Company, establish and review the election policy and process of our Directors and senior management and make recommendations on the appointment and removal of Directors to the Board.

BOARD DIVERSITY POLICY

We have adopted a board diversity policy (the “**Board Diversity Policy**”) which sets out the objective and approach to achieve and maintain diversity of our Board in order to enhance the effectiveness of our Board. Our Board Diversity Policy provides that our Company should give consideration to various factors, including professional experience, skills, knowledge, gender, age, cultural and education background, ethnicity and length of service, when selecting members of the Board in order to achieve diversity of our Board. We recognize the importance and embrace the benefits of having a diverse Board. We also seek to increase gender diversity at the Board level to maintaining our Company’s competitive advantage and enhancing its ability to attract talents and to retain and motivate employees. We have also taken and will continue to take steps to promote gender diversity at all levels of our Company, including but not limited to our Board and the senior management levels.

Our Board comprises seven members, including four executive Directors and three independent non-executive Directors, which possesses a balanced mix of knowledge and skills. They completed studies in various majors including but without limitation to engineering, computer science, business administration and finance. The ages of our Directors range from 29 years old to 60 years old and our Board sits both male and female members. After due consideration, our Board believes that based on the meritocracy of our Directors, the composition of our Board satisfies our Board Diversity Policy.

Our Nomination Committee is responsible for ensuring the diversity of our Board members. Our Nomination Committee will review and assess the structure and composition of the Board and make recommendations to the Board on appointment of members of the Board, taking into consideration the level of diversity of the Board. After the Listing, we will disclose in our corporate governance report about the implementation of the board diversity policy on an annual basis.

DIRECTORS AND SENIOR MANAGEMENT

COMPLIANCE ADVISER

We have appointed Jun Hui International Finance Limited as our Compliance Adviser upon the Listing pursuant to Rules 3A.19 and 19A.05 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, our Compliance Adviser will advise us when we consult our Compliance Adviser in the following circumstances: (i) before the publication of any regulatory announcement, circular or financial report; (ii) where a transaction, which might be a notifiable or connected transaction under the Listing Rules, is contemplated by our Group, including share issues, sales or transfers of treasury shares and share repurchases; (iii) where our Group proposes to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our Group's business activities, developments or results of operation deviate from any forecast, estimate or other information in this prospectus; and (iv) where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of the Shares.

The terms of appointment of the Compliance Adviser shall commence on the Listing Date and end on the date on which our Group complies with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the Listing Date and such appointment may be subject to extension by mutual agreement.

WAIVER GRANTED BY THE STOCK EXCHANGE

We have applied to the Stock Exchange for, and the Stock Exchange has granted, waivers from strict compliance with the requirement of (i) Rule 8.12 of the Listing Rules in relation to the requirement of management presence in Hong Kong and (ii) Rules 3.28 and 8.17 of the Listing Rules in relation to the academic or professional qualifications of our Company's joint company secretaries. For details of the waiver, see "Waivers and Exemptions

CORPORATE GOVERNANCE

Our Company aims to achieve high standards of corporate governance which are crucial to our development and safeguard the interests of our Shareholders. To accomplish this, we expect to comply with the Corporate Governance Code ("CG Code") set out in Appendix C1 to the Listing Rules after the Listing, except for the deviation from the code provision C.2.1 of Part 2 of the CG Code. Mr. Li is the chairman of our Board and the general manager of our Company and he has been managing our Group's business and supervising the overall operations of our Group since its establishment in 2003. Our Directors consider that vesting the roles of the chairman of our Board and the general manager of our Company in Mr. Li is beneficial to the management and business development of our Group and will provide a strong and consistent leadership to our Group. Our Board will continue to review and consider splitting the roles of the chairman of our Board and the general manager at a time when it is appropriate and suitable by taking into account the circumstances of our Group as a whole. Save as aforesaid disclosed, our Group is in compliance with all the code provisions of the CG Code.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

Our Directors and members of senior management receive compensation in the form of fees, salaries, allowances, discretionary bonuses, share-based compensation, retirement benefit scheme contributions and other benefits in kind.

For the years ended December 31, 2023, 2024 and 2025, the aggregate amount of remuneration (including fees, salaries, allowances and benefits in kind, performance related bonus, pension scheme contributions and share-based payment expenses) for our Directors and supervisors during the Track Record Period amounted to approximately RMB5.0 million, RMB6.3 million and RMB5.1 million, respectively.

DIRECTORS AND SENIOR MANAGEMENT

For the years ended December 31, 2023, 2024 and 2025, the five highest paid individuals of our Company included 1, 1 and 3 Directors, respectively. The aggregate remuneration (including salaries, bonuses, allowances and benefits in kind, performance related bonus, pension scheme contributions and share-based payment expenses) paid to our Group's five highest remuneration individuals who are neither a director nor a supervisor of the Company were approximately RMB4.4 million, RMB5.6 million and RMB3.1 million, respectively.

We estimate that the aggregate amount of remuneration, excluding dividends, of our Directors for the year ending December 31, 2026 to be approximately RMB5.1 million. The actual remuneration of Directors in 2026 may be different from the expected remuneration.

During the Track Record Period and up to the Latest Practicable Date, no remuneration was paid by our Company to, or receivable by, our Directors, supervisors or the five highest paid individuals as an inducement to join or upon joining our Company or as compensation for loss of office in connection with the management positions of our Company or any of our subsidiaries.

During the Track Record Period and up to the Latest Practicable Date, none of our Directors or supervisors waived any remuneration. Save as disclosed above, no other payments have been paid, or are payable, by our Company or any of our subsidiaries to our Directors, supervisors or the five highest paid individuals during the Track Record Period and up to the Latest Practicable Date.

SHARE CAPITAL

SHARE CAPITAL

Immediately before the Global Offering

As of the Latest Practicable Date and immediately prior to the Global Offering, the registered capital of our Company is RMB190,332,770, comprising 190,332,770 Unlisted Shares with a nominal value of RMB1.00 each.

Upon the Completion of the Global Offering

Immediately following the completion of the Global Offering and the conversion of certain Unlisted Shares into H Shares, the share capital of our Company is set out as follows:

Assuming the Offer Size Adjustment Option is not exercised:

Description of Shares	Number of Shares	Approximate %
Unlisted Shares	146,508	0.07%
H Shares to be converted from Unlisted Shares	190,186,262	90.76%
H Shares to be issued under the Global Offering	19,207,300	9.17%
Total	209,540,070	100%

Assuming that the Offer Size Adjustment Option is fully exercised:

Description of Shares	Number of Shares	Approximate %
Unlisted Shares	146,508	0.07%
H Shares to be converted from Unlisted Shares	190,186,262	89.53%
H Shares to be issued under the Global Offering	19,207,300	9.04%
H Shares to be issued upon full exercise of the Offer Size Adjustment Option	2,881,000	1.36%
Total	212,421,070	100%

OUR SHARES

The H Shares in issue following the completion of the Global Offering and the Unlisted Shares are ordinary Shares in the share capital of our Company, and are considered as one class of Shares. However, apart from certain qualified domestic institutional investors in the PRC, qualified PRC investors under the Shanghai-Hong Kong Stock Connect, the Shenzhen-Hong Kong Stock Connect or other persons who are entitled to hold our H Shares pursuant to the relevant PRC laws and regulations or upon approvals of any competent authorities, including our existing Shareholders who may convert their Unlisted Shares into H Shares upon completion of filing with the CSRC, H Shares generally cannot be subscribed for by or traded between legal or natural persons of the PRC. Unlisted Shares can only be subscribed for by and traded between legal or natural PRC persons, qualified foreign institutional investors and foreign strategic investors. H Shares may only be subscribed for and traded in Hong Kong dollars. Unlisted Shares, on the other hand, may only be subscribed for and transferred in Renminbi.

SHARE CAPITAL

RANKING

The Unlisted Shares and H Shares will rank *pari passu* with each other in all respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this prospectus. All dividends for H Shares will be denominated and declared in Renminbi, and paid in Hong Kong dollars or Renminbi, whereas all dividends for Unlisted Shares will be paid in Renminbi. Other than cash, dividends could also be paid in the form of shares.

CONVERSION OF OUR UNLISTED SHARES INTO H SHARES

The Company has filed for a “full circulation” of the existing 190,186,262 Unlisted Shares into H Shares on a one-for-one basis, and submitted the application reports, authorization documents of the shareholders of Unlisted Shares for which an H-share “full circulation” are applied, explanation about the compliance of share acquisition and other documents in accordance with the requirements of the CSRC. The relevant filings of the conversion of the existing 190,186,262 Unlisted Shares held by the existing Shareholders into H Shares on a one-for-one basis have been completed on January 28, 2026.

Upon completion of the Global Offering, our Unlisted Shares (other than those to be converted to H Shares) are not listed or traded on any stock exchange. According to stipulations by the State Council, securities regulatory authority and the Articles, the Unlisted Shares may be converted into H Shares. Such converted Shares may be listed or traded on an overseas stock exchange provided that prior to the conversion and trading of such converted Shares, the requisite internal approval processes have been duly completed and the approvals from the relevant PRC regulatory authorities, including the CSRC, and the relevant overseas stock exchange have been obtained. In addition, such conversion, trading and listing shall in all respects comply with the regulations prescribed by the State Council securities regulatory authority and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange.

If any of the Unlisted Shares are to be converted to H Shares and to be traded on the Stock Exchange, such conversion requires the approval of the relevant PRC regulatory authorities, including the CSRC. Approval of the Stock Exchange is required for the listing of such converted Shares on the Stock Exchange. Subject to fulfilling the procedures set out in this section, our Company may apply for the listing of all or any portion of the Unlisted Shares on the Stock Exchange as H Shares in advance of any proposed conversion to ensure that the conversion process can be completed promptly upon notice to the Stock Exchange and delivery of Shares for entry on the H Share register. As any listing of additional Shares after our Company’s initial listing on the Stock Exchange is ordinarily considered by the Stock Exchange to be a purely administrative matter, it does not require prior application for listing as at the time of our Company’s initial listing in Hong Kong.

No class Shareholder voting is required for the listing and trading of the converted Shares on the Stock Exchange. Any application for listing of the converted Shares on the Stock Exchange after our initial listing is subject to prior notification by way of announcement to inform Shareholders and the public of any proposed conversion.

After all the requisite approvals have been obtained, the relevant Unlisted Shares will be withdrawn from the Unlisted Share register, and our Company will re-register such Shares on the H Share register maintained in Hong Kong and instruct the H Share Registrar to issue H Share certificates. Registration on the H Share register of our Company will be on the conditions that (i) the H Share Registrar lodges with the Stock Exchange a letter confirming the entry of the relevant H Shares on the H Share register and the due dispatch of H Share certificates; and (ii) the admission of the H Shares to be traded on the Stock Exchange

SHARE CAPITAL

complies with the Listing Rules and the General Rules of HKSCC and the HKSCC Operational Procedures in force from time to time.

Until the converted Shares are re-registered on the H Share register of our Company, such Shares would not be listed as H Shares. For details of our existing Shareholders' proposed conversion of Unlisted Shares into H Shares, see "History, Development and Corporate Structure — Corporate Structure — Corporate Structure Immediately Following the Global Offering".

RESTRICTIONS OF SHARE TRANSFER

The PRC Company Law provides that in relation to the public offering of a company, the shares issued prior to any public offering of shares by a company shall not be transferred within one year from the date on which such publicly offered shares are listed and traded on the relevant stock exchange. Accordingly, the Shares issued by our Company prior to the Listing Date will be subject to such statutory restriction on transfer within a period of one year from the Listing Date.

Shares transferred by our Directors and members of the senior management each year during their term of office as determined when they assume the posts shall not exceed 25% of their total respective shareholdings in our Company unless otherwise permitted by applicable laws and regulations. The Shares that the aforementioned persons hold in our Company cannot be transferred within half a year after they leave their positions as Directors and members of the senior management in our Company.

For details of the lock-up undertaking given by our Controlling Shareholders pursuant to Rule 10.07 of the Listing Rules, see the section headed "Underwriting — Undertakings to the Stock Exchange Pursuant to the Listing Rules — (B) Undertakings by our Controlling Shareholders".

INCREASE IN SHARE CAPITAL

As advised by our PRC Legal Advisers, pursuant to the Articles and subject to the requirements of the relevant PRC laws and regulations, our Company, upon the Listing of our H Shares, is eligible to enlarge its share capital by issuing either new H Shares or new Unlisted Shares on condition that such proposed issuance shall be approved by a special resolution of Shareholders in general meeting conducted in accordance with the provisions of the Articles and that such issuance complies with the Listing Rules and other relevant laws and regulations of Hong Kong. To adopt a special resolution of Shareholders in general meeting, more than the two thirds votes represented by the Shareholders (including proxies) present at the general meeting must be exercised in favor of the resolution.

REGISTRATION OF SHARES NOT LISTED ON THE OVERSEAS STOCK EXCHANGE

According to the Guidelines for the "Full Circulation" Program for Domestic Unlisted Shares of H-share Listed Companies (H股公司境內未上市股份申請「全流通」業務指引) announced by the CSRC, the domestic shareholders of unlisted shares shall handle share transfer registration business in accordance with the relevant business rules of the CSDC. Further, H-share companies should submit the relevant status reports to the CSRC within 15 days after the transfer registration with the CSDC of the shares involved in the application is completed.

CIRCUMSTANCES UNDER WHICH GENERAL MEETINGS ARE REQUIRED

For details of circumstances under which our Shareholders' general meetings are required, see the section headed "Appendix V — Summary of Articles of Association".

SUBSTANTIAL SHAREHOLDERS

To the best of our Directors' knowledge and information, immediately following the completion of the Global Offering and the conversion of Unlisted Shares into H Shares and without taking into account any Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option, the following persons will have an interest or short position in the Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name of Shareholder	Capacity/ Nature of interest	Class of Shares	Shares held as of the Latest Practicable Date and immediately prior to the Global Offering ⁽²⁾		Shares held immediately following the completion of the Global Offering and the conversion of Unlisted Shares into H Shares (assuming the Offer Size Adjustment Option is not exercised) ⁽³⁾		
			Number of Shares held or interested	Approximate percentage of shareholding in the total issued Shares	Number of Shares held or interested	Approximate percentage of shareholding in the relevant class of Shares	Approximate percentage of shareholding in the total issued Shares
Mr. Li ⁽⁴⁾	Beneficial Interest	Unlisted Shares	50,286,768	26.42%	–	–	–
	Beneficial Interest	H Shares	–	–	50,286,768	24.02%	24.00%
	Interest in controlled corporation	Unlisted Shares	19,402,800	10.19%	–	–	–
	Interest in controlled corporation	H Shares	–	–	19,402,800	9.27%	9.26%
Ms. Song Zhixiao (宋直霄) ⁽⁵⁾	Interest of spouse	Unlisted Shares	69,689,568	36.61%	–	–	–
	Interest of spouse	H Shares	–	–	69,689,568	33.28%	33.26%
Zhixin Weilai ⁽⁴⁾	Beneficial Interest	Unlisted Shares	14,752,800	7.75%	–	–	–
	Beneficial Interest	H Shares	–	–	14,752,800	7.05%	7.04%
Kaida Yunzhi ⁽⁴⁾	Beneficial Interest	Unlisted Shares	1,000,000	0.53%	–	–	–
	Beneficial Interest	H Shares	–	–	1,000,000	0.48%	0.48%
Huazhi Changlian ⁽⁴⁾	Beneficial Interest	Unlisted Shares	1,000,000	0.53%	–	–	–
	Beneficial Interest	H Shares	–	–	1,000,000	0.48%	0.48%
Qihang No.1 ⁽⁴⁾	Beneficial Interest	Unlisted Shares	1,500,000	0.79%	–	–	–
	Beneficial Interest	H Shares	–	–	1,500,000	0.72%	0.72%
Qihang No.2 ⁽⁴⁾	Beneficial Interest	Unlisted Shares	1,150,000	0.60%	–	–	–
	Beneficial Interest	H Shares	–	–	1,150,000	0.55%	0.55%
Shenzhen Chuangzhan ⁽⁶⁾	Beneficial Interest	Unlisted Shares	18,004,000	9.46%	–	–	–
	Beneficial Interest	H Shares	–	–	18,004,000	8.60%	8.59%
Mr. Yang Jian ⁽⁶⁾⁽⁷⁾	Beneficial Interest	Unlisted Shares	600,000	0.32%	–	–	–
	Beneficial Interest	H Shares	–	–	600,000	0.29%	0.29%
	Interest in controlled corporation	Unlisted Shares	18,004,000	9.46%	–	–	–
	Interest in controlled corporation	H Shares	–	–	18,004,000	8.60%	8.59%
	Interest of spouse	Unlisted Shares	4,815,400	2.53%	–	–	–
	Interest of spouse	H Shares	–	–	4,815,400	2.30%	2.30%

SUBSTANTIAL SHAREHOLDERS

Name of Shareholder	Capacity/ Nature of interest	Class of Shares	Shares held as of the Latest Practicable Date and immediately prior to the Global Offering ⁽²⁾		Shares held immediately following the completion of the Global Offering and the conversion of Unlisted Shares into H Shares (assuming the Offer Size Adjustment Option is not exercised) ⁽³⁾		
			Number of Shares held or interested	Approximate percentage of shareholding in the total issued Shares	Number of Shares held or interested	Approximate percentage of shareholding in the relevant class of Shares	Approximate percentage of shareholding in the total issued Shares
Ms. Li Qingqing ⁽⁷⁾	Beneficial Interest	Unlisted Shares	4,815,400	2.53%	–	–	–
	Beneficial Interest	H Shares	–	–	4,815,400	2.30%	2.30%
	Interest of spouse	Unlisted Shares	18,604,000	9.77%	–	–	–
	Interest of spouse	H Shares	–	–	18,604,000	8.88%	8.88%
Liu Juan (劉娟)	Beneficial Interest	Unlisted Shares	16,200	0.01%	–	–	–
	Beneficial Interest	H Shares	–	–	16,200	11.06%	0.01%
Li Jianxin (李建新)	Beneficial Interest	Unlisted Shares	20,000	0.01%	–	–	–
	Beneficial Interest	H Shares	–	–	20,000	13.65%	0.01%
He Yuanyuan (賀元苑)	Beneficial Interest	Unlisted Shares	25,200	0.01%	–	–	–
	Beneficial Interest	H Shares	–	–	25,200	17.20%	0.01%
Lin Lihua (林莉華)	Beneficial Interest	Unlisted Shares	52,100	0.03%	–	–	–
	Beneficial Interest	H Shares	–	–	52,100	35.56%	0.02%

Notes:

- (1) All interests stated are long positions.
- (2) The calculation is based on the total number of 190,332,770 Unlisted Shares in issue as at the date of this prospectus.
- (3) The calculation is based on the total number of 209,540,070 Shares (comprising 209,393,562 H Shares and 146,508 Unlisted Shares) in issue immediately following the completion of the Global Offering and without taking into account any Shares which may be issued under the Offer Size Adjustment Option.
- (4) As of the Latest Practicable Date, Mr. Li was the sole general partner of Zhixin Weilai, Kaida Yunzhi and Huazhi Changlian, each an employee shareholding platform of the Company. Mr. Li was also the sole general partner of Qihang No.1 and Qihang No.2. Therefore, Mr. Li is deemed to be interested in the Unlisted Shares held by each of Zhixin Weilai, Kaida Yunzhi, Huazhi Changlian, Qihang No.1 and Qihang No.2 under the SFO upon Listing.
- (5) Ms. Song Zhixiao (宋直霄), the spouse of Mr. Li, is deemed under the SFO to be interested in these 69,689,568 Shares in which Mr. Li is deemed to be interested upon the Listing.
- (6) As of the Latest Practicable Date, Mr. Yang was the general partner of Shenzhen Chuangzhan. Accordingly, Mr. Yang is deemed to be interested in the Unlisted Shares held by Shenzhen Chuangzhan by virtue of the SFO upon Listing.
- (7) Mr. Yang Jian and Ms. Li Qingqing are spouses. By virtue of the SFO, each of them is deemed to be interested in the Shares in which the other is deemed to be interested upon Listing.

SUBSTANTIAL SHAREHOLDERS

Save as disclosed above and in the section headed “Statutory and General Information — C. Further Information about Our Directors and Substantial Shareholders — 1. Disclosure of Interests” in Appendix VI, our Directors are not aware of any person who will, immediately following the completion of the Global Offering and assuming that no Shares are issued pursuant to the exercise of the Offer Size Adjustment Option, have an interest or a short position in our Shares or underlying Shares which will fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group.

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You should read the following discussion and analysis in conjunction with our audited consolidated financial information as of and for the years ended December 31, 2023, 2024, and 2025 included in the Accountants' Report set out in Appendix I to this prospectus, together with the accompanying notes. Our consolidated financial information has been prepared in accordance with HKFRS Accounting Standards.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical events, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. In evaluating our business, you should carefully consider the information provided in the section headed "Risk Factors" in this prospectus.

OVERVIEW

We are a provider of smart home products for enterprise customers, focused on enhancing home applications through intelligent technologies. The smart home products we offer include both hardware and software products. According to Frost & Sullivan, we are the eighth largest provider globally, and the third largest among Chinese Mainland-based providers, in the global smart home product for enterprise customers market in terms of revenue in 2024. In terms of market size in 2024, the global enterprise smart home product market accounts for approximately 14.7% of the entire global smart home product market.

During the Track Record Period, we primarily derived stable revenue from provision of integrated smart home products comprising both hardware and software solutions. In 2023, 2024 and 2025, we recorded revenue of RMB2,366.9 million, RMB2,540.9 million and RMB3,367.7 million, net profit of RMB191.2 million, RMB137.2 million and RMB239.2 million, and achieved a net profit margin of 8.1%, 5.4% and 7.1%, respectively.

BASIS OF PRESENTATION

Our consolidated financial information has been prepared in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants. All HKFRS Accounting Standards effective for the accounting period commencing from January 1, 2025, together with the relevant transitional provisions, have been adopted by us in the preparation of the consolidated financial information throughout the Track Record Period.

The preparation of our consolidated financial information in conformity with HKFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying our accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to our consolidated financial information are disclosed in Note 3 of the Accountants' Report in Appendix I.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

We believe our results of operations and financial condition are mainly affected by the following factors:

Demand for Our Products and Services

Our results of operations are affected by consumer demand for our products and services. The global demand for smart home products is driven by, among others, consumers'

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pursuit of high-quality life as well as the shift in consumer preference towards more sophisticated products which deliver more enjoyable user experience. In recent years, the rapid development of IoT technologies and network communication technologies has also contributed to the continuous growth of the global market of smart home products. According to Frost & Sullivan, the global smart home products market has grown from US\$53.5 billion in 2020 to US\$88.6 billion in 2024 at a CAGR of 13.4%. Propelled by continuous function enrichment and performance improvement of smart home hardware combined with escalating consumer demand for higher-configuration smart home terminals and advanced networking solutions, the global smart home products market is projected to reach US\$238.2 billion in 2029, representing a CAGR of 21.9% from 2024 to 2029. See “Industry Overview” for details.

Our Sales and Marketing Capabilities

Our sales and marketing capabilities are crucial to our growth. We sell our products internationally with a large global sales network. During the Track Record Period, our products were primarily sold in Europe, Asia and Americas, with significant increasing trend of revenue contributed by the United States. Our end enterprise customers are mostly telecom operators across the world. We typically reach our customers through marketing activities such as exhibitions, forums and seminars. As of December 31, 2023, 2024 and 2025, we had 232, 275 and 273 direct customers respectively.

We have an experienced and highly trained sales and marketing team, consisting of 76 personnel as of December 31, 2025, who proactively identify market opportunities and design sales strategies. We formulate targeted marketing strategies, organize online and offline marketing activities such as exhibitions, forums and online technical seminars to meet our business promotion needs and enhance our brand awareness. As we continue to expand domestically and globally, we will continue to optimize our sales and marketing network to ensure that we have sufficient geographic coverage across both existing and new markets.

Our Investment in Research and Development and Product Development

We believe that R&D is critical to strengthening our market position and sustaining our business growth. We invested significant resources into the R&D focusing on product innovations. We established our global R&D center in Shenzhen, China, leveraging which, we actively engage in the R&D challenges associated with upgrading our products and solutions and meeting telecom operators’ various and evolving needs. We are supported by a robust R&D team of more than 400 dedicated employees as of December 31, 2025, many of whom are industry veterans with profound expertise in telecom technology. As of December 31, 2025, our R&D efforts had 266 patents and computer software copyrights, and 126 pending patent applications worldwide. In 2023, 2024 and 2025, we incurred R&D costs of RMB149.2 million, RMB160.7 million and RMB163.9 million, representing 6.8%, 6.6% and 5.2% of our operating expenses (including our cost of sales, selling and distribution expenses, administrative expenses and R&D costs), respectively. See “Business—Research and Development” for details.

Going forward, we will continuously enhance our technologies and optimize our product portfolio in order to strengthen our market position. We will also develop new AI-powered products, such as AI glasses, robots and AI computing box, with an aim to expand our product offerings and drive our business growth in the future.

Our Ability to Control Our Cost and Expenses

Our results of operations are directly affected by our ability to control our cost and expenses. Accordingly, the success of our business depends, in part, on our ability to reduce our operating cost and expenses and improving our operating efficiency.

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During the Track Record Period, our cost of sales contributed a significant part of our total operating costs and primarily consisted of (i) cost of raw materials; (ii) processing fees; (iii) royalties; and (iv) transportation expenses. In 2023, 2024 and 2025, our cost of sales amounted to RMB1,866.4 million, RMB2,058.0 million and RMB2,711.6 million, respectively, among which cost of raw materials accounted for a majority of our total cost of sales throughout the Track Record Period. Accordingly, our ability to source key raw materials at competitive prices affects our gross profit margin and profitability. In particular, during the Track Record Period, chips constituted a significant portion of our cost of raw materials. As a result, our gross profit margin was affected by the fluctuations of procurement prices of chips.

During the Track Record Period, we procured chips from a limited number of suppliers, primarily due to our long-term relationship and end customers' preference. During the Track Record Period, among the raw materials we procured, the main control chip, memory and flash storage exhibited relatively high levels of universality.

Main control chips: Although there are no publicly available market quotations for main control chips, the average selling price of the primary supplier, which is a well-known fabless IC design company, providing multimedia SoC chips and system-level solutions for various products including smart set-top TV boxes, smart TVs, audio-visual system terminals, wireless connectivity, and in-vehicle infotainment systems, can serve as a reference basis.

Memory and flash storage: The market prices for memory and flash storage are highly transparent, with readily available market price data for mainstream products. Upon comparison, our actual procurement prices for these two categories of raw materials did not differ significantly from relevant market prices.

By leveraging our long-term relationships with both suppliers and customers, our dedicated procurement team captures timely market intelligence to stay ahead of industry shifts. This collaborative network allows us to anticipate supply trends, particularly during periods of shortage, enabling us to strategically build up our inventory at lower prices before market prices surge. Conversely, we strictly control our procurement activities during price peaks. While our purchase prices remain generally in line with prevailing market prices at the time of transaction, this proactive procurement approach enables us to effectively manage our weighted average cost of chips and source key raw materials at competitive prices.

The following table demonstrates the sensitivity analysis of the estimated increase/decrease of the profit before tax in relation to the percentage changes in cost of raw materials, our major component in our total cost of sales, assuming all other factors remain unchanged, based on the historical fluctuations of cost of raw materials during the Track Record Period.

	Impact on profit before tax		
	2023	2024	2025
	(RMB in thousands)		
Cost of raw materials change by:			
+5%	(84,620)	(89,436)	(121,199)
+10%	(169,239)	(178,871)	(242,398)
-5%	84,620	89,436	121,199
-10%	169,239	178,871	242,398

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We incurred processing fees as we adopt a full outsourcing model with production sites and co-production partners around the world. As a result, processing fees have a direct impact on our profitability. Processing fees are charged by our OEM vendors and generally reflect the costs of printed circuit board assembly and the components used, testing costs, wastage costs, production management fees and profits of the OEM vendors. Processing fees are mutually agreed on a case-by-case basis, after taking into account a number of factors, including but not limited to the quantity of the products processed, the per-unit printed circuit board assembly fee, the per-unit cost of the components used, the worker wages and the estimated production hours.

We are committed to scaling up our business operations while effectively managing our cost of sales to achieve higher gross profit margins. We are also constantly exploring ways to improve our operating efficiency in various areas. For instance, we plan to leverage AI technologies to optimize our operation in various aspects, including file management, inter-departmental coordination, human resources management, financial management and supply chain management.

Our ability to effectively manage operating expenses forms a crucial part of our path toward profitability. During the Track Record Period, our operating expenses, which consisted primarily of selling and distribution expenses, general and administrative expenses and research and development expenses, experienced fluctuations in the corresponding periods mainly as a result of our efforts in expanding our business and diversifying our product offerings. Our operating expenses may be impacted by a number of factors that could further affect our profitability.

During the Track Record Period, we have incurred increased sales and distribution expenses to strategically foster our customer base in light of the highly competitive market environment. While we remain committed to innovation and technological advancement, our ability to achieve sustainable profitability will also depend on effective cost management and the continuous enhancement of our operational efficiency. In 2023, 2024 and 2025, our operating expenses amounted to RMB317.2 million, RMB364.4 million and RMB417.1 million, respectively, accounted for 13.4%, 14.3% and 12.4%, respectively, of our revenue for the corresponding periods.

Going forward, our operating expenses may continue to vary with changes in staff headcounts, compensation levels, and business activity requirements. Our ability to perform disciplined control over selling, administrative, and research and development expenses, will directly affect our operating results and profitability.

MATERIAL ACCOUNTING POLICIES AND ESTIMATES

We have identified certain accounting policies that are material to the preparation of our consolidated financial statements.

We set forth below those accounting policies that we believe are of critical importance to us or involve the most significant estimates, assumptions and judgments used in the preparation of our financial statements. Our material accounting policy information, estimates, assumptions and judgments, which are important for understanding our financial condition and results of operations, are set forth in Notes 2 and 3 to the Accountants' Report in Appendix I to this prospectus.

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Revenue Recognition

Sales of Products

We recognize revenue from the sale of products at the point in time when control of the asset is transferred to the customers, which for domestic sales are generally at the time of acceptance of the product as agreed in the sales contracts, and for overseas sales are generally at the time of shipment, delivery, etc. in accordance with incoterms.

For some contracts, we provide commissioning services that are bundled together with the sale of products to the customers. Commissioning services mainly include customization of Terminal Management System (“TMS”) to comply with local regulatory requirements and installation support. TMS is a terminal management system, which is highly dependent on the sale of hardware. TMS enables telecom operators to manage all terminal devices efficiently, including but not limited to identifying malfunctioning products and providing updates through remote assistance. TMS is an inseparable part for telecom operators to provide services and commissioning services cannot be identified as a separate performance obligation. As such, commissioning services are priced along with the sale of hardware and there is no separate pricing policy for commissioning services. The commissioning services significantly modify or customize the goods, therefore, the products and the services are highly interrelated and combined as one single performance obligation which is satisfied at a point in time. For details, see “Business — Our Solutions — Our Software Solutions — System Platform — XHome: home device management platform.”

Provision of Services

Revenue from provision of service mainly related to providing system platform development services. We recognize revenue from provision of services at a point in time when the service is delivered and being accepted by customers.

Inventories

We state our inventories at the lower of cost and net realizable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labor and an appropriate proportion of overheads. Net realizable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Impairment of Financial Assets

We recognize 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 we expect 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.

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CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The following table sets forth selected consolidated statements of profit or loss and other comprehensive income for the periods indicated:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Revenue	2,366,870	2,540,936	3,367,659
Cost of sales	(1,866,402)	(2,057,990)	(2,711,565)
Gross profit	500,468	482,946	656,094
Other income and gains	26,215	37,518	17,188
Selling and distribution expenses	(103,687)	(129,542)	(146,311)
Administrative expenses	(64,294)	(74,171)	(106,910)
Research and development costs	(149,229)	(160,706)	(163,900)
(Provision for)/Reversals of Impairment losses on financial assets, net	(5,290)	(8,400)	14,284
Other expenses	(430)	(434)	(14,947)
Finance costs	(3,512)	(6,121)	(4,313)
Profit before tax	200,241	141,090	251,185
Income tax expense	(9,032)	(3,864)	(12,032)
Profit for the year	191,209	137,226	239,153
Other comprehensive income			
Exchange differences on translation of foreign operations	(22)	(3,009)	1,538
Total comprehensive income for the year	191,187	134,217	240,691
Attributable to:			
Owners of the parent	191,187	134,219	240,650
Non-controlling interests	—	(2)	41

Non-HKFRS Measures

To supplement our consolidated statements of profit or loss and other comprehensive income presented in accordance with HKFRS Accounting Standards, we also use adjusted net profit (non-HKFRS measure), as an additional financial measure, which is not required by, or presented in accordance with HKFRS Accounting Standards. We believe that the presentation of such non-HKFRS measure when shown in conjunction with the corresponding HKFRS measures provide useful information to potential investors and management in facilitating a comparison of our operating performance from period to period.

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However, the use of non-HKFRS measure has limitations as an analytical tool, and you should not consider them in isolation from, or as a substitute for analysis of, our results of operations or financial conditions as reported under HKFRS Accounting Standards. In addition, the non-HKFRS financial measure may be defined differently from similar terms used by other companies.

We define adjusted net profit (non-HKFRS measure), as profit for the year adding listing expenses. The following table reconciles our adjusted net profit (non-HKFRS measure) for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Profit for the year	191,209	137,226	239,153
<i>Adding</i>			
Listing expenses related to the Global Offering	—	—	14,850
Adjusted net profit (non-HKFRS measure)	191,209	137,226	254,003

Revenue

During the Track Record Period, we primarily derived revenue from provision of integrated smart home products comprising both hardware and software solutions, including (i) digital video devices, such as media streaming terminals, speakers, projectors and cameras, (ii) network communication devices, such as optical network terminals, Wi-Fi routers and cable modems, and (iii) system platforms and services, namely our media streaming platform *XMediaTV*, our home device management platform *XHome*. We also sell our platform solutions and software maintenance services separately. When we sell integrated smart home products to customers, we record revenue under sale of hardware products only, while factoring in the added value of our software solutions in the pricing. This is because the software is part of our integrated solutions and enables the hardware to function according to customer specifications. In addition to integrated smart home products, we are also able to meet customers' tailored demands for various hardware products or software solutions. When customers purchase hardware products only, we record revenue under sale of hardware products, and when customers purchase software solutions only, we record revenue under provision of software solutions.

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The following table sets forth a breakdown of our revenue generated from different business segments in absolute amounts and as percentages of our total revenue for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	% of revenue	RMB'000	% of revenue	RMB'000	% of revenue
Sale of hardware products						
Digital video devices	1,700,977	71.9%	1,787,533	70.3%	2,454,359	72.9%
– <i>Streaming media terminals</i>	1,664,588	70.3%	1,699,695	66.9%	2,155,747	64.0%
– <i>Smart Projectors</i>	28,279	1.2%	70,157	2.8%	291,767	8.7%
– <i>Other smart home devices</i>	8,110	0.3%	17,681	0.7%	6,845	0.2%
Network communication devices	596,545	25.2%	527,530	20.8%	560,887	16.6%
Subtotal	2,297,522	97.1%	2,315,063	91.1%	3,015,246	89.5%
Provision of software solutions						
System platforms services	21,498	0.9%	29,257	1.2%	36,847	1.1%
Sales of parts and accessories	47,850	2.0%	196,616	7.7%	315,566	9.4%
Total	2,366,870	100.0%	2,540,936	100.0%	3,367,659	100.0%

The following table sets forth the sales volume and average selling price (“ASP”) of our hardware products sold for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	Sales volume (Unit in thousands)	ASP RMB/Unit	Sales volume (Unit in thousands)	ASP RMB/Unit	Sales volume (Unit in thousands)	ASP RMB/Unit
Digital video devices	8,575.3	198	8,849.9	202	11,801.9	208
– <i>Streaming media terminals</i>	8,425.4	198	8,561.1	199	11,287.1	191
– <i>Smart Projectors</i>	82.7	342	154.2	455	441.8	660
– <i>Other smart home devices</i>	67.2	121	134.6	131	73.0	94
Network communication devices	1,942.7	307	1,733.7	304	2,477.6	226
– <i>Optical network terminals</i>	997.4	211	813.4	266	1,089.4	220
– <i>Cable modems</i>	244.2	638	221.9	560	217.5	443
– <i>Wi-Fi routers</i>	701.1	328	698.3	267	1,170.7	192

During the Track Record Period, the fluctuations of our sales volume were primarily driven by customer demands of our products, and the fluctuations of our ASP were primarily the result of changes in product mix, combined with the impact from fluctuations in raw material prices and market demand and supply dynamics. As such, fluctuations of ASP do not have necessary bearing on the fluctuations of our gross profit margin.

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The ASP of our streaming media terminals remained relatively stable, with only minor fluctuations. The ASP of our smart projectors increased significantly in 2024 and further in 2025, primarily due to a shift in product mix as we expanded our projector business and increased sales of mid- to high-end models with higher unit prices. ASP fluctuations of other product categories were mainly attributable to changes in product mix and regional demand, including increased sales of entry-level models in certain regions, which generally carry lower unit prices.

During the Track Record Period, our revenue was primarily generated from global telecom operators and retailers. Our revenue from these customers fluctuated from period-to-period, mainly driven by customers' demands of our products, which were in turn influenced by various factors including the end-users' demand, industry trends, general economic and market conditions where they operate, as well as the results of our R&D efforts which enhances the technological iterations and competitiveness of our products.

Sales of Digital Video Devices

Our digital video devices, primarily consisted of media streaming terminals, speakers, projectors and cameras. In 2023, 2024 and 2025, revenue generated from sales of our digital video devices amounted to RMB1,701.0 million, RMB1,787.5 million and RMB2,454.4 million, respectively, representing 71.9%, 70.3% and 72.9% of our total revenue in the same years, respectively.

Sales of Network Communication Devices

Our network communication devices primarily consisting of optical network terminals, Wi-Fi routers and cable modems, are used by operators to build home communication networks, connecting users to the internet. In 2023, 2024 and 2025, revenue from sales of network communication devices amounted to RMB596.5 million, RMB527.5 million and RMB560.9 million, respectively. This represented 25.2%, 20.8% and 16.6% of our total revenue during those years respectively.

Provision of System Platforms and Services

In 2023, 2024 and 2025, revenue from provision of system platforms and services, representing our platform solutions and software maintenance services, totaled RMB21.5 million, RMB29.3 million and RMB36.8 million, respectively. This accounted for 0.9%, 1.2% and 1.1% of our total revenue during these years, respectively.

Sales of Parts and Accessories

During the Track Record Period, our revenue from sales of parts and accessories primarily consisted of sales of chips, remote control and other electric parts and accessories for our digital video devices and network communication devices supplied to smart device manufacturers and chip traders. We maintain an established supply chain infrastructure through long-term business relationship with core chip suppliers. This framework allows us to stabilize our internal production supply and access competitive procurement terms via economies of scale. The scale of our operations also provides a competitive advantage in over small-to-medium market participants in purchase prices and establishes ourselves as a stable, reliable procurement source for other chip traders even during periods of market shortage or price volatility. On this basis, after prioritizing our internal production requirements, we sell a portion of our surplus chip inventory to designated chip traders customers. Such sales to chip traders customers is generally in line with industry practice within the semiconductor sector, as confirmed by the industry consultant. Also such sales has consistently operated as a secondary business activity within our operation. In 2023, 2024 and 2025, we sold parts and accessories to 29, 37, and 73 customers, respectively, with corresponding revenue of RMB47.9 million, RMB196.6 million and RMB315.6 million, respectively, representing 2.0%, 7.7% and 9.4% of our total revenue in the same years, respectively.

Revenue by Geographic Region

During the Track Record Period, we had revenue from both domestic and overseas markets, including Asia, Europe, Americas and Africa. The following table sets forth a

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breakdown of our revenue by geographic region based on the place of registration of our end enterprise customers in absolute amounts and as percentages of our total revenue for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	<i>RMB'000</i>	<i>% of revenue</i>	<i>RMB'000</i>	<i>% of revenue</i>	<i>RMB'000</i>	<i>% of revenue</i>
Europe ⁽¹⁾	1,074,583	45.4%	1,053,798	41.5%	993,182	29.5%
Asia ⁽²⁾	721,044	30.5%	374,841	14.7%	1,059,014	31.4%
Americas ⁽³⁾	463,348	19.6%	967,935	38.2%	965,799	28.7%
U.S.	292,586	12.4%	825,023	32.5%	725,389	21.5%
Africa and Oceania ⁽⁴⁾	9,549	0.3%	8,939	0.3%	24,609	0.7%
Overseas total	2,268,524	95.8%	2,405,513	94.7%	3,042,604	90.3%
Chinese Mainland	98,346	4.2%	135,423	5.3%	325,055	9.7%
Total	2,366,870	100.0%	2,540,936	100.0%	3,367,659	100.0%

Notes:

- (1) Primarily includes Portugal, France, Poland, Hungary, Bulgaria and Germany.
- (2) Primarily includes India, Vietnam, Hong Kong (China), Indonesia and Taiwan (China).
- (3) Primarily includes United States of America, Brazil, Chile, Columbia and Mexico.
- (4) Primarily includes South Africa, New Zealand, Independent State of Samoa and Australia.

During the Track Record Period, overseas revenue constituted a majority of our total revenue. The total overseas revenue for 2023, 2024 and 2025 was RMB2,268.5 million, RMB2,405.5 million and RMB3,042.6 million, respectively. This represented 95.8%, 94.7% and 90.3% of our total revenue during these years. The gradual decline in the proportion of overseas revenue was largely attributed to the growth in domestic revenue from projectors during the Track Record Period.

Cost of Sales

Our cost of sales primarily consists of (i) cost of raw materials, mainly including main chips, memory chips, flash memory chips, function chips, modules and remote control; (ii) processing fees; (iii) royalties, representing licensing fees we paid for use of certain audio and video technologies; and (iv) transportation expenses incurred for delivery of our products. The following table sets forth a breakdown of our cost of sales by nature and their corresponding percentages of our total cost of sales for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>
Cost of raw materials	1,692,391	90.7%	1,788,713	86.9%	2,423,983	89.4%
Processing fees	89,055	4.8%	158,573	7.7%	166,826	6.1%
Royalties	62,010	3.3%	85,204	4.1%	86,291	3.2%
Transportation expenses	22,946	1.2%	25,500	1.3%	34,465	1.3%
Total	1,866,402	100.0%	2,057,990	100.0%	2,711,565	100.0%

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Gross Profit and Gross Profit Margin

In 2023, 2024 and 2025, our gross profit amounted to RMB500.5 million, RMB482.9 million and RMB656.1 million, respectively. Our overall gross profit was 21.1%, 19.0% and 19.5% in 2023, 2024 and 2025, respectively.

Gross Profit and Gross Profit Margin by Business Segment

The following table sets forth our gross profit and gross profit margin by business segment for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Gross profit	Gross profit	Gross profit	Gross profit	Gross profit	Gross profit
	RMB'000	margin %	RMB'000	margin %	RMB'000	margin %
Sale of hardware products						
Digital video devices	392,228	23.1%	353,583	19.8%	443,411	18.1%
Network communication devices	92,865	15.6%	96,719	18.3%	89,896	16.0%
Provision of software solutions						
System platforms and services	10,964	51.0%	16,001	54.7%	25,033	67.9%
Sales of parts and accessories	<u>4,411</u>	9.2%	<u>16,643</u>	8.5%	<u>97,754</u>	31.0%
Total/Overall	<u>500,468</u>	21.1%	<u>482,946</u>	19.0%	<u>656,094</u>	19.5%

Other Income and Gains

Our other income and gains primarily consisted of (i) foreign exchange gains, net; (ii) interest income, mainly arising from bank deposits; (iii) government grants, mainly related to one-off subsidies and support from local government for our development and R&D activities; and (iv) investment income from financial assets at fair value through profit or loss.

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The following table sets forth the breakdown of our other income and gains by nature and their corresponding percentages of our total other income and gains for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Other income			
Interest income	3,008	8,699	7,396
Government grants	8,743	7,526	7,007
Investment income from derivative financial instruments	379	6,932	2,729
Others ⁽¹⁾	1,832	813	56
Gains			
Foreign exchange gains, net	12,077	10,384	—
Gains on derecognition of long-aged trade payables	176	3,164	—
Total	26,215	37,518	17,188

Note: (1) Primarily represent compensation received from suppliers for substandard materials.

Selling and Distribution Expenses

Our selling and distribution expenses primarily consisted of (i) employee benefits; (ii) advertising and promotion expenses, mainly represented services fee to our marketing service providers; (iii) traveling expenses incurred by our sales personnel; (iv) insurance expenses, mainly related to export sales; (v) business entertainment expenses; (vi) exhibition expenses; and (vii) sample costs. The following table sets forth the breakdown of our selling and marketing expenses by nature and their corresponding percentages of our total selling and distribution expenses for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total
Employee benefits	35,645	34.4%	47,769	36.9%	52,984	36.2%
Advertising and promotion expenses	36,387	35.1%	47,901	36.9%	64,209	43.9%
Traveling expenses	8,646	8.3%	7,035	5.4%	7,626	5.2%
Insurance expenses	6,192	6.0%	6,999	5.4%	2,219	1.5%
Business entertainment expenses	5,162	5.0%	5,450	4.2%	4,934	3.4%
Exhibition expenses	4,013	3.9%	4,443	3.4%	4,442	3.0%
Sample costs	1,221	1.2%	2,217	1.7%	1,458	1.0%
Others ⁽¹⁾	6,421	6.1%	7,728	6.1%	8,439	5.8%
Total	103,687	100.0%	129,542	100.0%	146,311	100.0%

Note: (1) Mainly represent delivery costs, depreciation, technical services fees, consumables, rental expenses incurred in relation to overseas offices and staff dormitories, utility expenses, office expenses and other miscellaneous selling expenses.

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Administrative Expenses

Our administrative expenses consisted of (i) employee benefits; (ii) depreciation and amortization; (iii) other taxes, which were taxes charged based on the value-added tax; (iv) consultancy service fees, mainly in relation to quality control and strategic business development services; (v) utility expenses; (vi) business entertainment expenses; (vii) rental expenses mainly in relation to office premises and servers; (viii) telecommunication expenses; and (ix) professional fees, including legal fees and audit fees. The following table sets forth the breakdown of our administrative expenses by nature and their corresponding percentages of our total administrative expenses for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>
Employee benefits	37,170	57.8%	47,338	63.8%	57,998	54.3%
Depreciation and amortization	6,844	10.6%	7,817	10.5%	7,929	7.4%
Other taxes	990	1.5%	4,573	6.2%	9,751	9.1%
Consultancy service fees	3,755	5.8%	2,468	3.3%	3,533	3.3%
Utility expenses	1,364	2.1%	2,131	2.9%	2,850	2.7%
Business entertainment expenses	3,382	5.3%	1,709	2.3%	1,317	1.2%
Rental expenses	1,200	1.9%	934	1.3%	364	0.3%
Telecommunication expenses	807	1.3%	871	1.2%	1,329	1.2%
Professional fees	3,516	5.5%	605	0.8%	906	0.8%
Listing expenses	—	—	—	—	14,850	14.0%
Others ⁽¹⁾	5,266	8.2%	5,725	7.7%	6,084	5.7%
Total	64,294	100.0%	74,171	100.0%	106,910	100.0%

Note: (1) Mainly represent office expenses, traveling expenses, recruitment expenses and other miscellaneous administrative expenses.

Research and Development Costs

Our research and development costs primarily consist of (i) employee benefits; (ii) technical service fees; (iii) depreciation and amortization relating to our properties, plants and equipment, right-of-use assets and our intangible assets; (iv) testing and certification fees; and (v) traveling expenses. Technical service fees refer to fees paid to third-party technology companies for providing technical support for our R&D activities. Testing and certification fees refer to fees paid to third-party testing and certification companies for testing and certifying our hardware and software in respect of their specification and performance. The following table sets forth the breakdown of our research and development costs by nature and

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their corresponding percentages of our total research and development costs for the years indicated:

	Year ended December 31,					
	2023	% of	2024	% of	2025	% of
	<i>RMB'000</i>	<i>total</i>	<i>RMB'000</i>	<i>total</i>	<i>RMB'000</i>	<i>total</i>
Employee benefits	109,580	73.4%	128,008	79.7%	133,136	81.2%
Technical service fees	14,731	9.9%	8,029	5.0%	5,796	3.5%
Depreciation and amortization	6,583	4.4%	7,057	4.4%	7,359	4.5%
Testing and certification fees	8,671	5.8%	5,104	3.2%	6,288	3.8%
Traveling expenses	3,420	2.3%	2,956	1.8%	1,684	1.0%
Others ⁽¹⁾	6,244	4.2%	9,552	5.9%	9,637	6.0%
Total	149,229	100.0%	160,706	100.0%	163,900	100.0%

Note: (1) Mainly represent utility expenses, consumable costs, patent fees, rental expenses, and sample costs.

Impairment Losses on Financial Assets

Impairment losses on financial assets mainly arose from our trade receivables and other receivables. In 2023 and 2024, we recorded impairment losses on financial assets of RMB5.3 million and RMB8.4 million, respectively, and in 2025, we recorded reversal of impairment losses on financial assets of RMB14.3 million.

Finance Costs

Our finance costs consisted of (i) interest on bank loans; and (ii) interest on lease liabilities. The following table sets forth a breakdown of finance costs by nature and their corresponding percentages of our total finance costs for the years indicated:

	Year ended December 31,					
	2023	% of	2024	% of	2025	% of
	<i>RMB'000</i>	<i>total</i>	<i>RMB'000</i>	<i>total</i>	<i>RMB'000</i>	<i>total</i>
Interest on bank loans	3,073	87.5%	5,804	94.8%	3,518	81.6%
Interest on lease liabilities	439	12.5%	317	5.2%	795	18.4%
Total	3,512	100.0%	6,121	100.0%	4,313	100.0%

Income Tax Expense

We are subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which our subsidiaries are domiciled and operate. Pursuant to EIT Law, the provision for corporate income tax in the Chinese Mainland is based on the statutory rate of 25% of the taxable profits.

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Our Company was approved as a “High and New Technology Enterprise” and entitled to a preferential income tax rate of 15% during the Track Record Period. This qualification is subject to review by the relevant tax authority in the PRC every three years.

Shenzhen ZXD Technology Co., Ltd. and Shenzhen Dashiyun, our subsidiaries in the Chinese Mainland, was qualified as a Small and Low-Profit Enterprises (SLPE) and was subject to income tax at a preferential tax rate of 20%, 20% and 20% in 2023, 2024 and 2025.

SDMC HK is a qualifying entity under the two-tiered profits tax rates regime in Hong Kong. The first HK\$2,000,000 of assessable profits of this subsidiary are taxed at 8.25% and the remaining assessable profits are taxed at 16.5% in 2023, 2024 and 2025.

Our income tax expense consists of current income tax and deferred income tax. The following table sets forth a breakdown of our income tax expense for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	<i>(RMB'000)</i>		
Current income tax	11,958	6,668	11,800
Deferred income tax	<u>(2,926)</u>	<u>(2,804)</u>	<u>232</u>
Total	<u>9,032</u>	<u>3,864</u>	<u>12,032</u>

Profit for the Year

As a result of the foregoing, we recorded a net profit of RMB191.2 million, RMB137.2 million and RMB239.2 million for 2023, 2024 and 2025, respectively.

YEAR TO YEAR COMPARISON OF RESULTS OF OPERATIONS

2025 Compared to 2024

Revenue

Our total revenue increased by 32.5% from RMB2,540.9 million in 2024 to RMB3,367.7 million in 2025, primarily attributable to an increase in sales of digital video devices by RMB666.8 million.

Sales of Digital Video Devices

Our revenue from sales of digital video devices increased by 37.3% from RMB1,787.5 million in 2024 to RMB2,454.4 million in 2025, mainly driven by (i) an increase in sales of media streaming terminals as our major customers increased their procurement from us due to increased market demand for media streaming terminals, in particular in Asian markets; and (ii) a significant increase in our sales of smart projectors as we ramped up our smart projector business.

Sales of Network Communication Devices

Our sales of network communication devices increased by 6.3% from RMB527.5 million in 2024 to RMB560.9 million in 2025, mainly attributable to (i) an increase in sales of optical network terminals as our major customers increased their procurement from us due to increased market demand, in particular in Latin American and Asian markets.

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Provision of System Platforms and Services

Revenue from provision of system platforms and services increased by 25.6% from RMB29.3 million in 2024 to RMB36.8 million in 2025, primarily due to the growth in sales of digital video devices, which drove a corresponding increase in demand for our X-Media and X-Home software services.

Sales of Parts and Accessories

Our sales of parts and accessories increased by 60.5% from RMB196.6 million in 2024 to RMB315.6 million in 2025, mainly due to an increase in sales of integrated circuits. To mitigate the risk of chip supply shortage and ensure a stable and sufficient stock of integrated circuits to be used in our products, we strategically stockpile integrated circuits at favorable prices. After meeting our own production needs, we sell excess stock of integrated circuits to traders. The increase in sales of integrated circuits in 2025 reflected sales of these surplus stocks to certain customers after meeting our production needs in light of the increase in market prices for chips in 2025 and increased market demand for chips.

Cost of Sales

Our cost of sales increased by 31.8% from RMB2,058.0 million in 2024 to RMB2,711.6 million in 2025, primarily due to (i) an increase in cost of raw materials generally in line with our increased revenue; (ii) an increase in processing fees, primarily due to increased overseas production; and (iii) an increase in royalties as a result of increased sales of products that requiring licensed contents and technologies.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 35.9% from RMB482.9 million in 2024 to RMB656.1 million in 2025. Our gross profit margin increased from 19.0% in 2024 to 19.5% in 2025, primarily reflecting the improved gross profit margin from sales of parts and accessories attributable to the upward trend in prevailing market prices during 2025.

Sales of Digital Video Devices

Our gross profit margin from sales of digital video devices decreased from 19.8% in 2024 to 18.1% in 2025. This was primarily attributable to an increased proportion of basic models of streaming media devices, which had relatively lower gross profit margins.

Sales of Network Communication Devices

Our gross profit margin from sales of network communication devices decreased from 18.3% in 2024 to 16.0% in 2025, primarily due to a decrease in our average selling prices for Optical Network Terminals and Wi-Fi routers sold to key customers in Latin America. Given this customer's dominant share of our Latin American sales and high procurement volume, we provided preferential pricing to maintain our long-term relationship.

Provision of System Platforms and Services

Our gross profit margin from provision of system platforms and services increased from 54.7% in 2024 to 67.9% in 2025, primarily due to increased proportion of provision of system platforms, which had a relatively higher gross profit margin than other services, combined with the reduction of high-cost, low-margin value-added operation services.

Sales of Parts and Accessories

Our gross profit margin from sales of parts and accessories increased from 8.5% in 2024 to 31.0% in 2025. The gross profit margin from sales of parts and accessories was influenced

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by the prevailing market prices and fluctuates from period to period. Our gross profit margin increased significantly to 31.0% in 2025 primarily due to strategic stocking of flash and memory chips in the first quarter of 2025, which allowed us to benefit from surging market prices driven by supply-demand imbalances as a result of robust global demand for AI computing power. This supply tightness persisted through the end of 2025, and we concentrated our sales of these chips in the second half of the year when market prices reached higher levels. This condition is also aligned with the market, according to Frost & Sullivan.

Other Income and Gains

Our other income and gains decreased by 54.1% from RMB37.5 million in 2024 to RMB17.2 million in 2025, mainly driven by an decrease in investment income from derivative financial instruments and a decrease in Foreign exchange gains, net primarily attributable to the continuous depreciation of the USD against the RMB.

Selling and Distribution Expenses

Our selling and marketing expenses increased by 13.0% from RMB129.5 million in 2024 to RMB146.3 million in 2025, primarily due to (i) an increase in employee benefits to our selling personnel driven by the increases in headcounts and incentives; and (ii) an increase in advertising and promotion expenses, which was in line with our business growth.

Administrative Expenses

Our administrative expenses increased by 44.1% from RMB74.2 million in 2024 to RMB106.9 million in 2025, primarily due to (i) an increase in employee benefits for our administrative personnel driven by the increase in our headcounts, which was in line with our business growth; (ii) an increase of other taxes in line with our business expansion in Chinese Mainland, and (iii) an increase in consultancy service fees and listing expenses as we incurred expenses related to the Global Offering.

Research and Development Costs

Our research and development expenses remained relatively stable at RMB160.7 million in 2024 and RMB163.9 million in 2025.

(Provision for)/Reversals of Impairment losses on financial assets, net

Our provision for impairment losses on financial assets was RMB8.4 million in 2024, and our reversal of impairment losses on financial assets was RMB14.3 million in 2025, reflecting our enhanced collection of trade receivables and the successful collection of long overdue trade receivables.

Other Expenses

Our other expenses increased significantly from RMB0.4 million in 2024 to RMB14.9 million in 2025, primarily attributable to net exchange losses arising from the continuous depreciation of the USD against the RMB. As a substantial portion of our foreign currency transactions was denominated in USD, such fluctuation led to significant unfavorable exchange differences during 2025.

Finance Costs

Our finance costs decreased by 29.5% from RMB6.1 million in 2024 to RMB4.3 million in 2025, reflecting the decrease in pledged bank loans and guaranteed other borrowings.

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Income Tax Expense

Our income tax expense increased significantly from RMB3.9 million in 2024 to RMB12.0 million in 2025, primarily due to an increase in our profit before tax; and (ii) an increase in our effective tax rate from 2.7% in 2024 to 4.8% in 2025, in line with our business growth.

Profit for the Year

Our profit for the year increased significantly from RMB137.2 million in 2024 to RMB239.2 million in 2025, primarily due to an increase in our gross profit, combined with our effective management of costs and expenses as well as our collection of long aged trade receivables. Our net profit margin increased from 5.4% in 2024 to 7.1% in 2025, primarily due to an increase in our profit for the year.

2024 Compared to 2023

Revenue

Our total revenue increased by 7.4% from RMB2,366.9 million in 2023 to RMB2,540.9 million in 2024, primarily attributable to an increase in sales of parts and accessories by RMB148.8 million and increases in sales of digital video devices by RMB86.6 million. Such impact was partially offset by a decrease in sales of network communication devices by RMB69.0 million.

Sales of Digital Video Devices

Our sales of digital video devices increased by 5.1% from RMB1,701.0 million in 2023 to RMB1,787.5 million in 2024, mainly driven by (i) an increase in sales of media streaming terminals as we expanded our product offerings alongside technological advancement. Specifically, the number of digital video device models on offer increased from 65 in 2023 to 86 in 2024; and (ii) the ramping up of our smart projector business as we secured the Google TV projector certification in 2023, resulting in delivery of a large volume of products and increase in revenue in 2024.

Sales of Network Communication Devices

Our sales of network communication devices decreased by 11.6% from RMB596.5 million in 2023 to RMB527.5 million in 2024, mainly attributable to a decrease in sales volume from 1,942.7 thousand units in 2023 to 1,733.7 thousand units in 2024 as a result of a decrease in sales to certain major customer. As the market transitioned from Wi-Fi 5 to Wi-Fi 6, such customer's demand for our products featuring Wi-Fi 5 decreased in 2024, while its demand for our products featuring Wi-Fi 6 was at a ramp-up stage. We continue to work with our customers for new product development and expected to launch products with Wi-Fi 7 compatibility that better align with latest technological trends in the fourth quarter of 2025.

Provision of System Platforms and Services

Revenue from provision of system platforms and services increased by 36.3% from RMB21.5 million in 2023 to RMB29.3 million in 2024, as we provided *XMediaTV* platform to a customer in 2024, and provided product certification support services to certain customers in 2024.

Sales of Parts and Accessories

Our sales of parts and accessories increased significantly from RMB47.9 million in 2023 to RMB196.6 million in 2024, mainly due to an increase in sales of chips. To mitigate the

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risk of chip supply shortage and ensure a stable and sufficient stock of chips to be used in our products, we strategically stockpile chips at favorable prices. Since the second half of 2024, tightening supply of memory chips has driven chip traders to seek advantageous and reliable sourcing channels. The inventory stockpiled by us at favorable prices precisely meets the needs of these chip traders. After meeting our own production needs, we sell excess stock of chips to chip traders. The increase in sales of chips in 2024 reflects sales of these surplus stock of chips to certain customers after meeting our production needs.

Cost of Sales

Our cost of sales increased by 10.3% from RMB1,866.4 million in 2023 to RMB2,058.0 million in 2024, primarily due to (i) an increase in cost of raw materials generally in line with our increased revenue; (ii) an increase in processing fees, primarily due to increased overseas production; and (iii) an increase in royalties as a result of increased sales of products that requiring licensed contents and technologies.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit decreased by 3.5% from RMB500.5 million in 2023 to RMB482.9 million in 2024. Our gross profit margin decreased from 21.1% in 2023 to 19.0% in 2024, primarily reflecting the decrease in gross profit margin from sales of digital video devices.

Sales of Digital Video Devices

Our gross profit margin from sales of digital video devices decreased from 23.1% in 2023 to 19.8% in 2024, mainly due to an increase in processing fees incurred for overseas production in 2024. This was primarily attributable to increased sales in the US, and the products sold to the US were primarily produced overseas, resulting in an increased proportion of products produced overseas. The average processing fee per piece for products produced overseas was significantly higher than that for products produced in China.

Sales of Network Communication Devices

Our gross profit margin from sales of network communication devices increased from 15.6% in 2023 to 18.3% in 2024, primarily as the proportion of our direct sales increased from 56.1% in 2023 to 67.1% in 2024, which had a higher gross profit margin than sales through distributors.

Provision of System Platforms and Services

Our gross profit margin from provision of system platforms and services was 51.0% and 54.7% in 2023 and 2024, respectively. The gross profit margin from provision of system platforms and services fluctuates from period to period due to variations in projects across regions, each with different cost structures and revenue contribution.

Sales of Parts and Accessories

Our gross profit margin from sales of parts and accessories decreased from 9.2% in 2023 to 8.5% in 2024. In 2023 and 2024, our sales of parts and accessories primarily represented sales of chips that are secondary to our operations and occur only when we have enough stock of chips to fulfill our production needs. The gross profit margin from chip sales is influenced by the prevailing market prices and fluctuates from period to period.

Other Income and Gains

Our other income and gains increased by 43.1% from RMB26.2 million in 2023 to RMB37.5 million in 2024, mainly driven by (i) an increase in investment income from

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derivative financial instrument as we invested our surplus cash in wealth management products for capital management; (ii) an increase in interest income generated from our bank deposits; and (iii) an increase in gains on account payable not requiring payment, mainly due to write-off of certain payables to suppliers during the year.

Selling and Distribution Expenses

Our selling and marketing expenses increased by 24.9% from RMB103.7 million in 2023 to RMB129.5 million in 2024, primarily due to (i) an increase in employee benefits to our selling personnel driven by the increase in headcount; (ii) an increase in advertising and promotion expenses, which was charged with reference to sales receipts during the year.

Administrative Expenses

Our administrative expenses increased by 15.4% from RMB64.3 million in 2023 to RMB74.2 million in 2024, primarily due to an increase in employee benefits for our administrative personnel driven by the increase in our headcount.

Research and Development Costs

Our research and development expenses increased by 7.7% from RMB149.2 million in 2023 to RMB160.7 million in 2024, primarily due to an increase in employee benefits for our R&D personnel driven by the increase in headcount.

Impairment Losses on Financial Assets

Our impairment losses on financial assets increased by 58.8% from RMB5.3 million in 2023 to RMB8.4 million in 2024, representing an increase in impairment losses arising from trade receivables and other receivables as a result of the increase in our trade and other receivables balances.

Other Expenses

Our other expenses remained stable at RMB0.4 million in both 2023 and 2024.

Finance Costs

Our finance costs increased by 74.3% from RMB3.5 million in 2023 to RMB6.1 million in 2024, reflecting the increase in our bank borrowings in 2024.

Income Tax Expense

Our income tax expense decreased by 57.2% from RMB9.0 million in 2023 to RMB3.9 million in 2024, primarily due to (i) a decrease in taxable profits; and (ii) a decrease in our effective tax rate from 5% in 2023 to 3% in 2024, reflecting an increase in our R&D expenses that qualified for deductions.

Profit for the Year

Our profit for the year decreased by 28.2% from RMB191.2 million in 2023 to RMB137.2 million in 2024, primarily due to a decrease in our gross profit, combined with increases in our (i) selling and marketing expenses, which was in turn due to an increase in employee benefits to our sales personnel driven by the increase in headcount and an increase in advertising and promotion expenses, which was charged with reference to sales receipts during the year, (ii) administrative expenses, which was primarily due to an increase in

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employee benefits for our administrative personnel driven by the increase in headcount, and (iii) research and development costs, which was primarily due to an increase in employee benefits for our R&D personnel driven by the increase in headcount. The increase in headcount was driven by our strategic expansion in our presence in Asia and the Americas. Our net profit margin decreased from 8.1% in 2023 to 5.4% in 2024, primarily due to a decrease in our profit for the year.

DISCUSSION OF CERTAIN KEY ITEMS FROM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth selected information from our financial position as of the dates indicated, which has been extracted from the Accountants' Report set out in Appendix I to this prospectus:

	As of December 31,		
	2023	2024	2025
	(RMB'000)		
Non-current assets			
Property, plant and equipment	20,396	27,412	43,340
Right-of-use assets	42,486	41,385	47,308
Other intangible assets	7,324	7,063	6,907
Deferred tax assets	13,393	16,197	15,965
Long-term prepayments and deposits	3,123	3,391	4,495
Total non-current assets	86,722	95,448	118,015
Current assets			
Inventories	499,889	645,002	869,360
Trade and bills receivables	772,438	820,503	905,190
Prepayments, other receivables and other assets	87,184	115,424	352,031
Current income tax recoverable	2,133	2,682	2,886
Pledged deposits	11,225	—	—
Restricted bank deposits	84,216	89,929	52,591
Cash and cash equivalents	280,956	455,770	273,353
Total current assets	1,738,041	2,129,310	2,455,411
Current liabilities			
Trade and bills payables	647,962	791,080	861,725
Other payables and accruals	114,032	136,612	170,722
Derivative financial instruments	119	—	1,033
Interest-bearing bank and other borrowings	113,912	218,826	215,564
Lease liabilities	7,948	3,882	7,770
Income tax payable	1,114	230	5,751
Contract liabilities	38,285	32,338	30,236
Provision	—	—	3,992
Total current liabilities	923,372	1,182,968	1,296,793

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	As of December 31,		
	2023	2024	2025
	(RMB'000)		
Net current assets	814,669	946,342	1,158,618
Total assets less current liabilities	901,391	1,041,790	1,276,633
Non-current liabilities			
Lease liabilities	989	4,737	8,303
Deferred income	—	—	1,090
Total non-current liabilities	989	4,737	9,393
Net assets	900,402	1,037,053	1,267,240

Property, Plant and Equipment

Our property, plant and equipment consisted of (i) machinery and equipment; (ii) vehicles; (iii) construction in progress, mainly in relation to the construction of our new R&D center; (iv) leasehold improvements; and (v) furniture and fixtures. The following table sets forth a breakdown of the net carrying amount of our property, plant and equipment as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB'000)		
Machinery and equipment	15,762	21,188	23,237
Vehicles	2,206	1,938	1,658
Construction in progress	1,130	1,828	16,325
Leasehold improvements	880	1,680	1,405
Furniture and fixture	418	778	715
Total	20,396	27,412	43,340

Our property, plant and equipment increased by 34.4% from RMB20.4 million as of December 31, 2023 to RMB27.4 million as of December 31, 2024, primarily due to our additions of machinery and equipment for R&D purposes to cater for our increasing R&D demand as our business continued to grow. Our property, plant and equipment increased by 58.1% from RMB27.4 million as of December 31, 2024 to RMB43.3 million as of December 31, 2025, primarily due to additions of machinery and equipment related to our electronic instruments and meters, and an increase in construction in progress in relation to our new R&D center.

Right-of-Use Assets

Our right-of-use assets consisted of leasehold land and buildings used as our office premises. Our right-of-use assets decreased by 2.6% from RMB42.5 million as of December 31, 2023 to RMB41.4 million as of December 31, 2024, primarily due to the depreciation charged during the year. Our right-of-use assets increased by 14.3% from RMB41.4 million as of December 31, 2024 to RMB47.3 million as of December 31, 2025, primarily due to the renewal of our lease agreement for our headquarter office.

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Intangible Assets

Our intangible assets comprised software used in our operations such as R&D software, ERP systems and security management software. Our intangible assets remained relatively stable at RMB7.3 million, RMB7.1 million and RMB6.9 million as of December 31, 2023, 2024 and 2025, respectively.

Prepayments, Other Receivables and Other Assets

The current portion of our prepayments, other receivables and other assets consisted of (i) deductible input VAT; (ii) prepayments, which were mainly prepayments for purchases of main chips; (iii) deferred listing expenses; (iv) other receivables, representing mainly prepaid membership subscription fees for a video streaming platform pursuant to a strategic cooperation agreement; and (v) deposits, including guarantee deposits for borrowings and custom deposits.

The non-current portion of our prepayments, other receivables and other assets consisted of (i) deposits, representing rental deposits and deposits we paid for use of certain licenses; and (ii) prepayments for property, plant and equipment.

The following table sets forth our prepayments, other receivables and other assets as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB'000)		
Current			
Deductible input VAT	72,091	91,796	130,817
Prepayments	5,178	19,786	199,423
Deferred listing expenses	–	–	2,414
Other receivables	6,436	6,779	19,467
Deposits	6,135	817	484
Provision for bad debts	(2,656)	(3,754)	(574)
	<u>87,184</u>	<u>115,424</u>	<u>352,031</u>
Non-current			
Deposits	3,523	3,951	3,867
Prepayments for property, plant and equipment	182	575	628
Provision for bad debts	(582)	(1,135)	–
	<u>3,123</u>	<u>3,391</u>	<u>4,495</u>

Our prepayments, other receivables and other assets that were classified as current assets increased from RMB87.2 million as of December 31, 2023 to RMB115.4 million as of December 31, 2024, primarily due to (i) an increase in deductible input VAT; (ii) an increase in prepayments related to purchases of chips, partially offset by a decrease in deposits, primarily due to the release of guarantee deposits for bank borrowings upon the settlement of the underlying borrowings.

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Our prepayments, other receivables and other assets that were classified as current assets increased from RMB115.4 million as of December 31, 2024 to RMB352.0 million as of December 31, 2025, primarily due to an increase in deductible input VAT in line with our business growth and an increase in prepayments resulting from our strategic decision to prepay for chip inventory at lower price levels to mitigate the impact of global supply constraints and rising costs.

As of March 31, 2026, RMB202.1 million, or approximately 57.4% of our prepayments, other receivables and other assets as of December 31, 2025 were subsequently settled.

Inventories

Our inventories comprised (i) raw materials; (ii) work in progress, related to materials delivered to OEM suppliers for processing and semi-finished goods stored in our own warehouses to be further outsourced for manufacturing; (iii) finished goods; and (iv) goods in transit. The following table sets forth our a breakdown of inventories as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB'000)		
Raw materials	298,604	279,774	585,666
Work in progress	84,434	129,424	114,853
Finished goods	39,201	84,267	68,110
Goods in transit	77,650	151,537	100,731
Total	499,889	645,002	869,360

Our inventories increased by 29.0% from RMB499.9 million as of December 31, 2023 to RMB645.0 million as of December 31, 2024, primarily reflecting the increased orders on hand, scheduled for delivery in 2025. Depending on the production and shipment schedules, the balance of our work in progress, finished goods and goods in transit may fluctuate from year to year. Our inventories increased by 34.8% from RMB645.0 million as of December 31, 2024 to RMB869.4 million as of December 31, 2025, primarily due to an increase in raw materials driven by the increased market prices and our strategic stockpiling, partially offset by the decrease of goods in transit and finished goods as the fulfillment of orders on hand.

We attach great importance to our inventory health, assigning dedicated staff to provide management with regular reports on the status of inventory. We take inventory level into consideration when formulating procurement plans. We have various policies in place to ensure effective inventory management, such as maintaining a safety stock to compensate for any unexpected increase in demand or delay in supply and tracking and monitoring the flow of goods and inventory levels through our warehouse management system (“WMS”).

We review the condition of our inventories at the end of each year during the Track Record Period and make provisions against obsolete and slow-moving inventory items which are identified as no longer suitable for sale or use based on sales forecasts. Such sales forecasts are prepared based on agreements or orders on hand and estimated sales in the foreseeable future based on historical experiences with our customers and current market conditions of the industry. Our management estimates the net realizable value for slow-moving inventories based primarily on the latest selling prices and current market conditions. We reassess the estimation at the end of each year. Where the actual outcome or expectation in future is different from the original estimate, such difference will impact on the carrying value of

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inventories and the write-down of inventories recognized in the periods in which such estimates have been changed. In 2023, 2024 and 2025, we recorded write-down of inventories to net realizable value amounting to RMB30.4 million, RMB40.7 million and RMB49.8 million, respectively. We make full write-down for inventories aged 2 years or more and for inventories that are found to be defective upon inspection. For inventories aged less than 2 years, we make write-down based on the lower of cost and net realizable value, taking into account factors such as orders on hand, order forecast, and market prices. Our write-down of inventories primarily represented write-down of raw materials and finished goods. The significant increase in write-down of raw materials was mainly due to (i) our strategic stockpiling of chips in response to the Sino-US trade frictions, and (ii) rapid iteration in the chip market resulting in a more conservative realizable value assessment. The write-down of finished goods primarily represented the full write-down of finished goods in stock that aged over two years.

The following table sets forth the number of our inventory turnover days for the periods indicated:

	Year ended December 31,		
	2023	2024	2025
Inventory turnover days	83	102	102

Note: We calculate the inventory turnover days using the average of the opening and ending inventory balances for the period, divided by cost of sales for the relevant period, multiplied by the number of days in the relevant period (i.e. 365 days for each of the years ended December 31, 2023, 2024 and 2025).

Our inventory turnover days increased from 83 days in 2023 to 102 days in 2024, primarily reflecting the increased orders on hand, scheduled for delivery in 2025. Our inventory turnover days remained relatively stable at 102 days in 2024 and 2025.

The following table sets forth the aging analysis of inventories as of the dates indicated:

	As of December 31,		
	2023	2024	2025
Within one year	498,788	614,219	855,950
One to two years	31,536	49,865	24,574
Over two years	—	21,632	38,648
Inventories, gross	530,324	685,716	919,172
Less: write-down of inventories	(30,435)	(40,714)	(49,812)
Inventories, net	499,889	645,002	869,360

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The table below sets forth a breakdown of our write-down of inventories by category as of the dates indicated:

	2023			As of December 31, 2024			2025		
	Amount	Percentage	Percentage	Amount	Percentage	Percentage	Amount	Percentage	Percentage
	(RMB'000)	of total	written-down	(RMB'000)	of total	written-down	(RMB'000)	of total	written-down
Raw materials	22,968	75.4%	7.1%	28,493	70.0%	9.2%	34,083	68.4%	5.5%
Work-in-progress	2,613	8.6%	3.0%	5,849	14.4%	4.3%	6,917	13.9%	5.7%
Finished goods	4,746	15.6%	10.8%	6,285	15.4%	6.9%	8,650	17.4%	11.3%
Goods in transit	109	0.4%	0.1%	87	0.2%	0.1%	162	0.3%	0.2%
Total	30,436	100.0%	5.7%	40,714	100.0%	5.9%	49,812	100.00%	5.4%

During the Track Record Period, write-down of raw materials represented the largest proportion of our inventory write-down. Our write-down of work-in-progress was primarily due to canceled or postponed orders. Our write-down of finished goods was primarily due to obsolete stock.

The table below sets forth a breakdown of our inventories aged one year or more as of December 31, 2025:

	Within one year (RMB'000)	One to two years (RMB'000)	Two to three years (RMB'000)	Total (RMB'000)
Raw materials	573,585	15,924	30,240	619,749
Work-in-progress	113,729	4,892	3,149	121,770
Finished goods	67,831	3,758	5,171	76,760
Goods in transit	100,805	—	88	100,893
Total	855,950	24,574	38,648	919,172

We recorded inventories that aged over one year of approximately RMB63.2 million as of December 31, 2025, a substantial majority of which were raw materials. This reflected our strategic stockpiling of chips in response to the Sino-US trade tensions.

As of March 31, 2026, RMB429.7 million, or approximately 46.7% of our inventories as of December 31, 2025 had been utilized or sold. This subsequent utilization rate of inventories is slightly slower than the usual turnover pace of our inventories, which is due to our stockpiling of memory banks in anticipation of increasing market prices. Such stock of memory banks are generally applicable among our products, and we expect it to be utilized over time and do not expect there to be any material impairment risk for our inventories.

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Trade and Bills Receivables

Our trade and bills receivables primarily represent the outstanding amounts due to us from our customers for sales our products. We generally grant our customers credit terms from 30-120 days. We seek to maintain strict control over our outstanding receivables and have a credit control department to minimize credit risk. Our management regularly reviews our overdue balances. In view of the aforementioned and the fact that our trade receivables relate to diversified customers, there is no significant concentration of credit risk. We do not hold any collateral or other credit enhancements over our trade receivable balances.

The following table sets forth our trade and bills receivables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB'000)		
Trade receivables	809,300	844,581	916,679
Less: impairment of trade receivables	36,862	24,803	14,538
Trade receivables, net	772,438	819,778	902,141
Bills receivables	–	737	3,061
Less: impairment of bills receivables	–	12	12
Bills receivables, net	–	725	3,049
Net carrying amount	772,438	820,503	905,190

Our trade and bills receivables increased by 6.2% from RMB772.4 million as of December 31, 2023 to RMB820.5 million as of December 31, 2024. Our trade and bills receivables increased by 10.3% from RMB820.5 million as of December 31, 2024 to RMB905.2 million as of December 31, 2025, primarily in line with growth in our revenue.

The following table sets forth aging analysis of trade and bills receivables, based on transaction date and net of loss allowance, as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB'000)		
Within 1 year	748,260	794,197	893,410
1 to 2 years	23,728	26,056	11,306
2 to 3 years	450	247	471
3 to 4 years	–	3	3
Total	772,438	820,503	905,190

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The following table sets forth the aging analysis of overdue trade receivable as of the dates indicated:

	2023		As of December 31, 2024		2025	
	Percentage		Percentage		Percentage	
	Amount	of total	Amount	of total	Amount	of total
	(RMB'000)		(RMB'000)		(RMB'000)	
0 – 60 days	78,506	29.2%	123,677	56.4%	94,626	47.5%
61 – 120 days	92,546	34.4%	27,190	12.4%	59,677	29.9%
121 – 180 days	52,677	19.6%	12,891	5.9%	18,727	9.4%
181 – 360 days	15,494	5.8%	21,604	9.9%	10,309	5.2%
361 – 720 days	7,808	2.9%	31,176	14.2%	11,744	5.9%
Over 721 days	21,862	8.1%	2,628	1.2%	4,266	2.1%
Total	268,893	100.0%	219,166	100.0%	199,349	100.0%

Our Directors considered that our long outstanding trade receivables are recoverable to the extent loss allowance is not provided for, on the basis that: (i) All of our trade receivable (including those not yet due and overdue) are subject to impairment provision based on the expected credit loss rate; (ii) We had relatively high percentages of our historical subsequent collection of outstanding trade receivables; and (iii) Many of our customers are internationally renowned telecom operators and retailers with relatively large operation scales and strong financial resources. We have made impairment provisions for all of our trade receivables in accordance with our accounting policy, and made full impairment for customers which filed for bankruptcy or otherwise no longer a going concern.

The following table sets forth the number of our trade receivables turnover days for the periods indicated:

	Year ended December 31,		
	2023	2024	2025
Trade receivables turnover days	112	114	94

Note: We calculate the trade receivables turnover days using the average of the opening and ending trade receivables balances for the period, divided by revenue for the relevant period, multiplied by the number of days in the relevant period (i.e. 365 days for each of the years ended December 31, 2023, 2024 and 2025).

Our trade receivables turnover days remained stable at 112 days and 114 days in 2023 and 2024, respectively. Our trade receivables turnover days decreased from 114 days in 2024 to 94 days in 2025, primarily due to our enhanced collection measures and successful collection of long overdue trade receivables in 2025.

As of March 31, 2026, RMB525.4 million, or approximately 57.1% of our trade and bills receivables as of December 31, 2025 were subsequently settled. In light of this subsequent settlement rate, which is generally in line with the turnover pace of our trade and bills receivables, we do not believe there is any material recoverability issue for our trade and bills receivables and we believe sufficient provision has been made in respect thereof.

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Trade and Bills Payables

Our trade and bills payables primarily represent balances due to our suppliers for the procurement of raw materials and processing services. We are generally granted by our suppliers a credit term of one to six months following our acceptance of the goods and the finalization of the invoice.

The following table sets forth an aging analysis of our trade and bills payables, based on invoice dates, as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB'000)		
Within 1 year	642,924	791,035	861,619
1-2 years	1,499	22	83
2-3 years	113	—	—
Over 3 years	3,426	23	23
Total	647,962	791,080	861,725

Our trade and bills payables increased by 22.1% from RMB648.0 million as of December 31, 2023 to RMB791.1 million as of December 31, 2024, primarily due to the increased purchases to support the increased orders on hand. Our trade and bills payables increased by 8.9% from RMB791.1 million as of December 31, 2024 to RMB861.7 million as of December 31, 2025, primarily in line with our business growth.

The following table sets forth the number of our trade and bills payables turnover days for the periods indicated:

	Year ended December 31,		
	2023	2024	2025
Trade and bills payables turnover days	110	128	111

Note: We calculate the trade and bills payables turnover days using the average of the opening and ending trade and bills payables balances for the period, divided by cost of sales for the relevant period, multiplied by the number of days in the relevant period (i.e. 365 days for each of the years ended December 31, 2023, 2024 and 2025).

Our trade and bills payables turnover days increased from 110 days in 2023 to 128 days in 2024, primarily due to the increased purchases to support the increased orders on hand. Our trade and bills payables turnover days decreased from 128 days in 2024 to 111 days in 2025, primarily reflecting a faster increase in cost of sales relative to the average balance of trade and bills payables. This was mainly attributable to our strategic procurement of chips in 2025 amid tight global supply and rising prices, where we made advance payments to secure supply at relatively lower price levels to ensure timely order fulfillment, resulting in shorter payment cycles to suppliers.

For better cash flow for both our Group and our suppliers, we have established supplier finance arrangements that are offered to some of our key suppliers. Both suppliers involved in such arrangements and the financing provider are independent third parties. Suppliers that participate in the supplier finance arrangements will receive payments at the original due dates specified in the invoices sent to us from the financing provider. In order for the financing

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provider to pay the invoices, the goods must have been received or supplied and the invoices must have been approved by us. Payments to suppliers ahead of or at the invoice due date are processed by the financing provider and, in all cases, we settle the original invoice by paying the financing provider within one year after the original invoice maturity date. The payment date of each transaction was agreed with the financing provider. As long as the financing provider have made payments to suppliers, relevant trade and bills payables will be reclassified into other borrowings. Payment terms with suppliers have not been renegotiated in conjunction with the arrangement. Our Controlling Shareholder, Mr. Li Bo, provided guarantee to the financing provider. Such guarantee had been released as of the Latest Practicable Date.

As of March 31, 2026, RMB584.1 million, or approximately 67.8% of our trade and bills payables as of December 31, 2025 were subsequently settled.

Other Payables and Accruals

Other payables and accruals comprised (i) payable for copyright fees, presenting license fee for the use of certain video and audio technologies which is charged with reference to the sales volume; (ii) payroll payable, mainly representing the salaries, bonuses, pension and other social security payable by us; (iii) other tax payables, mainly representing withholding individual income tax, value-added tax and other taxes payable by us; and (iv) other payables, mainly representing accrued fees and other daily operation expenses, such as water and electricity expenses.

The following table sets forth our other payables and accruals as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB'000)		
Payroll payable	34,535	38,429	43,782
Other tax payables	1,506	2,182	3,977
Payable for copyright fees	51,558	73,821	70,827
Payable for promotion fees	16,135	15,574	26,212
Listing expenses	—	—	3,820
Other payables	10,298	6,606	22,104
	<u>114,032</u>	<u>136,612</u>	<u>170,722</u>

Our other payables and accruals increased from RMB114.0 million as of December 31, 2023 to RMB136.6 million December 31, 2024, primarily due to a continued increase in payable for copyright fees as we continued to sell our products. Our other payables and accruals increased by 25.0% from RMB136.6 million as of December 31, 2024 to RMB170.7 million as of December 31, 2025, primarily due to an increase in other payables related to advertising expenses and construction in progress in line with our business growth, coupled with an increase in payroll payable in line with our expanded headcount.

As of March 31, 2026, RMB84.2 million, or approximately 49.3% of our other payables and accruals as of December 31, 2025 were subsequently settled.

Contract Liabilities

Our contract liabilities during the Track Record Period consisted of advances from customers for sales of goods. We generally grant our customers credit terms and may collect

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advances from customers on a case-by-case basis considering the associated credit risks. As of December 31, 2023, 2024 and 2025, we had contract liabilities of RMB38.3 million, RMB32.3 million and RMB30.2 million, respectively.

Our contract liabilities decreased by 15.5% from RMB38.3 million as of December 31, 2023 to RMB32.3 million as of December 31, 2024 and further decreased by 6.5% to RMB30.2 million as of December 31, 2025, reflecting fulfillment of prepaid orders from our customers.

As of March 31, 2026, RMB17.1 million, or approximately 56.6% of our contract liabilities as of December 31, 2025 were subsequently recognized as revenue.

NET CURRENT ASSETS

The table below sets forth our current assets, current liabilities and net current assets as of the dates indicated:

	As of December 31,			As of
	2023	2024	2025	March 31,
	(RMB'000)			2026
	(Unaudited)			
Current assets:				
Inventories	499,889	645,002	869,360	1,255,640
Trade and bills receivables	772,438	820,503	905,190	792,573
Prepayments, other receivables and other assets	87,184	115,424	352,031	367,954
Current income tax recoverable	2,133	2,682	2,886	3,229
Time deposits with original maturity of over three months	—	—	—	20,933
Pledged deposits	11,225	—	—	—
Restricted bank deposits	84,216	89,929	52,591	59,779
Cash and cash equivalents	280,956	455,770	273,353	139,463
Total current assets	1,738,041	2,129,310	2,455,411	2,639,571
Current liabilities:				
Trade and bills payables	647,962	791,080	861,725	850,721
Other payables and accruals	114,032	136,612	170,722	139,643
Derivative financial instruments	119	—	1,033	1,564
Interest-bearing bank and other borrowings	113,912	218,826	215,564	347,820
Lease liabilities	7,948	3,882	7,770	7,891
Income tax payable	1,114	230	5,751	7,115
Contract liabilities	38,285	32,338	30,236	80,975
Provisions	—	—	3,992	3,992
Total current liabilities	923,372	1,182,968	1,296,793	1,439,721
Net current assets	814,669	946,342	1,158,618	1,199,850

We had net current assets of RMB1,190.5 million as of March 31, 2026, consisting of current assets of RMB2,639.6 million and current liabilities of RMB1,439.7 million, which

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represented an increase of RMB40.9 million from our net current assets of RMB1,158.6 million as of December 31, 2025. This was primarily attributable to an increase in inventories, partially offset by a decrease in cash and cash equivalents and an increase in interest-bearing bank and other borrowings.

We had net current assets of RMB1,158.6 million as of December 31, 2025, consisting of current assets of RMB2,455.4 million and current liabilities of RMB1,296.8 million, which represented an increase of RMB212.3 million from our net current assets of RMB946.3 million as of December 31, 2024. This was primarily attributable to an increase in inventories and prepayment, other receivables and other assets, partially offset by a decrease of cash and cash equivalents.

We had net current assets of RMB946.3 million as of December 31, 2024, consisting of current assets of RMB2,129.3 million and current liabilities of RMB1,183.0 million, which represented an increase of RMB131.7 million from our net current assets of RMB814.7 million as of December 31, 2023. This was primarily attributable to an increase inventories and cash and cash equivalents, partially offset by a increase in trade and bills payables.

LIQUIDITY AND CAPITAL RESOURCES

Our business operations and expansion plans require a significant amount of capital, including cash and cash equivalents as well as other working capital requirements. Historically, we financed our capital expenditure and working capital requirements mainly through cash generated from operations and bank borrowings. As of December 31, 2023, 2024 and 2025, we had cash and cash equivalents of RMB281.0 million, RMB455.8 million and RMB273.4 million, respectively.

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
	(RMB'000)		
Net cash flows from/(used in) operating activities	28,670	125,854	(134,043)
Net cash flows used in investing activities	(44,585)	(8,900)	(17,191)
Net cash flows from/(used in) financing activities	(26,230)	45,562	(28,188)
Net increase/(decrease) in cash and cash equivalents	(42,145)	162,516	(179,422)
Cash and cash equivalents at the beginning of the year	313,455	280,956	455,770
Effect of foreign exchange rate changes, net	9,646	12,298	(2,995)
Cash and cash equivalents at the end of the year	<u>280,956</u>	<u>455,770</u>	<u>273,353</u>

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Operating Activities

Cash flows from operating activities consist of profit before income tax adjusted for certain non-cash or non-operating activities related items, primarily including write-down of inventories to net realizable value, depreciation of our right-of-use assets and property, plant and equipment and finance costs. We derive our cash inflow mainly from operating activities through sales of our hardware products and provision of software solutions. Cash outflow from operating activities primarily consisted of payments for procuring inventories, employee benefit expenses, and other operating expenses incurred during our daily operations.

Our net cash used in operating activities was RMB134.0 million in 2025. This net cash outflow was attributable to (i) profit before tax of RMB251.2 million, as adjusted to reflect non-cash or non-operating items, which primarily consisted of write-down of inventories to net realizable value of RMB27.5 million and depreciation of our right-of-use assets of RMB8.7 million, partially offset by reversal of impairment of trade and bills receivables and other receivables of RMB14.3 million; (ii) an increase in other payable and accruals of RMB29.5 million; (iii) a decrease in restricted bank deposits of RMB37.3 million; and (iv) an increase in trade and bills payables of RMB78.0 million. These were partially offset by (i) an increase in prepayments, other receivables and other assets of RMB231.1 million, and (ii) an increase in inventories of RMB251.9 million.

Our net cash from operating activities was RMB125.9 million in 2024. This net cash inflow was attributable to (i) profit before tax of RMB141.1 million, as adjusted to reflect non-cash or non-operating items, which primarily consisted of write-down of inventories to net realizable value of RMB23.4 million, depreciation of our right-of-use assets of RMB9.5 million and impairment of trade and bills receivables and other receivables of RMB8.4 million; (ii) an increase in inventories of RMB168.5 million; (iii) an increase in trade and bills receivables of RMB57.3 million; and (iv) an increase in prepayments, other receivables and other assets of RMB28.8 million. These were partially offset by (i) an increase in trade and bills payables of RMB189.9 million as we increased purchases of chips; and (ii) an increase in other payables and accruals of RMB22.6 million, mainly as a result of increase in payables for copyright fees, which incurred as we sold our products.

Our net cash from operating activities was RMB28.7 million in 2023. This net cash inflow was attributable to (i) profit before tax of RMB200.2 million, as adjusted to reflect non-cash or non-operating items, which primarily consisted of write-down of inventories to net realizable value of RMB28.9 million, foreign exchange gains of RMB9.6 million and depreciation of our right-of-use assets of RMB8.2 million; (ii) an increase in inventories of RMB177.4 million as we purchases more chips in lights of market conditions and business expansion; (iii) an increase in trade and bills receivables of RMB102.1 million; (iv) an increase in restricted bank deposits of RMB66.1 million; and (v) income tax paid of RMB28.9 million. These were partially offset by (i) an increase in trade and bills payables of RMB175.2 million; and (ii) an increase in other payables and accruals of RMB30.1 million.

Investing Activities

Our net cash used in investing activities was RMB17.2 million in 2025. This net cash outflow was primarily due to purchases of property, plant and equipment of RMB19.0 million, partially offset by proceeds from derivative financial instrument of RMB2.7 million.

Our net cash used in investing activities was RMB8.9 million in 2024. This net cash outflow was primarily due to (i) purchases of property, plant and equipment of RMB13.5 million; and (ii) purchases of intangible assets of RMB2.2 million. This net cash outflow was partially offset by proceeds from disposal of derivative financial instruments, representing the forward currency contracts, of RMB6.8 million.

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Our net cash used in investing activities was RMB44.6 million in 2023. This net cash outflow was primarily due to purchases of land use rights of RMB35.3 million and property, plant and equipment of RMB8.9 million.

Financing Activities

Our net cash used in financing activities was RMB28.2 million in 2025. This net cash outflow was primarily due to repayment of bank and other borrowings of RMB218.7 million and share repurchased of RMB11.0 million, partially offset by new bank and other borrowings of RMB215.5 million.

Our net cash from financing activities was RMB45.6 million in 2024. This net cash inflow was due to the draw down of new borrowings of RMB164.7 million. This net cash inflow was offset by (i) the repayment of bank and other borrowings of RMB104.4 million; (ii) interest paid of RMB5.7 million and (iii) lease payments of RMB9.0 million.

Our net cash used in financing activities was RMB26.2 million in 2023. This net cash outflow was primarily due to the repayment of bank and other borrowings of RMB143.6 million. This net cash outflow was offset by the draw down of new bank and other borrowings of RMB112.8 million.

WORKING CAPITAL SUFFICIENCY

During the Track Record Period, we met our working capital requirements mainly from cash generated from operations, bank loans and contributions from our shareholders.

Taking into account the financial resources available to us, including cash flow from operating activities and the estimated net proceeds from the Global Offering, our Directors are of the view that we have sufficient working capital to meet our present requirements and for the next 12 months from the date of this prospectus.

INDEBTEDNESS AND CONTINGENT LIABILITIES

Indebtedness

During the Track Record Period, our indebtedness consisted of (i) interest-bearing bank and other borrowings; and (ii) lease liabilities. The following table sets forth a breakdown of our indebtedness as of the dates indicated:

	As of December 31, 2023	As of December 31, 2024 (RMB'000)	2025	As of March 31, 2026 (Unaudited)
Included in current liabilities				
Interest-bearing bank and other borrowings	113,912	218,826	215,564	347,820
Lease liabilities	7,948	3,882	7,770	7,891
Sub-total	121,860	222,708	223,334	355,711
Included in non-current liabilities				
Lease liabilities	989	4,737	8,303	6,686
Sub-total	989	4,737	8,303	6,686
Total	122,849	227,445	231,637	362,397

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Interest-bearing Bank and Other Borrowings

The following table sets forth our interest-bearing bank and other borrowings as of the dates indicated:

	As of December 31,			As of
	2023	2024	2025	March 31,
		(RMB'000)		2026
				(Unaudited)
Included in current				
Guaranteed bank loans	85,336	89,907	144,555	227,797
Pledged bank loans	28,576	84,408	40,000	89,000
Unsecured bank loans	—	—	31,009	31,023
Other borrowings — guaranteed	—	44,511	—	—
Total	113,912	218,826	215,564	347,820

Our interest-bearing bank and other borrowings increased by 92.1% from RMB113.9 million as of December 31, 2023 to RMB218.8 million as of December 31, 2024, primarily due to increases in pledged bank loans and other borrowings. Our interest-bearing bank and other borrowings decreased by 1.5% from RMB218.8 million as of December 31, 2024 to RMB215.6 million as of December 31, 2025, primarily due to decreases in pledged bank loans and other guaranteed borrowings, partially offset by an increase in guaranteed bank loans. Our interest-bearing bank and other borrowings increased by 61.4% from RMB215.6 million as of December 31, 2025 to RMB347.8 million as of March 31, 2026, primarily due to the increase in guaranteed bank loans and pledged bank loans driven by the preferential interest rates and credit policies offered by various banks, coupled with our efforts to expand our financing channels. Our other borrowings as of December 31, 2024 primarily represented amounts arising from supplier financing arrangements, under which certain trade and bills payables were settled by a third-party finance provider on our behalf and reclassified as other borrowings, and were subsequently fully settled as of December 31, 2025.

Our Directors confirm that there has been no material change in our indebtedness position since March 31, 2026, and up to the Latest Practicable Date. As of the Latest Practicable Date, there was no material restrictive covenant in our indebtedness which could significantly limit our ability to undertake additional debt or equity financing, nor was there any breach of covenant during the Track Record Period and up to the Latest Practicable Date. As of the Latest Practicable Date, except for bank loans, we did not have plans for other material external debt financing.

As of March 31, 2026, we had unutilized credit facilities of RMB450.9 million. We do not anticipate any changes to the availability of bank financing to finance our operations in the future, although we cannot assure you that we will be able to access bank financing on favorable terms or at all.

Our Directors confirm that we did not experience any difficulties in obtaining additional bank loans or other debt or equity financing during the Track Record Period and up to the Latest Practicable Date.

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Lease Liabilities

Our lease liabilities mainly represent the amount to be paid by us as the lessee for the leases of premises of our offices and warehouses. The following table sets forth the carrying amount of our lease liabilities as of the dates indicated:

	As of December 31,			As of
	2023	2024	2025	March 31,
		(RMB'000)		2026
				(Unaudited)
Non-current	989	4,737	8,303	7,891
Current	7,948	3,882	7,770	6,686
Total	8,937	8,619	16,073	14,577

Our lease liabilities decreased from RMB8.9 million as of December 31, 2023 to RMB8.6 million as of December 31, 2024, primarily as we made lease payments during the year. Our lease liabilities increased from RMB8.6 million as of December 31, 2024 to RMB16.1 million as of December 31, 2025, primarily due to the old lease agreement for our office expired and we entered into a new long-term lease in early 2025. Our lease liabilities decreased from RMB16.1 million as of December 31, 2025 to RMB14.6 million as of March 31, 2026, primarily attributable to our payments for the leases during the period.

Contingent Liabilities

As of March 31, 2026, we did not have any material outstanding debt securities, mortgage, charges, debentures or other loan capital (issued or agreed to be issued), bank overdrafts, loans, liabilities under acceptance or acceptance credits, or other similar indebtedness, leasing and financial leasing commitments, hire purchase commitments, guarantees or other material contingent liabilities.

CAPITAL EXPENDITURES AND CONTRACTUAL COMMITMENTS

Capital Expenditures

Our capital expenditures during the Track Record Period consisted of expenditures on purchases of (i) property, plant and equipment; (ii) land use rights and intangible assets. In 2023 and 2024 and 2025, we recorded capital expenditures of RMB44.5 million, RMB15.7 million, and RMB21.3 million, respectively.

We expect to incur capital expenditure in the future, primarily related to the construction of our R&D center and procurement of office equipment.

Contractual Commitments

We had contractual commitments of RMB16.2 million as of December 31, 2025.

OFF-BALANCE SHEET ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet transactions.

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MATERIAL RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time during our ordinary course of business and on terms comparable to the terms of transactions with other entities that are not our related parties and the market price during the relevant period. During the Track Record Period, our transactions with related parties mainly consisted of (i) sales of products; (ii) purchases of raw materials; and (iii) leased of low-value assets. See Note 34 to the Accountants' Report in Appendix I to this prospectus for details of transactions carried out with our related parties during the Track Record Period. It is the view of our Directors that each of the related party transactions (i) were conducted on normal commercial terms and/or on terms not less favorable than terms available from Independent Third Parties, which are considered fair, reasonable and in the interest of our Shareholders as a whole; and (ii) do not distort our Track Record Period results or make our historical results not reflective of future performance.

KEY FINANCIAL RATIOS

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

	Year ended December 31,		
	2023	2024	2025
Gross profit margin (%) ⁽¹⁾	21.1	19.0	19.5
Net profit margin (%) ⁽²⁾	8.1	5.4	7.1
Adjusted net profit margin (non-HKFRS measure) (%) ⁽³⁾	8.1	5.4	7.5
Return on equity (%) ⁽⁴⁾	23.8	14.2	20.8
Return on assets (%) ⁽⁵⁾	11.6	6.8	10.0
	As of December 31,		
Current ratio (times) ⁽⁶⁾	1.9	1.8	1.9
Quick ratio (times) ⁽⁷⁾	1.3	1.3	1.2
Gearing ratio (%) ⁽⁸⁾	13.6	21.9	18.3

Notes:

- (1) Gross profit margin is calculated based on gross profit divided by revenue and multiplied by 100%.
- (2) Net profit margin is calculated based on profit or loss for the period divided by revenue and multiplied by 100%.
- (3) Adjusted net profit margin (non-HKFRS measure) is calculated based on adjusted net profit (non-HKFRS measure) divided by revenue and multiplied by 100%.
- (4) Return on equity is calculated based on profit for the year divided by the arithmetic mean of the opening and closing balances of total equity and multiplied by 100%.
- (5) Return on assets is calculated based on profit for the year divided by the arithmetic mean of the opening and closing balances of total assets and multiplied by 100%.
- (6) Current ratio is calculated based on total current assets divided by total current liabilities.
- (7) Quick ratio is calculated based on total current assets less inventories divided by total current liabilities.
- (8) Gearing ratio is calculated based on total borrowings (including borrowings and lease liabilities) divided by total equity multiplied by 100%.

Gross Profit Margin and Net Profit Margin

See “— Period to Period Comparison of Results of Operations” for a discussion of the factors affecting our gross profit margin and net profit margin during the respective periods.

Current Ratio

Our current ratio remained stable at 1.9 times, 1.8 times and 1.9 times as of December 31, 2023, 2024 and 2025, respectively.

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Quick Ratio

Our quick ratio remained stable at 1.3 times, 1.3 times and 1.2 times as of December 31, 2023, 2024 and 2025, respectively.

Gearing Ratio

Our gearing ratio increased from 13.6% as of December 31, 2023 to 21.9% as of December 31, 2024, primarily due to an increase in interest-bearing bank loans as we drew down new bank loans during the year. Our gearing ratio decreased to 18.3% as of December 31, 2025, primarily due to a decrease in our total borrowings.

FINANCIAL RISKS

We are exposed to a variety of financial risks, including foreign currency risk, credit risk and liquidity risk, as set out below. We manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner. As of the Latest Practicable Date, we did not hedge or consider necessary to hedge any of these risks. For further details, see Note 37 in the Accountants' Report set out in Appendix I to this prospectus.

Foreign Currency Risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between RMB and other currencies, including Hong Kong dollars, US dollars and Euros, in which we conduct our business may affect our financial condition and results of operations.

Credit Risk

We trade only with recognized and creditworthy parties. All customers who wish to trade on credit terms are subject to credit verification procedures. We monitor our receivable balances on an ongoing basis and our exposure to bad debts is not significant. The credit risk of our other financial assets, which comprise cash and cash equivalents, time deposits, pledged deposits and restricted bank deposits and financial assets included in prepayments, other receivables and other assets, arises from default of the counterparty, with a maximum exposure equal to the respective carrying amounts of these instruments.

For other receivables and other assets, our management makes periodic collective assessment as well as individual assessment on their recoverability based on historical settlement records and past experience. Our Directors believe that there is no material credit risk inherent in the outstanding balance of other receivables.

Liquidity Risk

We monitor our risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

DIVIDENDS

We are incorporated under the laws of the PRC. We do not have any formal dividend policy or pre-determined dividend payout ratio. Any dividends we pay will be at the discretion of our Directors and will depend on our future operations and earnings, capital requirements and surplus, general financial condition, contractual restriction and other factors which our

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Directors consider relevant. Our shareholders in a general meeting may approve any declaration of dividends, which must not exceed the amount recommended by our Board.

Under the applicable PRC laws and regulations, 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. The 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 advised by our PRC Legal Advisors, our PRC companies cannot pay dividends if such companies are in an accumulated loss position.

No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Our Directors have the absolute discretion to recommend any dividend subject to our constitutional documents and the relevant laws. We cannot assure you that our Company will be able to declare dividends of any amount each year or in any year.

No dividend was paid or declared by the Company during the Track Record Period.

DISTRIBUTABLE RESERVES

As of December 31, 2025, we had retained profits of RMB811.0 million, which could be distributed subject to our current articles of association and the PRC Company Law.

LISTING EXPENSES

Our listing expenses mainly include underwriting commissions, professional fees paid to legal advisors, the Reporting Accountants and other professional parties for their services rendered in relation to the Listing and the Global Offering.

Based on the Offer Price of HK\$32.80 per Share, the total estimated listing expenses in relation to the Global Offering are RMB52.4 million (HK\$60.0 million), assuming the Offer Size Adjustment Option is not exercised, which constitute approximately 9.5% of the gross proceeds. Our total listing expenses consist of (i) underwriting-related expenses and fees (including underwriting commissions, Stock Exchange trading fee, SFC and AFRC transaction levy) of RMB19.3 million (HK\$22.1 million); and (ii) non-underwriting-related expenses of RMB33.1 million (HK\$37.9 million), including (a) fees payable to the Sole Sponsor, legal advisors and Reporting Accountants of RMB23.3 million (HK\$26.6 million) and (b) other fees and expenses of RMB9.8 million (HK\$11.2 million). During the Track Record Period, we incurred listing expenses of RMB14.9 million, all of which was recognized in our consolidated statements of profit or loss in 2025. As of December 31, 2025, we recorded RMB2.4 million as deferred listing expenses under prepayments, other receivables and other assets in our consolidated statements of financial position, to be accounted for as a deduction from equity upon the Listing. Approximately RMB15.5 million is expected to be charged to profit or loss for the year ending December 31, 2026, and approximately RMB19.7 million directly attributable to the issue of the Shares is expected to be deducted from equity upon the completion of the Global Offering.

Our Directors do not expect that such expenses will have a material adverse effect on our results of operations for the year ending December 31, 2026.

UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted consolidated net tangible assets prepared in accordance with Rule 4.29 of the Listing Rules is set out to show the effect

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of the Global Offering on our consolidated net tangible assets as of December 31, 2025, as if the Global Offering had taken place on that date. The unaudited pro forma statement of adjusted consolidated net tangible assets has been prepared for illustrative purpose only and, because of its hypothetical nature, it may not give a true picture of our consolidated net tangible assets had the Global Offering been completed as of December 31, 2025 or at any future date. The unaudited pro forma statement of adjusted consolidated net tangible assets is based on the unaudited consolidated net tangible assets of our Group attributable to the owners of the Company as of December 31, 2025 derived from the Accountants' Report in set out in Appendix I to this prospectus, and adjusted as follows:

	Consolidated net tangible assets of the Group attributable to owners of the parent as at 31 December 2025 <i>RMB'000</i> <i>(Note 1)</i>	Estimated net Proceeds from the Global Offering <i>RMB'000</i> <i>(Note 2)</i>	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the parent as at 31 December 2025 <i>RMB'000</i>	Unaudited pro forma adjusted consolidated net tangible assets per Share as at 31 December 2025 <i>RMB</i> <i>(Note 3&4)</i>	<i>HK\$</i> <i>(Note 5)</i>
Based on an Offer Price of HK\$32.80 per Share	1,260,285	513,419	1,773,704	8.46	9.68

Notes:

1. The consolidated net tangible assets of our Group attributable to owners of the parent as at 31 December 2025 is arrived at after deducting intangible assets of RMB6,907,000 from the audited net assets attributable to owners of the parent as at 31 December 2025 of RMB1,267,192,000 set out in the Accountants' Report in Appendix I to this Document.
2. The estimated net proceeds from the Global Offering are based on HK\$32.80 per Share after deduction of the underwriting fees and other related expenses payable by the Company (excluding the listing expense that have been charged to profit or loss during the Track Record Period) and do not take into account any share which may be sold and offered upon exercise of the Offer Size Adjustment Option.
3. The unaudited pro forma adjusted consolidated net tangible assets per Share is arrived at after adjustments referred to in the preceding note 2 and on the basis that 209,540,070 shares were in issue assuming the Global Offering has been completed on 31 December 2025.
4. For the purpose of this unaudited pro forma statement of adjusted consolidated net tangible assets, the balances stated in RMB are converted into HK\$ at the rate of RMB1.00 to HK\$1.1433.
5. No other adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets to reflect any trading results or other transactions of our Group entered into subsequent to 31 December 2025.

No Material Adverse Change

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, our Directors confirm that, up to the date of this prospectus, (i) there had been no material adverse change in our business, the industry where we operate, or market or regulatory environment to which we are subject; (ii) there has been no material adverse change in our financial or trading position or prospects since December 31, 2025, being the date of the latest audited consolidated financial position of our Group as set out in the Accountants' Report in Appendix I to this prospectus; or (iii) there has been no event since December 31, 2025 that would materially affect the information shown in the Accountants' Report set forth in Appendix I to this prospectus.

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DISCLOSURE REQUIRED UNDER THE LISTING RULES

We confirm that, as of the Latest Practicable Date, there were no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 in Chapter 13 of the Listing Rules upon the Listing of the Shares on the Stock Exchange.

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

See “Business — Our Growth Strategies” for a detailed description of our future plans.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK\$570.0 million, based on the Offer Price of HK\$32.80 per Offer Share, after deducting the underwriting commissions and estimated expenses paid or payable by us in connection with the Global Offering and assuming that the Offer Size Adjustment Option is not exercised.

In line with our strategies, we intend to apply the net proceeds from the Global Offering, in the next three to four years, for the following purposes and in the amounts set forth below:

- **approximately 25% of the net proceeds, or HK\$142.5 million, will be used over the next three years to enhance our market position and develop new products, including:**
 - (1) approximately 10% of the net proceeds, or HK\$57.0 million, is expected to be used to upgrade our existing products and refine our current technologies. This HK\$57.0 million is expected to be allocated to upgrade existing products in the following proportion: 40% for media streaming terminals, 10% for smart projectors, 5% for smart cameras, 30% for network communication products, 10% for AI agent, and 5% for system platforms.
 - (2) approximately 15% of the net proceeds, or HK\$85.5 million, is expected to be used to develop new products and expand our existing product combinations, such as AI-based innovative products. This HK\$85.5 million is expected to be allocated to develop new products in the following proportion: 10% for AI glasses, 30% for AI computing boxes, 30% for smart speakers, and 30% for AI robots.
- **approximately 35% of the net proceeds, or HK\$199.5 million, will be used over the next three years to invest in the application of AI technology in the home setting, including:**
 - (1) approximately 15% of the net proceeds, or HK\$85.5 million, will be used to break through the technological edge of our AI technology, integrate distributed intelligent units, and form a closed-loop capability of “perception-decision-execution” for our digital video device development. We expect to apply such proceeds on the R&D of (i) *Thread* technology, with a view of integrating such technology with our products, such as OTT TV boxes and smart speakers, and building a cost-efficient and reliable standardized *Thread* connection solution, so as to upgrade such devices as more powerful home central hubs; and (ii) on-device AI technology, with a view of developing scenario-based AI application for integration with our platform solutions and offering a rich library of AI functions for the end users.
 - (2) approximately 10% of the net proceeds, or HK\$57.0 million, will be used to continue to (i) improve the accuracy and response speed of user interactions in areas such as acoustics, vision, radar, and UWB; (ii) optimize the algorithm performance in areas such as anti-interference,

FUTURE PLANS AND USE OF PROCEEDS

automatic detection, network congestion, and traffic control; and (iii) achieve higher accuracy in Wi-Fi perception algorithms for our network communication devices.

- (3) approximately 10% of the net proceeds, or HK\$57.0 million, will be used to (i) integrate third-party AI LLMs into real-time audio and video technology to provide ultra-low latency real-time audio and video streaming and intelligent interaction capabilities between devices and applications; (ii) implement cloud-based AI visual analysis algorithms to enhance user experience; (iii) enhance cloud-edge collaboration networking technology to improve edge processing capabilities, with plans to store cross-network card information on edge gateways to reduce data processing in the cloud, thereby reducing reliance on the cloud and lowering response latency; (iv) deepen AI-enabled intelligent scenario construction by leveraging rule engines, edge computing, and third-party AI LLMs to achieve automated collaboration and intelligent control between devices, thereby enhancing user experience and device efficiency; and (v) build platform high-concurrency capabilities and expand platform capabilities to support connections with billions of devices and concurrent access by millions of devices for our system platforms.

At this critical juncture of the industry's accelerated evolution from smart home to AI Home, we believe the above allocation of proceeds towards AI technology R&D is one of strategic necessity and temporal urgency. From an industry perspective, the traditional smart home sector is shifting from "connection and control" to "active perception." AI-driven upgrades to the human living experience are poised to become the main battleground for industry competition in the coming years. With proactive and forward-looking investment in this field, we aim to solidify our market position in the smart home space.

Furthermore, we believe this strategic investment in AI is a powerful accelerator for our existing digital video devices and network communication devices businesses, ensuring their continued relevance and competitiveness. Our current portfolio of products will be transformed in the following ways:

- **Digital Video Devices Capable of "Understanding":** For example, with AI features, our cameras will be capable of real-time video analytics. This includes advanced anomaly detection (e.g., falls, intrusions), gesture recognition, and emotion analysis. This moves the value proposition from simple surveillance to context-aware situational intelligence, and directly addresses key user pain points, making our products smarter, more reliable, and more user-friendly.
- **Network Communication Devices with Self-Optimizing Performance:** With AI technology, our devices can automatically and dynamically optimize bandwidth allocation, channel selection, and signal strength to ensure a seamless experience for every application and device, without any user intervention. AI-powered network security can identify and isolate anomalous behaviors from IoT devices, preventing them from becoming points of vulnerability in a botnet.

FUTURE PLANS AND USE OF PROCEEDS

In conclusion, we believe our increased investment in AI technologies will transform our products into high-value, intelligent, and sticky platforms that are central to the AI-powered future, securing long-term growth and sustainable competitive advantage.

- **approximately 20% of the net proceeds, or HK\$114.0 million, will be used over the next three years for our global expansion, including:**
 - (1) approximately 5% of the net proceeds, or HK\$28.5 million, will be used to increase our investment in the marketing and technical capabilities of local customer service teams, primarily in Latin America, to meet customized product development needs through a variety of means, ensuring product quality and after-sales service.
 - (2) approximately 5% of the net proceeds, or HK\$28.5 million, will be used to deepen cooperation with our existing global partners (including but not limited to Google, premium content providers, telecommunication providers, chip manufacturers and OEM suppliers) to ensure the wide coverage and diversity of the content we provide and the technological leadership of our software and hardware products. Specifically, (i) with respect to Google, we plan to obtain its certification for our future digital video products. We plan to allocate 0.50% of the net proceeds for software integration and iteration, 0.75% for internal testing and issue resolution, and 0.35% for third-party laboratory testing; (ii) with respect to premium content providers, we plan to secure more content licensing partnerships and obtain corresponding certifications. We plan to allocate 0.40% of the net proceeds for project initiation and preparation, 0.90% for product testing, 0.50% for third-party laboratory testing and 0.10% for review reporting and approval; and (iii) with respect to OEM vendors, we plan to allocate 0.23% of the net proceeds for factory assessment, which involves a rapid evaluation of the factory's quality standards, production capacity, quality systems, and compliance to ensure they meet our requirements, thereby mitigating risks during trial or mass production; 0.23% for contract signing, which focuses on finalizing commercial negotiations, with an emphasis on defining "responsibilities" and "obligations" to prevent disputes arising from contractual gaps; 0.52% for trial production, which involves promptly resolving process-related issues identified during trial production, such as assembly deviations or performance shortcomings, to ensure a smooth transition to mass production without recurring defects; and 0.52% for follow-up and support, which requires continuous oversight to maintain quality consistency and improve production efficiency to prevent the recurrence of issues that were resolved during trial production.
 - (3) approximately 10% of the net proceeds, or HK\$57.0 million, will be used to (i) expand our sales channels to better cooperate with global retail giants, and (ii) launch and promote self-owned brand products (including but not limited to our AI-powered products, such as AI robots, AI computing boxes and AI glasses), gradually increasing retail market share.

FUTURE PLANS AND USE OF PROCEEDS

- approximately 10% of the net proceeds, or HK\$57.0 million, will be used to invest in market players which operate within the same industry as ours or upstream and downstream market players with strong potential in areas including, but not limited to, AI and algorithms. The target company's primary business should be related to the application of AI technology in the home setting, which aligns with and strategically synergizes with our core direction. We believe such investments can enhance our AI technological capabilities, and extend our range of product categories. We currently focus on identifying potential investment targets based on the following criteria: (i) having an experienced management team with strong experience and technical capabilities in AI and algorithms, which are essential drivers to transform the reactive smart home to a proactive, adaptive AI Home, and will enable us to compete in the evolving digital and intelligent home solutions market; (ii) innovativeness of their products; and (iii) their technologies, know-hows and synergy with our products and business strategies. We plan to focus on emerging targets which are at their start-up or ramp-up stage, and expect them to have an annual revenue of no more than RMB50 million. We do not expect to expand into a new business segment in which we have no experience. We are open to both minority and controlling equity stakes, while we will take a prudent approach to limit each single investment to RMB50 million. The number of targets that we will invest in closely correlates with the size of each of them, and we will determine the size of each investment taking into account valuation of the target, its financial conditions, and our available capital. While we will continue to evaluate potential investment targets, as of the Latest Practicable Date, we had not identified any specific investment target.
- approximately 10% of the net proceeds, or HK\$57.0 million, will be used for working capital and general corporate purposes.

If the Offer Size Adjustment Option is fully exercised, we will receive additional net proceeds of approximately HK\$94.5 million (based on the Offer Price of HK\$32.80 per Offer Share). In the event that the Offer Size Adjustment Option is exercised, we intend to apply the additional net proceeds to the above purposes on a pro rata basis.

To the extent that our proceeds are not sufficient to fund the purposes set out above, we intend to fund the balance through a variety of means, including cash generated from operations, bank loans and other borrowings.

If any part of our plan does not proceed as planned for reasons such as changes in government policies that would render any of our plans not viable, or the occurrence of force majeure events, our Directors will carefully evaluate the situation and may reallocate the net proceeds from the Global Offering. We will issue an appropriate announcement if there is any material change to the above proposed use of proceeds.

To the extent that the net proceeds of the Global Offering are not immediately used for the purposes described above, and to the extent permitted by the relevant laws and regulations, we intend to deposit the proceeds in short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under SFO or applicable laws and regulations in the other jurisdictions).

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China Securities (International) Corporate Finance Company Limited

CMB International Capital Limited

CCB International Capital Limited

ABCI Securities Company Limited

CNCB (Hong Kong) Capital Limited

Get Nice Securities Limited

Forthright Securities Company Limited

Roofer Securities Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, our Company has agreed to offer the Hong Kong Offer Shares for subscription by the public in Hong Kong on and subject to the terms and conditions of the Hong Kong Underwriting Agreement and this prospectus.

Subject to (a) the Stock Exchange granting approval for the listing of, and permission to deal in, our H Shares in issue and to be issued pursuant to the Global Offering on the Main Board as mentioned in this prospectus (including any additional H Shares which may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option) and such approval not having been withdrawn; and (b) certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed, severally but not jointly, to subscribe, or procure subscribers to subscribe, for the Hong Kong Offer Shares which are being offered but are not taken up under the Hong Kong Public Offering on the terms and subject to the conditions set out in this prospectus and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on and subject to, among other things, the International Underwriting Agreement having been executed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for Termination

The obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Hong Kong Offer Shares under the Hong Kong Underwriting Agreement are subject to termination by written notice from the Sole Sponsor and the Sole Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters), at any time prior to 8:00 a.m. on the Listing Date if:

- (1) there develops, occurs, exists or comes into effect:
 - (a) any event or series of events, whether in continuation, or circumstance in the nature of force majeure (including, without limitation, any acts of

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government, declaration of a national or international emergency or war, calamity, crisis, epidemic, pandemic, outbreak of infectious disease (including contagious coronavirus (COVID-19), SARS, swine or avian flu, H5N1, H1N1, H7N9 or such related/mutated forms), economic sanctions, strikes, lock-outs, fire, explosion, flooding, earthquake, volcanic eruption, civil commotion, riots, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism (whether or not responsibility has been claimed) in or affecting Hong Kong, the PRC, the United States, the United Kingdom, any member of the European Union or any other jurisdiction relevant to any member of our Group or the Global Offering (collectively, the “**Relevant Jurisdictions**” and each, a “**Relevant Jurisdiction**”); or

- (b) any change or development involving a prospective change or development in (whether or not permanent), or any event or circumstance or series of events resulting or likely to result in any change or development, or a prospective change or development, in any local, national, regional or international financial, political, military, industrial, fiscal, economic, regulatory, currency, credit, currency or market conditions, or exchange control or any monetary or trading settlement system or other financial markets (including, but not limited to, a change in the conditions in stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets or a change in the system under which the value of the Hong Kong dollar is linked to the U.S. dollar or Renminbi is linked to any foreign currency or currencies) in or affecting any of the Relevant Jurisdictions; or
- (c) any moratorium, suspension, limitation or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities on the Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market; or the London Stock Exchange; or
- (d) any moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent authority), New York (imposed at the U.S. Federal or New York State level or by any other competent authority), London, the PRC, the United Kingdom, any member of the European Union, or any of the other Relevant Jurisdictions (declared by the relevant authorities) or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in or affecting any of the Relevant Jurisdictions; or
- (e) any new law, or any change or any development involving a prospective change or any event or circumstance may result in a change or a development involving a prospective change in, existing laws or any change or development involving a prospective change in the interpretation or application thereof by any court or any governmental or regulatory authority in or affecting any Relevant Jurisdictions; or
- (f) the imposition of sanctions, or the withdrawal of trading privileges, in whatever form, directly or indirectly, by, or for, any of the Relevant Jurisdictions in respect of any jurisdiction relevant to the business operations of any member of the Group; or

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- (g) any change or development involving a prospective change or amendment in or affecting taxation or foreign exchange control, currency exchange rates or foreign investment regulations (including, without limitation, a material devaluation of the Hong Kong dollar or RMB against any foreign currencies, a change in the system under which the value of the Hong Kong dollar is linked to that of the United States dollar or RMB is linked to any foreign currency or currencies), or the implementation of any exchange control, in any of the Relevant Jurisdictions or affecting an investment in the Offer Shares; or
- (h) any litigation, dispute, proceeding, legal action or claim being threatened, instigated or announced against our Company, any member of our Group, any Director or any member of the senior management of our Company as named in this prospectus; or
- (i) an authority in any Relevant Jurisdiction commencing any investigation or other action, or announcing an intention to investigate or take other action, against the Company, any member of our Group, any Director or any member of the senior management of our Company as named in this prospectus; or
- (j) any contravention by the Company or any member of the Group, any Directors or members of the senior management of the Company as named in this prospectus, or any Controlling Shareholder of any applicable laws (including, without limitation, the Listing Rules, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures Ordinance, the PRC Company Law and the CSRC Rules);
- (k) any change or development involving a prospective change in, or a materialization of, any of the risks set out in the section headed “Risk Factors” in this prospectus; or
- (l) any non-compliance of the Offering Documents (as defined in the Hong Kong Underwriting Agreement) (or any other documents used in connection with the contemplated, subscription and sale of the Offer Shares) or the CSRC Filings (as defined in the Hong Kong Underwriting Agreement) or any aspect of the Global Offering with the Listing Rules or any other applicable laws (including, without limitation, the Listing Rules, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures Ordinance, the PRC Company Law and the CSRC Rules); or
- (m) the issue or requirement to issue by the Company of a supplement or amendment to the Offering Documents (as defined in the Hong Kong Underwriting Agreement), the CSRC Filings (as defined in the Hong Kong Underwriting Agreement) or other documents in connection with the offer and sale of the Offer Shares pursuant to the applicable laws (including, without limitation, the Listing Rules, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures Ordinance, the PRC Company Law and the CSRC Rules); or

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- (n) a demand by any creditor for repayment or payment of any indebtedness of the Company or any member of our Group or in respect of which the Company or any member of our Group is liable prior to its stated maturity,

which, individually or in the aggregate, in the sole and absolute opinion of the Sole Sponsor and the Sole Overall Coordinator (for itself and on behalf of the other Hong Kong Underwriters),

- (A) has or will or may have a material adverse effect on the assets, liabilities, general affairs, business, management, prospects, shareholders' equity, profit, losses, earnings, results of operations, performance, position or condition, financial or otherwise, of the Group as a whole; or
 - (B) has or will have or may have a material adverse effect on the success or marketability of the Global Offering or the level of applications or the distribution of the Offer Shares under the Hong Kong Public Offering or the level of interest under the International Offering; or
 - (C) makes or will make or may make it inadvisable, inexpedient, impracticable or incapable for the Hong Kong Public Offering and/or the International Offering to proceed to market the Global Offering or the delivery or distribution of the Offer Shares on the terms and in the manner contemplated by the Offering Documents (as defined in the Hong Kong Underwriting Agreement); or
 - (D) has or will or may have the effect of making any material part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or
- (2) there has come to the notice of the Sole Sponsor and the Sole Overall Coordinator that:
- (a) any statement contained in the Offering Documents (as defined in the Hong Kong Underwriting Agreement), the CSRC Filings (as defined in the Hong Kong Underwriting Agreement), the Operative Documents (as defined in the Hong Kong Underwriting Agreement) and/or any notices, announcements, advertisements, communications or other documents (including any announcement, circular, document or other communication pursuant to the Hong Kong Underwriting Agreement) issued or used by or on behalf of our Company in connection with the Hong Kong Public Offering and the International Offering (including any supplement or amendment thereto) (the “**Offer Related Documents**”) was, when it was issued, or has become, untrue, incorrect, inaccurate, incomplete in any material respects or misleading or deceptive, or that any estimate, forecast, expression of opinion, intention or expectation contained in any of such documents is not fair and honest and based on reasonable grounds or reasonable assumptions when taken as a whole; or
 - (b) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute a material omission from, or misstatement in, any of the Offer Related Documents; or

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- (c) a prohibition by a relevant authority on the Company for whatever reason from allotting or issuing the Shares (including the H Shares which may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option) pursuant to the terms of the Global Offering; or
- (d) any breach of the obligations or undertakings imposed upon the Company or the Warrantors (as defined in the Hong Kong Underwriting Agreement) under the Underwriting Agreements;
- (e) an event, act or omission which gives or may give rise to any liability of our Company or the Warrantors (as defined in the Hong Kong Underwriting Agreement) pursuant to the indemnities given by any of them under the Underwriting Agreements; or
- (f) any material adverse change, or any development involving a prospective material adverse change, in or affecting the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, revenue, profits, losses, results of operations, position or condition, financial or otherwise, or performance of our Company and the members of our Group, taken as a whole; or
- (g) any breach, or any event or circumstance rendering untrue, incorrect, incomplete or misleading in any respect, of any of the warranties given by the Company and the Warrantors (as defined in the Hong Kong Underwriting Agreement) in the Underwriting Agreements;
- (h) that the approval of the Stock Exchange of the listing of, and permission to deal in, the H Shares in issue and the H Shares to be issued pursuant to the Global Offering (including the additional Shares which may be issued upon the exercise of the Offer Size Adjustment Option) is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, canceled, qualified (other than by customary conditions), revoked or withheld; or
- (i) (A) the notice of acceptance of the CSRC Filings (as defined in the Hong Kong Underwriting Agreement) issued by the CSRC and/or the results of the CSRC Filings (as defined in the Hong Kong Underwriting Agreement) published on the website of the CSRC is rejected, withdrawn, revoked or invalidated; or (B) other than with the prior written consent of the Sole Sponsor and the Sole Overall Coordinator, the issue or requirement to issue by the Company of a supplement or amendment to the CSRC Filings (as defined in the Hong Kong Underwriting Agreement) pursuant to the CSRC Rules or upon any requirement or request of the CSRC; or (C) any non-compliance of the CSRC Filings (as defined in the Hong Kong Underwriting Agreement) with the CSRC Rules or any other applicable laws; or
- (j) any person (other than the Sole Sponsor) has withdrawn its consent to the issue of this prospectus with the inclusion of its reports, letters and/or legal opinions (as the case may be) and references to its name included in the form and context in which it respectively appears; or
- (k) the Company withdraws the Offering Documents (as defined in the Hong Kong Underwriting Agreement) (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering;

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- (l) that a portion of the orders placed or confirmed in the book-building process have been withdrawn, terminated or canceled;
- (m) there is a prohibition on the Company for whatever reason from offering, allotting, issuing or selling any of the Offer Shares (including any additional H Shares to be issued pursuant to the Offer Size Adjustment Option) pursuant to the terms of the Global Offering;
- (n) any Director or member of the senior management of the Company named in this prospectus vacating his/her office;
- (o) any Director or member of the senior management of the Company named in this prospectus being charged with or found guilty of an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management or taking directorship of a company; or
- (p) there is any order or petition presented for the winding-up or liquidation of any member of the Group or any composition or arrangement made by any member of the Group with its creditors or a scheme of arrangement entered into by any member of the Group or any resolution for the winding-up or liquidation of any member of the Group or the appointment of a provisional liquidator, receiver or manager over all or part of the assets or undertaking of any member of the Group or anything analogous thereto occurring in respect of any member of the Group,

then the Sole Sponsor and the Sole Overall Coordinator (for itself and on behalf of the other Hong Kong Underwriters), shall be entitled by notice to our Company to terminate the Hong Kong Underwriting Agreement with immediate effect if prior to 8:00 a.m. on the Listing Date.

Undertakings to the Stock Exchange Pursuant to the Listing Rules

(A) Undertakings by our Company

Pursuant to Rule 10.08 of the Listing Rules, our Company has undertaken to the Stock Exchange that no further Shares or securities convertible into equity securities of our Company within six months from the Listing Date, (whether or not of a class already listed) may be issued or sold or transferred out of treasury or form the subject of any agreement to such an issue, or sale or transfer out of treasury (whether or not such issue of Shares or securities, or sale or transfer of treasury Shares will be completed within six months from the Listing Date), except pursuant to the Global Offering, the exercise of the Offer Size Adjustment Option or under the circumstances prescribed by Rule 10.08 of the Listing Rules.

(B) Undertakings by our Controlling Shareholders

By virtue of Rule 10.07 of the Listing Rules, each of our Controlling Shareholders has undertaken to the Stock Exchange and to our Company that, except pursuant to the Global Offering, it will not and will procure that the relevant registered holder(s) (if any) of our Shares in which any of them has a beneficial interest will not, without the prior written consent of the Stock Exchange or unless otherwise in compliance with the requirements of the Listing Rules:

- (i) in the period commencing on the date by reference to which disclosure of its shareholdings in our Company is made in this prospectus and ending on the date which is six months from the Listing Date (the “**First Six-Month Period**”),

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dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which they are shown to be the beneficial owner in this prospectus (the “**Relevant Shares**”); and

- (ii) in the period of six months commencing from the expiry of the First Six-Month Period (the “**Second Six-Month Period**”), dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Relevant Shares to such extent that, immediately following such disposal, or upon the exercise or enforcement of such options, rights, interests or encumbrances, it would then cease to be a controlling shareholder of our Company for the purpose of the Listing Rules.

Pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, each of our Controlling Shareholders has undertaken to the Stock Exchange and to our Company that during the First Six-Month Period and the Second Six-Month Period (as applicable), it will:

- (i) when it pledges or charges any Shares legally and/or beneficially owned by it in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) pursuant to Note 2 to Rule 10.07(2) of the Listing Rules, immediately inform our Company in writing of such pledge or charge together with the number of Shares so pledged or charged; and
- (ii) when it receives indications, either verbal or written, from the pledgee or chargee that any of the pledged or charged Shares will be disposed of, immediately inform our Company in writing of such indications.

Our Company will inform the Stock Exchange in writing as soon as we have been informed of matters referred in above by any of our Controlling Shareholders and disclose such matters by way of announcement in accordance with Rule 2.07C of the Listing Rules as soon as possible.

Undertakings pursuant to the Hong Kong Underwriting Agreement

(A) Undertakings by our Company

Our Company has undertaken to each of the Sole Sponsor, the Sponsor-Overall Coordinator, the Sole Overall Coordinator, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters and the Capital Market Intermediaries, that except for the issue, offer or sale of the Offer Shares by our Company pursuant to the Global Offering (including pursuant to the Offer Size Adjustment Option), during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including the date that is six months after the Listing Date, our Company will not, without the prior written consent of the Sole Sponsors and the Sole Overall Coordinator (for itself and on behalf of the other Hong Kong Underwriters) and except any issue of shares, or transfer of treasury shares pursuant to a share scheme under Chapter 17 of the Listing Rules or otherwise in compliance with the requirements of the Listing Rules:

- (i) offer, allot, issue, sell, accept subscription for, contract to allot, issue or sell, contract, offer or agree to allot, issue or sell, assign, mortgage, charge, pledge, hypothecate, hedge, lend, grant or sell any option, warrant, right or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or

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unconditionally, or repurchase, any legal or beneficial interest in any Shares or other securities of our Company, or any interest in any of the foregoing (including, but not limited to, any securities that are convertible into or exercisable or exchangeable for, or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other securities of our Company), or deposit any Shares or other securities of our Company, with a depositary in connection with the issue of depositary receipts; or

- (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of subscription or ownership (legal or beneficial) of any Shares or other securities of our Company or any interest therein (including, without limitation, any securities of which are convertible into or exchangeable or exercisable for, or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other securities of our Company; or
- (iii) enter into any transaction with the same economic effect as any transaction specified in (i) or (ii) above; or
- (iv) offer to or contract to or agree to announce, or publicly disclose that the Company will or may enter into any transaction described in (i), (ii) or (iii) above,

in each case, whether any of the transactions specified in (i), (ii) or (iii) above is to be settled by delivery of Shares or other securities of our Company or in cash or otherwise (whether or not the issue of such Shares or other securities of our Company will be completed within the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the date that is six months after the Listing Date).

In the event that, during the period of six months commencing on the date that is six months after the Listing Date, our Company enters into any of the transactions specified in (i), (ii) or (iii) above or offers to or agrees to or contracts to or announces, or publicly discloses, any intention to enter into any such transactions, our Company shall take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of the Company.

(B) Undertakings by our Controlling Shareholders

Each of our Controlling Shareholders has jointly and severally agreed and undertaken to each of the Company, the Sole Sponsor, the Sponsor-Overall Coordinator, the Sole Overall Coordinator, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters and the Capital Market Intermediaries that, without the prior written consent of the Sole Sponsor and the Sole Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

- (i) it will not, at any time during the after the date of this Agreement up to and including the date falling twelve months after the Listing Date (the “**Lock-up Period**”), (a) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company or any interest therein (including, but not limited to, any securities that are

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convertible into or exchangeable or exercisable for, or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other securities of our Company) beneficially owned by him/it (the “**Locked-up Securities**”), or deposit any Locked-up Securities with a depositary in connection with the issue of depositary receipts, or (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Locked-up Securities, or (c) enter into any transaction with the same economic effect as any transaction described in (a) or (b) above, or (d) offer to or contract to or agree to or publicly disclose that it will or may enter into in (a), (b) or (c) above, in each case, whether any such transaction described in (a), (b) or (c) above is to be settled by delivery of such Shares or other securities of our Company or in cash or otherwise (whether or not the issue of such H Shares or other securities will be completed within the Lock-up Period);

- (ii) until the expiry of the Lock-up Period, in the event that it enters into any of the transactions specified in (a), (b) or (c) above or offers to or agrees to or contracts to, or publicly announces an intention to enter into any such transactions, it will take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of our Company; and
- (iii) notwithstanding anything to the contrary in the Hong Kong Underwriting Agreement, this undertaking shall not prevent the Controlling Shareholders from using the Locked-up Securities as security (including as a charge or a pledge) in favour of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan.

Indemnity

We and the Warrantors (as defined in the Hong Kong Underwriting Agreement) have agreed to indemnify, among others, the Sole Sponsor, the Sponsor-Overall Coordinator, the Sole Overall Coordinator, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters and the Capital Market Intermediaries for certain losses which they may suffer, including, among others, losses arising from the performance of their obligations under the Hong Kong Underwriting Agreement and any breach by our Company and the Warrantors (as defined in the Hong Kong Underwriting Agreement) of the Hong Kong Underwriting Agreement.

International Offering

International Underwriting Agreement

In connection with the International Offering, it is expected that our Company and our Controlling Shareholders will enter into the International Underwriting Agreement with the Sole Sponsor, the Sponsor-Overall Coordinator, the Sole Overall Coordinator and the International Underwriters. Under the International Underwriting Agreement, subject to the conditions set forth therein, the International Underwriters would severally and not jointly agree to purchase, or procure purchasers to purchase, the Offer Shares being offered pursuant to the International Offering (subject to, among others, any reallocation between the International Offering and the Hong Kong Public Offering). It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors are reminded that in the event that the International Underwriting Agreement is not entered into, or is terminated, the Global Offering will not proceed.

It is expected that each of our Controlling Shareholders will undertake to the International Underwriters not to dispose of, or enter into any agreement to dispose of, or

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otherwise create any options, rights, interest or encumbrances in respect of any of the H Shares held by it in our Company for a period similar to such undertakings given by them pursuant to the Hong Kong Underwriting Agreement, which is described in “— Underwriting Arrangements and Expenses — Undertakings pursuant to the Hong Kong Underwriting Agreement — (B) Undertakings by our Controlling Shareholders” above.

Offer Size Adjustment Option

We expect to grant to the International Underwriters, exercisable in whole or in part by the Sole Overall Coordinator at its absolute discretion (for itself and on behalf of the International Underwriters), the Offer Size Adjustment Option, which will be exercisable on or before the second business day prior to the Listing Date which will lapse immediately thereafter, to require our Company to allot and issue up to an aggregate of 2,881,000 H Shares, representing no more than 15.0% of the number of Offer Shares initially available under the Global Offering, at the Offer Price under the International Offering to cover excess demand in the International Offering, if any.

For more details of the arrangements relating to the Offer Size Adjustment Option, see “Structure of the Global Offering” in this prospectus.

Commission and Expenses

Our Company will pay an underwriting commission of 1.35% of the aggregate Offer Price of all the Offer Shares (including H Shares to be issued if the Offer Size Adjustment Option is exercised) (the “**Fixed Fees**”). Our Company may also in our sole and absolute discretion pay all of the Underwriters an additional incentive fee in aggregate of 2.15% of the aggregate Offer Price for all of the Offer Shares (including H Shares to be issued if the Offer Size Adjustment Option is exercised) (the “**Discretionary Fees**”). The ratio of the Fixed Fees and Discretionary Fees payable is therefore approximately 38.6%:61.4% (on the basis that the Discretionary Fees will be fully paid). For any unsubscribed Hong Kong Offer Shares reallocated to the International Offering, we will pay an underwriting commission at the rate applicable to the International Offering and such commission will be paid to the relevant International Underwriters and not the Hong Kong Underwriters.

Assuming the Offer Size Adjustment Option is not exercised, the aggregate commissions and fees, together with Stock Exchange listing fees, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565%, AFRC transaction levy of 0.00015%, legal and other professional fees and printing and all other expenses payable by us relating to the Global Offering are currently estimated to amount in aggregate to approximately HK\$60.1 million (based on the Offer Price of HK\$32.80 per Offer Share).

INDEPENDENCE OF THE SOLE SPONSOR

The Sole Sponsor satisfies the independence criteria applicable to sponsor set out in Rule 3A.07 of the Listing Rules.

UNDERWRITERS’ INTERESTS IN OUR COMPANY

Save as disclosed in this prospectus and save for the obligations under the Hong Kong Underwriting Agreement and the International Underwriting Agreement, as at the Latest Practicable Date, none of the Underwriters has any shareholding or beneficial interests in any member of our Group nor has any right or option (whether legally enforceable or not) to subscribe for or purchase or to nominate persons to subscribe for or purchase securities in any member of our Group nor any interest in the Global Offering.

Following the completion of the Global Offering, the Sole Overall Coordinator and the Underwriters and their affiliated companies may hold a certain portion of the H Shares as a result of fulfilling their obligations under the Underwriting Agreement.

UNDERWRITING

ACTIVITIES BY SYNDICATE MEMBERS

The underwriters of the Hong Kong Public Offering and the International Offering (together, the “**Syndicate Members**”) and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilizing process.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In the ordinary course of their various business activities, the Syndicate Members and their respective affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers. Such investment and trading activities may involve or relate to assets, securities and/or instruments our Company and/or persons and entities with relationships with our Company and may also include swaps and other financial instruments entered into for hedging purposes in connection with our Group’s loans and other debt.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the H Shares as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the H Shares in most cases.

Such activities may affect the market price or value of our H Shares, the liquidity or trading volume in our H Shares and the volatility of the price of our H Shares, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

- (a) the Syndicate Members must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and
- (b) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

Certain of the Syndicate Members or their respective affiliates have provided from time to time, and expect to provide in the future, investment banking and other services to our Company and our affiliates for which such Syndicate Members or their respective affiliates have received or will receive customary fees and commissions.

STRUCTURE OF THE GLOBAL OFFERING

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises:

- (a) the Hong Kong Public Offering of initially 1,920,800 H Shares (subject to reallocation) in Hong Kong, as described in “— The Hong Kong Public Offering” below; and
- (b) the International Offering of initially 17,286,500 H Shares (subject to reallocation and the Offer Size Adjustment Option) outside the United States in offshore transactions in reliance on Regulation S, as described in “— The International Offering” below.

The 19,207,300 H Shares initially being offered in the Global Offering will represent approximately 9.17% of the total number of issued Shares immediately after completion of the Global Offering, assuming that the Offer Size Adjustment Option is not exercised. The underwriting arrangements, and the respective Underwriting Agreements, are summarized in “Underwriting” in this prospectus.

Investors may apply for Hong Kong Offer Shares under the Hong Kong Public Offering, or, if qualified to do so, apply for or indicate an interest in International Offer Shares under the International Offering, but may not do both.

References in this prospectus to applications, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

THE HONG KONG PUBLIC OFFERING

Number of Shares Initially Offered

We are initially offering 1,920,800 Hong Kong Offer Shares, representing approximately 10% of the total number of Offer Shares initially available under the Global Offering (assuming the Offer Size Adjustment Option is not exercised), at the Offer Price for subscription by the public in Hong Kong, subject to the reallocation of H Shares between (i) the International Offering, and (ii) the Hong Kong Public Offering.

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers and companies (including fund managers) whose ordinary business involves dealing in shares and other securities, and corporate entities which regularly invest in shares and other securities.

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a several basis under the terms of the Hong Kong Underwriting Agreement. Completion of the Hong Kong Public Offering is subject to the conditions as set out in “— Conditions of the Global Offering” below.

Allocation

Allocation of the Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others

STRUCTURE OF THE GLOBAL OFFERING

who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

For allocation purposes only, the total number of the Offer Shares initially available under the Hong Kong Public Offering (after taking account of any reallocation in the number of Offer Shares allocated between the Hong Kong Public Offering and the International Offering referred to below) will be divided equally into two pools (with any odd lots being allocated to pool A): pool A and pool B. Pool A will comprise 960,400 Hong Kong Offer Shares and pool B will comprise 960,400 Hong Kong Offer Shares initially. Both of which are available on an equitable basis to successful applicants. All valid applications that have applied for Hong Kong Offer Shares with an aggregate subscription price (excluding brokerage of 1.0%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015% payable) of HK\$5 million or below will fall into pool A. All valid applications that have applied for Hong Kong Offer Shares with an aggregate subscription price (excluding brokerage of 1.0%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015% payable) of over HK\$5 million and up to the total value of pool B will fall into pool B.

For the purpose of this sub-section only, the “price” for Offer Shares means the price payable on application therefor.

Applicants should be aware that applications in Pool A and applications in Pool B may receive different allocation ratios. If Hong Kong Offer Shares in one (but not both) of the two pools are undersubscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly.

Applicants can only receive an allocation of Hong Kong Offer Shares from either Pool A or Pool B, but not from both pools. Multiple or suspected multiple applications and any application for more than 960,400 Hong Kong Offer Shares (being 50% of the 1,920,800 Offer Shares initially available under the Hong Kong Public Offering) will be rejected.

Reallocation

The Offer Shares to be offered in the Hong Kong Public Offering and the International Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Sole Overall Coordinator. Subject to the allocation cap described in the subsequent paragraph, the Sole Overall Coordinator may in its discretion reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering. In addition, if the Hong Kong Public Offering is not fully subscribed, the Sole Overall Coordinator will have the discretion (but shall not be under any obligation) to reallocate to the International Offering all or any unsubscribed Hong Kong Offer Shares in such amounts as they deem appropriate.

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Sponsor-Overall Coordinator deem appropriate.

In the event of reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering in the circumstances where (a) the International Offer Shares are fully subscribed or oversubscribed and the Hong Kong Offer Shares are fully subscribed or oversubscribed irrespective of the number of times, or (b) the International Offer Shares are undersubscribed and the Hong Kong Offer Shares are fully subscribed or oversubscribed irrespective of the number of times, then up to 960,200 Offer Shares may be reallocated from the International Offering to the Hong Kong Public Offering, so that the total number of

STRUCTURE OF THE GLOBAL OFFERING

Offer Shares available for subscription under the Hong Kong Public Offering will increase up to 2,881,000 Offer Shares, representing approximately 15% of the number of Offer Shares initially available under the Global Offering (before any exercise of the Offer Size Adjustment Option).

Given the initial allocation of the Offer Shares to the Hong Kong Public Offering and the International Offering follows Mechanism B set out under paragraph 2 of Chapter 4.14 of the Guide for New Listing Applicants and the provision of Paragraph 4.2(b) of Practice Note 18 of the Listing Rules, no mandatory clawback or reallocation mechanism is required to increase the number of Offer Shares under the Hong Kong Public Offering to a certain percentage of the total number of Offer Shares offered under the Global Offering.

Details of any reallocation of Offer Shares between the Hong Kong Public Offering and the International Offering will be disclosed in the results announcement of the Global Offering expected to be published on Tuesday, May 26, 2026.

Applications

The Sole Overall Coordinator (for itself and on behalf of the Underwriters) may require any investor who has been offered H Shares under the International Offering, and who has made an application under the Hong Kong Public Offering, to provide sufficient information to the Sole Overall Coordinator so as to allow it to identify the relevant applications under the Hong Kong Public Offering and to ensure that it is excluded from any application for H Shares under the International Offering.

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the application submitted by him/her/it that he/she/it and any person(s) for whose benefit he/she/it is making the application has not applied for or taken up, or indicated an interest in, and will not apply for or take up, or indicate an interest in, any International Offer Shares under the International Offering, and such applicant's application under International Offering is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be).

Applicants under the Hong Kong Public Offering may be required to pay, on application (subject to application channels), the price of HK\$32.80 per Offer Share in addition to the brokerage, SFC transaction levy, Stock Exchange trading fee and AFRC transaction levy payable on each Offer Share. Further details are set out in "How to Apply for Hong Kong Offer Shares."

References in this prospectus to applications, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

THE INTERNATIONAL OFFERING

Number of Offer Shares Offered

Subject to the reallocation as described above, the number of Offer Shares to be initially offered under the International Offering will be 17,286,500, representing approximately 90% of the total number of Offer Shares initially available under the Global Offering. The International Offering is expected to be fully underwritten by the International Underwriters subject to the terms and conditions of the International Underwriting Agreement, and is subject to the Hong Kong Public Offering becoming unconditional.

STRUCTURE OF THE GLOBAL OFFERING

Allocation

The International Offering will include selective marketing of Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares in Hong Kong and other jurisdictions outside the United States in offshore transactions in reliance on Regulation S. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. The International Offering is subject to the Hong Kong Public Offering being unconditional.

Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the “book-building” process described in “— Pricing and Allocation” below and based on a number of factors, including the level and timing of demand, total size of the relevant investor’s invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely hold or sell, H Shares, after the Listing. Such allocation is intended to result in a distribution of the H Shares on a basis which would lead to the establishment of a solid shareholder base to the benefit of our Company and our Shareholders as a whole.

The Sole Overall Coordinator (for itself and on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering and who has made an application under the Hong Kong Public Offering, to provide sufficient information to the Sole Overall Coordinator (for itself and on behalf of the Underwriters) so as to allow it to identify the relevant applications under the Hong Kong Public Offering and to ensure that it is excluded from any application of Offer Shares under the Hong Kong Public Offering.

Reallocation

The total number of Offer Shares to be issued pursuant to the International Offering may change as a result of the exercise of the Offer Size Adjustment Option in whole or in part described in “— Offer Size Adjustment Option” below and/or any reallocation of unsubscribed Hong Kong Offer Shares to the International Offering at the discretion of the Sole Overall Coordinator.

OFFER SIZE ADJUSTMENT OPTION

In connection with the Global Offering, it is expected that our Company will grant the Offer Size Adjustment Option to the International Underwriters, which will be exercisable by the Sole Overall Coordinator (for itself and on behalf of the International Underwriters).

Pursuant to the Offer Size Adjustment Option, the International Underwriters have the right, exercisable by the Sole Overall Coordinator (for itself and on behalf of the International Underwriters) at any time on or before the second business day prior to the Listing Date which will lapse immediately thereafter, to require the Company to issue up to 2,881,000 new H Shares, representing approximately 15.0% of the total number of Offer Shares initially available under the Global Offering, at the Offer Price under the International Offering, to cover excess demand in the International Offering, if any.

If the Offer Size Adjustment Option is exercised in full, the additional Offer Shares will represent approximately 1.36% of the total number of Shares in issue immediately following the completion of the Global Offering and the exercise of the Offer Size Adjustment Option.

STRUCTURE OF THE GLOBAL OFFERING

In considering whether to exercise the Offer Size Adjustment Option, our Company and the Sole Overall Coordinator will take into account a number of factors, including, among other things:

- (a) whether the level of interest expressed by prospective professional and institutional investors during the book-building process under the International Offering is sufficient to cover the total number of Offer Shares, which represents the aggregate of the Offer Shares initially available under the Global Offering and the additional H Shares upon any exercise of the Offer Size Adjustment Option;
- (b) the prices at which prospective professional and institutional investors have indicated they would be prepared to acquire the Offer Shares in the course of the book-building process;
- (c) the quality of investors, with a view to establishing a solid professional institutional and investor shareholder base to the benefit of our Company and its Shareholders as a whole; and
- (d) general market conditions.

The dilution effect of the Offer Size Adjustment Option is set out below:

Number of H Shares issued under the Global Offering before the exercise of the Offer Size Adjustment Option ("Original Subscribers")	Percentage of total issued share capital held by the Original Subscribers before the exercise of the Offer Size Adjustment Option	Number of H Shares issued under the Global Offering after the exercise of the Offer Size Adjustment Option	Percentage of total issued share capital held by the Original Subscribers after the exercise of the Offer Size Adjustment Option
19,207,300	9.17%	22,088,300	10.40%

The Offer Size Adjustment Option will not be used for price stabilization purposes and will not be subject to the provisions of the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong).

If the Offer Size Adjustment Option is exercised in full, the additional net proceeds received from the placing of the additional H Shares allotted and issued will be allocated in accordance with the allocations as disclosed in the section headed "Future Plans and Use of Proceeds" in this prospectus, on a *pro rata* basis.

Our Company will disclose in its allotment results announcement if and to what extent the Offer Size Adjustment Option has been exercised, or will confirm that if the Offer Size Adjustment Option has not been exercised by the second business day prior to the Listing Date, it will lapse and cannot be exercised at any future date. Any exercise of the Offer Size Adjustment Option will be subject to the relevant requirements under the applicable rules and regulations.

PRICING AND ALLOCATION

The Offer Price will be HK\$32.80 per Offer Share, unless otherwise announced, as further explained below. Applicants under the Hong Kong Public Offering may be required to pay, on application (subject to application channels), the Offer Price of HK\$32.80 per Offer

STRUCTURE OF THE GLOBAL OFFERING

Share for each Hong Kong Offer Share together with brokerage of 1.0%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015%.

The International Underwriters will be soliciting from prospective investors' indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building," is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offering.

The Offer Price per Offer Share under the Hong Kong Public Offering will be identical to the Offer Price per Offer Share under the International Offering based on the Hong Kong dollar price per Offer Share.

The Sole Overall Coordinator (for itself and on behalf of the other Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective professional and institutional investors during the book-building process, and with the consent of our Company, reduce the number of Offer Shares offered in the Global Offering and/or the Offer Price below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering, cause to be announced on the website of our Company at www.sdmctech.com and the website of the Stock Exchange at www.hkexnews.hk, notices of the reduction, and the cancellation of the Global Offering and relaunch of the offer at the revised number of Offer Shares and/or the revised Offer Price.

This notice will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as set out in this prospectus, as well as any other financial information which may change as a result of the reduction.

We will, as soon as practicable following the decision to make the reduction, in addition to publishing the notice, issue a supplemental prospectus containing details in relation to the change in the number of Offer Shares being offered and/or the revised Offer Price. The Global Offering will be canceled and subsequently relaunched on FINI pursuant to the supplemental prospectus.

Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the Offer Price may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering, which is Thursday, May 21, 2026. Such notice will also include such information as agreed with the Stock Exchange which may change materially as a result of any such reduction. In the absence of any such notice of reduction published as described in this paragraph, the number of Offer Shares will not be reduced and/or the Offer Price will under no circumstances be set below the Offer Price as stated in this prospectus.

In the event of a reduction in the number of Offer Shares, the Sole Overall Coordinator (for itself and on behalf of the Underwriters) may, at its discretion, reallocate the number of Offer Shares to be offered in the Hong Kong Public Offering and the International Offering. The Offer Shares to be offered in the Hong Kong Public Offering and the Offer Shares to be offered in the International Offering may, in certain circumstances, be reallocated between these offerings at the discretion of the Sole Overall Coordinator (for itself and on behalf of the Underwriters).

STRUCTURE OF THE GLOBAL OFFERING

The level of indications of interest in the International Offering, the results of applications in the Hong Kong Public Offering, the basis of allocations of the Hong Kong Offer Shares and the results of allocations are expected to be announced on Tuesday, May 26, 2026 on the website of our Company at www.sdmctech.com and the website of the Stock Exchange at www.hkexnews.hk.

UNDERWRITING

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement.

We expect to enter into the International Underwriting Agreement relating to the International Offering on or around Friday, May 22, 2026.

These underwriting arrangements under the Hong Kong Underwriting Agreement and the International Underwriting Agreement are summarized in “Underwriting” in this prospectus.

CONDITIONS OF THE GLOBAL OFFERING

Acceptances of all applications for Offer Shares pursuant to the Global Offering will be conditional on, among others:

- (a) the Stock Exchange granting approval for the listing of, and permission to deal in, the H Shares in issue and the H Shares to be issued pursuant to the (i) Global Offering, and (ii) the exercise of the Offer Size Adjustment Option, and such approval not subsequently having been revoked prior to the commencement of dealings in the H Shares on the Stock Exchange;
- (b) the execution and delivery of the International Underwriting Agreement on or around Friday, May 22, 2026; and
- (c) the obligations of the Underwriters under the respective Underwriting Agreements becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and, in any event, not later than the date which is 30 days after the date of this prospectus.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with their respective terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by our Company on the website of the Stock Exchange at www.hkexnews.hk and the website of our Company at www.sdmctech.com on the next Business Day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in “How to Apply for Hong Kong Offer Shares — D. Dispatch/Collection of H Share Certificates and Refund of Application Monies.” In the meantime, all application monies will be held in separate bank account(s) with the receiving bankers or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

STRUCTURE OF THE GLOBAL OFFERING

H Share certificates will only become valid evidence of title at 8:00 a.m. on the Listing Date provided that (i) the Global Offering has become unconditional in all respects, and (ii) the right of termination as described in “Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for Termination” has not been exercised.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Stock Exchange for the listing of, and permission to deal in, the H Shares in issue and to be issued by us pursuant to the Global Offering (including the H Shares which may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option).

No part of our Company’s share or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to deal is being or proposed to be sought in the near future.

SHARES WILL BE ELIGIBLE FOR CCASS

Subject to the granting of the listing of, and permission to deal in, the H Shares on the Stock Exchange and compliance with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange (as defined in the Listing Rules) is required to take place in CCASS on the second settlement day after any trading day. All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time. Investors should seek the advice of their stockbroker or other professional advisors for details of the settlement arrangements as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling our H Shares to be admitted into CCASS.

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Wednesday, May 27, 2026, it is expected that dealings in the H Shares on the Stock Exchange will commence at 9:00 a.m. on Wednesday, May 27, 2026. The H Shares will be traded in board lots of 100 H Shares. The stock code of the H Shares will be 00901.

HOW TO APPLY FOR HONG KONG OFFER SHARES

IMPORTANT NOTICE TO INVESTORS OF HONG KONG OFFER SHARES FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering and below are the procedures for application.

This prospectus is available at the website of the Stock Exchange at www.hkexnews.hk under the “HKEXnews > New Listings > New Listing Information” section, and our website at www.sdmctech.com.

The contents of this prospectus are identical to the prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the CWUMPO.

A. APPLICATION FOR HONG KONG OFFER SHARES

1. Who Can Apply

You can apply for Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying for:

- are 18 years of age or older; and
- have a Hong Kong address (*for the HK eIPO White Form service only*).

Unless permitted by the Listing Rules or a waiver and/or consent has been granted by the Stock Exchange to us, you cannot apply for any Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying for:

- are an existing Shareholder or its close associates; or
- are a Director or any of his/her close associates.

2. Application Channels

The Hong Kong Public Offering period will begin at 9:00 a.m. on Monday, May 18, 2026 and end at 12:00 noon on Thursday, May 21, 2026 (Hong Kong time).

To apply for Hong Kong Offer Shares, you may use one of the following application channels:

Application Channel	Platform	Target Investors	Application Time
HK eIPO White Form service	www.hkeipo.hk	Investors who would like to receive a physical H Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in your own name.	From 9:00 a.m. on Monday, May 18, 2026 to 11:30 a.m. on Thursday, May 21, 2026, Hong Kong time. The latest time for completing full payment of application monies will be 12:00 noon on Thursday, May 21, 2026, Hong Kong time.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Application Channel	Platform	Target Investors	Application Time
HKSCC EIPO channel	Your broker or custodian who is a HKSCC Participant will submit a HKSCC EIPO application on your behalf through HKSCC's FINI system in accordance with your instruction.	Investors who would <u>not</u> like to receive a physical H Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in the name of HKSCC Nominees, deposited directly into CCASS and credited to your designated HKSCC Participant's stock account.	Contact your broker or custodian for the earliest and latest time for giving such instructions, as this may vary by broker or custodian.

The **HK eIPO White Form** service and the **HKSCC EIPO** channel are facilities subject to capacity limitations and potential service interruptions and you are advised not to wait until the last day of the application period to apply for Hong Kong Offer Shares.

For those applying through the **HK eIPO White Form** service, once you complete payment in respect of any application instructions given by you or for your benefit through the **HK eIPO White Form** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. If you are a person for whose benefit the **electronic application instructions** are given, you shall be deemed to have declared that only one set of **electronic application instructions** has been given for your benefit. If you are an agent for another person, you shall be deemed to have declared that you have only given one set of **electronic application instructions** for the benefit of the person for whom you are an agent and that you are duly authorized to give those instructions as an agent.

For the avoidance of doubt, giving an application instruction under the **HK eIPO White Form** service more than once and obtaining different payment reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you apply through the **HK eIPO White Form** service, you are deemed to have authorized the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** service.

By instructing your broker or custodian to apply for the Hong Kong Offer Shares on your behalf through the **HKSCC EIPO** Channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to apply for Hong Kong Offer Shares on your behalf and to do on your behalf all the things stated in this prospectus and any supplement to it.

For those applying through **HKSCC EIPO** channel, an actual application will be deemed to have been made for any application instructions given by you or for your benefit to HKSCC (in which case an application will be made by HKSCC Nominees on your behalf) provided such application instruction has not been withdrawn or otherwise invalidated before the closing time of the Hong Kong Public Offering.

HOW TO APPLY FOR HONG KONG OFFER SHARES

HKSCC Nominees will only be acting as a nominee for you and neither HKSCC nor HKSCC Nominees shall be liable to you or any other person in respect of any actions taken by HKSCC or HKSCC Nominees on your behalf to apply for Hong Kong Offer Shares or for any breach of the terms and conditions of this prospectus.

3. Information Required to Apply

You must provide the following information with your application:

For Individual Applicants

- Full name(s)² as shown on your identity document
- Identity document's issuing country or jurisdiction
- Identity document type, with order of priority:
 - i. HKID card; or
 - ii. National identification document; or
 - iii. Passport; and
- Identity document number

For Corporate Applicants

- Full name(s)² as shown on your identity document
- Identity document's issuing country or jurisdiction
- Identity document type, with order of priority:
 - i. LEI registration document; or
 - ii. Certificate of incorporation; or
 - iii. Business registration certificate; or
 - iv. Other equivalent document; and
- Identity document number

Notes:

1. If you are applying through the **HK eIPO White Form** service, you are required to provide a valid e-mail address, a contact telephone number and a Hong Kong address. You are also required to declare that the identity information provided by you follows the requirements as described in Note 2 below. In particular, where you cannot provide a HKID number, you must confirm that you do not hold a HKID card. The number of joint applicants may not exceed four. If you are a firm, the applicant must be in the individual members' names.
2. The applicant's full name as shown on their identity document must be used and the surname, given name, middle and other names (if any) must be input in the same order as shown on the identity document. If an applicant's identity document contains both an English and Chinese name, both English and Chinese names must be used. Otherwise, either English or Chinese names will be accepted. The order of priority of the applicant's identity document type must be strictly followed and where an individual applicant has a valid HKID card (including both Hong Kong Residents and Hong Kong Permanent Residents), the HKID number must be used when making an application to subscribe for shares in a public offer. Similarly for corporate applicants, a LEI number must be used if an entity has a LEI certificate.
3. If the applicant is a trustee, the client identification data ("CID") of the trustee, as set out above, will be required. If the applicant is an investment fund (i.e. a collective investment scheme, or CIS), the CID of the asset management company or the individual fund, as appropriate, which has opened a trading account with the broker will be required, as above.
4. The maximum number of joint account holders on FINI⁽¹⁾ is capped at four in accordance with market practice.

⁽¹⁾ Subject to change, if the Company's Articles of Incorporation and applicable company law prescribe a lower cap.

HOW TO APPLY FOR HONG KONG OFFER SHARES

5. If you are applying as a nominee, you must provide: (i) the full name (as shown on the identity document), the identity document's issuing country or jurisdiction, the identity document type; and (ii), the identity document number, for each of the beneficial owners or, in the case(s) of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.
6. If you are applying as an unlisted company and (i) the principal business of that company is dealing in securities; and (ii) you exercise statutory control over that company, then the application will be treated as being for your benefit and you should provide the required information in your application as stated above.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange or any other stock exchange.

"Statutory control" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

For those applying through **HKSCC EIPO** channel, and making an application under a power of attorney, we and the Sole Overall Coordinator, as our agent, have discretion to consider whether to accept it on any conditions we think fit, including evidence of the attorney's authority.

Failing to provide any required information may result in your application being rejected.

4. Permitted Number of Hong Kong Offer Shares for Application

Board lot size : 100 H Shares

Permitted number of Hong Kong Offer Shares for application and amount payable on application/successful allotment : Hong Kong Offer Shares are available for application in specified board lot sizes only. Please refer to the amount payable associated with each specified board lot size in the table below.

The Offer Price is HK\$32.80 per H Share.

If you are applying through the **HKSCC EIPO** channel, your broker or custodian may require you to pre-fund your application, in such amount as determined by the broker or custodian, as determined based on the applicable laws and regulations in Hong Kong. You are responsible for complying with any such pre-funding requirement imposed by your broker or custodian with respect to the Hong Kong Offer Shares you applied for.

By instructing your broker or custodian to apply for the Hong Kong Offer Shares on your behalf through the **HKSCC EIPO** Channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to arrange payment of the Offer Price, brokerage, SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy by debiting the relevant nominee bank account at the designated bank for your broker or custodian.

HOW TO APPLY FOR HONG KONG OFFER SHARES

If you are applying through the **HK eIPO White Form** service, you may refer to the table below for the amount payable for the number of H Shares you have selected. You must pay the respective amount payable on application in full upon application for Hong Kong Offer Shares.

No. of Hong Kong Offer Shares applied for	Amount payable ⁽²⁾ on application/successful allotment HK\$	No. of Hong Kong Offer Shares applied for	Amount payable ⁽²⁾ on application/successful allotment HK\$	No. of Hong Kong Offer Shares applied for	Amount payable ⁽²⁾ on application/successful allotment HK\$	No. of Hong Kong Offer Shares applied for	Amount payable ⁽²⁾ on application/successful allotment HK\$
100	3,313.08	2,000	66,261.58	10,000	331,307.88	300,000	9,939,236.40
200	6,626.16	2,500	82,826.96	20,000	662,615.75	400,000	13,252,315.20
300	9,939.24	3,000	99,392.37	30,000	993,923.65	500,000	16,565,394.00
400	13,252.31	3,500	115,957.76	40,000	1,325,231.52	600,000	19,878,472.80
500	16,565.39	4,000	132,523.15	50,000	1,656,539.40	700,000	23,191,551.60
600	19,878.47	4,500	149,088.55	60,000	1,987,847.28	800,000	26,504,630.40
700	23,191.55	5,000	165,653.95	70,000	2,319,155.15	960,400 ⁽¹⁾	31,818,808.79
800	26,504.63	6,000	198,784.73	80,000	2,650,463.05		
900	29,817.71	7,000	231,915.51	90,000	2,981,770.92		
1,000	33,130.79	8,000	265,046.30	100,000	3,313,078.80		
1,500	49,696.18	9,000	298,177.09	200,000	6,626,157.60		

Notes:

- (1) Maximum number of Hong Kong Offer Shares you may apply for and this is 50% of the Hong Kong Offer Shares initially offered.
- (2) The amount payable is inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) or to the **HK eIPO White Form** Service Provider (for applications made through the application channel of the **HK eIPO White Form** service) while the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy will be paid to the SFC, the Stock Exchange and the AFRC, respectively.

5. Multiple Applications Prohibited

You or your joint applicant(s) shall not make more than one application for your own benefit, except where you are a nominee and provide the information of the underlying investor in your application as required under the paragraph headed “— A. Application for Hong Kong Offer Shares — 3. Information Required to Apply” in this section. If you are suspected of submitting or cause to submit more than one application, all of your applications will be rejected.

Multiple applications made either through (i) the **HK eIPO White Form** service, (ii) **HKSCC EIPO** channel, or (iii) both channels concurrently are prohibited and will be rejected. If you have made an application through the **HK eIPO White Form** service or **HKSCC EIPO** channel, you or the person(s) for whose benefit you have made the application shall not apply further for any Offer Shares.

The H Share Registrar would record all applications into its system and identify suspected multiple applications with identical names and identification document numbers according to the Best Practice Note on Treatment of Multiple/Suspected Multiple Applications (“**Best Practice Note**”) issued by the Federation of Share Registrars Limited.

Since applications are subject to personal information collection statements, identification document numbers displayed are redacted.

HOW TO APPLY FOR HONG KONG OFFER SHARES

6. Terms and Conditions of An Application

By applying for Hong Kong Offer Shares through the **HK eIPO White Form** service or **HKSCC EIPO** channel, you (or as the case may be, HKSCC Nominees will do the following things on your behalf):

- (i) undertake to execute all relevant documents and instruct and authorize us and/or the Sole Overall Coordinator, as our agent, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association, and (if you are applying through the **HKSCC EIPO** channel) to deposit the allotted Hong Kong Offer Shares directly into CCASS for the credit of your designated HKSCC Participant's stock account on your behalf;
- (ii) confirm that you have read and understand the terms and conditions and application procedures set out in this prospectus and the designated website of the **HK eIPO White Form** service (or as the case may be, the agreement you entered into with your broker or custodian), and agree to be bound by them;
- (iii) (if you are applying through the **HKSCC EIPO** channel) agree to the arrangements, undertakings and warranties under the participant agreement between your broker or custodian and HKSCC and observe the General Rules of HKSCC and the HKSCC Operational Procedures for giving application instructions to apply for Hong Kong Offer Shares;
- (iv) confirm that you are aware of the restrictions on offers and sales of shares set out in this prospectus and they do not apply to you, or the person(s) for whose benefit you have made the application;
- (v) confirm that you have read this prospectus and any supplement to it and have relied only on the information and representations contained therein in making your application (or as the case may be, causing your application to be made) and will not rely on any other information or representations;
- (vi) agree that our Company, the Sole Sponsor, the Sponsor-Overall Coordinator, the Sole Overall Coordinator, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, the Capital Market Intermediaries, and any of their or our Company's respective directors, officers, employees, partners, agents, advisors, and representatives, and any other parties involved in the Global Offering (collectively, the "**Relevant Persons**"), the H Share Registrar and HKSCC will not be liable for any information and representations not in this prospectus and any supplement to it;
- (vii) agree to disclose the details of your application and your personal data and any other personal data which may be required about you and the person(s) for whose benefit you have made the application to us, the Relevant Persons, the H Share Registrar, HKSCC, HKSCC Nominees, the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, for the purposes under the paragraph headed "— G. Personal Data — 3. Purposes and 4. Transfer of personal data" in this section;
- (viii) agree (without prejudice to any other rights which you may have once your application (or as the case may be, HKSCC Nominees' application) has been accepted) that you will not rescind it because of an innocent misrepresentation;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (ix) agree that subject to Section 44A(6) of the CWUMPO, any application made by you or HKSCC Nominees on your behalf cannot be revoked once it is accepted, which will be evidenced by the notification of the result of the ballot by the H Share Registrar by way of publication of the results at the time and in the manner as specified in the paragraph headed “— B. Publication of Results” in this section;
- (x) confirm that you are aware of the situations specified in the paragraph headed “— C. Circumstances In Which You Will Not Be Allocated Hong Kong Offer Shares” in this section;
- (xi) agree that your application or HKSCC Nominees’ application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong;
- (xii) agree to comply with the Companies Ordinance, the CWUMPO, the Articles of Association and laws of any place outside Hong Kong that apply to your application and that neither we nor the Relevant Persons will breach any law inside and/or outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus;
- (xiii) confirm that (a) your application or HKSCC Nominees’ application on your behalf is not financed directly or indirectly by our Company, any of the directors, chief executives, substantial Shareholder(s) or existing shareholder(s) of our Company or any of our subsidiaries or any of their respective close associates; and (b) you are not accustomed or will not be accustomed to taking instructions from our Company, any of the directors, chief executives, substantial shareholder(s) or existing shareholder(s) of our Company or any of our subsidiaries or any of their respective close associates in relation to the acquisition, disposal, voting or other disposition of the H Shares registered in your name or otherwise held by you;
- (xiv) warrant that the information you have provided is true and accurate;
- (xv) confirm that you understand that we and the Sole Overall Coordinator will rely on your declarations and representations in deciding whether or not to allocate any Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;
- (xvi) agree to accept Hong Kong Offer Shares applied for or any lesser number allocated to you under the application;
- (xvii) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (xviii)(if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit by giving **electronic application instructions** to HKSCC directly or indirectly or through the application channel of the **HK eIPO White Form** service or by any one as your agent or by any other person; and

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (xix) (if you are making the application as an agent for the benefit of another person) warrant that (1) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person by giving **electronic application instructions** to HKSCC or the **HK eIPO White Form** Service Provider and (2) you have due authority to give **electronic application instructions** on behalf of that other person as its agent.

B. PUBLICATION OF RESULTS

Results of Allocation

You can check whether you are successfully allocated any Hong Kong Offer Shares through:

Platform	Date/Time	
Applying through the HK eIPO White Form service or HKSCC EIPO channel:		
Website	From the “Allotment Results” page at www.hkeipo.hk/IPOResult or www.tricor.com.hk/ipo/result with a “search by ID” function.	24 hours, from 11:00 p.m. on Tuesday, May 26, 2026 to 12:00 midnight on Monday, June 1, 2026 (Hong Kong time).
	The full list of (i) wholly or partially successful applicants using the HK eIPO White Form service and HKSCC EIPO channel, and (ii) the number of Hong Kong Offer Shares conditionally allotted to them, among other things, will be displayed at www.hkeipo.hk/IPOResult or www.tricor.com.hk/ipo/result .	
	The Stock Exchange’s website at www.hkexnews.hk and our website at www.sdmctech.com which will provide links to the above mentioned websites of the H Share Registrar.	No later than 11:00 p.m. on Tuesday, May 26, 2026 (Hong Kong time).
Telephone	+852 3691 8488 — the allocation results telephone enquiry line provided by the H Share Registrar.	Between 9:00 a.m. and 6:00 p.m., from Wednesday, May 27, 2026 to Monday, June 1, 2026 (Hong Kong time) on a business day.

For those applying through **HKSCC EIPO** channel, you may also check with your broker or custodian from 6:00 p.m. on Friday, May 22, 2026 (Hong Kong time), **HKSCC Participants** can log into FINI and review the allotment result from 6:00 p.m. on Friday, May 22, 2026 (Hong Kong time) on a 24-hour basis and should report any discrepancies on allotments to **HKSCC** as soon as practicable.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Allocation Announcement

We expect to announce the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocations of Hong Kong Offer Shares on the Stock Exchange's website at www.hkexnews.hk and our website at www.sdmctech.com by no later than 11:00 p.m. on Tuesday, May 26, 2026 (Hong Kong time).

C. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED HONG KONG OFFER SHARES

You should note the following situations in which Hong Kong Offer Shares will not be allocated to you or the person(s) for whose benefit you are applying for:

1. If your application is revoked:

Your application or the application made by HKSCC Nominees on your behalf may be revoked pursuant to Section 44A(6) of the CWUMPO.

2. If we or our agents exercise our discretion to reject your application:

We, the Sole Overall Coordinator, the H Share Registrar and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

3. If the allocation of Hong Kong Offer Shares is void:

The allocation of Hong Kong Offer Shares will be void if the Stock Exchange does not grant permission to list the H Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Stock Exchange notifies us of that longer period within three weeks of the closing date of the application lists.

4. If:

- you make multiple applications or suspected multiple applications. You may refer to the paragraph headed “— A. Application for Hong Kong Offer Shares — 5. Multiple Applications Prohibited” in this section on what constitutes multiple applications;
- your application instruction is incomplete;
- your payment (or confirmation of funds, as the case may be) is not made correctly;
- the Underwriting Agreements do not become unconditional or are terminated;
- we or the Sole Overall Coordinator believe that by accepting your application, it or we would violate applicable securities or other laws, rules or regulations.

HOW TO APPLY FOR HONG KONG OFFER SHARES

5. If there is money settlement failure for allotted H Shares:

Based on the arrangements between HKSCC Participants and HKSCC, HKSCC Participants will be required to hold sufficient application funds on deposit with their designated bank before balloting. After balloting of Hong Kong Offer Shares, the Receiving Bank will collect the portion of these funds required to settle each HKSCC Participant's actual Hong Kong Offer Share allotment from their designated bank.

There is a risk of money settlement failure. In the extreme event of money settlement failure by a HKSCC Participant (or its designated bank), who is acting on your behalf in settling payment for your allotted H Shares, HKSCC will contact the defaulting HKSCC Participant and its designated bank to determine the cause of failure and request such defaulting HKSCC Participant to rectify or procure to rectify the failure.

However, if it is determined that such settlement obligation cannot be met, the affected Hong Kong Offer Shares will be reallocated to the International Offering. Hong Kong Offer Shares applied for by you through the broker or custodian may be affected to the extent of the settlement failure. In the extreme case, you will not be allocated any Hong Kong Offer Shares due to the money settlement failure by such HKSCC Participant. None of us, the Relevant Persons, the H Share Registrar and HKSCC is or will be liable if Hong Kong Offer Shares are not allocated to you due to the money settlement failure.

D. DISPATCH/COLLECTION OF H SHARE CERTIFICATES AND REFUND OF APPLICATION MONIES

You will receive one H Share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made through the **HKSCC EIPO** channel where the H Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the H Shares. No receipt will be issued for sums paid on application.

H Share certificates will only become valid at 8:00 a.m. on the Listing Date, provided that the Global Offering has become unconditional and the right of termination described in the section headed “Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for Termination” has not been exercised. Investors who trade the H Shares on the basis of publicly available allocation details prior to the receipt of H Share certificates or prior to the H Share certificates becoming valid evidence of title do so entirely at their own risk.

The right is reserved to retain any H Share certificate(s) and (if applicable) any surplus application monies pending clearance of application monies.

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The following sets out the relevant procedures and time:

	HK eIPO White Form service	HKSCC EIPO channel
Dispatch/collection of H Share certificate¹		
For application of 500,000 Hong Kong Offer Shares or more	Collection in person at the H Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong. Time: from 9:00 a.m. to 1:00 p.m. on Wednesday, May 27, 2026 (Hong Kong time). If you are an individual, you must not authorize any other person to collect for you. If you are a corporate applicant, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorized representatives must produce, at the time of collection, evidence of identity acceptable to the H Share Registrar. Note: If you do not collect your H Share certificate(s) personally within the time above, it/they will be sent to the address specified in your application instructions by ordinary post at your own risk.	H Share certificate(s) will be issued in the name of HKSCC Nominees, deposited into CCASS and credited to your designated HKSCC Participant's stock account. No action by you is required.
For application of less than 500,000 Hong Kong Offer Shares	Your H Share certificate(s) will be sent to the address specified in your application instructions by ordinary post at your own risk. Date: Tuesday, May 26, 2026.	
Refund mechanism for surplus application monies paid by you		
Date	Wednesday, May 27, 2026.	Subject to the arrangement between you and your broker or custodian.
Responsible party	H Share Registrar.	Your broker or custodian.
Application monies paid through single bank account	HK eIPO White Form e-Auto Refund payment instructions to your designated bank account.	Your broker or custodian will arrange refund to your designated bank account subject to the arrangement between you and it.

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	HK eIPO White Form service	HKSCC EIPO channel
Application monies paid through multiple bank accounts	Refund cheque(s) will be dispatched to the address as specified in your application instructions by ordinary post at your own risk.	
1.	Except in the event of a tropical cyclone warning signal number 8 or above, a black rainstorm warning and/or Extreme Conditions in the morning on Tuesday, May 26, 2026 rendering it impossible for the relevant H Share certificates to be dispatched to HKSCC in a timely manner, the Company shall procure the H Share Registrar to arrange for delivery of the supporting documents and H Share certificates in accordance with the contingency arrangements as agreed between them. You may refer to “— E. Bad Weather Arrangements” in this section.	

E. BAD WEATHER ARRANGEMENTS

The Opening and Closing of the Application Lists

The application lists will not open or close on Thursday, May 21, 2026 if, there is/are:

- a tropical cyclone warning signal number 8 or above;
- a black rainstorm warning; and/or
- Extreme Conditions,

(collectively, “**Bad Weather Signals**”),

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, May 21, 2026.

Instead they will open between 11:45 a.m. and 12:00 noon and/or close at 12:00 noon on the next business day which does not have Bad Weather Signals in force at any time between 9:00 a.m. and 12:00 noon.

Prospective investors should be aware that a postponement of the opening/closing of the application lists may result in a delay in the listing date. Should there be any changes to the dates mentioned in the section headed “Expected Timetable” in this prospectus, an announcement will be made and published on the Stock Exchange’s website at www.hkexnews.hk and our website at www.sdmctech.com of the revised timetable.

If a Bad Weather Signal is hoisted on Tuesday, May 26, 2026, the H Share Registrar will make appropriate arrangements for the delivery of the H Share certificates to the CCASS Depository’s service counter so that they would be available for trading on Wednesday, May 27, 2026.

If a Bad Weather Signal is hoisted on Tuesday, May 26, 2026, for application of less than 500,000 Hong Kong Offer Shares, the despatch of physical H Share certificates will be made by ordinary post when the post office re-opens after the Bad Weather Signal is lowered or canceled (e.g. in the afternoon of Tuesday, May 26, 2026, or on Wednesday, May 27, 2026).

If a Bad Weather Signal is hoisted on Wednesday, May 27, 2026, for application of 500,000 Hong Kong Offer Shares or more, physical H Share certificates will be available for collection in person at the H Share Registrar’s Office after the Bad Weather Signal is lowered or canceled (e.g. in the afternoon of Wednesday, May 27, 2026 or on Thursday, May 28, 2026).

Prospective investors should be aware that if they choose to receive physical H Share certificates issued in their own name, there may be a delay in receiving the H Share certificates.

HOW TO APPLY FOR HONG KONG OFFER SHARES

F. ADMISSION OF THE H SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the H Shares on the Stock Exchange and we comply with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants is required to take place in CCASS on the second settlement day after any trading day.

All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time.

All necessary arrangements have been made enabling the H Shares to be admitted into CCASS.

You should seek the advice of your broker or other professional advisor for details of the settlement arrangement as such arrangements may affect your rights and interests.

G. PERSONAL DATA

The following Personal Information Collection Statement applies to any personal data collected and held by our Company, the H Share Registrar, the receiving bank and the Relevant Persons about you in the same way as it applies to personal data about applicants other than HKSCC Nominees. This personal data may include client identifier(s) and your identification information. By giving application instructions to HKSCC, you acknowledge that you have read, understood and agree to all of the terms of the Personal Information Collection Statement below.

1. Personal Information Collection Statement

This Personal Information Collection Statement informs the applicant for, and holder of, Hong Kong Offer Shares, of the policies and practices of our Company and the H Share Registrar in relation to personal data and the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

2. Reasons for the collection of your personal data

It is necessary for applicants and registered holders of Hong Kong Offer Shares to ensure that personal data supplied to our Company or its agents and the H Share Registrar is accurate and up-to-date when applying for Hong Kong Offer Shares or transferring Hong Kong Offer Shares into or out of their names or in procuring the services of the H Share Registrar.

Failure to supply the requested data or supplying inaccurate data may result in your application for Hong Kong Offer Shares being rejected, or in the delay or the inability of our Company or the H Share Registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfers of Hong Kong Offer Shares which you have successfully applied for and/or the dispatch of H Share certificate(s) to which you are entitled.

It is important that applicants for and holders of Hong Kong Offer Shares inform our Company and the H Share Registrar immediately of any inaccuracies in the personal data supplied.

HOW TO APPLY FOR HONG KONG OFFER SHARES

3. Purposes

Your personal data may be used, held, processed, and/or stored (by whatever means) for the following purposes:

- processing your application and refund cheque and **HK eIPO White Form** e-Auto Refund payment instruction(s), where applicable, verification of compliance with the terms and application procedures set out in this prospectus and announcing results of allocation of Hong Kong Offer Shares;
- compliance with applicable laws and regulations in Hong Kong and elsewhere;
- registering new issues or transfers into or out of the names of the holders of the H Shares including, where applicable, HKSCC Nominees;
- maintaining or updating the register of members of our Company;
- verifying identities of applicants for and holders of the H Shares and identifying any duplicate applications for the Shares;
- facilitating Hong Kong Offer Shares balloting;
- establishing benefit entitlements of holders of the H Shares, such as dividends, rights issues, bonus issues, etc.;
- distributing communications from our Company and our subsidiaries;
- compiling statistical information and profiles of the holder of the H Shares;
- disclosing relevant information to facilitate claims on entitlements; and
- any other incidental or associated purposes relating to the above and/or to enable our Company and the H Share Registrar to discharge their obligations to applicants and holders of the H Shares and/or regulators and/or any other purposes to which applicants and holders of the H Shares may from time to time agree.

4. Transfer of personal data

Personal data held by our Company and the H Share Registrar relating to the applicants for and holders of Hong Kong Offer Shares will be kept confidential but our Company and the H Share Registrar may, to the extent necessary for achieving any of the above purposes, disclose, obtain or transfer (whether within or outside Hong Kong) the personal data to, from or with any of the following:

- our Company's appointed agents such as financial advisors, receiving bank and overseas principal share registrar;
- HKSCC or HKSCC Nominees, who will use the personal data and may transfer the personal data to the H Share Registrar, in each case for the purposes of providing its services or facilities or performing its functions in accordance with its rules or procedures and operating FINI and CCASS (including where applicants for the Hong Kong Offer Shares request a deposit into CCASS);

HOW TO APPLY FOR HONG KONG OFFER SHARES

- any agents, contractors or third-party service providers who offer administrative, telecommunications, computer, payment or other services to our Company or the H Share Registrar in connection with their respective business operation;
- the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, including for the purpose of the Stock Exchange's administration of the Listing Rules and the SFC's performance of its statutory functions; and
- any persons or institutions with which the holders of Hong Kong Offer Shares have or propose to have dealings, such as their bankers, solicitors, accountants or brokers etc.

5. Retention of personal data

Our Company and the H Share Registrar will keep the personal data of the applicants and holders of Hong Kong Offer Shares for as long as necessary to fulfill the purposes for which the personal data were collected. Personal data which is no longer required will be destroyed or dealt with in accordance with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

6. Access to and correction of personal data

Applicants for and holders of Hong Kong Offer Shares have the right to ascertain whether our Company or the H Share Registrar hold their personal data, to obtain a copy of that data, and to correct any data that is inaccurate. Our Company and the H Share Registrar have the right to charge a reasonable fee for the processing of such requests. All requests for access to data or correction of data should be addressed to our Company and the H Share Registrar, at their registered address disclosed in the section headed "Corporate Information" in this prospectus or as notified from time to time, for the attention of our joint company secretaries, or the H Share Registrar for the attention of the privacy compliance officer.

The following is the text of a report, prepared for the purpose of incorporation in this document, received from the independent reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong.



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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SHENZHEN SDMC TECHNOLOGY CO., LTD. AND CHINA SECURITIES (INTERNATIONAL) CORPORATE FINANCE COMPANY LIMITED

Introduction

We report on the historical financial information of Shenzhen SDMC Technology Co., Ltd. (the “**Company**”) and its subsidiaries (together, the “**Group**”) set out on pages I-3 to I-66, which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2023, 2024 and 2025 (the “**Relevant Periods**”), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2023, 2024 and 2025 and material accounting policy information and other explanatory information (together, the “**Historical Financial Information**”). The Historical Financial Information set out on pages I-3 to I-66 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 18 May 2026 (the “**Prospectus**”) in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* as issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, in order to design procedures that are appropriate in the circumstances, but not

for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group and the Company as at 31 December 2023, 2024 and 2025 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance***Adjustments***

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-3 have been made.

Dividends

We refer to note 11 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

Certified Public Accountants
Hong Kong

18 May 2026

I HISTORICAL FINANCIAL INFORMATION**Preparation of Historical Financial Information**

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the “**Underlying Financial Statements**”).

The Historical Financial Information is presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<i>Notes</i>	Year ended 31 December		
		2023	2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
REVENUE	5	2,366,870	2,540,936	3,367,659
Cost of sales		<u>(1,866,402)</u>	<u>(2,057,990)</u>	<u>(2,711,565)</u>
Gross profit		<u>500,468</u>	<u>482,946</u>	<u>656,094</u>
Other income and gains	5	26,215	37,518	17,188
Selling and distribution expenses		(103,687)	(129,542)	(146,311)
Administrative expenses		(64,294)	(74,171)	(106,910)
Research and development costs		(149,229)	(160,706)	(163,900)
(Provision for)/reversal of impairment losses on financial assets, net		(5,290)	(8,400)	14,284
Other expenses		(430)	(434)	(14,947)
Finance costs	6	<u>(3,512)</u>	<u>(6,121)</u>	<u>(4,313)</u>
PROFIT BEFORE TAX	7	200,241	141,090	251,185
Income tax expense	10	<u>(9,032)</u>	<u>(3,864)</u>	<u>(12,032)</u>
PROFIT FOR THE YEAR		<u>191,209</u>	<u>137,226</u>	<u>239,153</u>
Attributable to:				
Owners of the parent		191,209	137,228	239,112
Non-controlling interests		<u>—</u>	<u>(2)</u>	<u>41</u>
		<u>191,209</u>	<u>137,226</u>	<u>239,153</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	12			
Basic and diluted		<u>RMB1.00</u>	<u>RMB0.72</u>	<u>RMB1.25</u>

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
PROFIT FOR THE YEAR	191,209	137,226	239,153
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences:			
Exchange differences on translation of foreign operations	(22)	(3,009)	1,538
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	191,187	134,217	240,691
Attributable to:			
Owners of the parent	191,187	134,219	240,650
Non-controlling interests	–	(2)	41
	191,187	134,217	240,691

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December		
	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	13	20,396	27,412	43,340
Right-of-use assets	15	42,486	41,385	47,308
Other intangible assets	14	7,324	7,063	6,907
Deferred tax assets	18	13,393	16,197	15,965
Long-term prepayments and deposits	20	3,123	3,391	4,495
Total non-current assets		<u>86,722</u>	<u>95,448</u>	<u>118,015</u>
CURRENT ASSETS				
Inventories	17	499,889	645,002	869,360
Trade and bills receivables	19	772,438	820,503	905,190
Prepayments, other receivables and other assets	20	87,184	115,424	352,031
Current income tax recoverable		2,133	2,682	2,886
Pledged deposits	21	11,225	—	—
Restricted bank deposits	21	84,216	89,929	52,591
Cash and cash equivalents	21	280,956	455,770	273,353
Total current assets		<u>1,738,041</u>	<u>2,129,310</u>	<u>2,455,411</u>
CURRENT LIABILITIES				
Trade and bills payables	22	647,962	791,080	861,725
Other payables and accruals	23	114,032	136,612	170,722
Derivative financial instruments	24	119	—	1,033
Interest-bearing bank and other borrowings	25	113,912	218,826	215,564
Lease liabilities	15	7,948	3,882	7,770
Income tax payable		1,114	230	5,751
Contract liabilities	26	38,285	32,338	30,236
Provision	28	—	—	3,992
Total current liabilities		<u>923,372</u>	<u>1,182,968</u>	<u>1,296,793</u>
NET CURRENT ASSETS		<u>814,669</u>	<u>946,342</u>	<u>1,158,618</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>901,391</u>	<u>1,041,790</u>	<u>1,276,633</u>

	<i>Notes</i>	As at 31 December		
		2023	2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT LIABILITIES				
Lease liabilities	15	989	4,737	8,303
Deferred income	27	—	—	1,090
		<u> </u>	<u> </u>	<u> </u>
Total non-current liabilities		989	4,737	9,393
		<u> </u>	<u> </u>	<u> </u>
Net assets		900,402	1,037,053	1,267,240
		<u> </u>	<u> </u>	<u> </u>
EQUITY				
Equity attributable to owners of the parent				
Share capital	29	191,500	191,500	190,333
Reserves	31	708,893	845,546	1,076,859
		<u> </u>	<u> </u>	<u> </u>
		900,393	1,037,046	1,267,192
Non-controlling interests		9	7	48
		<u> </u>	<u> </u>	<u> </u>
Total equity		900,402	1,037,053	1,267,240
		<u> </u>	<u> </u>	<u> </u>

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2023

	Attributable to owners of the parent						Non-controlling interests	Total equity
	Share capital	Capital reserve	Statutory surplus reserve	Exchange fluctuation reserve	Retained profits	Total		
	RMB'000 (note 29)	RMB'000 (note 31)	RMB'000 (note 31)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2023	191,500	163,636	37,533	(9,670)	326,207	709,206	–	709,206
Profit for the year	–	–	–	–	191,209	191,209	–	191,209
Exchange differences on translation of foreign operations	–	–	–	(22)	–	(22)	–**	(22)
Total comprehensive income for the year	–	–	–	(22)	191,209	191,187	–	191,187
Capital contribution from non-controlling interests	–	–	–	–	–	–	9	9
Transfer to statutory surplus reserve	–	–	19,252	–	(19,252)	–	–	–
As at 31 December 2023	191,500	163,636*	56,785*	(9,692)*	498,164*	900,393	9	900,402

Year ended 31 December 2024

	Attributable to owners of the parent						Non-controlling interests	Total equity
	Share capital	Capital reserve	Share-based payment reserve	Statutory surplus reserve	Exchange fluctuation reserve	Retained profits		
	RMB'000 (note 29)	RMB'000 (note 31)	RMB'000 (note 30)	RMB'000 (note 31)	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2024	191,500	163,636	–	56,785	(9,692)	498,164	9	900,402
Profit for the year	–	–	–	–	–	137,228	(2)	137,226
Exchange differences on translation of foreign operations	–	–	–	–	(3,009)	–	–**	(3,009)
Total comprehensive income for the year	–	–	–	–	(3,009)	137,228	(2)	134,217
Share-based payments	–	–	2,434	–	–	–	–	2,434
Transfer to statutory surplus reserve	–	–	–	18,460	–	(18,460)	–	–
As at 31 December 2024	191,500	163,636*	2,434*	75,245*	(12,701)*	616,932*	7	1,037,053

Year ended 31 December 2025

	Attributable to owners of the parent							
	Share capital	Capital reserve	Share-based payment reserve	Statutory surplus reserve	Exchange fluctuation reserve	Retained profits	Total	Non-controlling interests
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(note 29)</i>	<i>(note 31)</i>	<i>(note 30)</i>	<i>(note 31)</i>				
As at 1 January 2025	191,500	163,636	2,434	75,245	(12,701)	616,932	1,037,046	7
Profit for the year	–	–	–	–	–	239,112	239,112	41
Exchange differences on translation of foreign operations	–	–	–	–	1,538	–	1,538	–**
Total comprehensive income for the year	–	–	–	–	1,538	239,112	240,650	41
Share-based payments	–	–	485	–	–	–	485	–
Share repurchased and cancelled	(1,167)	(9,822)	–	–	–	–	(10,989)	–
Transfer to statutory surplus reserve	–	–	–	16,321	–	(16,321)	–	–
As at 31 December 2025	190,333	153,814*	2,919*	91,566*	(11,163)*	839,723*	1,267,192	48

* The reserve accounts comprise the consolidated reserves of RMB708,893,000, RMB845,546,000 and RMB1,076,859,000 in the consolidated statements of financial position as at 31 December 2023, 2024 and 2025 respectively.

** The amounts are less than RMB1,000.

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December		
	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		200,241	141,090	251,185
Adjustments for:				
Finance costs	6	3,512	6,121	4,313
Interest income	5	(3,008)	(8,699)	(7,396)
Loss on disposal of items of property, plant and equipment	7	4	406	16
Depreciation of property, plant and equipment	7	4,947	6,018	7,404
Depreciation of right-of-use assets	7	8,225	9,503	8,716
Amortisation of intangible assets	7	5,874	1,858	2,442
Provision for/ (reversal of) impairment of trade and bills receivables, and other receivables	7	5,290	8,400	(14,284)
Write-down of inventories to net realisable value	7	28,853	23,363	27,512
Fair value loss on derivative financial instruments	7	119	–	1,033
Investment income from derivative financial instruments	5	(379)	(6,932)	(2,729)
Equity-settled share-based payment expenses		–	2,434	485
Foreign exchange (gains)/losses, net		(9,556)	(15,158)	2,777
		<u>244,122</u>	<u>168,404</u>	<u>281,474</u>
(Increase)/decrease in restricted bank deposits		(66,106)	(5,713)	37,338
(Increase)/decrease in pledged deposits		(11,225)	11,225	–
Increase in trade and bills receivables		(102,131)	(57,273)	(80,286)
Increase in prepayments, other receivables and other assets		(25,801)	(28,791)	(231,091)
Increase in inventories		(177,392)	(168,476)	(251,870)
Increase in trade and bills payables		175,226	189,888	77,969
Decrease in contract liabilities		(12,192)	(5,947)	(2,102)
Increase in other payables and accruals		30,050	22,580	29,520
Decrease in deferred income		(14)	–	(62)
Increase in provision for product warranties		–	–	3,992
		<u>54,537</u>	<u>125,897</u>	<u>(135,118)</u>
Cash generated from operations				
Income tax paid		(28,875)	(8,101)	(6,483)
Interest received		3,008	8,058	7,558
		<u>28,670</u>	<u>125,854</u>	<u>(134,043)</u>
Net cash flows from operating activities				

		Year ended 31 December		
	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of items of property, plant and equipment		(8,906)	(13,545)	(18,956)
Purchases of land use right		(35,254)	–	–
Payment of disposal of derivative financial instruments		(1,603)	(2,499)	(856)
Proceeds from disposal of financial instruments		1,475	9,312	3,585
Proceeds from disposal of property, plant and equipment		7	4	223
Purchase of intangible assets		(304)	(2,172)	(2,339)
Increase in deferred income		–	–	1,152
Net cash flows used in investing activities		(44,585)	(8,900)	(17,191)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payment for listing expenses		–	–	(1,851)
Capital injection from non-controlling interests		9	–	–
Lease payments	32(b)	(7,579)	(9,037)	(8,568)
(Increase)/decrease in deposits with lenders in other receivables pledged for other borrowings		15,000	–	–
New bank and other borrowings		112,761	164,730	215,480
Repayment of bank and other borrowings		(143,594)	(104,411)	(218,742)
Interest paid		(2,827)	(5,720)	(3,518)
Share repurchased and cancelled		–	–	(10,989)
Net cash flows from/(used in) financing activities		(26,230)	45,562	(28,188)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS				
		(42,145)	162,516	(179,422)
Cash and cash equivalents at beginning of year		313,455	280,956	455,770
Effect of foreign exchange rate changes, net		9,646	12,298	(2,995)
CASH AND CASH EQUIVALENTS AT END OF YEAR		280,956	455,770	273,353
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and bank balances	21	280,956	455,770	273,353
Cash and cash equivalents as stated in the consolidated statements of financial position and consolidated statements of cash flows	21	280,956	455,770	273,353

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December		
	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	13	19,961	26,791	42,697
Right-of-use assets	15	41,963	39,947	46,446
Investments in subsidiaries	16	11,049	11,329	11,049
Other intangible assets	14	7,178	7,063	6,907
Long-term prepayments and deposits	20	3,024	2,830	4,163
Deferred tax assets	18	8,283	6,914	9,153
Total non-current assets		91,458	94,874	120,415
CURRENT ASSETS				
Inventories	17	441,695	477,718	775,213
Trade and bills receivables	19	938,536	1,240,039	1,175,620
Prepayments, other receivables and other assets	20	96,351	53,826	211,617
Corporate income tax recoverable		2,133	1,862	2,886
Pledged deposits	21	11,225	—	—
Restricted bank deposits	21	42,396	37,400	33,468
Cash and cash equivalents	21	125,768	216,167	116,557
Total current assets		1,658,104	2,027,012	2,315,361
CURRENT LIABILITIES				
Trade and bills payables	22	609,843	665,903	796,112
Other payables and accruals	23	88,652	113,956	134,395
Derivative financial instruments	24	119	—	1,033
Interest-bearing bank and other borrowings	25	105,404	218,826	215,564
Lease liabilities	15	7,490	3,390	7,254
Income tax payable		—	—	—
Contract liabilities	26	27,302	19,159	18,878
Provision	28	—	—	3,992
Total current liabilities		838,810	1,021,234	1,177,228
NET CURRENT ASSETS		819,294	1,005,778	1,138,133
TOTAL ASSETS LESS CURRENT LIABILITIES		910,752	1,100,652	1,258,548

	<i>Notes</i>	As at 31 December		
		2023	2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT LIABILITIES				
Lease liabilities	15	905	3,771	7,866
Deferred income	27	—	—	1,090
		<u> </u>	<u> </u>	<u> </u>
Total non-current liabilities		<u>905</u>	<u>3,771</u>	<u>8,956</u>
		<u> </u>	<u> </u>	<u> </u>
Net assets		<u>909,847</u>	<u>1,096,881</u>	<u>1,249,592</u>
		<u> </u>	<u> </u>	<u> </u>
EQUITY				
Share capital	29	191,500	191,500	190,333
Reserves	31	718,347	905,381	1,059,259
		<u> </u>	<u> </u>	<u> </u>
Total equity		<u>909,847</u>	<u>1,096,881</u>	<u>1,249,592</u>
		<u> </u>	<u> </u>	<u> </u>

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company is a joint stock company with limited liability incorporated in Shenzhen, the People's Republic of China (the "PRC") on 22 October 2003. The registered office address of the Company is 1st Floor, Building 5, Factory Building, Hengtongfa Industrial Zone, Tangtou Industrial Park, Tangtou Community, Shiyan Subdistrict, Bao'an District, Shenzhen, Guangdong Province, the PRC.

During the Relevant Periods the Group was principally engaged in (i) sales of digital video products and network communication products, and (ii) provision of system platforms and services.

During the Relevant Periods, Mr. Li Bo is considered to be the largest shareholder, who held approximately 36.61% of interest in the issued shares of the Company.

As at the date of this report, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Name	Place and date of registration and place of operations	Registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Shenzhen HCS Technology Co., Ltd. 深圳華誠智能終端科技有限公司* (note (a))	PRC/ Chinese Mainland 1 July 2021	RMB3,000,000	100%	–	Export sales
SDMC TECHNOLOGY (HK) LIMITED 華曦達科技(香港)有限公司 (note (b))	Hong Kong 19 March 2019	HKD500,000	100%	–	Overseas chip procurement and export sales
Shenzhen DSY Technology Co., Ltd. 深圳市達視雲科技有限公司* (note (a))	PRC/ Chinese Mainland 2 December 2018	RMB10,599,000	100%	–	Provision of system platforms and services
Shenzhen ZXD Technology Co., Ltd. 深圳市致訊數字科技有限公司* (note (a) (e))	PRC/ Chinese Mainland 27 May 2022	RMB1,000,000	100%	–	Sales of products
SDMC TECHNOLOGY (SINGAPORE) PTE. LTD. (note (c))	Singapore 31 July 2022	SGD600,000	–	100%	Overseas sales and marketing
SDMC TECHNOLOGY POLAND Sp. z o.o. (note (a))	Poland 6 July 2023	PLN500,000	–	99%	Overseas sales and marketing
SDMC TECHNOLOGY INC (note (a))	USA 16 January 2024	USD500,000	–	100%	Overseas sales and marketing
SDMC TECHNOLOGY COLOMBIA S.A.S.	Colombia 12 September 2025	COP250,000,000	–	100%	Overseas sales and marketing

* The English names of these companies registered in the PRC represent the best effort made by the directors of the Company to translate the Chinese names as these companies have not been registered with any official English names.

Notes:

- (a) As at the date of this report, no audited financial statements have been prepared for these entities for the years ended 31 December 2023, 2024 and 2025 as these entities were not subject to any statutory audit requirements under the relevant rules and regulations in the jurisdictions of incorporation or newly incorporated.
- (b) The statutory financial statements of this entity for the years ended 31 December 2023 and 2024 prepared in accordance with the Hong Kong Small and Medium-sized Entity Financial Reporting Standard and the Hong Kong Companies Ordinance were audited by PKF Hong Kong Limited, certified public accountants registered in Hong Kong. The statutory financial statements of this entity for the year ended 31 December 2025 has not yet been issued.
- (c) The statutory financial statements of this entity for the year ended 31 December 2024 prepared in accordance with the Singapore Financial Reporting Standards and the Companies Act 1967 were audited by JCP Trust PAC, certified public accountants registered in Singapore. The statutory financial statements of this entity for the year ended 31 December 2025 has not yet been issued.

- (d) In the opinion of the directors, none of non-controlling interest in the individual subsidiaries is material to the Group.
- (e) Shenzhen ZXD Technology Co., Ltd. was deregistered in January 2025.

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) as issued by the Hong Kong Institute of Certified Public Accountants. All HKFRS Accounting Standards effective for the accounting period commencing from 1 January 2025, together with the relevant transitional provisions, have been adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention except for certain financial instruments which have been measured at fair value at the end of each of the Relevant Periods.

Basis of consolidation

The Historical Financial Information includes the financial information of the Company and its subsidiaries for the Relevant Periods. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial information of the subsidiaries is prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group’s share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

The Group has not applied the following new and amended HKFRS Accounting Standards that have been issued but are not yet effective, in the Historical Financial Information. The Group intends to apply these new and amended HKFRS Accounting Standards, if applicable, when they become effective.

HKFRS 18	<i>Presentation and Disclosure in Financial Statements²</i>
HKFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosures²</i>
Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments¹</i>
Amendments to HKFRS 9 and HKFRS 7	<i>Contracts Referencing Nature-dependent Electricity¹</i>
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture³</i>
Amendments to HKAS 21	<i>Translation to a Hyperinflationary Presentation Currency²</i>
<i>Annual Improvements to HKFRS Accounting Standards Volume 11</i>	<i>Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7¹</i>

¹ Effective for annual periods beginning on or after 1 January 2026

² Effective for annual/reporting periods beginning on or after 1 January 2027

³ No mandatory effective date yet determined but available for adoption

The Group is in the process of making an assessment of the impact of these new and amended HKFRS Accounting Standards upon initial application. HKFRS 18 introduces new requirements on presentation within the statement of profit or loss, including specified totals and subtotals. It also required disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information. The application of HKFRS 18 is not expected to have a material impact on the financial position of the Group but is expected to affect the presentation of the statement of profit or loss and other comprehensive income and statement of cash flows and additional disclosures will be included in the financial statements. Except for HKFRS 18, the other new or amended HKFRS Accounting Standards are not expected to have any significant impact on the Group's financial information.

2.3 MATERIAL ACCOUNTING POLICIES

Fair value measurement

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

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Historical Financial Information on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each of the Relevant Periods.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for a non-financial asset is required (other than inventories and deferred tax assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

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

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	Shorter of remaining lease terms and estimated useful lives
Machinery and equipment	18%
Vehicles	9%
Furniture and fixtures	18%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at the end of each of the Relevant Periods.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each of the Relevant Periods.

Intangible assets are amortised on the straight-line basis over the following useful economic lives:

Software	7-10 years
Patent	3 years

Research and development costs

All research costs are charged to profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Where applicable, the cost of a right-of-use asset also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Buildings	1 to 5 years
Leasehold land	30 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of office and employee dormitory (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that is considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Investments and other financial assets***Initial recognition and measurement***

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1	Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
Stage 2	Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
Stage 3	Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and bills payables, other payables and accruals, interest-bearing bank and other borrowings, derivative financial instruments and lease liabilities.

The Group classifies financial liabilities that arise from a supplier finance arrangement within interest-bearing bank and other borrowings in the statement of financial position because based on the Group's assessment, the supplier finance arrangement is not part of the working capital used in the Group's normal operating cycle, the terms of the liabilities that are part of the supply chain finance arrangement are substantially different from the terms of trade and bills payables that are not part of the arrangement. The assessment has considered factors such as the commercial purpose, the nature and specific terms of the arrangement, as well as the credit terms in place with the financial institutions and suppliers. Therefore, cash flows related to liabilities arising from supplier finance arrangements that are classified in interest-bearing bank and other borrowings in the statement of financial position are included in financing activities in the statement of cash flows.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade and bills payables, other payables, loans and borrowings)

After initial recognition, trade and other payables and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Financial liabilities at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss include financial liabilities held for trading.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss. The net fair value gain or loss recognised in profit or loss does not include any interest charged on these financial liabilities.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

The Group provides for warranties in relation to the sale of products for general repairs of defects occurring during the warranty period. Provisions for these assurance-type warranties granted by the Group are initially recognised based on sales volume and past experience of the level of repairs and returns. The warranty-related cost is revised annually.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

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

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

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

(a) Sale of products

Revenue from sale of products is recognised at the point in time when control of the product is transferred to the customers, which for domestic sales are generally at the time of acceptance of the product as agreed in the sales contracts, and for overseas sales are generally at the time of shipment, delivery, etc. in accordance with incoterms.

For some contracts, the Group provides commissioning services that are bundled together with the sale of products to the customers. The commissioning services significantly modify or customise the goods, therefore, the products and the services are highly interrelated and combined as one single performance obligation which is satisfied at a point in time.

The periods and terms of product quality warranty are provided in accordance with the laws and regulations related to the products. The Group has not provided any additional services or product quality warranty, so the product quality warranty does not constitute a separate performance obligation.

(b) Provision of services

Revenue from provision of service mainly related to providing system platform development service. It is recognised at a point in time when the service is delivered and being accepted by customers.

The credit period granted to customers by the Group is determined based on their credit risk characteristics, which is consistent with industry practice, and there is no significant financing component. The Group bases its estimates of sales return on historical results, taking into consideration the type of customers, the type of transactions and the specifics of each arrangement.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Share-based payments

The Company operates employee incentive schemes. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("**equity-settled transactions**"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted.

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

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

Other employee benefits***Pension scheme***

The employees of the Group's subsidiary which operates in the Chinese Mainland are required to participate in a central pension scheme operated by the local municipal government. This subsidiary is required to contribute a certain percentage of its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme. Other than the monthly contributions, the Group has no further payment obligations once the contributions have been paid.

Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its Historical Financial Information, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

Foreign currencies

The Historical Financial Information is presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each of the Relevant Periods. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates of the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Historical Financial Information:

Research and development expenses

All research costs are charged to profit or loss as incurred. Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred. Determining the amounts of development costs to be capitalised requires the use of judgements and estimation.

Recognition of income taxes and deferred tax assets

Determining income tax provision involves judgement on the future tax treatment of certain transactions and when certain matters relating to the income taxes have not been confirmed by the local tax bureau. Management evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatments of such transactions are reconsidered periodically to take into account all changes in tax legislation.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Estimation uncertainty

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

Provision against obsolete and slow-moving inventories

The Group reviews the condition of its inventories at the end of each of the Relevant Periods and makes provisions against obsolete and slow-moving inventory items which are identified as no longer suitable for sale or use based on sales forecasts. Such sales forecasts are prepared based on agreements or orders on hand and estimated sales in the foreseeable future based on historical experiences with its customers and current market conditions of the industry. Management estimates the net realisable value for slow-moving inventories based primarily on the latest selling prices and current market conditions. The estimation is reassessed at the end of each of the Relevant Periods. Where the actual outcome or expectation in future is different from the original estimate, such difference will impact on the carrying value of inventories and the write-down of inventories recognised in the periods in which such estimates have been changed. The carrying amounts of inventories at the end of each of the Relevant Periods are disclosed in note 17 to the Historical Financial Information.

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., global GDP, global default rate) are expected to deteriorate over the next year which can lead to an increased number of defaults in the telecom sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 19 to the Historical Financial Information.

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate (“IBR”) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group “would have to pay”, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary’s functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary’s stand-alone credit rating).

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is not organised into business units based on its services and products and only has one reportable operating segment.

The information reported to the directors, who are the chief operating decision makers, for the purpose of resource allocation and assessment of performance does not contain discrete operating segment financial information and the directors reviewed the financial results of the Group as a whole. Therefore, no further information about the operating segment is presented.

Geographical information*(a) Revenue from external customers*

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
European	1,074,583	1,053,798	993,182
Asia	721,044	374,841	1,059,014
Americas	463,348	967,935	965,799
Africa and Oceania	9,549	8,939	24,609
Chinese Mainland	98,346	135,423	325,055
	<u>2,366,870</u>	<u>2,540,936</u>	<u>3,367,659</u>

The revenue information above is based on the locations of the customers.

(b) Non-current assets

Most of the Group’s non-current assets are located in the Chinese Mainland. Thus, no geographic information is presented.

Information about major customers

Revenue from a major customer which accounted for 10% or more of the Group’s revenue during the Relevant Periods is set out below:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Customer 1	434,639	268,073	N/A*
Customer 2	557,569	N/A*	N/A*
Customer 3	N/A*	362,821	N/A*
Customer 4	N/A*	N/A*	352,622
Customer 5	N/A*	N/A*	535,868
	<u>992,208</u>	<u>630,894</u>	<u>888,490</u>

* Less than 10% of the Group’s revenue.

5. REVENUE, OTHER INCOME AND GAINS

Revenue

An analysis of revenue is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Revenue from contracts with customers	2,366,870	2,540,936	3,367,659

Revenue from contracts with customers

(a) Disaggregated revenue information

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Types of goods or services			
Sale of products	2,345,372	2,511,679	3,330,812
Services	21,498	29,257	36,847
	<u>2,366,870</u>	<u>2,540,936</u>	<u>3,367,659</u>
Geographical markets			
European	1,074,583	1,053,798	993,182
Asia	721,044	374,841	1,059,014
Americas	463,348	967,935	965,799
Africa and Oceania	9,549	8,939	24,609
Chinese Mainland	98,346	135,423	325,055
	<u>2,366,870</u>	<u>2,540,936</u>	<u>3,367,659</u>
Timing of revenue recognition			
Goods transferred at a point in time	2,345,372	2,511,679	3,330,812
Services transferred at a point in time	21,498	29,257	36,847
	<u>2,366,870</u>	<u>2,540,936</u>	<u>3,367,659</u>
Total revenue from contracts with customers	<u>2,366,870</u>	<u>2,540,936</u>	<u>3,367,659</u>

The following table shows the amounts of revenue recognised in the Relevant Periods that were included in the contract liabilities at the beginning of each of the Relevant Periods:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:			
Sale of products	50,477	38,285	32,338

(b) Performance obligations

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

Sales of products

The performance obligation is satisfied upon delivery or acceptance of products, and payment is generally due within 30 to 120 days from the date of billing.

Provision of system platforms services

The performance obligation is satisfied at the point in time when services are completed and payment is generally due upon completion of the services and customer acceptance.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are all related to contracts that have original expected duration of less than one year. The Group elected to apply the practical expedient for not to disclose the remaining performance obligations.

Other income and gains

An analysis of other income and gains is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Other income			
Interest income	3,008	8,699	7,396
Government grants*	8,743	7,526	7,007
Investment income from derivative financial instruments	379	6,932	2,729
Others	1,832	813	56
Gains			
Foreign exchange gains, net	12,077	10,384	—
Gains on derecognition of long-aged trade payables	176	3,164	—
	26,215	37,518	17,188

* The Group has received certain government grants related to income. Certain of the grants related to income have future related costs expected to be incurred. The grants related to income have been received to compensate for the Group's research and development costs and are recognised in the consolidated statements of profit or loss and other comprehensive income on a systematic basis over the periods that the costs, for which they are intended to compensate, are expensed. Government grants received for acquisition of software are included in deferred income in the consolidated statements of financial position and are recognised along with the related amortisation in profit or loss.

Other government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. There are no unfulfilled conditions or contingencies relating to these grants.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Interest on bank loans	3,073	5,804	3,518
Interest on lease liabilities	439	317	795
	3,512	6,121	4,313

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	<i>Notes</i>	Year ended 31 December		
		2023	2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cost of inventories sold*		1,856,278	2,045,179	2,699,751
Cost of services provided		10,124	12,811	11,814
Research and development costs		149,229	160,706	163,900
Depreciation of property, plant and equipment**	13	4,947	6,018	7,404
Depreciation of right-of-use assets**	15(a)	8,225	9,503	8,716
Amortisation of intangible assets**	14	5,874	1,858	2,442
Loss on disposal of items of property, plant and equipment***		4	406	16
Foreign exchange losses/(gains), net***		(12,077)	(10,384)	13,603
Lease payments in respect of short-term leases and low-value assets leases	15(c)	1,830	1,870	1,557
Provision for/(reversal of) impairment loss of trade and bills receivables	19	4,581	6,797	(9,991)
Provision for/(reversal of) impairment loss of other receivables	20	709	1,603	(4,293)
Write-down of inventories to net realisable value****		28,853	23,363	27,512
Fair value loss on derivative financial instruments		119	–	1,033
Investment income from derivative financial instruments		(379)	(6,932)	(2,729)
Gains on derecognition of long-aged trade payables	5	(176)	(3,164)	–
Listing expenses		–	–	14,850
Auditor's remuneration		2,208	499	454
Employee benefit expenses (excluding directors', supervisors' and chief executive's remuneration (note 8)):				
– Wages and salaries		147,290	175,541	169,702
– Performance related bonus		26,162	36,199	37,286
– Pension scheme contributions*****		4,786	6,370	8,414
– Share-based payment		–	1,689	354
Total		178,238	219,799	215,756

* The amounts disclosed for cost of inventories sold included the write-down of inventories to net realisable value.

** The above depreciation of property, plant and equipment, right-of-use assets, and amortisation of intangible assets are included in “cost of sales”, “selling and distribution expenses”, “administrative expenses”, “research and development expenses” in profit or loss.

*** The amounts are included in “other income and gains” and “other expenses” in profit or loss.

**** The amounts are included in “cost of sales” in profit or loss.

***** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

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

Directors' and supervisors' remuneration as recorded during the Relevant Periods is set out below:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Fees	100	100	276
Other emoluments:			
Salaries, allowances and benefits in kind	2,910	2,993	2,150
Performance related bonus	1,850	2,307	2,447
Pension scheme contributions	116	129	117
Share-based payment expenses	–	745	131
	4,976	6,274	5,121

Performance related bonus is paid twice a year according to department assessment objectives and comprehensive consideration of the Group's annual income.

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the Relevant Periods were as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Mr. Wu Jun (<i>note (i)</i>)	50	50	17
Mr. Yi Renyong	50	50	97
Ms. Luk Pui Yin Grace (<i>note (ii)</i>)	–	–	81
Mr. Zheng Qian (<i>note (ii)</i>)	–	–	81
	100	100	276

Note:

- (i) Mr. Wu Jun resigned as an independent non-executive director with effective from April 2025.
- (ii) Ms. Luk Pui Yin Grace and Mr. Zheng Qian were appointed as an independent non-executive director with effect from April 2025.

(b) Directors, supervisors and the chief executive

Year ended 31 December 2023

	Fees	Salaries, allowances and benefits in kind	Performance related bonus	Pension scheme contributions	Share-based payment expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors:						
Mr. Li Bo (<i>note (i)</i>)	–	504	340	22	–	866
Mr. Yan Zhikang	–	477	620	19	–	1,116
Ms. Jiang Yanjun	–	334	95	12	–	441
Mr. Liang Shilin	–	431	330	17	–	778
Supervisors:						
Mr. Xie Yingjun	–	409	320	16	–	745
Mr. Li Han (<i>note (iii)</i>)	–	323	25	14	–	362
Mr. Lu Tianqin	–	432	120	16	–	568
	–	2,910	1,850	116	–	4,876

Year ended 31 December 2024

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonus RMB'000	Pension scheme contributions RMB'000	Share-based payment expenses RMB'000	Total RMB'000
Executive directors:						
Mr. Li Bo (<i>note (i)</i>)	–	508	280	23	–	811
Mr. Yan Zhikang	–	475	770	21	745	2,011
Ms. Jiang Yanjun	–	330	77	14	–	421
Mr. Liang Shilin	–	430	290	18	–	738
Supervisors:						
Mr. Xie Yingjun	–	411	320	18	–	749
Mr. Li Han (<i>note (iii)</i>)	–	66	–	3	–	69
Mr. Lu Tianqin	–	431	120	17	–	568
Mr. Li Jun (<i>note (iii)</i>)	–	342	450	15	–	807
	–	2,993	2,307	129	745	6,174

Year ended 31 December 2025

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonus RMB'000	Pension scheme contributions RMB'000	Share-based payment expenses RMB'000	Total RMB'000
Executive directors:						
Mr. Li Bo (<i>note (i)</i>)	–	499	580	31	–	1,110
Mr. Yan Zhikang	–	470	900	30	84	1,484
Ms. Jiang Yanjun (<i>note (ii)</i>)	–	113	28	5	–	146
Mr. Liang Shilin (<i>note (ii)</i>)	–	151	50	7	–	208
Mr. Li Jun (<i>note (iii)</i>)	–	305	367	14	–	686
Ms. Dang Hui (<i>note (iv)</i>)	–	322	253	16	47	638
Supervisors:						
Mr. Xie Yingjun (<i>note (v)</i>)	–	146	217	7	–	370
Mr. Lu Tianqin (<i>note (v)</i>)	–	144	52	7	–	203
	–	2,150	2,447	117	131	4,845

Notes:

- (i) Mr. Li Bo was appointed as the chairman and chief executive officer with effect from October 2003.
- (ii) Ms. Jiang Yanjun and Mr. Liang Shilin ceased to serve as directors as of the end of April 2025.
- (iii) Mr. Li Han was appointed as a supervisor of the Company with effect from May 2015 to March 2024. Mr. Li Jun was appointed as a supervisor of the Company with effect from March 2024 to April 2025 and was appointed as an executive director of the Company with effect from May 2025 to June 2026.
- (iv) Ms. Dang Hui was appointed as an executive director with effect from May 2025 to June 2026.
- (v) Mr. Xie Yingjun and Mr. Lu Tianqin ceased to serve as supervisors as of the end of April 2025.

No emoluments were paid by the Company to the directors and supervisors as an inducement to join or upon joining the Company or as compensation for loss of office during the Relevant Periods.

There was no arrangement under which a director, a supervisor or the chief executive waived or agreed to waive any remuneration during the Relevant Periods.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees for the years ended 31 December 2023, 2024 and 2025 included 1, 1 and 3 directors, respectively, details of whose remuneration are set out in note 8 above. Details of the remuneration for the remaining 4, 4 and 2 highest paid employees who are neither a director nor a supervisor of the Company during the years ended 31 December 2023, 2024 and 2025 are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Salaries, allowances and benefits in kind	1,736	1,754	832
Performance related bonus	2,635	2,871	2,281
Pension scheme contributions	69	76	23
Share-based payment expenses	—	886	—
	<u>4,440</u>	<u>5,587</u>	<u>3,136</u>

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

	Year ended 31 December		
	2023	2024	2025
	Number of employees		
HKD1,000,001 to HKD1,500,000	4	1	1
HKD1,500,001 to HKD2,000,000	—	3	1
	<u>4</u>	<u>4</u>	<u>2</u>

10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

The provision for corporate income tax in the Chinese Mainland is based on the statutory rate of 25% of the taxable profits determined in accordance with the PRC Corporate Income Tax Law which was approved and became effective on 1 January 2008.

The Company was approved as a “High and New Technology Enterprise” and entitled to a preferential income tax rate of 15% during the Relevant Periods. This qualification is subject to review by the relevant tax authority in the PRC for every three years.

Shenzhen ZXD Technology Co., Ltd. a subsidiary of the Group in the Chinese Mainland, is qualified as a Small and Low-Profit Enterprises (SLPE) and was subject to income tax at a preferential tax rate of 20% for the years ended 31 December 2023, 2024 and 2025.

SDMC TECHNOLOGY (HK) LIMITED is a qualifying entity under the two-tiered profits tax rates regime. The first HKD2,000,000 of assessable profits of this subsidiary are taxed at 8.25% and the remaining assessable profits are taxed at 16.5% for the years ended 31 December 2023, 2024 and 2025.

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

The income tax expense of the Group for the Relevant Periods is analysed as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current income tax	11,958	6,668	11,800
Deferred income tax	(2,926)	(2,804)	232
	<u>9,032</u>	<u>3,864</u>	<u>12,032</u>

A reconciliation of the expected income tax calculated at the statutory rate of 25% and profit before income tax, with the actual income tax at the effective tax rate is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Profit before tax	200,241	141,090	251,185
Tax charge at the statutory rate of 25%	50,060	35,272	62,796
Effect of different applicable tax rates for specific jurisdictions or enacted by local authority	(18,927)	(13,252)	(25,082)
Income not subject to tax	(33)	(131)	(282)
Expenses not deductible for tax	589	928	506
Additional deductible allowance for qualified research and development expenses	(22,243)	(22,627)	(22,964)
Deductible tax losses for which no deferred tax recognised	–	3,674	–
Tax losses utilised from previous years	(414)	–	–
Utilisation and recognition of previously unrecognised tax losses	–	–	(2,942)
Tax charge at the Group's effective tax rate	9,032	3,864	12,032

Based on Public Notice 2022 No. 16 issued by the State Tax Bureau of the PRC on 3 March 2022, the small and medium-sized technology-based enterprises were eligible for a 100% deduction of eligible research and development expenses since 1 January 2022. Furthermore, based on Public Notice 2023 No. 7 issued by the State Tax Bureau of the PRC on 26 March 2023, these enterprises were eligible for a 100% deduction of eligible research and development expenses from 1 January 2023 to 31 December 2025. The Company has claimed such additional super deduction during the Relevant Periods.

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

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Tax losses not recognised	–	14,696	–

11. DIVIDENDS

No dividend was paid or declared by the Company during the Relevant Periods.

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue during the Relevant Periods.

No adjustment has been made to the basic earnings per share amounts presented for the Relevant Periods in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue.

The calculations of basic and diluted earnings per share are based on:

	Year ended 31 December		
	2023	2024	2025
Earnings			
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation (RMB'000)	191,209	137,228	239,112
Shares			
Weighted average number of ordinary shares in issue during the year, used in the basic earnings per share calculation ('000)	191,500	191,500	190,583

13. PROPERTY, PLANT AND EQUIPMENT

The Group

	Machinery and equipment RMB'000	Vehicles RMB'000	Furniture and fixture RMB'000	Leasehold improve- ments RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2023						
At 1 January 2023						
Cost	23,387	1,638	576	4,456	–	30,057
Accumulated depreciation	(10,164)	(703)	(132)	(3,019)	–	(14,018)
Net carrying amount	13,223	935	444	1,437	–	16,039
At 1 January 2023, net of accumulated depreciation	13,223	935	444	1,437	–	16,039
Additions	6,122	1,504	75	486	1,130	9,317
Depreciation provided during the year (note 7)	(3,570)	(233)	(101)	(1,043)	–	(4,947)
Disposals	(13)	–	–	–	–	(13)
At 31 December 2023, net of accumulated depreciation	15,762	2,206	418	880	1,130	20,396
At 31 December 2023						
Cost	29,476	3,142	651	4,795	1,130	39,194
Accumulated depreciation	(13,714)	(936)	(233)	(3,915)	–	(18,798)
Net carrying amount	15,762	2,206	418	880	1,130	20,396
31 December 2024						
At 1 January 2024						
Cost	29,476	3,142	651	4,795	1,130	39,194
Accumulated depreciation	(13,714)	(936)	(233)	(3,915)	–	(18,798)
Net carrying amount	15,762	2,206	418	880	1,130	20,396
At 1 January 2024, net of accumulated depreciation	15,762	2,206	418	880	1,130	20,396
Additions	10,256	12	505	1,975	698	13,446
Depreciation provided during the year (note 7)	(4,422)	(280)	(141)	(1,175)	–	(6,018)
Disposals	(408)	–	(4)	–	–	(412)
At 31 December 2024, net of accumulated depreciation	21,188	1,938	778	1,680	1,828	27,412
At 31 December 2024						
Cost	36,074	3,154	1,123	6,770	1,828	48,949
Accumulated depreciation	(14,886)	(1,216)	(345)	(5,090)	–	(21,537)
Net carrying amount	21,188	1,938	778	1,680	1,828	27,412
31 December 2025						
At 1 January 2025						
Cost	36,074	3,154	1,123	6,770	1,828	48,949
Accumulated depreciation	(14,886)	(1,216)	(345)	(5,090)	–	(21,537)
Net carrying amount	21,188	1,938	778	1,680	1,828	27,412

	Machinery and equipment RMB'000	Vehicles RMB'000	Furniture and fixture RMB'000	Leasehold improve- ments RMB'000	Construction in progress RMB'000	Total RMB'000
At 1 January 2025, net of accumulated depreciation	21,188	1,938	778	1,680	1,828	27,412
Additions	7,967	–	148	959	14,497	23,571
Depreciation provided during the year (note 7)	(5,900)	(280)	(205)	(1,019)	–	(7,404)
Disposals	(18)	–	(6)	(215)	–	(239)
At 31 December 2025, net of accumulated depreciation	<u>23,237</u>	<u>1,658</u>	<u>715</u>	<u>1,405</u>	<u>16,325</u>	<u>43,340</u>
At 31 December 2025						
Cost	43,872	3,154	1,256	7,517	16,325	72,124
Accumulated depreciation	<u>(20,635)</u>	<u>(1,496)</u>	<u>(541)</u>	<u>(6,112)</u>	<u>–</u>	<u>(28,784)</u>
Net carrying amount	<u>23,237</u>	<u>1,658</u>	<u>715</u>	<u>1,405</u>	<u>16,325</u>	<u>43,340</u>

The Company

	Machinery and equipment RMB'000	Vehicles RMB'000	Furniture and fixture RMB'000	Leasehold improve- ments RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2023						
At 1 January 2023						
Cost	21,132	1,638	575	4,309	–	27,654
Accumulated depreciation	<u>(8,674)</u>	<u>(703)</u>	<u>(131)</u>	<u>(2,892)</u>	<u>–</u>	<u>(12,400)</u>
Net carrying amount	<u>12,458</u>	<u>935</u>	<u>444</u>	<u>1,417</u>	<u>–</u>	<u>15,254</u>
At 1 January 2023, net of accumulated depreciation	12,458	935	444	1,417	–	15,254
Additions	6,088	1,504	75	486	1,130	9,283
Depreciation provided during the year	(3,209)	(233)	(100)	(1,023)	–	(4,565)
Disposals	<u>(11)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(11)</u>
At 31 December 2023, net of accumulated depreciation	<u>15,326</u>	<u>2,206</u>	<u>419</u>	<u>880</u>	<u>1,130</u>	<u>19,961</u>
At 31 December 2023						
Cost	27,188	3,142	650	4,795	1,130	36,905
Accumulated depreciation	<u>(11,862)</u>	<u>(936)</u>	<u>(231)</u>	<u>(3,915)</u>	<u>–</u>	<u>(16,944)</u>
Net carrying amount	<u>15,326</u>	<u>2,206</u>	<u>419</u>	<u>880</u>	<u>1,130</u>	<u>19,961</u>
31 December 2024						
At 1 January 2024						
Cost	27,188	3,142	650	4,795	1,130	36,905
Accumulated depreciation	<u>(11,862)</u>	<u>(936)</u>	<u>(231)</u>	<u>(3,915)</u>	<u>–</u>	<u>(16,944)</u>
Net carrying amount	<u>15,326</u>	<u>2,206</u>	<u>419</u>	<u>880</u>	<u>1,130</u>	<u>19,961</u>

	Machinery and equipment <i>RMB'000</i>	Vehicles <i>RMB'000</i>	Furniture and fixture <i>RMB'000</i>	Leasehold improve- ments <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2024, net of accumulated depreciation	15,326	2,206	419	880	1,130	19,961
Additions	10,046	12	388	1,975	698	13,119
Depreciation provided during the year	(4,309)	(280)	(140)	(1,175)	–	(5,904)
Disposals	(381)	–	(4)	–	–	(385)
At 31 December 2024, net of accumulated depreciation	<u>20,682</u>	<u>1,938</u>	<u>663</u>	<u>1,680</u>	<u>1,828</u>	<u>26,791</u>
At 31 December 2024						
Cost	33,712	3,154	1,005	6,770	1,828	46,469
Accumulated depreciation	<u>(13,030)</u>	<u>(1,216)</u>	<u>(342)</u>	<u>(5,090)</u>	<u>–</u>	<u>(19,678)</u>
Net carrying amount	<u>20,682</u>	<u>1,938</u>	<u>663</u>	<u>1,680</u>	<u>1,828</u>	<u>26,791</u>
31 December 2025						
At 1 January 2025						
Cost	33,712	3,154	1,005	6,770	1,828	46,469
Accumulated depreciation	<u>(13,030)</u>	<u>(1,216)</u>	<u>(342)</u>	<u>(5,090)</u>	<u>–</u>	<u>(19,678)</u>
Net carrying amount	<u>20,682</u>	<u>1,938</u>	<u>663</u>	<u>1,680</u>	<u>1,828</u>	<u>26,791</u>
At 1 January 2025, net of accumulated depreciation	20,682	1,938	663	1,680	1,828	26,791
Additions	7,964	–	148	775	14,497	23,384
Depreciation provided during the year	(5,809)	(280)	(184)	(967)	–	(7,240)
Disposals	(17)	–	(6)	(215)	–	(238)
At 31 December 2025, net of accumulated depreciation	<u>22,820</u>	<u>1,658</u>	<u>621</u>	<u>1,273</u>	<u>16,325</u>	<u>42,697</u>
At 31 December 2025						
Cost	41,626	3,154	1,138	7,333	16,325	69,576
Accumulated depreciation	<u>(18,806)</u>	<u>(1,496)</u>	<u>(517)</u>	<u>(6,060)</u>	<u>–</u>	<u>(26,879)</u>
Net carrying amount	<u>22,820</u>	<u>1,658</u>	<u>621</u>	<u>1,273</u>	<u>16,325</u>	<u>42,697</u>

14. INTANGIBLE ASSETS

The Group

	Software RMB'000	Patent RMB'000	Total RMB'000
At 1 January 2023			
Cost	20,807	12,435	33,242
Accumulated amortisation	(11,933)	(8,416)	(20,349)
Net carrying amount	8,874	4,019	12,893
At 1 January 2023, net of accumulated amortisation	8,874	4,019	12,893
Additions	305	–	305
Amortisation provided during the year (note 7)	(2,001)	(3,873)	(5,874)
At 31 December 2023, net of accumulated amortisation	7,178	146	7,324
At 31 December 2023 and 1 January 2024			
Cost	21,112	12,435	33,547
Accumulated amortisation	(13,934)	(12,289)	(26,223)
Net carrying amount	7,178	146	7,324
At 1 January 2024, net of accumulated amortisation	7,178	146	7,324
Additions	1,597	–	1,597
Amortisation provided during the year (note 7)	(1,712)	(146)	(1,858)
At 31 December 2024, net of accumulated amortisation	7,063	–	7,063
At 31 December 2024 and 1 January 2025			
Cost	22,709	–	22,709
Accumulated amortisation	(15,646)	–	(15,646)
Net carrying amount	7,063	–	7,063
At 1 January 2025, net of accumulated amortisation	7,063	–	7,063
Additions	2,286	–	2,286
Amortisation provided during the year (note 7)	(2,442)	–	(2,442)
At 31 December 2025, net of accumulated amortisation	6,907	–	6,907
At 31 December 2025			
Cost	24,995	–	24,995
Accumulated amortisation	(18,088)	–	(18,088)
Net carrying amount	6,907	–	6,907

The Company

	Software <i>RMB'000</i>
At 1 January 2023	
Cost	20,807
Accumulated amortisation	(11,933)
	<u>8,874</u>
Net carrying amount	<u>8,874</u>
At 1 January 2023, net of accumulated amortisation	8,874
Additions	305
Amortisation provided during the year	(2,001)
	<u>7,178</u>
At 31 December 2023, net of accumulated amortisation	<u>7,178</u>
At 31 December 2023 and 1 January 2024	
Cost	21,112
Accumulated amortisation	(13,934)
	<u>7,178</u>
Net carrying amount	<u>7,178</u>
At 1 January 2024, net of accumulated amortisation	7,178
Additions	1,597
Amortisation provided during the year	(1,712)
	<u>7,063</u>
At 31 December 2024, net of accumulated amortisation	<u>7,063</u>
At 31 December 2024 and 1 January 2025	
Cost	22,709
Accumulated amortisation	(15,646)
	<u>7,063</u>
Net carrying amount	<u>7,063</u>
At 1 January 2025, net of accumulated amortisation	7,063
Additions	2,286
Amortisation provided during the year	(2,442)
	<u>6,907</u>
At 31 December 2025, net of accumulated amortisation	<u>6,907</u>
At 31 December 2025	
Cost	24,995
Accumulated amortisation	(18,088)
	<u>6,907</u>
Net carrying amount	<u>6,907</u>

15. LEASES

The Group as a lessee

The Group has lease contracts for various items of land and buildings. Leases of land and buildings generally have lease terms between 2 and 30 years.

(a) Right-of-use assets

The carrying amounts of right-of-use assets and the movements during the Relevant Periods are as follows:

The Group

	Leasehold land RMB'000	Buildings RMB'000	Total RMB'000
At 1 January 2023	–	5,924	5,924
Additions	35,254	9,533	44,787
Depreciation charge (note 7)	(1,175)	(7,050)	(8,225)
At 31 December 2023	<u>34,079</u>	<u>8,407</u>	<u>42,486</u>
At 1 January 2024	34,079	8,407	42,486
Additions	–	8,402	8,402
Depreciation charge (note 7)	(1,175)	(8,328)	(9,503)
At 31 December 2024	<u>32,904</u>	<u>8,481</u>	<u>41,385</u>
At 1 January 2025	32,904	8,481	41,385
Additions	–	15,243	15,243
Depreciation charge*	(1,175)	(8,129)	(9,304)
Effect of foreign exchange rate changes	–	(16)	(16)
At 31 December 2025	<u>31,729</u>	<u>15,579</u>	<u>47,308</u>

* During the year ended 31 December 2025, amortisation of the leasehold land of RMB588,000 was capitalised in property, plant and equipment.

The Company

	Leasehold land RMB'000	Buildings RMB'000	Total RMB'000
At 1 January 2023	–	5,849	5,849
Additions	35,254	8,708	43,962
Depreciation charge	(1,175)	(6,673)	(7,848)
At 31 December 2023	<u>34,079</u>	<u>7,884</u>	<u>41,963</u>
At 1 January 2024	34,079	7,884	41,963
Additions	–	6,864	6,864
Depreciation charge	(1,175)	(7,705)	(8,880)
At 31 December 2024	<u>32,904</u>	<u>7,043</u>	<u>39,947</u>
At 1 January 2025	32,904	7,043	39,947
Additions	–	15,243	15,243
Depreciation charge	(1,175)	(7,569)	(8,744)
At 31 December 2025	<u>31,729</u>	<u>14,717</u>	<u>46,446</u>

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the Relevant Periods are as follows:

The Group

	Year ended 31 December		
	2023 RMB'000	2024 RMB'000	2025 RMB'000
Carrying amount at 1 January	6,544	8,937	8,619
Additions	9,533	8,402	15,243
Accretion of interest recognised during the year	439	317	795
Lease payment	(7,579)	(9,037)	(8,568)
Effect of foreign exchange rate changes	–	–	(16)
Carrying amount at 31 December	8,937	8,619	16,073
Analysed into:			
Current portion	7,948	3,882	7,770
Non-current portion	989	4,737	8,303
Including:			
– More than one year but within two years	989	2,750	6,840
– More than two years but within five years	–	1,987	1,463

The Company

	Year ended 31 December		
	2023 RMB'000	2024 RMB'000	2025 RMB'000
Carrying amount at 1 January	6,460	8,395	7,161
Additions	8,708	6,864	15,243
Accretion of interest recognised during the year	419	290	741
Lease payment	(7,192)	(8,388)	(8,025)
Carrying amount at 31 December	8,395	7,161	15,120
Analysed into:			
Current portion	7,490	3,390	7,254
Non-current portion	905	3,771	7,866
Including:			
– More than one year but within two years	905	2,228	6,403
– More than two years but within five years	–	1,543	1,463

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

	Year ended 31 December		
	2023 RMB'000	2024 RMB'000	2025 RMB'000
Lease payments in respect of short-term leases and low-value assets leases (note 7)	1,830	1,870	1,557
Interest on lease liabilities	439	317	795
Depreciation charge of right-of-use assets	8,225	9,503	8,716
Total amount recognised in profit or loss	10,494	11,690	11,068

(d) The total cash outflow for leases are disclosed in note 32 to the Historical Financial Information.

16. INVESTMENTS IN SUBSIDIARIES

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Investment costs	11,049	11,329	11,049
Less: provision for impairment	—	—	—
	<u>11,049</u>	<u>11,329</u>	<u>11,049</u>

17. INVENTORIES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Raw materials	298,604	279,774	585,666
Work in process	84,434	129,424	114,853
Finished goods	39,201	84,267	68,110
Goods in transit	<u>77,650</u>	<u>151,537</u>	<u>100,731</u>
	<u>499,889</u>	<u>645,002</u>	<u>869,360</u>

The inventories are net of a write-down of approximately RMB30,435,000, RMB40,714,000 and RMB49,812,000 as at 31 December 2023, 2024 and 2025.

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Raw materials	289,104	279,773	582,064
Work in process	44,127	53,915	63,713
Finished goods	39,146	83,636	64,492
Goods in transit	<u>69,318</u>	<u>60,394</u>	<u>64,944</u>
	<u>441,695</u>	<u>477,718</u>	<u>775,213</u>

The inventories are net of a write-down of approximately RMB29,019,000, RMB39,722,000 and RMB48,832,000 as at 31 December 2023, 2024 and 2025.

18. DEFERRED TAX

The movements in deferred tax liabilities and assets during the Relevant Periods are as follows:

Deferred tax assets**The Group**

	Unrealised profits RMB'000	Deductible tax losses RMB'000	Provision for impairment for inventory and bad-debt provision RMB'000	Provision RMB'000	Leases liabilities RMB'000	Deferred income RMB'000	Loss from changes in fair value RMB'000	Total RMB'000
As at 1 January 2023	499	2,427	7,507	–	852	2	76	11,363
(Debited)/credited to profit or loss	(310)	556	2,796	–	461	(2)	(76)	3,425
As at 31 December 2023	189	2,983	10,303	–	1,313	–	–	14,788
As at 1 January 2024	189	2,983	10,303	–	1,313	–	–	14,788
Credited/(debited) to profit or loss	5,509	(2,913)	104	–	81	–	–	2,781
As at 31 December 2024	5,698	70	10,407	–	1,394	–	–	17,569
As at 1 January 2025	5,698	70	10,407	–	1,394	–	–	17,569
(Debited)/credited to profit or loss	(3,340)	2,503	(370)	599	1,080	164	155	791
As at 31 December 2025	2,358	2,573	10,037	599	2,474	164	155	18,360

The Company

	Provision for impairment for inventory and bad-debt provision RMB'000	Leases liabilities RMB'000	Deferred income RMB'000	Gains from changes in fair value RMB'000	Provision RMB'000	Total RMB'000
As at 1 January 2023	6,199	831	2	76	–	7,108
Credited/(debited) to profit or loss	2,160	352	(2)	(76)	–	2,434
As at 31 December 2023	8,359	1,183	–	–	–	9,542
As at 1 January 2024	8,359	1,183	–	–	–	9,542
Debited to profit or loss	(1,463)	(109)	–	–	–	(1,572)
As at 31 December 2024	6,896	1,074	–	–	–	7,970
As at 1 January 2025	6,896	1,074	–	–	–	7,970
Credited to profit or loss	1,279	1,194	164	155	599	3,391
As at 31 December 2025	8,175	2,268	164	155	599	11,361

Deferred tax liabilities**The Group**

	Right-of-use assets RMB'000
As at 1 January 2023	896
Debited to profit or loss	499
As at 31 December 2023	<u>1,395</u>
As at 1 January 2024	1,395
Credited to profit or loss	(23)
As at 31 December 2024	<u>1,372</u>
As at 1 January 2025	1,372
Debited to profit or loss	1,023
As at 31 December 2025	<u>2,395</u>

The Company

	Right-of-use assets RMB'000
As at 1 January 2023	877
Debited to profit or loss	382
As at 31 December 2023	<u>1,259</u>
As at 1 January 2024	1,259
Credited to profit or loss	(203)
As at 31 December 2024	<u>1,056</u>
As at 1 January 2025	1,056
Debited to profit or loss	1,152
As at 31 December 2025	<u>2,208</u>

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

The Group

	As at 31 December	
	2023	2024
	RMB'000	RMB'000
Net deferred tax assets recognised in the consolidated statements of financial position	<u>13,393</u>	<u>16,197</u>
		<u>15,965</u>

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Net deferred tax assets recognised in the statements of financial position	8,283	6,914	9,153

19. TRADE AND BILLS RECEIVABLES**The Group**

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade receivables			
– Third parties	613,575	721,073	904,800
– A related party	195,725	123,508	11,879
Less: impairment of trade receivables	(36,862)	(24,803)	(14,538)
Trade receivables, net	772,438	819,778	902,141
Bills receivables*			
– Third parties	–	737	3,061
Less: impairment of bill receivables	–	(12)	(12)
Bills receivables, net	–	725	3,049
TRADE AND BILLS RECEIVABLES	772,438	820,503	905,190
Analysed into:			
Current portion	772,438	820,503	905,190
Non-current portion	–	–	–

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade receivables			
– Subsidiaries	673,181	891,928	656,765
– Third parties	221,580	251,241	445,566
Less: impairment of trade receivables	(25,625)	(4,894)	(5,505)
Trade receivables, net	869,136	1,138,275	1,096,826
Bills receivables*			
– Subsidiaries	69,400	101,764	75,745
– Third parties	–	–	3,061
Less: impairment of bill receivables	–	–	(12)
Bills receivables, net	69,400	101,764	78,794
TRADE AND BILLS RECEIVABLES	938,536	1,240,039	1,175,620
Analysed into:			
Current portion	938,536	1,240,039	1,175,620
Non-current portion	–	–	–

* Bills receivables are with a maturity period of within six months.

Included in the Group's trade and bills receivables are amounts due from a company controlled by close family members of the Group's senior management of RMB195,725,000, RMB123,508,000 and RMB11,879,000 as at 31 December 2023, 2024 and 2025 respectively, which are repayable on credit terms similar to those offered to the major customers of the Group, as further detailed in note 36 to the Historical Financial Information.

The Group's trading terms with its certain customers are on credit, and the credit period is generally within 30 to 120 days. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade and bills receivables as at the end of each of the Relevant Periods, based on the revenue recognition date and net of loss allowance, is as follows:

The Group

	As at 31 December		
	2023 RMB'000	2024 RMB'000	2025 RMB'000
Within 1 year	748,260	794,197	893,410
1 to 2 years	23,728	26,056	11,306
2 to 3 years	450	247	471
3 to 4 years	–	3	3
	<u>772,438</u>	<u>820,503</u>	<u>905,190</u>

The Company

	As at 31 December		
	2023 RMB'000	2024 RMB'000	2025 RMB'000
Within 1 year	918,935	1,238,659	1,173,646
1 to 2 years	19,413	1,377	1,567
2 to 3 years	188	3	407
	<u>938,536</u>	<u>1,240,039</u>	<u>1,175,620</u>

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

The Group

	As at 31 December		
	2023 RMB'000	2024 RMB'000	2025 RMB'000
At beginning of year	32,167	36,862	24,815
Provision for/(reversal of) impairment losses, net (note 7)	4,581	6,797	(9,991)
Amount written off as uncollectible	–	(18,995)	(78)
Effect of foreign exchange rate changes	114	151	(196)
	<u>36,862</u>	<u>24,815</u>	<u>14,550</u>

The Company

	As at 31 December		
	2023 RMB'000	2024 RMB'000	2025 RMB'000
At beginning of year	24,207	25,625	4,894
Provision for/(reversal of) impairment losses, net	1,418	(1,736)	701
Amount written off as uncollectible	–	(18,995)	(78)
At end of year	<u>25,625</u>	<u>4,894</u>	<u>5,517</u>

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. The Group overall considers the credit risk and ageing of the trade receivables to measure the expected credit losses. Trade receivables for which the counterparties failed to make the demanded repayments are defaulted receivables. The Group has provided impairment for the defaulted receivables based on the cash flows that the Group expects to receive.

Set out below is the information about the credit risk exposure on the Group's and the Company's trade and bills receivables:

The Group**As at 31 December 2023**

	Gross carrying amount RMB'000	Expected credit loss rate	Expected credit losses RMB'000
Trade and bills receivables aged:			
Within 1 year	759,191	1.44%	10,931
1 to 2 years	27,956	15.12%	4,228
2 to 3 years	870	48.28%	420
3 to 4 years	1,792	100.00%	1,792
4 to 5 years	102	100.00%	102
Over 5 years	2,912	100.00%	2,912
At the end of the year	<u>792,823</u>	2.57%	<u>20,385</u>
Defaulted receivables	<u>16,477</u>	100.00%	<u>16,477</u>
	<u>809,300</u>	4.55%	<u>36,862</u>

As at 31 December 2024

	Gross carrying amount RMB'000	Expected credit loss rate	Expected credit losses RMB'000
Trade and bills receivables aged:			
Within 1 year	809,546	1.90%	15,349
1 to 2 years	32,934	20.88%	6,878
2 to 3 years	356	30.62%	109
3 to 4 years	413	99.27%	410
4 to 5 years	1,752	100.00%	1,752
Over 5 years	85	100.00%	85
At the end of the year	<u>845,086</u>	2.91%	<u>24,583</u>
Defaulted receivables	<u>232</u>	100.00%	<u>232</u>
	<u>845,318</u>	2.94%	<u>24,815</u>

As at 31 December 2025

	Gross carrying amount <i>RMB'000</i>	Expected credit loss rate	Expected credit losses <i>RMB'000</i>
Trade and bills receivables aged:			
Within 1 year	900,390	0.78%	6,980
1 to 2 years	14,847	23.85%	3,541
2 to 3 years	2,014	76.61%	1,543
3 to 4 years	144	97.92%	141
4 to 5 years	402	100.00%	402
Over 5 years	1,711	100.00%	1,711
At the end of the year	919,508	1.56%	14,318
Defaulted receivables	232	100.00%	232
	919,740	1.58%	14,550

The Company

As at 31 December 2023

	Gross carrying amount <i>RMB'000</i>	Expected credit loss rate	Expected credit losses <i>RMB'000</i>
Due from subsidiaries	742,581	—	—
Other trade and bills receivables aged:			
Within 1 year	178,812	1.37%	2,458
1 to 2 years	22,914	15.28%	3,501
2 to 3 years	363	48.21%	175
3 to 4 years	3	100.00%	3
4 to 5 years	102	100.00%	102
Over 5 years	2,909	100.00%	2,909
At the end of the year	205,103	4.46%	9,148
Defaulted receivables	16,477	100.00%	16,477
	964,161	2.66%	25,625

As at 31 December 2024

	Gross carrying amount <i>RMB'000</i>	Expected credit loss rate	Expected credit losses <i>RMB'000</i>
Due from subsidiaries	993,692	—	—
Other trade and bills receivables aged:			
Within 1 year	249,165	1.68%	4,198
1 to 2 years	1,745	21.09%	368
2 to 3 years	10	70.00%	7
3 to 4 years	2	100.00%	2
4 to 5 years	2	100.00%	2
Over 5 years	85	100.00%	85
At the end of the year	251,009	1.86%	4,662
Defaulted receivables	232	100.00%	232
	<u>1,244,933</u>	0.39%	<u>4,894</u>

As at 31 December 2025

	Gross carrying amount <i>RMB'000</i>	Expected credit loss rate	Expected credit losses <i>RMB'000</i>
Due from subsidiaries	732,510	—	—
Other trade and bills receivables aged:			
Within 1 year	444,584	0.78%	3,448
1 to 2 years	2,057	23.82%	490
2 to 3 years	1,744	76.66%	1,337
3 to 4 years	10	100.00%	10
At the end of the year	448,395	1.18%	5,285
Defaulted receivables	232	100.00%	232
	<u>1,181,137</u>	0.47%	<u>5,517</u>

20. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at 31 December		
	2023 RMB'000	2024 RMB'000	2025 RMB'000
Current			
Deductible input VAT	72,091	91,796	130,817
Prepayments	5,178	19,786	199,423
Deferred listing expenses	–	–	2,414
Other receivables	6,436	6,779	19,467
Deposits	6,135	817	484
Provision for bad debts	(2,656)	(3,754)	(574)
	<u>87,184</u>	<u>115,424</u>	<u>352,031</u>
Non-current			
Deposits	3,523	3,951	3,867
Provision for bad debts	(582)	(1,135)	–
Prepayments for property, plant and equipment	182	575	628
	<u>3,123</u>	<u>3,391</u>	<u>4,495</u>

The Company

	As at 31 December		
	2023 RMB'000	2024 RMB'000	2025 RMB'000
Current			
Deductible input VAT	57,942	12,914	10,326
Prepayments	3,478	18,581	187,080
Deferred listing expenses	–	–	2,414
Due from subsidiaries	27,693	20,322	7,800
Other receivables	1,754	1,573	3,805
Deposits	6,002	707	345
Provision for bad debts	(518)	(271)	(153)
	<u>96,351</u>	<u>53,826</u>	<u>211,617</u>
Non-current			
Deposits	3,412	3,570	3,535
Provision for bad debts	(570)	(1,092)	–
Prepayments for property, plant and equipment	182	352	628
	<u>3,024</u>	<u>2,830</u>	<u>4,163</u>

Other receivables and deposits are unsecured and non-interest-bearing.

As at 31 December 2023, 2024 and 2025, the impairment of the other receivables and deposits were measured based on 12-month expected credit loss if they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, they were measured based on lifetime expected credit loss.

The movements in the loss allowance for impairment of other receivables and deposits are as follows:

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At beginning of year	2,501	3,238	4,889
Impairment losses/(reversal of impairment losses), net (note 7)	709	1,603	(4,293)
Effect of foreign exchange rate changes	28	48	(22)
At end of year	<u>3,238</u>	<u>4,889</u>	<u>574</u>

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At beginning of year	891	1,088	1,363
Impairment losses/(reversal of impairment losses), net	<u>197</u>	<u>275</u>	<u>(1,210)</u>
At end of year	<u>1,088</u>	<u>1,363</u>	<u>153</u>

21. CASH AND BANK BALANCES AND RESTRICTED BANK DEPOSITS

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash and bank balances	280,956	455,770	273,353
Pledged deposits	11,225	–	–
Restricted bank deposits	<u>84,216</u>	<u>89,929</u>	<u>52,591</u>
	<u>376,397</u>	<u>545,699</u>	<u>325,944</u>
Less:			
Pledged deposits	11,225	–	–
Restricted bank deposits	<u>84,216</u>	<u>89,929</u>	<u>52,591</u>
Cash and cash equivalents	<u>280,956</u>	<u>455,770</u>	<u>273,353</u>
Denominated in			
RMB	35,217	91,885	100,548
USD	240,626	353,062	168,998
EUR	2,763	10,392	2,753
HKD	2,343	353	490
PLN	7	78	106
COP	–	–	458
	<u>280,956</u>	<u>455,770</u>	<u>273,353</u>

The Company

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash and bank balances	125,768	216,167	116,557
Pledged deposits	11,225	–	–
Restricted bank deposits	42,396	37,400	33,468
	<u>179,389</u>	<u>253,567</u>	<u>150,025</u>
Less:			
Pledged deposits	11,225	–	–
Restricted bank deposits	42,396	37,400	33,468
	<u>125,768</u>	<u>216,167</u>	<u>116,557</u>
Cash and cash equivalents	<u>125,768</u>	<u>216,167</u>	<u>116,557</u>
Denominated in			
RMB	31,908	57,126	89,975
USD	91,804	149,709	24,187
EUR	2,056	9,332	2,395
	<u>125,768</u>	<u>216,167</u>	<u>116,557</u>

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

Cash at banks earns interest at floating rates based on daily bank deposit rates. The restricted bank deposits refer to the bank accounts opened by the Group for conducting business such as acceptance bills, forward foreign exchange settlement and sales, etc. in which the Group are required to maintain a minimum balance as requested by banks. The pledged deposit refers to the Group's fixed deposit bank account which is pledged for obtaining bank acceptance bills.

The bank balances, pledged deposits, and restricted bank balances are deposited with creditworthy banks with no recent history of default. As at 31 December 2023, 2024 and 2025, the Group and the Company have assessed the credit risk of cash and cash equivalents, pledged deposits, and restricted bank deposits to be minimal as they were placed in reputable financial institutions.

22. TRADE AND BILLS PAYABLES**The Group**

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	528,781	672,713	702,323
Bills payables	119,181	118,367	159,402
	<u>647,962</u>	<u>791,080</u>	<u>861,725</u>

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

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	642,924	791,035	861,619
1 to 2 years	1,499	22	83
2 to 3 years	113	–	–
Over 3 years	3,426	23	23
	<u>647,962</u>	<u>791,080</u>	<u>861,725</u>

The trade payables are non-interest-bearing and are normally settled on terms of within 6 months.

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Due to subsidiaries	27,821	31,445	14,341
Third parties	462,841	516,091	650,369
Bills payables	119,181	118,367	131,402
	<u>609,843</u>	<u>665,903</u>	<u>796,112</u>

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

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	581,988	640,870	785,616
1 to 2 years	10,168	139	5,395
2 to 3 years	14,261	24,883	114
Over 3 years	3,426	11	4,987
	<u>609,843</u>	<u>665,903</u>	<u>796,112</u>

23. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Payroll payable	34,535	38,429	43,782
Other tax payables	1,506	2,182	3,977
Payable for copyright fees	51,558	73,821	70,827
Payable for promotion fees	16,135	15,574	26,212
Listing expenses	–	–	3,820
Other payables	10,298	6,606	22,104
	<u>114,032</u>	<u>136,612</u>	<u>170,722</u>

The Company

	As at 31 December		
	2023 RMB'000	2024 RMB'000	2025 RMB'000
Payroll payable	32,922	36,641	41,649
Other tax payables	1,796	1,993	3,605
Payable for copyright fees	47,530	70,516	69,245
Listing expenses	—	—	3,820
Other payables	6,404	4,806	16,076
	<u>88,652</u>	<u>113,956</u>	<u>134,395</u>

Other payables are non-interest-bearing and repayable on demand.

24. DERIVATIVE FINANCIAL INSTRUMENTS

The Group and the Company

	As at 31 December		
	2023 RMB'000	2024 RMB'000	2025 RMB'000
Forward currency contracts, at fair value	119	—	593
Foreign currency swaps, at fair value	—	—	440
	<u>—</u>	<u>—</u>	<u>440</u>

25. INTEREST-BEARING BANK AND OTHER BORROWINGS

The Group

	2023			At 31 December 2024			2025		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current									
Bank loans – guaranteed*	2.80%-3.70%	2024	85,336	2.60%-3.80%	2025	89,907	2.12%-3.80%	2026	144,555
Bank loans – pledged**	1.45%-1.74%	2024	28,576	1.30%-2.60%	2025	84,408	1.50%-1.80%	2026	40,000
Bank loans – unsecured	—	—	—	—	—	—	2.80%	2026	31,009
Other borrowings – guaranteed***	—	—	—	2.60%	2025	44,511	—	—	—
Total – current			<u>113,912</u>			<u>218,826</u>			<u>215,564</u>
Total			<u>113,912</u>			<u>218,826</u>			<u>215,564</u>

The Company

	At 31 December									
	2023			2024			2025			
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000	
Current										
Bank loans – guaranteed*	2.80%-3.70%	2024	76,828	2.60%-3.80%	2025	89,907	2.12%-3.80%	2026	144,555	
Bank loans – pledged**	1.45%-1.74%	2024	28,576	1.30%-2.60%	2025	84,408	1.50%-1.80%	2026	40,000	
Bank loans unsecured	–	–	–	–	–	–	2.80%	2026	31,009	
Other borrowings – guaranteed***	–	–	–	2.60%	2025	44,511	–	–	–	
Total – current			105,404			218,826			215,564	
Total			105,404			218,826			215,564	

* As at 31 December 2023, the guaranteed bank loans of RMB17,744,000 are guaranteed by Li Bo, the guaranteed bank loans of RMB67,592,000 are guaranteed by Li Bo and the subsidiaries of the Group. As at 31 December 2024, the guaranteed bank loans of RMB55,923,000 are guaranteed by Li Bo and the subsidiaries of the Group. The guarantees were released along with the maturity of the loans. As at 31 December 2025, the bank loans guaranteed by Li Bo is nil.

As at 31 December 2024, the guaranteed bank loans of RMB33,984,000 are guaranteed by the subsidiaries of the Group. The guarantees were released along with the maturity of the loans. As at 31 December 2025, the guaranteed bank loans of RMB144,555,000 are guaranteed by the subsidiaries of the Group. The guarantees will be released along with the maturity of the loans.

** As at 31 December 2023, 2024 and 2025, the pledged bank loans were relating to bills received by the Company from its subsidiaries that were discounted to banks.

*** For better cash flow for both the Group and the suppliers, the Group has established supplier finance arrangements that are offered to some of the Group's key suppliers. The finance provider is CCB Supply Chain Finance Co., Ltd, which was established by China Construction Bank. Both suppliers and the financing provider are independent third parties. Suppliers that participate in the supplier finance arrangements will receive payments at the original due dates on invoices sent to the Group from the Group's external finance provider. In order for the finance provider to pay the invoices, the goods must have been received or supplied and the invoices must have been approved by the Group. Payments to suppliers ahead of or at the invoice due date are processed by the finance provider and, in all cases, the Group settles the original invoice by paying the finance provider within one year after the original invoice maturity date. The payment date of each transaction was agreed with the finance provider. As long as the finance provider made payments to suppliers, relevant trade and bills payables will be reclassified into other borrowings. Payment terms with suppliers have not been renegotiated in conjunction with the arrangement. The largest shareholder, Li Bo had provided the guarantee to the finance provider (note 36) and the guarantee was released in May 2025.

All financial liabilities that are part of the supplier finance arrangements are included in other borrowings in the statement of financial position.

26. CONTRACT LIABILITIES

The Group

	As at 1 January 2023 RMB'000	As at 31 December 2023 RMB'000	As at 31 December 2024 RMB'000	As at 31 December 2025 RMB'000
Advances from customers				
Sale of goods	50,477	38,285	32,338	30,236
Analysed for reporting purposes as:				
Current liabilities	50,477	38,285	32,338	30,236
	50,477	38,285	32,338	30,236

The Company

	As at 1 January 2023 RMB'000	2023 RMB'000	As at 31 December 2024 RMB'000	2025 RMB'000
Advances from customers				
Sale of goods	48,297	27,302	19,159	18,878
Analysed for reporting purposes as:				
Current liabilities	48,297	27,302	19,159	18,878
	<u>48,297</u>	<u>27,302</u>	<u>19,159</u>	<u>18,878</u>

All of contract liabilities included in the carrying amount as at 31 December 2023, 2024 and 2025, were expected to be transferred to operating revenue in following year. Contract liabilities decreased as fewer orders were paid in advance.

27. DEFERRED INCOME**The Group and the Company**

	2023 RMB'000	As at 31 December 2024 RMB'000	2025 RMB'000
Government grant*	–	–	1,090
At beginning of year	14	–	–
Addition during the year	–	–	1,152
Released to profit or loss during the year	(14)	–	(62)
At end of year	<u>–</u>	<u>–</u>	<u>1,090</u>

* The Group's deferred government grants represented government grants received for assets and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

28. PROVISION**The Group and the Company**

	Warranties RMB'000
At 1 January 2023, 31 December 2023 and 31 December 2024	<u>–</u>
At 1 January 2025	–
Additions	7,181
Amounts utilised during the year	<u>(3,189)</u>
At 31 December 2025	<u>3,992</u>

The Group generally provides 24 months warranties to its customers on certain of its products for general repairs of defects occurring during the warranty period. The estimation basis is reviewed on an ongoing basis and revised annually.

29. SHARE CAPITAL

A summary of movements in the share capital is as follows:

	Number of shares in issue (in thousand)	Share capital RMB'000
As at 1 January 2023 and as at 31 December 2023 and 2024	191,500	191,500
Shares repurchased	(1,167)	(1,167)
As at 31 December 2025	<u>190,333</u>	<u>190,333</u>

During the year ended 31 December 2025, the Company repurchased an aggregate of 1,167,000 shares through the National Equities Exchange and Quotations at a total consideration of RMB10,989,000. The aforesaid repurchased shares have been cancelled in July 2025.

30. SHARE-BASED PAYMENT

Pursuant to the written resolutions of the shareholders of the Company passed in November 2021 (the “**2021 Share Scheme**”) and July 2022 (the “**2022 Share Scheme**”), the Company passed a resolution to grant 14,752,800 and 1,000,000 restricted shares of the Company at the grant price of RMB14.5 and RMB25.0 per share respectively to certain directors and employees of the Company. For 2021 Share Scheme, the restricted shares have single vesting term of 36 months from the grant date, on the condition that the participants remain in service. For 2022 Share Scheme, all restricted shares were vested at the grant date.

During the Relevant Periods, restricted shares forfeited by participants of the 2021 Share Scheme and 2022 Share Scheme of 103,600, 20,000 and 1,138,960 respectively, were re-granted to incentivise employees of the Group. All forfeited shares were re-granted in the same year. Such re-granted restricted shares have a vesting period according to respective schemes started from the grant date.

In April 2025, the Company cancelled the single vesting term of 36 months of the 2021 Share Scheme. Accordingly, the Company recognised immediately the amount of the expense that would otherwise have been recognised over the remainder of the vesting period.

During the Relevant Periods, the weighted average fair value of restricted shares granted of RMB16.4, RMB13.5 and RMB5.0 respectively, was estimated as at the date of grant using market price model or recent transaction method, taking into account the terms and conditions upon which the restricted shares were granted. The equity-settled share-based payment expenses were charged to profit or loss (note 7 and note 8).

The following table lists the inputs to the model used:

	Restricted shares granted in Year ended 31 December		
	2023	2024	2025
Market price model			
Average enterprise value per sales multiplier of comparable companies	1.62	1.50	
Discount for lack of marketability (“ DLOM ”)	28.8%	27.9%	
Recent transaction method			
Trailing 120 days transactions price			5

31. RESERVES**The Group**

The amounts of the Group’s reserves and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity.

(i) Capital reserve

The capital reserve of the Group represents the difference between the value of the paid-up capital and the consideration received.

(ii) Statutory surplus reserve

In accordance with the Company Law of the PRC, the companies in the Chinese Mainland are required to allocate 10% of the statutory after-tax profits to the statutory surplus reserve until the cumulative total of the reserve reaches 50% of the companies' registered capital. The statutory surplus reserve may be used to offset any accumulated losses or increase the registered capital of such companies subject to approval from the relevant PRC authorities. The statutory surplus reserve is not available for dividend distribution to shareholders of such companies.

(iii) Share-based payment reserve

The share-based payment reserve comprises the fair value of the restricted shares granted, as further explained in note 30 to the Historical Financial Information.

The Company

The amounts of the Company's reserves and the movements therein for the Relevant Periods are presented as follows:

Year ended 31 December 2023

	Capital reserve RMB'000	Statutory surplus reserve RMB'000	Retained profits RMB'000	Total equity RMB'000
As at 1 January 2023	163,636	37,533	324,653	525,822
Profit for the year	—	—	192,525	192,525
Total comprehensive income for the year	—	—	192,525	192,525
Transfer to statutory surplus reserve	—	19,252	(19,252)	—
As at 31 December 2023	<u>163,636</u>	<u>56,785</u>	<u>497,926</u>	<u>718,347</u>

Year ended 31 December 2024

	Capital reserve RMB'000	Share- based payment reserve RMB'000	Statutory surplus reserve RMB'000	Retained profits RMB'000	Total equity RMB'000
As at 1 January 2024	163,636	—	56,785	497,926	718,347
Profit for the year	—	—	—	184,600	184,600
Total comprehensive income for the year	—	—	—	184,600	184,600
Share-based payments	—	2,434	—	—	2,434
Transfer to statutory surplus reserve	—	—	18,460	(18,460)	—
As at 31 December 2024	<u>163,636</u>	<u>2,434</u>	<u>75,245</u>	<u>664,066</u>	<u>905,381</u>

Year ended 31 December 2025

	Capital reserve <i>RMB'000</i>	Share- based payment reserve <i>RMB'000</i>	Statutory surplus reserve <i>RMB'000</i>	Retained profits <i>RMB'000</i>	Total equity <i>RMB'000</i>
As at 1 January 2025	163,636	2,434	75,245	664,066	905,381
Profit for the year	—	—	—	163,215	163,215
Total comprehensive income for the year	—	—	—	163,215	163,215
Share-based payments	—	485	—	—	485
Share repurchased and cancelled	(9,822)	—	—	—	(9,822)
Transfer to statutory surplus reserve	—	—	16,321	(16,321)	—
As at 31 December 2025	<u>153,814</u>	<u>2,919</u>	<u>91,566</u>	<u>810,960</u>	<u>1,059,259</u>

32. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

	Year ended 31 December		
	2023 <i>RMB'000</i>	2024 <i>RMB'000</i>	2025 <i>RMB'000</i>
Trade payables settled by endorsement of bills receivable	—	2,260	6,608
Trade payables settled through supplier finance arrangements (<i>note 25</i>)	—	44,511	—
Trade payables not requiring payment	176	3,164	—
Addition of right-of-use assets	9,533	8,402	15,227

(b) Changes in liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Interest bearing bank and other borrowings <i>RMB'000</i>	Lease liabilities <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2023	<u>144,499</u>	<u>6,544</u>	<u>151,043</u>
Changes from financing cash flow	(33,660)	(7,579)	(41,239)
Changes from non-cash movements	—	9,533	9,533
Accretion of interest	<u>3,073</u>	<u>439</u>	<u>3,512</u>
At 31 December 2023 and 1 January 2024	<u>113,912</u>	<u>8,937</u>	<u>122,849</u>
Changes from financing cash flow	54,599	(9,037)	45,562
Changes from non-cash movements	—	8,402	8,402
Accretion of interest	5,804	317	6,121
Increase arising from supplier finance arrangements	<u>44,511</u>	<u>—</u>	<u>44,511</u>
At 31 December 2024 and 1 January 2025	<u>218,826</u>	<u>8,619</u>	<u>227,445</u>

	Interest bearing bank and other borrowings RMB'000	Lease liabilities RMB'000	Total RMB'000
Changes from financing cash flow	(6,780)	(8,568)	(15,348)
Changes from non-cash movements	–	15,227	15,227
Accretion of interest	3,518	795	4,313
At 31 December 2025	215,564	16,073	231,637

(c) **Total cash outflow for leases**

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

	Year ended 31 December		
	2023 RMB'000	2024 RMB'000	2025 RMB'000
Within operating activities	1,830	1,870	1,557
Within investing activities	35,254	–	–
Within financing activities	7,579	9,037	8,568
	44,663	10,907	10,125

33. CONTINGENT LIABILITIES

The Group did not have any material contingent liability as at 31 December 2023, 2024 and 2025.

34. PLEDGE OF ASSETS

Details of the Group's pledged assets are included in notes 21 and 25 to the Historical Financial Information.

35. COMMITMENTS

The Group had the following contractual commitments as at the end of each of the Relevant Periods.

	As at 31 December		
	2023 RMB'000	2024 RMB'000	2025 RMB'000
Contracted, but not provided for:			
Buildings	–	–	16,166

36. RELATED PARTY TRANSACTIONS

The directors are of the view that the following companies are related parties that have material transactions or balances with the Group during the Relevant Periods.

(a) **Name and relationships of the related parties**

Name	Relationship
Smart Digital Media CO., Limited	A company controlled by close family members of the Group's senior management

(b) **The Group had the following transactions with a related party during the Relevant Periods:**

	Year ended 31 December		
	2023 RMB'000	2024 RMB'000	2025 RMB'000
Sale of products to:			
Smart Digital Media CO., Limited*	434,639	268,073	56,662

- (c) At 31 December 2023, 2024 and 2025, certain bank and other borrowings of the Group in the amount of RMB85,336,000, RMB100,434,000 and nil respectively, were guaranteed by the largest shareholder of the Company.

- (d) The Group had the following outstanding balances with related parties:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Amount due from a related party:			
Smart Digital Media CO., Limited*	195,725	123,508	11,879

* Trade in nature, included in "Trade and bills receivables" in the consolidated statements of financial position.

- (e) Compensation of key management personnel of the Group

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Fees	100	100	276
Salaries, allowances and benefits in kind	5,234	5,436	4,714
Performance related bonus	2,976	3,637	4,314
Pension scheme contributions	204	223	246
Share-based payment expenses	—	1,755	261
	8,514	11,151	9,811

Further details of directors', supervisors' and the chief executive's remuneration are included in note 8 to the Historical Financial Information.

37. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods were as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Financial assets at amortised cost:			
Trade and bills receivables	772,438	820,503	905,190
Financial assets included in deposits and other receivables	12,856	6,658	23,244
Restricted bank deposits	84,216	89,929	52,591
Pledged deposits	11,225	—	—
Cash and cash equivalents	280,956	455,770	273,353
	1,161,691	1,372,860	1,254,378
Financial liabilities at amortised cost:			
Trade and bills payables	647,962	791,080	861,725
Financial liabilities included in other payables and accruals	77,991	96,001	122,963
Lease liabilities	8,937	8,619	16,073
Interest-bearing bank and other borrowings	113,912	218,826	215,564
Financial liabilities at fair value through profit or loss:			
Derivative financial instruments	119	—	1,033
	848,921	1,114,526	1,217,358

38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

All the carrying amounts of the Group's financial instruments approximate to their fair values due to the short-term maturities of these instruments.

The Group's finance department is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At the end of each of the Relevant Periods, the finance department analysed the movements in the values of financial instruments and determined the major inputs applied in the valuation. The valuation is reviewed and approved by the finance manager. The valuation process and results are discussed with the directors of the Company once a year for annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Group enters into derivative financial instruments with financial institutions with high credit ratings. Derivative financial instruments, including forward currency contracts and foreign currency swaps, calculated by using valuation techniques similar to forward pricing models using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties, foreign exchange spot and forward rates. The carrying amount of forward currency contracts is the same as their fair value. The fair value measurement hierarchy of the derivative financial instruments of the Group is classified as Level 2.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank and other borrowings, derivative financial instruments and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Foreign currency risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between RMB and other currencies in which the Group conducts business may affect the Group's financial condition and results of operations.

The Group also enters into derivative transactions, including principally forward currency contracts. The purpose is to manage the currency risks arising from the Group's operations and its sources of finance. It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken.

The following table demonstrates the sensitivity at the end of each of the Relevant Periods to a reasonably possible change in foreign currency exchange rates, with all other variables held constant, of the Group's profit before tax (due to changes in the translated value of monetary assets and liabilities) and the Group's equity.

	Increase/ (decrease) in foreign currency exchange rates %	Increase/ (decrease) in profit before tax RMB'000	(Decrease)/ increase in equity RMB'000
Year ended 31 December 2023			
If RMB weakens against the USD	5	43,023	34,667
If RMB strengthens against the USD	(5)	(43,023)	(34,667)
If RMB weakens against the EUR	5	97	80
If RMB strengthens against the EUR	(5)	(97)	(80)
Year ended 31 December 2024			
If RMB weakens against the USD	5	43,742	33,308
If RMB strengthens against the USD	(5)	(43,742)	(33,308)
If RMB weakens against the EUR	5	729	607
If RMB strengthens against the EUR	(5)	(729)	(607)
Year ended 31 December 2025			
If RMB weakens against the USD	5	43,358	32,519
If RMB strengthens against the USD	(5)	(43,358)	(32,519)
If RMB weakens against the EUR	5	1,002	751
If RMB strengthens against the EUR	(5)	(1,002)	(751)

Credit risk

The Group trades only with recognised and creditworthy parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. Receivable balances are monitored on an ongoing basis. The credit risk of the Group's other financial assets, which comprise cash, cash equivalents, pledged deposits and restricted bank deposits and financial assets included in prepayments, other receivables and other assets, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at the end of each of the Relevant Periods.

The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables**	–	–	–	809,300	809,300
Financial assets included in deposits and other receivables*					
– Normal	16,094	–	–	–	16,094
Restricted bank balances	84,216	–	–	–	84,216
Pledged deposits	11,225	–	–	–	11,225
Cash and cash equivalents	280,956	–	–	–	280,956
	<u>392,491</u>	<u>–</u>	<u>–</u>	<u>809,300</u>	<u>1,201,791</u>

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables**	–	–	–	844,581	844,581
Bills receivables	737	–	–	–	737
Financial assets included in deposits and other receivables*					
– Normal	11,547	–	–	–	11,547
Restricted bank balances	89,929	–	–	–	89,929
Cash and cash equivalents	455,770	–	–	–	455,770
	<u>557,983</u>	<u>–</u>	<u>–</u>	<u>844,581</u>	<u>1,402,564</u>

As at 31 December 2025

	12-month ECLs	Lifetime ECLs			Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	
Trade receivables**	—	—	—	916,679	916,679
Bills receivables	3,061	—	—	—	3,061
Financial assets included in deposits and other receivables*					
– Normal	23,818	—	—	—	23,818
Restricted bank balances	52,591	—	—	—	52,591
Cash and cash equivalents	273,353	—	—	—	273,353
	<u>352,823</u>	<u>—</u>	<u>—</u>	<u>916,679</u>	<u>1,269,502</u>

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

** For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 19 to the Historical Financial Information.

Since the Group trades only with recognised and creditworthy parties, there is no requirement for collateral. Concentrations of credit risk are managed by revenue stream.

The following table demonstrates the concentrations of credit risk of the total trade and bills receivables which were due from customers with the Group's five largest trade and bills receivables.

	As at 31 December		
	2023 %	2024 %	2025 %
Percentage of total trade and bills receivables due from: The Group's five largest trade and bills receivables	51	49	56

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations. The maturity profile of the Group's financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

As at 31 December 2023

	Less than 12 months or on demand RMB'000	1 to 5 years RMB'000	Total RMB'000
Trade and bills payables	647,962	—	647,962
Financial liabilities included in other payables and accruals	77,991	—	77,991
Derivative financial instruments	119	—	119
Lease liabilities	8,209	993	9,202
Interest-bearing bank loans	115,366	—	115,366
	<u>849,647</u>	<u>993</u>	<u>850,640</u>

As at 31 December 2024

	Less than 12 months or on demand RMB'000	1 to 5 years RMB'000	Total RMB'000
Trade and bills payables	791,080	—	791,080
Financial liabilities included in other payables and accruals	96,001	—	96,001
Lease liabilities	3,953	4,921	8,874
Interest-bearing bank and other borrowings	219,836	—	219,836
	<u>1,110,870</u>	<u>4,921</u>	<u>1,115,791</u>

As at 31 December 2025

	Less than 12 months or on demand RMB'000	1 to 5 years RMB'000	Total RMB'000
Trade and bills payables	861,725	—	861,725
Financial liabilities included in other payables and accruals	122,963	—	122,963
Lease liabilities	8,317	8,508	16,825
Interest-bearing bank and other borrowings	217,201	—	217,201
Derivative financial instruments	1,033	—	1,033
	<u>1,211,239</u>	<u>8,508</u>	<u>1,219,747</u>

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group regards total equity as capital and manages its capital structure and makes adjustments to it 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 adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. 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 Relevant Periods.

The asset-liability ratios as at the end of each of the Relevant Periods are as follows:

	As at 31 December		
	2023 RMB'000	2024 RMB'000	2025 RMB'000
Total assets	<u>1,824,763</u>	<u>2,224,758</u>	<u>2,573,426</u>
Total liabilities	<u>924,361</u>	<u>1,187,705</u>	<u>1,306,186</u>
Asset-liability ratio	<u>51%</u>	<u>53%</u>	<u>51%</u>

* The asset-liability ratio is calculated by dividing total liabilities by total assets.

40. TRANSFERRED FINANCIAL ASSETS**TRANSFERRED FINANCIAL ASSETS THAT ARE NOT DERECOGNISED IN THEIR ENTIRETY**

At 31 December 2025, the Group endorsed certain bills receivable accepted by banks in the Chinese Mainland (the “**Endorsed Bills**”) with a carrying amount of RMB1,481,000 to certain of its suppliers in order to settle the trade payables due to such suppliers (the “**Endorsement**”). In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Bills, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Bills and the associated trade payables settled. Subsequent to the Endorsement, the Group did not retain any rights on the use of the Endorsed Bills, including the sale, transfer or pledge of the Endorsed Bills to any other third parties.

TRANSFERRED FINANCIAL ASSETS THAT ARE DERECOGNISED IN THEIR ENTIRETY

As part of its normal business, the Company endorsed certain bills receivable accepted by banks in the Chinese Mainland to suppliers with a carrying amount in aggregate of RMB2,260,000 and RMB6,608,000 as at 31 December 2024 and 2025 (the “**Derecognised Bills**”). The Derecognised Bills had a maturity of one to six months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills may exercise the right of recourse against any, several or all of the persons liable for the Derecognised Bills including the Company, in disregard of the order of precedence. In the opinion of the directors, the risk of the Company being claimed by the holders of the Derecognised Bills is remote in the absence of a default of the accepted banks. The Company has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills.

41. EVENTS AFTER THE RELEVANT PERIODS

Since 12 August 2025, the U.S. government has continued to adjust the measures for imposing additional tariff on imports from the Chinese Mainland and Hong Kong (the “**Tariff Increases**”), and has agreed to suspend the implementation of the 24% retaliatory tariffs for 90 days, effective from 12 August 2025. The U.S. tariff and trade policies are subject to constant changes, influenced by evolving geopolitical dynamics, economic priorities and regulatory agenda, and such policies may be amended, expanded, or replaced with little or no advance notice. The management will keep continuous monitoring on the situation of Tariff Increases and reacted actively to its impact on the financial position and operating results of the Group. As at the date of this report, Tariff Increases does not have any material adverse impact on the financial position and operating result of the Group.

42. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of its subsidiaries in respect of any period subsequent to 31 December 2025.

The following information does not form part of the Accountants' Report from Ernst & Young, Certified Public Accountants, Hong Kong, the Company's reporting accountants, as set out in Appendix I to this Document, and is included herein for information purpose only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this Document and the Accountants' Report set out in Appendix I to this Document.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following statement of unaudited pro forma adjusted consolidated net tangible assets of the Group prepared in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* as issued by the Hong Kong Institute of Certified Public Accountants is set out here to illustrate the effect of the Global Offering on the consolidated net tangible assets of the Group attributable to owners of the parent as if the Global Offering had taken place on 31 December 2025.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been prepared for illustrative purpose only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to owners of the parent had the Global Offering been completed as of 31 December 2025 or as at any future dates.

	Consolidated net tangible assets of the Group attributable to owners of the parent as at 31 December 2025 RMB'000 (Note 1)	Estimated net Proceeds from the Global Offering RMB'000 (Note 2)	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the parent as at 31 December 2025 RMB'000	Unaudited pro forma adjusted consolidated net tangible assets per Share as at 31 December 2025	
				RMB (Note 3&4)	HK\$ (Note 5)
Based on an Offer Price of HK\$32.80 per Share	1,260,285	513,419	1,773,704	8.46	9.68

Notes:

1. The consolidated net tangible assets of the Group attributable to owners of the parent as at 31 December 2025 is arrived at after deducting intangible assets of RMB6,907,000 from the audited net assets attributable to owners of the parent as at 31 December 2025 of RMB1,267,192,000 set out in the Accountants' Report in Appendix I to this Document.
2. The estimated net proceeds from the Global Offering are based on HK\$32.8 per Share after deduction of the underwriting fees and other related expenses payable by the Company (excluding the listing expense that have been charged to profit or loss during the Track Record Period) and do not take into account any share which may be sold and offered upon exercise of the Over-allotment Option.
3. The unaudited pro forma adjusted consolidated net tangible assets per Share is arrived at after adjustments referred to in the preceding note 2 and on the basis that 209,540,070 shares were in issue assuming the Global Offering has been completed on 31 December 2025.
4. For the purpose of this unaudited pro forma statement of adjusted consolidated net tangible assets, the balances stated in RMB are converted into HK\$ at the rate of RMB1.00 to HK\$1.1433.
5. No other adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2025.

**B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**

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To the Directors of Shenzhen SDMC Technology Co., Ltd.

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Shenzhen SDMC Technology Co., Ltd. (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated net tangible assets as at 31 December 2025, and related notes as set out on pages II-1 to II-2 of the prospectus dated 18 May 2026 issued by the Company (the “**Unaudited Pro Forma Financial Information**”). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in Part A of Appendix II to the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the global offering of shares of the Company on the Group's financial position as at 31 December 2025 as if the transaction had taken place at 31 December 2025. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial statements for the year ended 31 December 2025, on which an accountants' report has been published.

Directors' responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline (“**AG**”) 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* as issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

Our independence and quality management

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of the Unaudited Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the global offering of shares of the Company on unadjusted financial information of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma 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:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Certified Public Accountants

Hong Kong

18 May 2026

PRC LAWS AND REGULATIONS RELATING TO TAXATION**Taxation on Dividends*****Individual Investor***

Pursuant to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》), which was last amended on August 31, 2018 and came into effect on January 1, 2019 and the Implementation Provisions of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法實施條例》), which was last amended on December 18, 2018 and came into effect on January 1, 2019, for individual income including interest, dividend and bonus, shall pay individual income tax with applicable proportional tax rate of 20%. Unless otherwise provided by the competent financial and taxation authorities under the State Council, all the interest, dividend and bonus are deemed as derived from the PRC whether the payment place is in the PRC. Pursuant to the Circular on Certain Issues Concerning the Policies of Individual Income Tax (《關於個人所得稅若干政策問題的通知》) promulgated by the Ministry of Finance and the SAT on May 13, 1994, overseas individuals are exempted from the individual income tax for dividends or bonuses received from foreign-invested enterprises.

Enterprise Investors

In accordance with the EIT Law, which was amended on December 29, 2018 and became effective on the same date, and the Implementation Provisions of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》), which was amended on April 23, 2019 and became effective on the same date, a non-resident enterprise is generally subject to EIT at a rate of 10% on PRC-sourced income (including dividends received from a PRC resident enterprise that issues shares overseas), 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 are 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 payment is made or due.

The Circular on Issues Relating to the Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-Resident Enterprise Shareholders of H Shares (《國家稅務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) (Guo Shui Han [2008] No. 897), which was issued by the SAT on November 6, 2008, further clarified that a PRC-resident enterprise must withhold EIT at a rate of 10% on the dividends of 2008 and onwards that it distributes to overseas non-resident enterprise shareholders of H Shares. In addition, the Response to Questions on Levying Enterprise Income Tax on Dividends Derived by Non-resident Enterprise from Holding Stock such as B Shares (《關於非居民企業取得B股等股票股息徵收企業所得稅問題的批覆》) (Guo Shui Han [2009] No. 394), which was issued by the SAT and came into effect on July 24, 2009, further provides that any PRC-resident enterprise whose shares are listed on overseas stock exchanges must withhold and remit EIT at a rate of 10% on dividends of 2008 and onwards that it distributes to non-resident enterprises. Such tax rate may be further modified pursuant to the tax treaty or agreement that China has entered into with a relevant country or area, where applicable.

Pursuant to the Arrangement between the Mainland and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》), which was signed on August 21, 2006, the Chinese Government may levy taxes on the dividends paid by a Chinese company to Hong Kong residents (including natural persons and legal entities) in an amount not exceeding 10% of the total dividends payable by the Chinese company. If a

Hong Kong resident directly holds 25% or more of the equity interest in a Chinese company, then such tax shall not exceed 5% of the total dividends payable by the Chinese company. The Fifth Protocol of the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《〈內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排〉第五議定書》), which came in to effect on December 6, 2019, adds a criteria for the qualification of entitlement to enjoy treaty benefits. Although there may be other provisions under the Arrangement, the treaty benefits under the criteria shall not be granted in the circumstance where relevant gains, after taking into account all relevant facts and conditions, are reasonably deemed to be one of the main purposes for the arrangement transactions which will bring any direct or indirect benefits under this Agreement, except when the grant of benefits under such circumstance is consistent with relevant objective and goal under the Arrangement. The application of the dividend clause of tax agreements is subject to the requirements of PRC tax law documents, such as the Notice of SAT on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》) (Guo Shui Han [2009] No. 81).

Tax Treaties

Non-PRC resident investors residing in countries which have entered into treaties for the avoidance of double taxation with the PRC or residing in Hong Kong or Macau are entitled to a reduction of the withholding taxes imposed on the dividends received from PRC companies. The PRC currently has entered into Avoidance of Double Taxation Treaties/Arrangements with a number of countries and regions including Hong Kong, Macau, 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 agreements or arrangements are required to apply to the Chinese tax authorities for a refund of the withholding tax in excess of the agreed tax rate, and the refund payment is subject to approval by the Chinese tax authorities.

TAXATION ON SHARE TRANSFER

Individual Investor

According to the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得稅法》) and its implementation provisions, gains realized on the sale of equity interests in the PRC resident enterprises are subject to individual income tax at a rate of 20%.

Pursuant to the Circular of Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from the Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) (Cai Shui Zi [1998] No. 61) issued by the MOF and the SAT on March 20, 1998, from January 1, 1997, income of individuals from transfer of the shares of listed enterprises continues to be exempted from individual income tax. On December 31, 2009, the MOF, the SAT and CSRC jointly issued the Circular on Related Issues on Levying Individual Income Tax over the Income Received by Individuals from the Transfer of Listed Shares Subject to Sales Limitation (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知》) (Cai Shui [2009] No. 167), which became effective on December 31, 2009, states that individuals' income from the transfer of listed shares on the Shanghai Stock Exchange and the Shenzhen Stock Exchange shall continue to be exempted from individual income tax, except for the relevant shares which are subject to sales restriction (as defined in the Supplementary Notice on Issues Concerning the Levy of Individual Income Tax on Individuals' Income from the Transfer of Restricted Stocks of Listed Companies (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的補充通知》) (Cai Shui [2010] No. 70) jointly issued by the above three departments on November 10, 2010). As of the Latest

Practicable Date, no aforesaid provisions had expressly provided that whether individual income tax shall be levied from non-Chinese resident individuals on the transfer of shares in PRC resident enterprises listed on overseas stock exchanges. To the knowledge of the Company, in practice, the PRC tax authorities have not levied income tax from non-PRC resident individuals on gains from the transfer of PRC resident enterprises listed on overseas stock exchange.

Enterprise Investors

In accordance with the EIT Law and its implementation provisions, a non-resident enterprise is generally subject to EIT at the rate of a 10% on PRC-sourced income, including gains derived from the disposal of equity interests in a PRC resident enterprise, 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. Such income tax payable for non-resident enterprises are deducted at source, where the payer of the income are required to withhold the income tax from the amount to be paid to the non-resident enterprise when such payment is made or due. Such tax may be reduced or exempted pursuant to relevant tax treaties or agreements on avoidance of double taxation.

Stamp Duty

Pursuant to the Provisional Regulations of the PRC Concerning Stamp Duty (《中華人民共和國印花稅暫行條例》) effective as of October 1, 1988, amended on January 8, 2011 and replaced by Stamp Duty Law (《中華人民共和國印花稅法》) promulgated June 10, 2021 and effective as of July 1, 2022, and the Detailed Rules for Implementation of Provisional Regulations of the PRC Concerning Stamp Duty (《中華人民共和國印花稅暫行條例施行細則》) effective as of October 1, 1988, PRC stamp duty only applies on specific proof executed or received within the PRC and legally binding force in the PRC and protected under the PRC laws, thus the requirements of the stamp duty imposed on the transfer of shares of PRC listed companies shall not apply to the acquisition and disposal of H Shares by non-PRC investors outside of the PRC.

MAJOR TAXES ON THE COMPANY IN PRC

EIT Law

According to the EIT Law, which was amended on December 29, 2018 and became effective on the same date and the Regulation on the Implementation of the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法實施條例》), which was amended on April 23, 2019 and became effective on the same date, the applicable EIT rate of both domestic and foreign-funded enterprises shall be 25%. Enterprises are classified into resident and non-resident enterprises. A resident enterprise shall pay EIT on its incomes derived from both inside and outside China. For a non-resident enterprise having offices or establishments inside China, it shall pay EIT on its incomes derived from China as well as on incomes that it earns outside China but which has real connection with the said offices or establishments, the EIT rate applicable shall be 25%. For a non-resident enterprise having no office or establishment inside China, or for a non-resident enterprise whose incomes have no actual connection to its office or establishment inside China, it shall pay EIT on the incomes derived from China the EIT rate applicable shall be 10%.

VAT

According to the Interim Regulations of the PRC on Value Added Tax (《中華人民共和國增值稅暫行條例》) which was promulgated by the State Council on December 13, 1993, and amended on November 10, 2008, February 6, 2016 and November 19, 2017, and the Detailed

Rules for the Implementation of the Provisional Regulations of the PRC on Value Added Tax (《中華人民共和國增值稅暫行條例實施細則》) which was promulgated by the Ministry of Finance on December 25, 1993 and subsequently amended on December 15, 2008 and October 28, 2011, all enterprises and individuals that engage in the sale of goods, the provision of processing, repair and replacement services, sales of service, intangible assets and real estate and the importation of goods within the territory of the PRC shall pay VAT at the rate of 0%, 6%, 11% and 17% for the different goods it sells and different services it provides, except when specified otherwise.

According to the Notice on the Adjustment to VAT Rates (《關於調整增值稅稅率的通知》) (Cai Shui [2018] No. 32), promulgated by the MOF and the SAT on April 4, 2018 and became effective as of May 1, 2018, the VAT rates of 17% and 11% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 16% and 10%, respectively.

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

PRC LAWS AND REGULATIONS RELATING TO FOREIGN EXCHANGE

Foreign currencies conversion is mainly subject to the Administrative Regulations on Foreign Exchange of the PRC (《中華人民共和國外匯管理條例》) promulgated by the PRC State Council on January 29, 1996 and latest amended on August 5, 2008 and the Administrative Provisions on the Settlement, Sales and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》) promulgated by the People's Bank of China on June 20, 1996. Under such regulations, RMB is generally freely convertible to foreign currencies for current account transactions (such as trade and service-related foreign exchange transactions and dividend payments), but not for capital account transactions (such as capital transfer, direct investment, securities investment, derivative products or loans), except where a prior approval from the SAFE and/or its competent local counterparts is obtained.

According to the Decision of the State Council on Canceling and Adjusting A Batch of Items Requiring Administrative Approval (《國務院關於取消和調整一批行政審批項目等事項的決定》) issued by the State Council on October 23, 2014, SAFE and its branches canceled the review and approval on the foreign exchange settlement for the repatriation of funds raised abroad under the overseas listed foreign capital stock account.

Pursuant to the Notice of the People's Bank of China and the State Administration of Foreign Exchange on Issues Concerning the Administration of Funds Raised by Domestic Enterprises Listed Overseas (《中國人民銀行 國家外匯管理局關於境內企業境外上市資金管理有關問題的通知》) promulgated by People's Bank of China and the SAFE on December 24, 2025 and effective on April 1, 2026, a domestic enterprise that conducts an overseas listing shall, within 30 working days from the first trading day of the overseas listing or the completion of the over-allotment option, apply to a bank within the province or the separately-listed municipality where it is registered for overseas listing registration. In principle, funds raised by domestic enterprises through overseas listings shall be remitted back to the territory in a timely manner. Where such funds are retained overseas for the conduct of overseas direct investment, overseas securities investment, overseas lending and other businesses, the domestic enterprise shall obtain the approval or filing documents from the business competent authorities before the date of completion of the overseas issuance or the over-allotment option, and shall comply with relevant cross-border funds administration provisions.

According to the Notice of State Administration of Foreign Exchange on Reforming and Standardizing Capital Account Foreign Exchange Settlement Administration Policies (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) issued by SAFE on June 9, 2016, it has been specified clearly in the relevant policies that, for the capital account foreign exchange income subject to voluntary foreign exchange settlement (including the repatriation of the proceeds from overseas listing), the domestic institutions may conduct the foreign exchange settlement at the banks according to their operation needs. The proportion of the capital account foreign exchange income subject to voluntary foreign exchange settlement was tentatively set as 100%, provided that SAFE may adjust the aforesaid proportion according to the international payment balance status in good time.

PRC LAWS AND REGULATIONS

The PRC Legal System

The PRC legal system is based on the PRC Constitution (《中華人民共和國憲法》) (hereinafter referred to as the “**Constitution**”) and is made up of statutes, administrative regulations, local regulations, autonomous regulations, separate regulations, rules and regulations of State Council departments, rules and regulations of local governments, laws of special administrative regions and international treaties of which the PRC government is the signatory and other regulatory documents. Court judgments do not constitute legally binding precedents, although they are used for the purposes of judicial reference and guidance.

According to the Constitution and the Legislation Law of the PRC (《中華人民共和國立法法》) (hereinafter referred to as the “**Legislation Law**”), the NPC and its Standing Committee are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend basic laws governing State organs, civil, criminal and other matters. The Standing Committee of the NPC formulates and amends the laws other than those required to be enacted by the NPC and to supplement and amend parts of the laws enacted by the NPC during the adjournment of the NPC, provided that such supplements and amendments are not in conflict with the basic principles of such laws.

The State Council is the highest organ of state administration and has the power to formulate administrative regulations based on the Constitution and laws. The people’s congresses of the provinces, autonomous regions and municipalities and their standing committees may formulate local regulations based on the specific circumstances and actual needs of their respective administrative areas, provided that such regulations do not contravene any provision of the Constitution, laws or administrative regulations. The people’s congresses of cities divided into districts and their respective standing committees may formulate local regulations on aspects such as urban and rural construction and management, environmental protection 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 their respective provinces or autonomous regions. If the law provides otherwise on the formulation of local regulations by cities divided into districts, those provisions shall prevail. Such local regulations will come into effect after being reported to and approved by the standing committees of the people’s congresses of the relevant provinces or autonomous regions. The standing committees of the people’s congresses of the provinces or autonomous regions shall examine the legality of local regulations submitted for approval, and such approval shall be granted within four months if they are not in conflict with the Constitution, laws, administrative regulations and local regulations of the relevant provinces or autonomous regions. Where, during the examination for approval of local regulations of cities divided into districts by the standing committees of the people’s congresses of the provinces or autonomous regions, conflicts are identified with the rules and regulations of the people’s governments of the provinces or autonomous regions, a decision should be made to resolve the issue. People’s congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in light of the political, economic and cultural characteristics of the ethnic groups in the areas concerned.

The ministries and commissions of the State Council, the People’s Bank of China, the National Audit Office and the subordinate institutions with administrative functions directly administered by the State Council may formulate departmental rules and regulations within the permissions of their respective departments based on the laws and administrative regulations, and the decisions and orders of the State Council. Provisions of departmental rules should be the matters related to the enforcement of the laws and administrative regulations, and the decisions and orders of the State Council. The people’s governments of

the provinces, autonomous regions, municipalities and cities or autonomous prefectures divided into districts may formulate rules and regulations based on the laws, administrative regulations and local regulations of such provinces, autonomous regions and municipalities.

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 annul any inappropriate laws enacted by the SCNPC, and to annul any autonomous regulations and separate regulations which have been approved by the SCNPC but which contravene the Constitution and the Legislation Law; the SCNPC has the power to annul administrative regulations that contravene the Constitution and laws, to annul local regulations that contravene the Constitution, laws and administrative regulations, and to annul autonomous regulations and separate regulations which have been approved by the standing committees of the people's congresses of the relevant provinces, autonomous regions or municipalities directly under the Central Government, but which contravene the Constitution and the Legislation Law; The State Council has the power to alter or annul any inappropriate ministerial rules and rules of local governments; The people's congresses of provinces, autonomous regions and municipalities directly under the Central Government have the power to alter or annul any inappropriate local regulations enacted or approved by their respective standing committees; The standing committees of the local people's congresses have the power to annul inappropriate rules enacted by the people's governments at the corresponding level; The people's governments of provinces and autonomous regions have the power to alter or annul any inappropriate rules enacted by the people's governments at a lower level.

Pursuant to the Resolution of the Standing Committee of the NPC Providing an Improved Interpretation of the Law (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) passed on June 10, 1981, in cases where the scope of provisions of laws or decrees needs to be further defined or additional stipulations need to be made, the Standing Committee of the NPC shall provide interpretations or make stipulations by means of decrees. Issues related to the application of laws in a court trial should be interpreted by the Supreme People's Court, issues related to the application of laws in a prosecution process of the procuratorate should be interpreted by the Supreme People's Procuratorate, and issues related to laws other than the above mentioned should be interpreted by the State Council and the competent authorities. The State Council and its ministries and commissions are also vested with the power to give interpretations of the administrative regulations and departmental rules which they have promulgated. At the regional level, the power to interpret regional regulations is vested in the regional legislative and administrative authorities which promulgate such regulations.

THE PRC JUDICIAL SYSTEM

Under the Constitution, the Law of Organization of the People's Court of the PRC (《中華人民共和國人民法院組織法》) and the Law of Organization of the People's Procuratorate of the PRC (2018 Revision) (《中華人民共和國人民檢察院組織法》(2018修訂)), the people's courts of the PRC are divided into the Supreme People's Court, the local people's courts at all levels and special people's courts. The local people's courts at all levels are divided into three levels, namely, the basic people's courts, the intermediate people's courts and the higher people's courts. The basic people's courts may set up certain people's tribunals based on the status of the region, population and cases. The Supreme People's Court shall be the highest judicial organ of the state. The Supreme People's Court shall supervise the

administration of justice by the local people's courts at all levels and by the special people's courts. The people's courts at a higher level shall supervise the judicial work of the people's courts at lower levels. The people's procuratorates of the PRC are divided into the Supreme People's Procuratorate, the local people's procuratorates at all levels, Military Procuratorates and other special people's procuratorates. The Supreme People's Procuratorate shall be the highest procuratorial organ. The Supreme People's Procuratorate shall direct the work of the local people's procuratorates at all levels and of the special people's procuratorates; the people's procuratorates at higher levels shall direct the work of those at lower levels.

The people's courts employ a two-tier appellate system, i.e., judgments or rulings of the second instance at the people's courts are final. A party may appeal against the judgment or ruling of the first instance of a local people's court. 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 shall become final. Judgments or rulings of the second instance of the intermediate people's courts, the higher people's courts and the Supreme People's Court and those of the first instance of the Supreme People's Court are final. However, if the Supreme People's Court or the people's courts at the next higher level finds any definite errors in a legally effective final judgment or ruling of the people's court at a lower level, or if the 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 PRC (《中華人民共和國民事訴訟法》) (hereinafter referred to as the “**PRC Civil Procedure Law**”) adopted on April 9, 1991 and amended three times on October 28, 2007, August 31, 2012 and June 27, 2017 and September 1, 2023 respectively, prescribes the conditions for instituting a civil action, the jurisdiction of the people's court, the procedures for conducting a civil action, and the procedures for enforcement of a civil judgment or ruling. All parties to a civil action conducted within the PRC must abide by the PRC Civil Procedure Law. A civil case is generally heard by the court located in the defendant's place of domicile. The court of jurisdiction in respect of a civil action may also be chosen by explicit agreement among the parties to a contract, provided that the people's court having jurisdiction should be located at places directly connected with the disputes, such as the plaintiff's or the defendant's place of domicile, the place where the contract is executed or signed or the place where the object of the action is located. Meanwhile, such choice shall not in any circumstances contravene the regulations of differential jurisdiction and exclusive jurisdiction.

A foreign individual, a person without nationality, a foreign enterprise or a foreign organization is given the same litigation rights and obligations as a citizen, a legal person or other organizations of the PRC when initiating actions or defending against litigations at a people's court. Should a foreign court limit the litigation rights of PRC citizens or enterprises, the PRC court may apply the same limitations to the citizens or enterprises of such foreign country. A foreign individual, a person without nationality, a foreign enterprise or a foreign organization must engage a PRC lawyer in case he or it needs to engage a lawyer for the purpose of initiating actions or defending against litigations at a people's court. In accordance with the international treaties to which the PRC is a signatory or participant or according to the principle of reciprocity, a people's court and a foreign court may request each other to serve documents, conduct investigation and collect evidence and conduct other actions on its behalf. A people's court shall not accommodate any request made by a foreign court which will result in the violation of sovereignty, security or public interests of the PRC.

All parties to a civil action shall perform the legally effective judgments and rulings. If any party to a civil action refuses to abide by 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 the enforcement of the same within two years subject to application for postponed enforcement or revocation. If a party fails to satisfy within the stipulated period a judgment which the court has granted an enforcement approval, the court may, upon the application of the other party, mandatorily enforce the judgment against such party.

Where a party requests for enforcement of an effective judgment or ruling made by a people's court, but the opposite party or his property is not within the territory of the People's Republic of China, the party may directly apply to the foreign court with jurisdiction for recognition and enforcement of the judgment or ruling, or the people's court may, in accordance with the provisions of international treaties to which the PRC is a signatory or in which the PRC is a participant or according to the principle of reciprocity, request for recognition and enforcement by the foreign court. Similarly, for an effective judgment or ruling made by a foreign court that requires recognition and enforcement by a people's court of the PRC, a party may directly apply to an intermediate people's court of the PRC with jurisdiction for recognition and enforcement of the judgment or ruling, or the foreign court may, in accordance with the provisions of international treaties to which its country and the PRC are signatories or in which its country is a participant or according to the principle of reciprocity, request for recognition and enforcement by the people's court, unless the people's court considers that the recognition or enforcement of such judgment or ruling would violate the basic legal principles of the PRC, its sovereignty or national security or would not be in social and public interest.

THE PRC COMPANY LAW AND THE GUIDELINES FOR THE ARTICLES OF ASSOCIATION OF LISTED COMPANIES

A joint stock limited company incorporated in the PRC seeking a list on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) is mainly subject to the following laws and regulations of the PRC:

The Company Law was adopted by the Fifth Standing Committee Meeting of the Eighth NPC on December 29, 1993 and came into effect on July 1, 1994, and was amended on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013, October 26, 2018 and December 29, 2023, respectively. The latest revised Company Law came into effect on July 1, 2024.

According to the Guidelines on the Application of Regulatory Rules — No. 1 for Overseas Offering and Listing (《監管規則適用指引—境外發行上市類第1號》) which was promulgated by the CSRC on February 17, 2023, and came into effect on March 31, 2023, the domestic companies that directly offer and list securities in overseas markets, shall formulate their articles of association in line with the Guidelines for the Articles of Association of Listed Companies (《上市公司章程指引》) (hereinafter referred to as the “**PRC Guidelines on AoA**”) promulgated by the CSRC on March 16, 2006 and latest amended on March 28, 2025, to standardize corporate governance.

Set out below is a summary of the major provisions of the Company Law and the PRC Guidelines on AoA which are applicable to the Company.

General

“A joint stock limited company” means is a corporate legal person incorporated under the 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 the laws and regulations, social morality and business ethics, be honest and faithful and accept the supervision of the government and the general public. 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 company may be established by promotion or subscription. A company shall have a minimum of one but no more than 200 people as its promoters, over half of which must have a domicile within the PRC. The promoters of a joint-stock limited company established by way of public subscription shall convene a company establishment meeting within 30 days from the date when the subscribed capital of the company has been fully paid up. The promoters shall notify all subscribers of the date of the meeting at least 15 days before the establishment meeting or make a public announcement thereof. The establishment meeting may be held only if more than half of the voting rights held by the subscribers are present. The procedures for convening and voting at the establishment meeting of a joint-stock limited company established by way of initiation shall be stipulated in the articles of association or the promoters' agreement. The powers exercised by the establishment meeting include, but are not limited to, the adoption of the articles of association and the election of directors and supervisors of the company. Resolutions on the matters listed in the preceding paragraph at the establishment meeting must be passed by more than half of the voting rights held by the subscribers present at the meeting.

The board of directors shall, within 30 days after the end of the establishment meeting of a company, authorize a representative to file an application for registration of establishment with the company registration authority. A company established in accordance with the law shall be issued a business license by the company registration authority. The date of issuance of the company's business license is the date of establishment of the company.

Where the shares to be issued have not been fully subscribed for at the time of the establishment of a company, or the promoters fail to hold an establishment meeting within 30 days after the full payment has been made for the shares to be issued, subscribers may claim against the promoters for refund of the payment for shares plus the interest on the bank deposits for the same term. The promoters and subscribers may not withdraw their share capital after they have made payment for the shares or delivered non-monetary property as capital contributions, except that the shares have not been fully subscribed for within the time limit, the promoters fail to hold the establishment meeting on schedule, or the establishment meeting decides not to establish the company.

If the company fails to be established, the legal consequences incurred shall be undertaken by the shareholders at the time of the establishment of the company. If there are two or more shareholders at the time of the establishment, they shall enjoy the claims and assume the debts jointly and severally. If a shareholder at the time of the establishment of the company engages in the civil activities in its own name for the purpose of establishing the company, the third party has the right to request the company or such shareholder to assume the civil liability incurred. Where a shareholder at the time of the establishment of a company causes any damage to any other person due to fulfilling the duties for the establishment of the company, the company or the shareholder who is not at fault may, after making compensations, claim the compensation from the shareholder who is at fault.

Registered Shares

Shares in a company take the form of share certificates. Share certificates are certificates issued by the company evidencing the shares held by the shareholders. The shares issued by a company shall be registered shares.

A joint stock limited company shall make a register of shareholders and keep it in the company. The register of shareholders shall contain the following items: (I) name and domicile of each shareholder; (II) class and number of shares subscribed for by each shareholder; (III) serial number of shares if the shares are issued in paper form; and (IV) date for each shareholder to obtain shares.

Increase in Share Capital

In the case of a joint-stock limited company issues new shares, the shareholders' meeting shall pass resolutions on the following matters: the category and amount of the new shares, the issue price of the new shares, the start and end dates of the new share issuance, the category of new shares to be issued to existing shareholders, the amount of the proceeds from the new share issuance to be credited to the registered capital, if the new shares are issued without a par value.

When a company intends to make public offering of shares, it shall go through the registration with the securities regulatory authority of the State Council and announce the prospectus. The shares to be offered to the general public by a company shall be underwritten by a lawfully established securities company, with which an underwriting agreement shall be concluded. Where a company intends to offer shares to the general public, it shall conclude an agreement with a bank on the collection of share capital on behalf of the company. After the share capital is raised by a company making offering of shares, an announcement shall be made.

Reduction of Share Capital

A company may reduce its registered capital in accordance with the following procedures prescribed by the Company Law: (1) To prepare a balance sheet and a property list. (2) A company makes a resolution at shareholders' general meeting to reduce its registered capital. (3) A company shall inform its creditors within 10 days and publish an announcement in newspapers or the National Enterprise Credit Information Publicity System within 30 days after the approval of resolution of reducing registered capital. (4) The creditors shall have the right to require a company to repay its debts or provide corresponding guarantees within 30 days after receiving the notice or within 45 days after the announcement if the creditors have not received the notice. (5) When a company reduces its registered capital, it shall register the change with a company registration authority in accordance with the law.

Repurchase of Shares

Pursuant to the Company Law, a 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; and (6) where it is necessary for the listed company to safeguard the value of the company and the interests of its shareholders.

The acquisition by a company of its own shares on the grounds set out in item (1) to (2) above shall be approved by way of a resolution of a shareholders' general meeting; the acquisition by a company of its own shares in circumstances as set out in items (3), (5) and (6) above maybe approved by way of a resolution at a board meeting with two-third or more of the directors present in accordance with the provisions of the company's articles of association or the authorization of the shareholders' general meeting.

Following the acquisition by a company of its own shares in accordance with these requirements, such shares shall be canceled within 10 days from the date of the acquisition under the circumstance in item (1); such shares shall be transferred or canceled within six months under the circumstances in items (2) or (4); the total shares held by the Company shall not exceed 10% of the total shares issued by the Company and such shares shall be transferred or canceled within three years under the circumstances in items (3), (5) or (6).

A listed company shall perform its information disclosure obligations in accordance with the provisions of the PRC Securities Law when acquiring its own shares. The acquisition by a listed company of its own shares in circumstances as set out in items (3), (5) and (6) of this article shall be conducted through open centralized trading.

Transfer of Shares

The shares held by a shareholder of a joint stock limited company may be transferred to other shareholders or to persons other than the shareholders of the company. Where the articles of association of the company have any restriction on the transfer of shares, the transfer shall be carried out in accordance with the articles of association. The share transfer by a shareholder shall be conducted on a lawfully established stock exchange or by any other means as prescribed by the State Council.

The stocks shall be transferred by a shareholder in the form of endorsement or by any other means prescribed by the relevant laws or administrative regulations. After the transfer, the company shall record the name and domicile of the transferee in the register of shareholders. The register of shareholders shall not be modified within 20 days before any shareholders' meeting is held, or within 5 days prior to the benchmark date decided by the company for the distribution of dividends. Where it is otherwise provided for in any law, administrative regulation or by the securities regulatory authority of the State Council for the modification of the register of shareholders of a listed company, such provisions shall prevail.

The shares issued before a company makes a public offering of shares shall not be transferred within 1 year as of the day when the stocks of the company are listed and traded on the stock exchange. Where it is otherwise provided for in any law, administrative regulation or by the securities regulatory authority of the State Council for the transfer of shares held by the shareholders or actual controllers of a listed company, such provisions shall prevail. The directors, supervisors and senior executives of the company shall declare to the company the shares they hold and the changes thereof. During the term of office as determined when they assume the posts, the shares transferred each year shall not exceed 25% of the total shares they hold of the company. The shares of the company held by them shall not be transferred within 1 year as of the day when the stocks of the company are listed and traded on the stock exchange. Any of the aforesaid persons shall not transfer the shares of the company held within six months after he/she leaves office. Any other restrictions on the transfer of company shares held by directors, supervisors or senior executives may be specified in the articles of association.

Shareholders

Under the Company Law, the rights of shareholders include the rights: (1) to receive dividends and other forms of distribution in accordance with the proportion of shares held or as stipulated in the articles of association. (2) to attend or appoint a proxy to attend shareholders' meetings and exercise voting rights. (3) to make suggestions or inquiries regarding the company's operations. (4) to transfer, donate, or pledge shares in accordance with laws, administrative regulations, 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, resolutions of the board of supervisors, and financial

accounting reports. (6) shareholders who individually or collectively hold more than three percent of the company's shares for at least 180 consecutive days have the right to review the company's accounting books and vouchers. (7) in the event of the company's dissolution or liquidation, to participate in the distribution of the company's remaining assets in proportion to the shares held. (8) any shareholder who objects to a shareholders' meeting resolution regarding company merger or division has the right to request the company to repurchase its shares. (9) other rights granted by laws, administrative regulations, and the articles of association.

The obligations of shareholders include: (1) to comply with laws, administrative regulations and the articles of association. (2) to pay for the shares subscription and the method of contribution. (3) may not damage the interests of the company or of other shareholders by abusing its rights. (4) not to abuse the independent legal status of the company and the limited liability of shareholders to evade debts or harm the interests of the company's creditors. (5) other obligations that shall be undertaken as stipulated by laws, administrative regulations, and the articles of association.

Shareholders' General Meetings

The shareholders' meeting of a joint-stock limited company is composed of all the shareholders. The shareholders' meeting is the company's authority and exercises the following powers: (1) to elect and replace directors and supervisors, and to determine matters relating to the remuneration of directors and supervisors. (2) to deliberate and approve the report of the board of directors. (3) to deliberate and approve the report of the board of supervisors. (4) to deliberate and approve the company's profit distribution plan and loss compensation plan. (5) to make resolutions on the increase or decrease of the company's registered capital. (6) to make resolutions on the issuance of corporate bonds. (7) to make resolutions on the company's merger, division, dissolution, liquidation, or change of corporate form. (8) to amend the articles of association. (9) other powers stipulated in the articles of association.

In addition, the PRC Guidelines on AoA stipulate that the powers of the shareholders' meeting also include: (1) to make resolutions on the engagement or dismissal of the accounting firm undertaking the company's audit business. (2) to deliberate and approve the guarantee matters stipulated in Article 47 of the Guidelines for the Articles of Association of Listed Companies. (3) 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. (4) to deliberate and approve changes in the use of raised funds. (5) to deliberate on equity incentive plans and employee share ownership plans. (6) to deliberate on other matters that should be decided by the shareholders' meeting as stipulated by laws, administrative regulations, departmental rules, or the articles of association.

A shareholders' general meeting is required to be held once a year. An extraordinary general meeting is required to be held within two months upon the occurrence of any of the following: (1) the number of directors is less than the number required by the Company Law or less than two-thirds of the number specified in the articles of association; (2) the total outstanding losses of the company amounted to one-third of the company's total paid-in share capital; (3) shareholders individually or in aggregate holding 10% or more of the company's shares request to convene an extraordinary general meeting; (4) the board deems necessary; (5) the board of supervisors so proposes; or (6) any other circumstances as provided for in the articles of association.

A shareholders' general meeting shall be summoned by the board of directors and presided over by the chairman of the board of directors. In the event that the chairman is incapable of performing or is not performing his duties, the meeting shall be presided over by the vice chairman. In the event that the vice chairman is incapable of performing or is not performing his duties, a director recommended by half or more of the directors shall preside over the meeting.

Where the board of directors is incapable of performing or is not performing its duties, the board of supervisors shall summon and preside over the shareholders' general meeting in a timely manner. If the board of supervisors fails to summon and preside over the shareholders' general meeting, shareholders individually or in aggregate holding 10% or more of the company's shares for 90 days or more consecutively may summon and preside over the shareholders' general meeting on their own initiative.

A notice of the general meeting stating the date and venue of the meeting and the matters to be considered at the meeting shall be given to all shareholders 20 days prior to the meeting. A notice of extraordinary general meeting shall be given to all shareholders 15 days prior to the meeting. A company offering shares to the public shall make the notices as mentioned in the preceding 2 paragraphs by way of announcement.

Shareholders may appoint proxies to attend the shareholders' meeting. The proxy shall submit to the company a power of attorney from the shareholder and exercise the voting rights within the scope of the authorization. The Company Law does not contain any specific provisions regarding the number of shareholders required to constitute a quorum for a shareholders' meeting.

Each shareholder attending the shareholders' meeting has one voting right for each share held, except for shareholders of preference shares. Shares held by the company in its own name do not have voting rights.

An accumulative voting system may be adopted for the election of directors and supervisors at the general meeting pursuant to the provisions of the articles of association or a resolution of the general meeting. Under the accumulative voting system, each share shall be entitled to the number of votes equivalent to the number of directors or supervisors to be elected at the general meeting, and shareholders may consolidate their votes for one or more directors or supervisors when casting a vote.

Resolutions of the general meeting must be passed by more than half of the voting rights held by shareholders present at the meeting, with the exception of resolutions relating to merger, division or dissolution of the company, increase or reduction of registered share capital, change of corporate form or amendments to the articles of association, in each case of which must be passed by more than two-thirds of the voting rights held by the shareholders present at the meeting.

Board of Directors

A joint stock limited company shall establish a board of directors. However, a joint stock limited company with a smaller scale or fewer shareholders may, instead of establishing a board of directors, appoint a single director to exercise the powers of the board of directors as stipulated in the Company Law.

For joint stock limited companies that establish a board of directors, the number of members shall be three or more, and the members may include representatives of the company's employees. In a joint stock limited company with more than 300 employees, unless it has established a board of supervisors with employee representatives in accordance with the law, the board of directors shall include employee representatives.

The term of office for directors shall be stipulated in the articles of association, but each term shall not exceed three years. A director whose term has expired may be re-elected for consecutive terms.

The board of directors shall convene at least two meetings per year, and all directors and supervisors shall be notified at least 10 days before each meeting.

The board of directors may exercise its powers: (1) to convene shareholders' general meetings; (2) to implement the resolutions passed by the shareholders at the shareholders' general meetings; (3) to decide on the company's operational plans and investment proposals; (4) to formulate the company's profit distribution proposals and loss recovery proposals; (5) to formulate proposals for the increase or reduction of the company's registered capital and the issue of corporate bonds; (6) to formulate proposals for the merger, division or dissolution of the company or change of corporate form; (7) to decide on the setup of the company's internal management organs; (8) to appoint or dismiss the company's manager and decide on his/her remuneration and, based on the manager's recommendation, to appoint or dismiss any deputy general manager and financial officer of the company and to decide on their remunerations; (9) to formulate the company's basic management system; and (10) to exercise any other authority stipulated in the articles of association or granted by the shareholders' meeting.

In addition, the PRC Guidelines on AoA stipulate that the powers of the board of directors also include: (1) 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. (2) to formulate plans for significant acquisitions by the company, and for the company to acquire its own shares. (3) to draft the plan for amending the articles of association. (4) to manage the company's information disclosure matters. (5) to submit proposals to the shareholders' meeting for the engagement or replacement of the accounting firm that audits the company. (6) to hear work reports from the company's manager and to inspect the work of the manager.

A board of directors meeting shall be held only if more than half of the directors are in attendance. Resolutions made by the board of directors must be passed by a majority of the directors. The directors shall attend the meeting of the board of directors in person. Where any director is unable to attend the meeting for any reason, he/she may, by issuing a written power of attorney, entrust another director to attend the meeting on his/her behalf. The power of attorney shall indicate the scope of authorization.

The directors shall be responsible for the resolutions made by the board of directors. Where a resolution of the board of directors is in violation of any law, administrative regulation, article of association or resolution of the shareholders' meeting and causes any serious loss to the company, the directors who participate in adopting such resolution shall be liable for compensation to the company. If a director is proved to have expressed his/her objection to the voting on such resolution and such objection has been recorded in the minutes, he/she may be exempted from liability.

Under the Company Law, the following person may not serve as a director in a company: (1) having no capacity for civil conduct or having limited capacity for civil conduct. (2) having 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 having been deprived of political rights due to a crime, where a five-year period has not elapsed since the expiration of execution period; if he/she is pronounced for suspension of sentence, a two-year period has not elapsed since the expiration of the suspension of sentence. (3) serving as a director, factory director or manager of a

company or enterprise which has been bankrupt and liquidated and being personally liable for the bankruptcy of such company or enterprise, where a three-year period has not elapsed since the completion of the bankruptcy and liquidation. (4) acting as the legal representative of a company or enterprise whose business license has been revoked or which was ordered to close down due to any violation of the law and being personally liable, where a three-year period has not elapsed since the date of revocation of business license or the order for closure; or (5) being listed as a dishonest person subject to enforcement by the people's court due to his/her failure to pay off a relatively large amount of due debts.

According to the PRC Guidelines on AoA, the board of directors shall appoint one chairman, who shall be elected by a majority of all the directors. The chairman shall exercise the following powers (including but not limited to: (1) to preside over the shareholders' meeting and to convene and chair the board of directors meetings. (2) to urge and inspect the implementation of the resolutions of the board of directors. (3) other powers granted by the board of directors.

Directors owe a duty of loyalty to the company and shall take measures to avoid conflicts between their personal interests and the interests of the company. They must not use their position to seek improper benefits. Directors also owe a duty of care to the company and shall exercise their duties in the best interests of the company, with the reasonable care that a manager would normally be expected to exercise.

Audit Committee/Supervisor/Board of Supervisors

A joint stock limited company may establish an audit committee composed of directors within its board of directors in accordance with the provisions of its articles of association, to exercise the powers of the board of supervisors as stipulated in the Company Law, without setting up a board of supervisors or supervisors. The audit committee shall consist of three or more members, with a majority of the members not holding any position in the company other than that of a director, and they must not have any relationship with the company that could affect their independent and objective judgment. Employee representatives on the board of directors may serve as members of the audit committee.

Unless the audit committee is established to exercise the powers of the board of supervisors, or in the case of a joint stock limited company with a smaller scale or fewer shareholders, which may appoint a single supervisor to exercise the powers of the board of supervisors as stipulated in the Company Law, otherwise, a joint-stock limited company shall establish a board of supervisors. The board of supervisors shall consist of three or more members, including representatives of shareholders and an appropriate proportion of employee representatives, with the proportion of employee representatives not being less than one-third, the specific proportion to be stipulated in the articles of association. Employee representatives on the board of supervisors shall be elected democratically by the company's employees through a workers' representative congress, workers' congress, or other forms. Company directors or senior management may not concurrently serve as supervisors.

The board of supervisors may exercise the following powers: (1) to review the company's financial position. (2) to supervise the directors and senior management in their performance of their duties and to propose the removal of directors and senior management who have violated laws, regulations, the articles of association or resolutions of the shareholders' general meetings. (3) when the acts of a director or a senior management personnel are detrimental to the company's interests, to require the director and senior management to correct these acts. (4) to propose the convening of extraordinary shareholders' general meetings and to summon and preside over shareholders' general meetings when the board fails to perform the duty of summoning and presiding over shareholders' general meetings under the Company Law. (5) to submit proposals to the shareholders' general

meetings. (6) to bring law suits against directors and senior management personnel pursuant to the relevant provisions of the Company Law; and (7) to exercise any other authority stipulated in the articles of association.

Supervisors shall comply with laws, administrative regulations, and the articles of association, and owe a duty of loyalty to the company. They shall take measures to avoid conflicts between their personal interests and the interests of the company and must not use their position to seek improper benefits. Supervisors also owe a duty of care to the company and shall exercise their duties in the best interests of the company, with the reasonable care that a manager would normally be expected to exercise.

Manager and Senior Management

A joint stock company shall have a manager who shall be appointed or removed by the board of directors. The manager shall be responsible to the board of directors and exercise his/her functions and powers according to the articles of association or the authorization of the board of directors.

Under the relevant requirements of the PRC Guidelines on AoA, the manager shall exercise the following powers: (1) to manage the production and operation and administration of the company and arrange for the implementation of the resolutions of the board of directors, and report work to the board of directors. (2) to arrange for the implementation of the company's annual operation plans and investment proposals. (3) to formulate proposals for the establishment of the company's internal management organs. (4) to formulate the fundamental management system of the company. (5) to formulate the company's specific rules and regulations; (6) to recommend the appointment or dismissal of any deputy manager and any financial officer of the company; (7) to appoint or dismiss management personnel (other than those shall be appointed or dismissed by the board of directors); and (8) to exercise any other authority granted by the board of directors.

According to the Company Law, senior management personnel refer to the company's manager, deputy manager, chief financial officer, the secretary of the board of directors of a listed company, and other personnel as stipulated in the articles of association. Senior management personnel owe a duty of loyalty to the company and shall take measures to avoid conflicts between their personal interests and the interests of the company. They must not use their position to seek improper benefits. Senior management personnel also owe a duty of care to the company and shall exercise their duties in the best interests of the company, with the reasonable care that a manager would normally be expected to exercise.

According to the PRC Guidelines on AoA, the articles of association of the company are binding on the company's manager and other management personnel. Senior management personnel shall faithfully perform their duties and safeguard the best interests of the company and all shareholders. If senior management personnel fail to faithfully perform their duties or breach their duty of good faith, causing damage to the interests of the company and public shareholders, they shall be held legally liable for compensation.

Finance and Accounting

Under the PRC Company Law, A company shall establish its own financial and accounting systems according to the laws, administrative regulations and the regulations of the competent financial departments under the State Council. At the end of each accounting year, a company shall prepare a financial report which shall be audited by an accounting firm in accordance with laws. The financial and accounting reports shall be prepared in accordance with laws, administrative regulations and the regulations of the financial departments under the State Council.

The company's financial and accounting reports shall be made available for shareholders' inspection at the company within 20 days before the convening of an annual general meeting. A joint stock limited company that makes public stock offerings must announce its financial and accounting reports.

When a company distributes its after-tax profit for the current year, 10% of the profit shall be accrued and included in the company's statutory reserve. Such accrual is no longer required when the accumulated amount of the company's statutory reserve is 50% or more of the company's registered capital. Where the accumulative amount of the company's statutory reserve is not enough to make up for the losses of the previous year, the current year's profits shall first be used to make up for the losses before the statutory reserve is accrued according to the provisions of the preceding paragraph. After having accrued statutory reserve from the after-tax profits, a company can also set aside discretionary reserve from the after-tax profits upon a resolution made by the shareholders' meeting.

A joint stock limited company shall distribute profits in proportion to the shares held by the shareholders, unless otherwise stipulated in the articles of association of the company.

The premiums received by a company from the issuance of shares at an issue price in excess of the par value of the shares, the amount of share proceeds from the issuance of no-par shares that have not been credited to the registered capital, and other items required by the financial department of the State Council to be included in the capital reserve shall be classified as the capital reserve of the company. The reserve of a company shall be used for making up losses, expanding the production and business scale or increasing the registered capital of the company. Where the reserve of a company is used for making up losses, the discretionary reserve and statutory reserve shall be firstly used. If losses still cannot be made up, the capital reserve can be used according to the relevant provisions. Where the statutory reserve is converted to increase registered capital, the amount of such reserve retained shall not be less than 25% of the registered capital of the company prior to the conversion.

The company shall have no accounting books other than the statutory books. The company's assets shall not be deposited in any account opened under the name of an individual.

Appointment and Dismissal of Auditors

Pursuant to the Company Law, the engagement or dismissal of an accounting firm responsible for the company's auditing shall be determined by a shareholders' general meeting or the board of directors 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 or the board of directors or the board of supervisors conducts a vote on the dismissal of the accounting firm.

The company should provide true and complete accounting evidence, accounting books, financial and accounting reports and other accounting information to the engaged accounting firm without any refusal or withholding or falsification of data.

Pursuant to the PRC Guidelines on AoA, the company engages an accounting firm that complies with the provisions of the Securities Law to carry out audit of accounting statements, verification of net assets and other related advisory services for a period of one year, which is renewable.

Profit Distribution

According to the Company Law, a company shall not distribute profits before losses are covered and the statutory common reserve fund is provided.

Dissolution and Liquidation

Under the Company Law, a company shall be dissolved for any of the following reasons: (1) the term of its operation set out in the articles of association has expired or other events of dissolution specified in the articles of association have occurred. (2) the shareholders have resolved at a shareholders' general meeting to dissolve the company. (3) the company shall be dissolved by reason of its merger or division. (4) the business license of the company is revoked or the company is ordered to close down or to be dissolved in accordance with the laws. or (5) the company is dissolved by the people's court in response to the request of shareholders holding shares that represent more than 10% of the voting rights of all shareholders of the company, on the grounds that the operation and management of the company has suffered serious difficulties that cannot be resolved through other means, rendering ongoing existence of the company a cause for significant losses to the shareholders' interests.

In the event of paragraph (1) or (2) above, and the company has not distributed the assets to its shareholders yet, it may survive by modifying its articles of association or upon a resolution of the shareholders' meeting.

Where the company is dissolved under the circumstances set forth in paragraph (1),(2), (4) or (5) above, a liquidation shall be conducted. The directors shall be the obligors for the company's liquidation and are required to form a liquidation committee within 15 days from the date when the cause for dissolution arises. The liquidation committee shall be composed of directors, unless otherwise provided in the articles of association or unless another person is elected by the shareholders' meeting. If the liquidation committee is not formed in time to conduct the liquidation, or if the liquidation committee is formed but fails to conduct the liquidation, interested parties may apply to the people's court to appoint relevant persons to form a liquidation committee to conduct the liquidation. The people's court shall accept the application and promptly organize the liquidation committee to conduct the liquidation.

The liquidation committee may exercise following powers during the liquidation: (1) to sort out the company's assets and to prepare a balance sheet and an inventory of assets. (2) to notify the company's creditors or publish announcements. (3) to deal with any outstanding business related to the liquidation. (4) to pay any overdue tax together with any tax arising during the liquidation process. (5) to settle the company's claims and liabilities. (6) to handle the company's remaining assets after its debts have been paid off. and (7) to represent the company in any civil procedures.

The remaining property of the company, after respectively paying the liquidation expenses, wages of employees, social insurance contributions, and statutory compensation, paying the taxes owed, and repaying the company's debts, shall be distributed in proportion to the shares held by the shareholders. During the liquidation period, the company continues to exist but shall not engage in any business activities unrelated to the liquidation. The company's property shall not be distributed to the shareholders before it is liquidated in accordance with the provisions of the preceding paragraph.

Where the liquidation group finds that the property of the company are not sufficient for paying off the debts after liquidating the property of the company and preparing a balance sheet and an inventory of property, it shall file an application to a people's court for bankruptcy liquidation. After the people's court accepts the application for bankruptcy, the liquidation group shall hand over the liquidation matters to the bankruptcy administrator designated by the people's court.

Upon completion of the liquidation of the company, the liquidation group shall produce a liquidation report, report the same to the shareholders' meeting or the people's court for confirmation, and submit the same to the company registration authority to apply for deregistration of the company.

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 cause any loss to any creditor due to his/her intentional or gross negligence shall be liable for compensation.

Loss of Share Certificates

A shareholder may, in accordance with the public notice procedures set out in the PRC Civil Procedure Law (《中華人民共和國訴訟法》), 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).

THE SECURITIES LAWS AND REGULATIONS

The PRC has promulgated a series of regulations that relate to the issue and trading of the Shares and disclosure of information. In October 1992, the State Council established the Securities Committee and CSRC. The Securities Committee is responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of securities markets, directing, coordinating and supervising all securities related institutions in the PRC and administering CSRC. CSRC is the regulatory arm of the Securities Committee and is responsible for the drafting of regulatory provisions governing securities markets, supervising securities companies, regulating public offerings of securities by PRC companies in the PRC or overseas, regulating the trading of securities, compiling securities-related statistics and undertaking relevant research and analysis. In April 1998, the State Council consolidated the Securities Committee and CSRC and reformed 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 listing 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 of the People's Republic of China (《中華人民共和國證券法》) (hereinafter referred to as the “**PRC Securities Law**”), which was amended by the Standing Committee of the NPC on December 28, 2019 and came into effect on March 1, 2020, provide a series of provisions regulating, among other things, the issue and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of the State Council's securities regulatory authorities in the PRC, and comprehensively regulates activities in the PRC securities market. The PRC Securities Law

provides that a domestic enterprise must comply with the relevant provisions of the State Council in issuing securities directly or indirectly outside the PRC or listing and trading its securities outside the PRC. Currently, the issue and trading of foreign issued shares are mainly governed by the rules and regulations promulgated by the State Council and the CSRC.

OVERSEAS LISTING

On February 17, 2023, the CSRC released several regulations regarding the management of filings for overseas offerings and listings by domestic companies, including the Trial Measures for the Administration on 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》) (the “**Overseas Listing Trial Measures**”) together with 5 supporting guidelines (together with the Overseas Listing Trial Measures, collectively referred to as the “Overseas Listing Regulations”). Under Overseas Listing Regulations, PRC domestic companies that seek to offer and list securities in overseas markets, either in direct or indirect means, are required to file the required documents with the CSRC within three working days after its application for overseas listing is submitted.

Pursuant to the Archives Rules, where a domestic enterprise provides or publicly discloses any document or material that involving state secrets and working secrets of state agencies to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, it shall report to the competent department with the examination and approval authority for approval in accordance with the law, and submit to the secrecy administration department of the same level for filing. The working papers formed within the territory of the PRC by the securities companies and securities service agencies that provide corresponding services for the overseas issuance and listing of domestic enterprises shall be kept within the territory of the PRC, and cross-border transfer shall go through the examination and approval formalities in accordance with the relevant provisions of the State.

REGULATIONS RELATED TO THE “FULL CIRCULATION” OF H SHARE

On November 14, 2019, CSRC announced the Guidelines for the “Full Circulation”, which were amended in August 10, 2023. According to the Guidelines for the “Full Circulation”, “Full circulation” means listing and circulating on the Stock Exchange of the domestic unlisted shares of an H-share listed company, including unlisted domestic shares held by domestic shareholders prior to overseas listing, unlisted domestic shares additionally issued after overseas listing, and unlisted shares held by foreign shareholders. Under the premise of complying with relevant laws and regulations, as well as policies on state-owned asset management, foreign investment, and industry supervision, shareholders of domestic unlisted shares may independently negotiate to determine the number and proportion of shares to be circulated and may entrust the H-share company to file with the CSRC. Domestic joint-stock limited companies that have not yet been listed may also file for “Full Circulation” with the CSRC when they conduct their initial public offering and listing overseas. Applications for Full Circulation must be lawful, compliant, fair, and just, fully safeguarding the shareholders’ rights to be informed and to participate, and fulfilling the necessary internal decision-making and external approval procedures. After domestic unlisted shares are listed and circulated on the Hong Kong Stock Exchange, they may not be transferred back to China. Shareholders of domestic unlisted shares may reduce or increase their holdings of the company’s shares circulating on the Hong Kong Stock Exchange in accordance with relevant business rules. The H-share company shall report the relevant situation to the CSRC within 15 days after the completion of the transfer registration of the shares involved in the application by China Securities Depository and Clearing Corporation.

According to the Overseas Listing Trial Measures, where a domestic enterprise directly issues and lists securities overseas, shareholders holding its domestic unlisted shares who apply to convert their domestic unlisted shares into overseas listed shares for circulation on an overseas trading venue shall comply with the relevant regulations of the CSRC and shall entrust the domestic enterprise to file with the CSRC. Domestic unlisted shares refer to shares that have been issued by a domestic enterprise but have not been listed or traded on a domestic trading venue. Domestic unlisted shares shall be centrally registered and custodied by domestic securities depository and clearing institutions. The registration and settlement arrangements for overseas listed shares shall be governed by the regulations of the overseas listing place.

On December 31, 2019, the CSDC and the SZSE jointly announced the Measures for Implementation of H-share “Full Circulation” Business (《H股「全流通」業務實施細則》) (the “**Measures for Implementation**”). The businesses of cross-border conversion registration, maintenance of deposit and holding details, transaction entrustment and instruction transmission, settlement, management of settlement participants, services of nominal holders, etc. in relation to the H-share “full circulation” business, are subject to the Measures for Implementation. Where there is no provision in the Measures for Implementation, it shall be handled with reference to other business rules of the CSDC and China Securities Depository and Clearing (Hong Kong) Company Limited and SZSE.

ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARDS

The Arbitration Law of the PRC (《中華人民共和國仲裁法》) (the “**Arbitration Law**”) was passed by the Standing Committee of the NPC on August 31, 1994, became effective on September 1, 1995 and was amended on August 27, 2009 and September 1, 2017. Under 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 the Arbitration Law and the Civil Procedure Law. Where the parties have by agreement provided arbitration as the method for dispute resolution, the people’s court will refuse to handle the case except when the arbitration agreement is declared invalid.

Under the Arbitration Law and the Civil Procedure 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. A people’s court may refuse to enforce an arbitral award made by an arbitration commission if there is any irregularity on the procedures or composition of arbitrators specified by law or the award exceeds the scope of the arbitration agreement or is outside the jurisdiction of the arbitration commission.

A party seeking to enforce an arbitral award of PRC arbitration panel against a party who, or whose property, is not within the PRC, may apply to a foreign court with jurisdiction over the case for enforcement. Similarly, an arbitral award made by a foreign arbitration body may be recognized and enforced by the PRC courts in accordance with the principles of reciprocity or any international treaty concluded or acceded to by the PRC. The PRC acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the “**New York Convention**”) adopted on June 10, 1958 pursuant to a resolution of the Standing Committee of the NPC passed on December 2, 1986. The New York Convention provides that all arbitral awards made in a state which is a party to the New York Convention shall be recognized and enforced by all other parties to the New York Convention, subject to their right to refuse enforcement under certain circumstances, including where the enforcement of the arbitral award is against the public policy of the state to which the application for enforcement is made. It was declared by the Standing Committee of the NPC simultaneously with the accession of the PRC that (i) the PRC will only recognize and enforce foreign arbitral awards on the principle of reciprocity and (ii) the PRC will only apply the New York Convention in disputes considered under PRC laws to arise from contractual and non-contractual mercantile legal relations.

An arrangement was reached between Hong Kong and the Supreme People's Court for the mutual enforcement of arbitral awards. On June 18, 1999, the Supreme People's Court adopted the Arrangements of the Supreme People's Court on the Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《關於內地與香港特別行政區相互執行仲裁裁決的安排》), which became effective on February 1, 2000, and Supplemental Arrangement of the Supreme People's Court for the Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《關於內地與香港特別行政區相互執行仲裁裁決的補充安排》), which promulgated on December 26, 2020. In accordance with these arrangement, awards made by PRC arbitral authorities under the Arbitration Law can be enforced in Hong Kong, and Hong Kong arbitration awards are also enforceable in the PRC.

JUDICIAL JUDGMENT AND ITS ENFORCEMENT

On July 14, 2006, the Supreme People's Court of the PRC and Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》), or the 2006 Arrangement. Under the 2006 Arrangement, where any designated PRC court or any designated Hong Kong court has made an enforceable final judgment requiring payment of money in a civil or commercial case under a choice of court agreement in writing any party concerned may apply to the relevant PRC court or Hong Kong court for recognition and enforcement of the judgment. On January 18, 2019, the Supreme People's Court of the PRC and Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》), or the 2019 Arrangement, which seeks to establish a mechanism with greater clarity and certainty for recognition and enforcement of judgments in wider range of civil and commercial matters between the PRC court and Hong Kong court. The 2006 Arrangement was superseded upon the effectiveness of the 2019 Arrangement on January 29, 2024.

This appendix contains a summary of the main provisions of the company's articles of association adopted by our company on May 16, 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 AND REDUCTION OF CAPITAL AND REPURCHASE OF SHARES

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 the securities regulatory rules of the place where the company's stocks are listed, and subject to the resolutions separately passed at the general meetings: (1) by public offering of shares. (2) by non-public offering 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, the regulatory authorities of the place where the company's stocks are listed, 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; and (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 public offering 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, supervisors, 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 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.

If the securities regulatory rules of the place where the Company's shares are listed have other provisions on the transfer restrictions, such provisions shall be followed.

If shares are pledged during the restricted transfer period stipulated by laws and administrative regulations, the pledgee shall not exercise the pledge right during the restricted transfer period.

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 and the securities regulatory authority of the place where the Company's shares are listed.

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 against the relevant parties in the people's court.

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 shall establish a register of members based on the certificates provided by the securities depository and clearing institution. The register of members is conclusive evidence of a member's shareholding in the Company. The Company may, in accordance with the understandings or agreements reached between the securities regulatory agency under the State Council and the overseas securities regulatory authorities, keep the register of foreign members of the overseas-listed shares outside the PRC and entrust an overseas agent to manage it.

The original register of H-share members shall be kept in Hong Kong. The Company shall keep a copy of the register of foreign members of the overseas-listed shares at its registered office. The entrusted overseas agent shall at all times ensure the consistency between the original and the copy of the register of foreign members of the overseas-listed shares. In the event of any inconsistency between the original and the copy of the register of foreign members of the overseas-listed shares, the original shall prevail. The register of members kept in Hong Kong shall be available for inspection by members. The Company may suspend the registration of members in accordance with terms equivalent to those of section 632 of the Companies Ordinance (Cap. 622 of the Laws of Hong Kong).

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. (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, 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 specified 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 dissolved or liquidated. (7) shareholders who object to the shareholders' meeting resolutions on Company mergers or divisions may request the Company to repurchase their shares. (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.

If the content to be reviewed and copied involves the Company's trade secrets, insider information, and personal privacy of relevant personnel, the Company may refuse to provide it.

The shareholders of the Company shall undertake the following obligations: (1) to comply with laws, administrative regulations, and the Articles of Association. (2) to pay for the shares subscribed and the method of contribution. (3) except as otherwise provided by laws and regulations, 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. (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 actual controllers of the Company shall not use their related-party relationships to harm the interests of the Company. In the event of a violation of the provisions that causes losses to the Company, they shall bear liability for compensation.

If the controlling shareholders or actual controllers of the Company instruct directors or senior management personnel to engage in acts that harm the interests of the Company or shareholders, they shall bear joint liability with such directors or senior management personnel.

The controlling shareholders and actual controllers of the Company owe a duty of good faith to the Company and the public shareholders of the Company. Controlling shareholders shall strictly exercise their rights as contributors in accordance with the law. Controlling shareholders shall not use profit distribution, asset restructuring, external investment, fund occupation, loan guarantees, or other means to harm the lawful rights and interests of the Company and public shareholders, nor shall they use their controlling position to harm the interests of the Company and public shareholders.

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. (7) other guarantees that need to be submitted to the shareholders' meeting for review as stipulated by laws, regulations, normative documents, the securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association.

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 proposes to convene a meeting. (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.

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 announcement of the resolution of the shareholders' meeting.

Proposals for the Shareholders' Meeting

When the Company convenes a shareholders' meeting, the board of directors, the audit committee, 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, announce 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, 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 by announcement at least 21 days before the meeting and of the extraordinary shareholders' meeting by announcement at least 15 days before the meeting. The above-mentioned periods shall not include the day of the meeting. If there are other provisions in laws, regulations, and by the securities regulatory authorities of the place where the Company's shares are listed, those provisions shall prevail.

Holding 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, the securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association (unless they have waived their voting rights for specific matters, such as if the shareholder has a significant interest in the transaction or arrangement under consideration).

Shareholders may attend the shareholders' meeting in person or by proxy. Each shareholder is entitled to appoint one proxy, who does not have to be a shareholder of the Company. If a shareholder is a recognized clearing house (or its agent) as defined from time to time by the relevant ordinances of Hong Kong, the shareholder may authorize its corporate representative or one or more persons it deems appropriate to act as its proxy at any shareholders' meeting.

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 or representative appointment form issued by the legal representative of the corporate shareholder. If a corporate shareholder has appointed a representative to attend any meeting, it is considered as attending in person, except if the shareholder is a recognized clearing house (or its agent) as defined from time to time by the relevant ordinances of Hong Kong.

If a shareholder is a recognized clearing house (or its agent) as defined from time to time by the relevant ordinances of Hong Kong, the shareholder may authorize its corporate representative or one or more persons it deems appropriate to act as its representative at any shareholders' meeting; however, if more than one person is authorized, the power of attorney or letter of authorization must specify the number and type of shares involved for each such person, and the authorization must be signed by an authorized person of the recognized clearing house. A person so authorized may represent the recognized clearing house (or its agent) at the meeting (without the need to present share certificates, notarized authorizations, and/or further evidence of formal authorization) and exercise the same statutory rights as other shareholders, including the right to speak and vote, as if the 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 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 and their remuneration and payment methods; (4) the engagement and dismissal of the accounting firm providing regular audit services for the Company, and the determination of its remuneration; (5) 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; (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. However, the total number of directors who concurrently hold senior management positions and directors who are employee representatives shall not exceed one-half of the total number of directors of the company.

The Board of Directors

The Company shall establish a board of directors, which shall consist of seven directors, including at least three independent non-executive directors, who shall not be less than one-third of the total number of directors of the company. At least one of the independent non-executive directors must possess the appropriate accounting or related financial management expertise, or appropriate professional qualifications, as stipulated by the securities exchange where the Company's shares are listed. With respect to the system of independent non-executive directors, matters not provided for in the Articles of Association shall be handled in accordance with the relevant provisions of applicable laws, administrative regulations, and the securities regulatory rules of the place where the Company's shares are listed.

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 manage the Company's information disclosure matters; (13) to submit proposals to the shareholders'

meeting for the engagement or replacement of the accounting firm that audits the Company; (14) to hear work reports from the Company's general manager and to inspect the work of the general manager; (15) to deliberate and approve transactions (including but not limited to disclosable transactions and connected transactions) that are required to be decided by the board of directors in accordance with the securities regulatory rules of the place where the Company's shares are listed; (16) 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.

Matters exceeding the scope of authorization by the shareholders' meeting shall be submitted to the shareholders' meeting for deliberation.

No meeting of the board of directors may be held unless more than half of the directors are present. Except as otherwise provided in 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; (3) to sign securities issued by the Company, important documents of the board of directors, and other documents that should be signed by the Chairman of the Board; (4) to propose candidates for the position of General Manager for discussion and voting at board meetings; (5) in the event of extraordinary natural disasters or other force majeure emergencies, to exercise special disposal rights over the Company's affairs in accordance with the law and in the best interests of the Company, and to report to the board of directors and the shareholders' meeting afterwards; (6) other powers granted by the board of directors.

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, chief financial officer, and other senior management personnel; (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.

AUDIT COMMITTEE

The board of directors shall establish an audit committee to exercise the powers of the board of supervisors as stipulated in the Company Law.

The audit committee shall consist of 3 members, all of whom are directors who do not hold senior management positions in the company, including 3 independent non-executive directors.

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, and the provisions of relevant state departments.

The Company's financial year shall be the calendar year, that is, from January 1 to December 31 of the Gregorian calendar. The Company shall prepare the annual financial accounting report within four months from the end of each financial year and prepare the interim results or financial data within two months from the end of the first half of each financial year, which shall be subject to review and verification in accordance with the law.

If there are other provisions in laws, administrative regulations, departmental rules, normative documents, the securities regulatory authorities of the place where the Company's shares are listed, and the Hong Kong Listing Rules regarding the preparation and publication of the aforementioned financial accounting reports, results, or financial information, such provisions shall prevail.

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 of our Company**

Our Company, formerly known as Shenzhen Zhixin Micro-electronics Ltd. (深圳市致芯微電子有限公司), was incorporated as a limited liability company under the laws of the PRC on October 22, 2003. On January 13, 2009, our Company was converted from a limited liability company into a joint stock company with limited liability and renamed to Shenzhen Zhixin Micro-electronics Co., Ltd. (深圳市致芯微電子股份有限公司). On May 20, 2010, our Company was renamed to Shenzhen SDMC Technology Co., Ltd. (深圳市華曦達科技股份有限公司). Our registered office is located at 1st Floor, Building 5, Hengtongfa Industrial Zone, Tangtou Industrial Park, Tangtou Community Shiyan Street, Bao'an District, Shenzhen, Guangdong Province, China.

Our Company has established a principal place of business in Hong Kong at Room 1920, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong and was registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on May 16, 2025. Our Company has appointed Ms. Pau So Yi as its authorized representative under the Companies Ordinance for the acceptance of service of process and notices in Hong Kong. The address for service of process on our Company in Hong Kong is the same as our principal place of business in Hong Kong as set out above.

As our Company is incorporated in the PRC, we are subject to 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 Appendix V to this prospectus, respectively.

2. Changes in the Share Capital of Our Company

Save as disclosed in “History and Corporate Structure — Information of Our Company”, there has been no alteration in the share capital of our Company within two years immediately preceding the date of this prospectus.

3. Changes In the Registered Capital of Our Subsidiaries

The list of our subsidiaries is set out in note 1 to the Accountants' Report, the text of which is set out in Appendix I to this prospectus.

There has been no alteration in the share capital of any of our subsidiaries within the two years immediately preceding the date of this prospectus.

4. Resolutions of the Shareholders

At the general meeting of the Shareholders held on May 16, 2025, the following resolutions, among other things, were duly passed:

- (a) the issue by the Company of H Shares with a nominal value of RMB1 each and such H Shares be listed on the Stock Exchange;
- (b) the number of H Shares to be issued before the exercise of the over-allotment Option shall not exceed 25% of the enlarged share capital of our Company upon completion of the Global Offering, and subject to the market conditions, granting the Underwriters the over-allotment option of no more than 15% of the above number of H Shares to be issued;

- (c) subjects to the CSRC's filing result, upon completion of the Global Offering, 190,186,262 Unlisted Shares held by 221 Shareholders will be converted into H Shares on a one-for-one basis;
- (d) authorization of the Board or its authorized individual to handle all matters relating to, among other things, the Global Offering, the issue and listing of H Shares on the Stock Exchange; and
- (e) subject to the completion of the Global Offering, the revised Articles of Association be approved and adopted, which shall become effective on the Listing Date and the Board has been authorized to amend the Articles of Association in accordance with any legal, statutory requirements or any comments from any governmental or regulatory authorities.

5. Restriction on share repurchases

For details of the restrictions on share repurchases by our Company, see the section headed "Appendix V — Summary of Articles of Association."

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contract

We have entered into the following contract (not being contract entered into in the ordinary course of business) within the two years immediately preceding the date of this prospectus, which is or may be material:

- (a) the Hong Kong Underwriting Agreement; and
- (b) the Dissenting Shareholders Share Repurchase Agreements.

2. Our Material Intellectual Property Rights

(a) Trademarks

As of the Latest Practicable Date, we have registered the following trademarks in the PRC which we considered to be material to our business:

No.	Trademark	Trademark Registrant	Registration Number	International Class	Validity Period
1		Our Company	3743275	Class 9	July 14, 2005–July 13, 2035
2		Our Company	22729050	Class 9	February 21, 2018–February 20, 2028
3		Our Company	22729397	Class 38	February 21, 2018–February 20, 2028
4		Our Company	62903699	Class 42	August 21, 2022–August 20, 2032
5		Our Company	68497223	Class 38	May 28, 2023–May 27, 2033

No.	Trademark	Trademark Registrant	Registration Number	International Class	Validity Period
6	华曦达	Our Company	68494775	Class 35	June 7, 2023–June 6, 2033
7	SDMC	Our Company	68494787	Class 42	June 7, 2023–June 6, 2033
8	华曦达	Our Company	68493186	Class 42	June 7, 2023–June 6, 2033

(b) Patents

As of the Latest Practicable Date, we have registered the following patents in the PRC which we considered to be material to our business:

No.	Title	Patentee	Patent Number	Type	Validity Period
1	An OTT channel switching method, device, electronic equipment and storage medium (一種OTT頻道切換方法、裝置、電子設備及存儲介質)	Our Company	202010958040.2	Invention patent	September 11, 2020–September 10, 2040
2	A live streaming scheduling method for IPTV System (一種IPTV系統直播調度的方法)	Our Company	202111472821.1	Invention patent	December 6, 2021–December 5, 2041
3	Method and device for on-demand authorization of CAS terminal (實現CAS終端按需授權的方法及裝置)	Our Company	202110817272.0	Invention patent	July 19, 2021–July 18, 2041
4	A configuration method based on multi-vendor fusion scenarios in smart home client (一種基於智能家居客戶端多廠商融合場景的配置方法)	Our Company	202210246787.4	Invention patent	March 14, 2022–March 13, 2042
5	A cross-regional operation method and device for video content in OTT industry (一種OTT行業視頻內容跨區域運營的方法及裝置)	Our Company	202210410739.4	Invention patent	April 19, 2022–April 18, 2042
6	An EPG import method and device for multi-time zone live source (一種多時區直播源EPG 導入方法及裝置)	Our Company	202210459173.4	Invention patent	April 28, 2022–April 27, 2042
7	A long video recommendation method based on aquila optimizer (一種基於天鷹優化算法的長視頻推薦方法)	Our Company	202210459199.9	Invention patent	April 28, 2022–April 27, 2042

No.	Title	Patentee	Patent Number	Type	Validity Period
8	A VR video transmission method, device, terminal and system (一種VR視頻傳輸方法、裝置、終端及系統)	Our Company	202211253672.4	Invention patent	October 13, 2022– October 12, 2042
9	A multi-scenario mesh networking method, system and readable storage medium (一種Mesh多場景融合組網方法、系統和可讀存儲介質)	Our Company	202211347057.X	Invention patent	October 31, 2022– October 30, 2042
10	An easymesh network management method and device (一種easymesh網絡管理方法及裝置)	Our Company	202210808955.4	Invention patent	July 11, 2022– July 10, 2042
11	An ONU-based automated diagnosis method and device for OLT service (一種基於ONU的自動化診斷OLT業務的處理方法和裝置)	Our Company	202310703945.9	Invention patent	June 14, 2023– June 13, 2043
12	A QoS routing model processing method and device based on wireless Mesh network (一種基於無線Mesh網絡的QoS路由模型的處理方法和裝置)	Our Company	202310746399.7	Invention patent	June 25, 2023– June 24, 2043
13	A key frame extraction method and device for Flink-based distributed real-time video (一種基於Flink的分佈式實時視頻關鍵幀的提取方法和裝置)	Our Company	202310789876.8	Invention patent	June 30, 2023– June 29, 2043
14	A processing method and device for scheduled release and update of OTT content (一種OTT內容定時發佈與更新的處理方法和裝置)	Our Company	202311136406.8	Invention patent	September 5, 2023– September 4, 2043
15	A dual-band MIMO antenna router (一種雙頻MIMO天線路由器)	Our Company	202321385983.6	Utility model patent	June 2, 2023– June 1, 2033
16	Digital network set-top box (數字網絡機頂盒) (Dongle)	Our Company	202030327842.4	Design patent	June 23, 2020– June 22, 2030
17	Set-top box remote control (機頂盒遙控器) (B051)	Our Company	202130419695.8	Design patent	July 5, 2021– July 4, 2036
18	VR head-mounted display (VR頭戴顯示器)	Our Company	202230350659.5	Design patent	June 9, 2022– June 8, 2037
19	Head-mounted display adapter (頭戴式顯示設備適配器) (DV6115Z)	Our Company	202330762664.1	Design patent	November 21, 2023– November 20, 2038

No.	Title	Patentee	Patent Number	Type	Validity Period
20	Smart streaming Speaker (智能流媒體音箱) (DS8983)	Our Company	202430290464.5	Design patent	May 16, 2024– May 15, 2039
21	Smart set-top box (智能電視盒) (4K PLUS DV6166N)	Our Company	202430290465.X	Design patent	May 16, 2024– May 15, 2039
22	Projector (投影儀) (DP6G)	Our Company	202430484388.1	Design patent	August 1, 2024– July 31, 2039
23	A Smart set-top box supporting wired and wireless fast charging (一種支持有線及無線快充功能的智 能電視盒)	Shenzhen Dashiyn	202223262773.6	Utility model	March 3, 2023– March 2, 2033
24	All-in-one device with smart speaker and set-top box functions (智能音箱 及電視盒功能的一體機) (DV8942)	Shenzhen Dashiyn	202230817331.X	Appearance design	December 6, 2022– December 5, 2037

(c) Software Copyrights

As of the Latest Practicable Date, we have registered the following software copyrights which are material in relation to our business:

No.	Software Name	Registration Number	Copyright Owner	Date of first publication
1	SDMC Digital Set-top Box Receiver Software (Digital STB Receiver Software) V2.1 (華曦達科技數字電視機頂盒接收軟件[簡稱： 數字電視機頂盒接收軟件]V2.1)	2010SR028985	Our Company	January 12, 2009
2	“Triple-Play” DTV Middleware V1.8 (「三網融合」數字電視中間件軟件V1.8)	2010SR038713	Our Company	April 18, 2010
3	SDMC Cloud Media Center Management System Software V1.0 (華曦達雲媒體中心管理系統軟件V1.0)	2014SR102692	Our Company	February 20, 2014
4	SDMC New Media Information Publishing Platform Software V1.0 (華曦達新媒體信息發佈平台軟件V1.0)	2015SR161220	Our Company	May 4, 2015
5	SDMC SHA-256 Algorithm-based Software (SDMC SRP) V1.0 (華曦達基於SHA-256算法軟件 [簡稱：SDMC SRP]V1.0)	2016SR379950	Our Company	April 24, 2015
6	SDMC Android-based OTT and App Store Service Terminal Software V1.0 (華曦達基於Android的OTT和 應用商店服務終端軟件V1.0)	2017SR519243	Our Company	July 31, 2017

No.	Software Name	Registration Number	Copyright Owner	Date of first publication
7	SDMC OTT TV Platform - <i>XMediaTV</i> Software (<i>XMediaTV</i>) V2.0 (華曦達OTT互聯網電視平台 <i>XMediaTV</i> 軟件 [簡稱： <i>XMediaTV</i>]V2.0)	2017SR640200	Our Company	July 16, 2017
8	SDMC Smart OTT TV Big Data Processing Platform Software (DMS) V1.0 (華曦達智能互聯網電視大數據處理平台軟件 [簡稱：DMS]V1.0)	2018SR159302	Our Company	December 29, 2017
9	SDMC <i>XMediaTV</i> Mobile Client iOS Software V1.0 (華曦達 <i>XMediaTV</i> 手機客戶端iOS版軟件V1.0)	2019SR0154853	Our Company	December 25, 2018
10	SDMC Android STB OTA In-filed Software V1.0 (華曦達Android機頂盒OTA In-filed軟件V1.0)	2019SR0289919	Our Company	December 31, 2018
11	SDMC Android TIF Framework-based DTV Software V1.0 (華曦達基於安卓TIF框架的數字電視軟件V1.0)	2019SR0292826	Our Company	December 31, 2018
12	SDMC External Device OTA Upgrade Software V1.0 (華曦達外部設備OTA升級軟件V1.0)	2019SR0292535	Our Company	December 31, 2018
13	SDMC <i>XMediaTV</i> Mobile Client iOS Software V4.0 (華曦達 <i>XMediaTV</i> 手機客戶端iOS版軟件V4.0)	2020SR0347305	Our Company	December 31, 2019
14	SDMC FunTV Mobile Client Android Software V1.0 (華曦達FunTV客戶端Android版軟件V1.0)	2021SR0303005	Our Company	December 30, 2020
15	SDMC Smart OTT TV Big Data Processing Platform Software (DMS) V2.0 (華曦達智能互聯網電視大數據處理平台軟件 [簡稱：DMS]V2.0)	2021SR2160626	Our Company	February 8, 2021
16	SDMC Widevine CAS Management System Software V1.0 (華曦達Widevine CAS管理系統軟件V1.0)	2021SR2139681	Our Company	August 31, 2021
17	SDMC IPC Webcam Client Android Software (IPCAM) V2.0 (華曦達IPC網絡攝像頭客戶端 Android版軟件[簡稱：IPCAM]V2.0)	2021SR2139632	Our Company	November 9, 2021
18	SDMC MultiDRM Backend Management System (MultiDRM) V1.0 (華曦達MultiDRM後台管理系統 [簡稱：MultiDRM]V1.0)	2021SR2149324	Our Company	April 28, 2021

No.	Software Name	Registration Number	Copyright Owner	Date of first publication
19	SDMC IoT Platform Smart Home System (SDMC <i>Xhome</i>) V1.0 (華曦達物聯網平台智慧家庭系統 [簡稱：SDMC <i>Xhome</i>]V1.0)	2022SR0435726	Our Company	December 30, 2021
20	SDMC <i>XMediaTV</i> Metaverse Spatial Panoramic Video Encoding Conversion and Distribution Platform system (<i>XMediaTV</i> Metaverse) V1.0 (華曦達 <i>XMediaTV</i> 元宇宙空間全景視頻編轉碼及分發平台系統[簡稱： <i>XMediaTV</i> Metaverse]V1.0)	2022SR1043990	Our Company	June 20, 2022
21	SDMC <i>XMediaTV</i> Cloud Media Cloud Services SaaS Platform (<i>XMediaTV</i> Cloud) V2.0 (華曦達 <i>XMediaTV</i> Cloud媒體雲服務SaaS平台 [簡稱： <i>XMediaTV</i> Cloud]V2.0)	2022SR1331083	Our Company	June 30, 2022
22	SDMC <i>XMediaTV</i> Cloud Multi-tenant Operation Support System Software (<i>XMediaTV</i> Multi-tenant Operation Platform) V2.0 (華曦達 <i>XMediaTV</i> Cloud多租戶運營支撐系統軟件[簡稱： <i>XMediaTV</i> 多租戶運營平台]V2.0)	2022SR1331082	Our Company	May 31, 2022
23	SDMC X-Link Client Software (X-Link) V1.0 (華曦達X-Link客戶端軟件[簡稱：X-Link]V1.0)	2022SR1554465	Our Company	September 30, 2022
24	SDMC Android-based Projector Business Middleware Software V1.0 (華曦達基於Android系統的投影儀業務中間件軟件V1.0)	2024SR0428442	Our Company	June 10, 2022

(d) Domain names

As of the Latest Practicable Date, our Group was the registered proprietor of the following domain names which we considered to be material to our business:

No.	Domain Name	Registered Owner	Registration Date	Expiration Date
1	iottplus.com	Our Company	May 5, 2014	May 5, 2027
2	sdmc.tv	Our Company	December 18, 2014	December 18, 2026
3	xmediatv.com	Our Company	July 13, 2016	July 13, 2026
4	sdmctech.com	Our Company	October 21, 2009	October 21, 2026
5	dm2016.com	Our Company	September 12, 2013	September 12, 2026
6	Homewoo.com	Our Company	December 31, 2021	December 31, 2026

No.	Domain Name	Registered Owner	Registration Date	Expiration Date
7	huaxiyun.com.cn	Our Company	September 12, 2017	September 12, 2026
8	multidrm.cloud	Our Company	April 25, 2021	April 25, 2027
9	multidrm.cn	Our Company	April 25, 2021	April 25, 2027
10	otttvnews.com	Our Company	July 13, 2016	July 13, 2026
11	sdmclogin.cn	Our Company	March 17, 2021	March 17, 2029
12	sdmcmesh.com	Our Company	July 11, 2020	July 11, 2026
13	sdmc-sg.com	Our Company	May 10, 2023	May 10, 2027
14	sdmctech.cn	Our Company	September 12, 2013	September 12, 2026
15	sdmctech-sg.com	Our Company	May 10, 2023	May 10, 2027
16	sdmctms.com	Our Company	September 7, 2018	September 7, 2026
17	sdmctv.com	Our Company	July 13, 2016	July 13, 2026
18	smarthotelplus.com	Our Company	September 12, 2013	September 12, 2026
19	videostreamingsystem.com	Our Company	May 12, 2021	May 12, 2027
20	xmediacloud.com	Our Company	May 8, 2019	May 8, 2027
21	xmediastream.com	Our Company	September 7, 2018	September 7, 2026
22	xmediatv.net	Our Company	October 22, 2020	October 22, 2026
23	xmediatv.cloud	Our Company	October 22, 2020	October 22, 2026

Save as disclosed above, as at the Latest Practicable Date, there were no other trademarks or service marks, patents, designs, intellectual or industrial property rights which were material in relation to our Group's business.

Our PRC legal advisor has also advised us that, to the best of their knowledge, there is no legal impediment to renewing any trademarks, domain names, designs, intellectual or industrial property rights, licenses and permits that are material in relation to our Group's business and operations in the PRC, as long as we comply with the relevant legal requirements and provided that we take necessary steps and submit the relevant applications in accordance with the requirements and schedules prescribed by the applicable PRC laws and regulations.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

(a) *Interests of our Directors and the Chief Executive of Our Company*

Immediately following the completion of the Global Offering and the conversion of Unlisted Shares into H Shares and without taking into account any Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option, the interests or short positions of our Directors and chief executive of our Company in the Shares, underlying Shares and debentures of our Company or our associated corporations (within the meaning of Part XV of the SFO) which will 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 interests 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 in that section, 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 will be as follows:

Name of Director	Capacity/ Nature of interest	Class of Shares	Shares held as of the Latest Practicable Date and immediately prior to the Global Offering ⁽²⁾		Shares held immediately following the completion of the Global Offering and the conversion of Unlisted Shares into H Shares (assuming the Offer Size Adjustment Option is not exercised) ⁽³⁾		
			Number of Shares held or interested	Approximate percentage of shareholding in the total issued Shares	Number of Shares held or interested	Approximate percentage of shareholding in the relevant class of Shares	Approximate percentage of shareholding in the total issued Shares
Mr. Li	Beneficial Interest	Unlisted Shares	50,286,768	26.42%	–	–	–
	Beneficial Interest	H Shares	–	–	50,286,768	24.02%	24.00%
	Interest in controlled corporation	Unlisted Shares	19,402,800	10.19%	–	–	–
	Interest in controlled corporation	H Shares	–	–	19,402,800	9.27%	9.26%
Mr. Yan Zhikang	Beneficial interest	Unlisted Shares	4,544,800	2.39%	–	–	–
	Beneficial interest	H Shares	–	–	4,544,800	2.17%	2.17%

Notes:

- All interests stated are long positions.
- The calculation is based on the total number of 190,332,770 Shares in issue as at the date of this prospectus.
- The calculation is based on the total number of 209,540,070 Shares (comprising 209,393,562 H Shares and 146,508 Unlisted Shares) in issue immediately following the completion of the Global Offering and without taking into account any Shares which may be issued under the Offer Size Adjustment Option.
- As of the Latest Practicable Date, Mr. Li was the sole general partner of Zhixin Weilai, Kaida Yunzhi and Huazhi Changlian, each an employee shareholding platform of the Company. Mr. Li was also the sole general partner of Qihang No.1 and Qihang No.2. Therefore, Mr. Li is deemed to be interested in the Unlisted Shares held by each of Zhixin Weilai, Kaida Yunzhi, Huazhi Changlian, Qihang No.1 and Qihang No.2 under the SFO upon Listing, being an aggregate of 19,402,800 Unlisted Shares and representing approximately 10.19% of the total issued shares of the Company.

(b) *Interests of the Substantial Shareholders*

Save as disclosed in the section headed “Substantial Shareholders” in this prospectus, our Directors are not aware of any person (other than our Director or chief executive of our Company) who will, immediately following completion of the Global Offering and the conversion of Unlisted Shares into H Shares (assuming that the Offer Size Adjustment Option is not exercised), 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 who is, 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 member of our Group.

2. Directors’ Service Contracts and Letters of Appointment

Each of our Directors has entered into a service contract with our Company, and we have issued letters of appointment to each of our independent non-executive Directors. The principal particulars of these service contracts and letters of appointment include (i) the term of service, and (ii) are subject to termination in accordance with their respective term. The service contracts and the letters of appointment may be renewed in accordance with the Articles of Association, the Listing Rules and the applicable laws, rules and regulations.

Save as disclosed above, none of the Directors has or is proposed to enter into 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).

3. Remuneration of Directors

For details of the remuneration or benefits in kind paid to our Directors during the Track Record Period, see the section headed “Directors and Senior Management” and note 8 to the Accountants’ Report in Appendix I to this prospectus.

During the Track Record Period and up to the Latest Practicable Date, 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.

4. Directors’ Competing Interests

None of our Directors are interested in any business apart from our Group’s business which competes or is likely to compete, directly or indirectly, with the business of our Group.

5. Disclaimers

- (a) save as disclosed in the sections headed “Substantial Shareholders” and “— C. Further Information About Our Directors and Substantial Shareholders — 1. Disclosure of Interests” in this prospectus none of our Directors or chief executive of our Company has any interests or short positions in the Shares, underlying Shares and debentures of our Company or our associated corporations (within the meaning of Part XV of the SFO) which will 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

interests or short positions which he/she is taken or deemed to have taken 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 in that section, 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 Shares are listed on the Stock Exchange;

- (b) save as disclosed in the sections headed “Substantial Shareholders” and “— C. Further Information About Our Directors and Substantial Shareholders — 1. Disclosure of Interests” in this prospectus and so far as is known to any Director or chief executive of our Company, no person has an interest or short position in the Shares and underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or is, 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;
- (c) none of our Directors nor any of the persons listed in the section headed “— E. Other Information — 6. Qualifications of Experts” below is interested in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;
- (d) none of our Directors nor any of the persons listed in the section headed “— E. Other Information — 6. Qualifications of Experts” below is materially interested in any contract or arrangement with our Group subsisting at the date of this prospectus which is unusual in its nature or conditions or which is significant in relation to the business of our Group as a whole;
- (e) save in connection with Underwriting Agreement, none of the persons listed in the section headed “— E. Other Information — 6. Qualifications of Experts” below has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group;
- (f) save as disclosed in this “— C. Further Information About Our Directors and Substantial Shareholders — 2. Directors’ Service Contracts and Letters of Appointment” none of our Directors has entered or has proposed to enter into any service agreements with our Company or any member of our Group (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation); and
- (g) save as contemplated under the Underwriting Agreements, none of our Directors, their respective associates (as defined under the Listing Rules) or Shareholders who are interested in more than 5% of the issued share capital of our Company has any interest in our Company’s five largest customers and five largest suppliers in each year/period during the Track Record Period.

D. EMPLOYEE SHARE OWNERSHIP PLANS

The following is a summary of the principal terms of the employee share ownership plans (“**ESOP**”) approved and adopted by our Board since 2021. The terms of the ESOP are not subject to the provisions of Chapter 17 of the Listing Rules, as the ESOP does not involve the grant of new Shares, options or awards by the Company after the Listing and there will be no dilution effect to the issued Shares after Listing.

As of the Latest Practicable Date, all the Shares underlying the ESOP had been issued and granted, and to the extent that there is any change to the grants under the ESOP after the Listing, our Company will comply with the applicable Listing Rules (including the requirements under Chapter 14A of the Listing Rules applicable to grants to connected persons, if any).

As of the Latest Practicable Date, we had established three employee shareholding platforms (the “**Employee Shareholding Platforms**”), namely, Zhixin Weilai, Kaida Yunzhi and Huazhi Changlian. All limited partners in our Employee Shareholding Platforms are/were our employees. As of the Latest Practicable Date, each of Zhixin Weilai, Kaida Yunzhi and Huazhi Changlian held approximately 7.75%, 0.53% and 0.53% of the total issued shares of our Company, respectively. For details of the Employee Shareholding Platforms, see “History and Corporate Structure — Employee Shareholding Platforms”.

As of the Latest Practicable Date, the partnership information of Employee Shareholding Platforms is set out below:

Zhixin Weilai

Zhixin Weilai was established in the PRC as a limited partnership on October 20, 2021. Mr. Li is the sole general partner of Zhixin Weilai holding 0.0001% interest in Zhixin Weilai. As of the Latest Practicable Date, Zhixin Weilai had two limited partners, namely Xinchuang Zhongxiang (holding 77.8550% interest in Zhixin Weilai) and Yunchuang Zhongda (holding 22.1449% interest in Zhixin Weilai), and Zhixin Weilai held approximately 7.75% equity interest in our Company. The general partner of Zhixin Weilai, Mr. Li, exercises the voting rights attaching to the Shares held by Zhixin Weilai.

Xinchuang Zhongxiang was established in the PRC as a limited partnership on October 25, 2021. Mr. Li is the sole general partner of Xinchuang Zhongxiang holding approximately 47.02% interest therein.

Yunchuang Zhongda was established in the PRC as a limited partnership on October 26, 2021. Mr. Li is the sole general partner of Yunchuang Zhongda holding approximately 0.61% interest therein.

Name	Relationship with the Group and/or our Directors	Xinchuang Zhongxiang Approximate percentage of partnership interest	Yunchuang Zhongda Approximate percentage of partnership interest
General Partner			
Mr. Li	Our executive Director, general manager, chairman of the Board and director of certain subsidiaries of our Company	47.02%	0.61%
Limited Partners			
Liang Shilin (梁石磷)	Director of the Company who resigned in April 2025	5.98%	—
Li Jun (李軍)	Our executive Director and general manager of our Terminal Product Center	5.56%	—
Song Zhiting (宋直霆)	Sister-in-law of Mr. Li and a business specialist of the logistics management department of the supply chain centre of our Company	2.00%	—
Mr. Yan	Our executive Director, senior vice president and director of SDMC US	0.44%	15.09%
Dang Hui (黨慧)	Our executive Director and general manager of our financial management department	0.76%	1.53%
Li Jianyi (李建一)	Secretary to the Board and director of SDMC Singapore	0.61%	—
Other limited partners who are Independent Third Parties ^(Note)	Nil	37.63%	82.77%
Total		100.00%	100.00%

Note: None of the other limited partners who are Independent Third Parties held interest of 30% or more in Xinchuang Zhongxiang or Yunchuang Zhongda as of the Latest Practicable Date.

Kaida Yunzhi

Kaida Yunzhi was established in the PRC as a limited partnership on July 1, 2022. Mr. Li is the sole general partner of Kaida Yunzhi holding approximately 2% interest therein and exercises the voting rights attaching to the Shares held by Kaida Yunzhi.

Name	Relationship with the Group and/or our Directors	Approximate percentage of partnership interest
General Partner		
Mr. Li	Our executive Director, general manager, chairman of the Board and director of certain subsidiaries of our Company	2.00%
Limited Partners		
Dang Hui (黨慧)	Our executive Director and general manager of our financial management department	8.00%
Mr. Yan	Our executive Director, senior vice president and director of SDMC US	1.00%
Zhou Dongdong (周冬冬)	Director of SDMC Colombia and SDMC Mexico, each a subsidiary of our Company	6.00%
Other limited partners who are Independent Third Parties ^(Note)	Nil	83.00%
Total		100.00%

Note: None of the other limited partners who are Independent Third Parties held interest of 30% or more in Kaida Yunzhi as of the Latest Practicable Date.

Huazhi Changlian

Huazhi Changlian was established in the PRC as a limited partnership on July 1, 2022. Mr. Li is the sole general partner of Huazhi Changlian holding approximately 2% interest therein and exercises the voting rights attaching to the Shares held by Huangzhi Changlian.

Name	Relationship with the Group and/or our Directors	Approximate percentage of partnership interest
General Partner		
Mr. Li	Our executive Director, general manager, chairman of the Board and director of certain subsidiaries of our Company	2.00%
Limited Partners		
Li Jianyi (李建一)	Secretary to the Board and director of SDMC Singapore	12.00%
Dang Hui (黨慧)	Our executive Director and general manager of our financial management department	3.00%
Other limited partners who are Independent Third Parties ^(Note)	Nil	83.00%
Total		100.00%

Note: None of the other limited partners who are Independent Third Parties held interest of 30% or more in Huazhi Changlian as of the Latest Practicable Date.

Set out below is a summary of the terms of the ESOP:

(a) Purpose

The ESOP is set up for the purposes of (i) further improving and enhancing the Company's governance structure and establishing a robust long-term incentive mechanism to attract and retain outstanding talents; (ii) effectively enhancing the Company's cohesion and competitiveness through combining the interests of the Company, Shareholders and our management members and the personal interests of our employees, ultimately promoting a sustainable and steady development of the Company. Further, the participation of our Directors (excluding independent non-executive Directors) and senior management of our Company who played a leading role in the business development of our Company in the ESOP also serves the purpose of encouraging and promoting further contribution of our employees to our long-term business development of our business.

(b) Form of the ESOP

The participants in the ESOP (“**Participants**”) are granted partnership interests (the “**Awards**”) in the Employee Shareholding Platforms and thereby indirectly holding shareholding interests in the Company. The Board, as authorised by Shareholders, may determine the amount of partnership interests in the Employee Shareholding Platforms granted to the Participants and all Participants shall hold no more than an aggregate of 1,000,000 Shares indirectly through the ESOP.

(c) Eligibility

To be eligible to participate in the ESOP, employees shall satisfy the following conditions:

- (i) having entered into labour contract(s) with the Company or the Company’s controlled subsidiaries, including management members of the Company;
- (ii) being able to obtain necessary source(s) of fund(s) for any payment required for his/her participation in the ESOP through his/her legitimate emolument or through self-financing and any other means permitted by laws and regulations;
- (iii) not being involved in any of the following circumstances:
 - a. having been publicly condemned or declared as an inappropriate candidate by the CSRC within the last three years;
 - b. having been subject to administrative penalty by the CSRC within the last three years for material violations of laws and regulations;
 - c. having been forbidden to hold the position of director, supervisor or senior management pursuant to the PRC Company Law in any of the following circumstances:
 - 1. employees who have incapacity for civil behavior or limited capacity for civil behavior;
 - 2. employees who have been subject to criminal penalty for corruption, bribery, embezzlement of property, misappropriation of property, or disruption of the socialist market economic order, or deprived of political rights for commission of crime, for an execution period of less than five years, or in the case of a suspended sentence, a period of less than two years have elapsed following the expiration the probation;
 - 3. in case that he/she has served as a director or factory director or manager of an insolvent and/or liquidated company or an enterprise, and is personally responsible for such insolvency and/or liquidation of the company or enterprise, a period not more than three years have lapsed since the date of completion of the bankruptcy and liquidation of the company or enterprise;

4. in case he or she is the legal representative of a company or an enterprise whose business license has been revoked or has been ordered to close down due to violation of laws and for which he/she is personally liable, a period not more than three years have lapsed since the date of the revocation of the business license of the company or enterprise;
 5. employees who are listed as a dishonest judgment debtor by the people's court in the PRC due to failure to settle significant overdue debt; and
- d. having been prohibited by laws and regulations from participating in the ESOP.

(d) Implementation and management of the ESOP

The ESOP is subject to the approval of the Shareholders. The Board is responsible for formulation, amendment and termination of the ESOP and retains the right of interpretation of the terms of the ESOP. The Board is also authorised by the Shareholders to handle other matters in relation to the ESOP, including:

- (i) implementation of the ESOP;
- (ii) variation, extension and termination of the ESOP, including but not limited to making adjustments to the scope of participants of the ESOP, the number of Shares held by participants, the form of establishment of the ESOP and other significant matters, early termination of the ESOP and any subsequent settlement upon termination of the ESOP;
- (iii) repurchase and cancellation of relevant Shares pursuant to the terms of completion of procedures for matters including of the ESOP; and
- (iv) other necessary matters required for the implementation of the ESOP, except for matters in relation to the ESOP that are within the scope of authority of the Shareholders as stipulated in relevant documents.

(e) Rights of Participants

Employees participating in the ESOP shall be entitled to transfer their respective partnership interests in the Employee Shareholding Platforms pursuant to laws, regulations, terms of the ESOP, Articles of Association and partnership agreement, right to enjoy equity interests in proportion to their partnership interests held under the ESOP, the right to distribute profits generated under the ESOP in accordance with the terms of the ESOP, the Articles of Association and partnership agreement, the right to participate and vote or appoint proxy to participate and vote on his/her behalf on any matters in the meetings of Participants under the ESOP in accordance with the terms of the ESOP, right to supervise, make recommendations and raise questions in relation to the management of the ESOP and other rights as stipulated under applicable laws, administrative regulations, departmental rules and terms of the ESOP.

(f) Lock-up Period

Awards granted under the ESOP are not subject to lock-up period, except for any lock-up period as required by any applicable laws and regulations or as required by any securities trading regulatory authorities in the event that the Company seeks an initial public offering and listing of Shares in any stock exchange within or outside China (including the Beijing Stock Exchange) or carries out a major asset reorganization with a listed company.

(g) Exit from the Employee Shareholding Platforms

Upon Listing, in case of resignation of Participants, he/she may transfer all his/her partnership interests held in the Employee Shareholding Platforms to the respective general partner(s) of the Employee Shareholding Platforms or any persons designated by such general partner(s) at such price as agreed among the parties to such transfer, or, he/she may reduce his/her partnership interests and cancel such partnership interests he/she held in the Employee Shareholding Platforms in accordance with applicable laws and regulations at a prevailing market price in the secondary market. In case of any lock-up period required by any applicable laws and regulations, the respective general partner(s) may retain the partnership interests held by the resigning Participants until expiry of the lock-up period in accordance with the terms of the ESOP. In case of exit from the Employee Shareholding Platforms during the term of employment of the Participants, the Participants may make an exit application to the respective general partner(s) of the Employee Shareholding Platforms during the period designated by such general partner annually. After a specified period upon approval of the application by the general partner(s), the Participants may transfer all his/her partnership interests held in the Employee Shareholding Platforms to the respective general partner(s) of the Employee Shareholding Platforms or any persons designated by such general partner(s) at such price as agreed among the parties of such transfer, or reduce his/her partnership interests and cancel such partnership interests he/she held in the Employee Shareholding Platforms in accordance with applicable laws and regulations at a prevailing market price in the secondary market.

In the event that any Participant dies or divorces during the effective term of the ESOP, unless otherwise agreed by any representative of the Participant, his/her legal successors/spouse shall not inherit/obtain by way of division of assets the partnership interests held by such Participant, which shall be transferred to the representative of the Participant or any employee of the Company designated by such representative at the prevailing market price or at a price mutually agreed among parties to the transfer. Alternatively, such partnership interests may be disposed of by way of exit of the ESOP or secondary market reduction.

E. OTHER INFORMATION**1. Estate Duty**

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

2. Litigation

As of the Latest Practicable Date, no member of our Group was engaged in any litigation or arbitration of material importance and, so far as our Directors are aware, no litigation or claim of material importance is pending or threatened by or against any member of our Group.

3. Sole Sponsor

The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

The Sole Sponsor has made an application on behalf of our Company to the Stock Exchange for listing of, and permission to deal in the H Shares to be issued by us pursuant to the Global Offering (including any H Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option). The fee payable to the Sole Sponsor is USD0.5 million and are payable by our Company.

4. Preliminary Expenses

We have not incurred any material preliminary expenses in relation to the incorporation of our Company.

5. Promoters

Our promoters at the time of our Company's conversion into a joint stock company are Shenzhen Jinhuitong Shiye Co., Ltd. (深圳市金匯通實業有限公司), Mr. Li, Mr. Chen Nong (陳農), Ms. Chou Pei (仇佩) and Mr. Li Han (李晗).

Within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the Global Offering and the related transactions described in this prospectus.

6. Qualifications of Experts

The qualifications of the experts, as defined under the Listing Rules, who have given opinions in this prospectus, are as follows:

Name	Qualification
China Securities (International) Corporate Finance Company Limited	A licensed corporation to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) of the regulated activities under the SFO
Zhong Lun Law Firm	Legal adviser to our Company as to the PRC law
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Independent industry consultant
Ernst & Young	Certified Public Accountants and Registered Public Interest Entity Auditor under the Accounting and Financial Reporting Council Ordinance
Stephen Peepels	Legal adviser to our Company as to international export controls and trade sanctions

7. Consents of Experts

Each of the parties named above has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its report and/or letter and/or opinion and/or references to its name included herein in the form and context in which it is respectively included.

As of the Latest Practicable Date, none of the experts named above has any shareholding interests in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

8. Taxation of Holders of H Shares***(a) Hong Kong***

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty if such sale, purchase and transfer are effected on the H Share register of members of our Company, including in circumstances where such transactions are effected on the Stock Exchange. The current rate of Hong Kong stamp duty for such sale, purchase and transfer is 0.1% of the consideration or, if higher, the fair value of the H Shares being sold or transferred.

(b) Consultation with Professional Advisers

Intending holders of the H Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in the H Shares. It is emphasized that none of our Company, our Directors or the other parties involved in the Global Offering will accept responsibility for any tax effect on, or liabilities of, holders of H Shares resulting from their subscription for, purchase, holding or disposal of or dealing in the H Shares or exercise of any rights attaching to them.

9. Binding Effect

This prospectus 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 CWUMPO so far as applicable.

10. Related Party Transactions

Our Group entered into the related party transactions within the two years immediately preceding the date of this prospectus as mentioned in note 34 to the Accountants' Report as set out in Appendix I.

11. No Material Adverse Change

Our Directors confirm that, save as disclosed in the sections headed "Business" and "Financial Information" and Appendix I and Appendix II to this prospectus, there has been no material adverse change in the financial or trading position or prospects of our Company since December 31, 2025 and up to the date of this Prospectus.

12. Miscellaneous

- (a) within the two years immediately preceding the date of this prospectus:
 - (i) save as disclosed in the sections headed “History and Corporate Structure” of this prospectus no share or loan capital of our Company or any of its subsidiaries has been issued or agreed to be issued or is proposed to be issued fully or partly paid either for cash or a consideration other than cash;
 - (ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
 - (iii) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share of our Company or any of our subsidiaries; and
- (b) there are no founder, management or deferred shares or any debentures in our Company or any of our subsidiaries;
- (c) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this prospectus;
- (d) our Company has no outstanding convertible debt securities or debentures;
- (e) there is no arrangement under which future dividends are waived or agreed to be waived;
- (f) save for our H Shares to be issued in connection with the Global Offering, none of our equity and debt securities is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought;
- (g) our Company currently does not intend to apply for the status of a sino-foreign investment joint stock limited liability company and does not expect to be subject to the Law of the PRC on Sino-foreign Equity Joint Ventures; and
- (h) all necessary arrangements have been made to enable the H Shares to be admitted into CCASS for clearing and settlement.

13. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong). In case of any discrepancies between the English language version and Chinese language version of this prospectus, the English language version shall prevail.

1. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to a copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were, amongst other documents:

- (a) a copy of each of the written consents referred to in “— E. Other Information — 7. Consents of Experts” in Appendix VI to this prospectus; and
- (b) a certified copy of each of the material contracts (save for the Dissenting Shareholders Share Repurchase Agreements) referred to in “— B. Further Information about our Business — 1. Summary of Material Contracts” in Appendix VI to this prospectus.

2. DOCUMENTS ON DISPLAY

Copies of the following documents will be available on display online on the websites of the Stock Exchange (www.hkexnews.hk) and our Company (www.sdmctech.com) up to and including the date which is 14 days from the date of this prospectus:

- (a) the Articles of Association;
- (b) the Accountants’ Report from Ernst & Young, the text of which is set out in Appendix I to this prospectus;
- (c) the audited consolidated financial statements of our Company for the three years ended December 31, 2025;
- (d) the report from Ernst & Young in relation to unaudited pro forma financial information of our Group, the text of which is set out in Appendix II to this prospectus;
- (e) the industry report prepared by Frost & Sullivan;
- (f) the memorandum of advice issued by Stephen Peepels relating to international export controls and trade sanctions;
- (g) the material contracts referred to in the paragraph headed “— B. Further Information about Our Business — 1. Summary of Material Contracts” in Appendix VI to this prospectus;
- (h) the written consents referred to in the paragraph headed “— E. Other Information — 7. Consents of Experts” in Appendix VI to this prospectus;
- (i) the legal opinion issued by Zhong Lun Law Firm, as to the laws of the PRC, in respect of, among others things, certain general corporate matters and our Group’s business operations in the PRC;
- (j) the service contracts and letters of appointment referred to in the paragraph headed “— C. Further Information about Our Directors and Substantial Shareholders — 2. Directors’ Service Contracts and Letters of Appointment” in Appendix VI to this prospectus; and
- (k) the PRC Company Law, the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies, together with their unofficial English translations.



SHENZHEN SDMC TECHNOLOGY CO., LTD.

深圳市華曦達科技股份有限公司